

## PROSPECTUS

### For the offer of:

1. Up to 7,500,000 Shares at an issue price of \$0.20 per Share to raise up to \$1,500,000. Oversubscriptions for up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$1,000,000 may be accepted (**Public Offer**). The Public Offer includes a Top Up Offer of up to 4,000,000 Shares to Shareholders registered as at the Top Up Offer Record Date.
2. Up to 31,699,961 Shares to the Agline Shareholders (**Vendor Offer**).
3. Up to 14,500,000 Notes to the Agline Noteholders (**Noteholder Offer**).
4. 6,000,000 Shares to the Introducers (**Introducer Offer**).

**IMPORTANT NOTICE:** This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisers before deciding whether to apply for securities pursuant to this Prospectus. Any investment in the Company under this Prospectus should be considered speculative in nature and prospective investors should be aware that they may lose some or all of their investment.

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**Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules** The Company has historically operated as a producer of cable ties and other unrelated plastic technologies. As announced to the ASX on 17 February 2012 and 5 April 2012, the Company has entered into agreements pursuant to which it has agreed, subject to Shareholder approval, to acquire between 80% and 100% of the issued shares, and up to 100% of the unsecured convertible notes, of Agline Pastoral Pty Ltd (ACN 111 152 080) (Agline). Agline operates a mixed cropping and protein based intensive farming operation concentrating on, but not limited to, producing prime lamb for both the domestic and overseas market. The acquisition of Agline will result in a significant change in the nature and scale of the Company's activities which requires approval of its Shareholders under Chapter 11 of the ASX Listing Rules. Such approval was sought and obtained by the Company at the General Meeting held on 23 May 2012.

The Company's securities have been suspended from trading on ASX since 23 May 2012 and will not be reinstated until satisfaction of the conditions to the Offers and ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation on the ASX. In the event the conditions to the Offers are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offers and will repay all application monies received.

**Important Notice** This Prospectus is dated 29 May 2012 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply for admission of the Shares to quotation on ASX within 7 days after the date of this Prospectus.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors in connection with the Offers.

This Prospectus does not constitute an offer of Shares in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

**Risk factors** Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to the summary in the Investment Overview Section and Section 9 of the Prospectus.

**Privacy** If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Corporate and tax laws require some personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

**Electronic prospectus** A copy of this Prospectus can be downloaded from the website of the Company at [www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

**Other** Defined terms and abbreviations used in this Prospectus are explained in the Glossary (refer to section 13).

Unless stated otherwise, all references to securities of the Company as set out in this Prospectus are on the basis that the 1:50 Consolidation (for which approval was sought and obtained at the General Meeting) has been finalised.

Throughout this document references to 'the Company', 'Australian Natural Proteins Limited', or 'AYB' will be made on the basis that the Agline Acquisition is complete and the Company has satisfied the requirements of Chapters 1 and 2 of the ASX Listing Rules.

All amounts are in Australian dollars unless otherwise specified.

All references to time are to Australian Eastern Standard Time (AEST).

# 1. Chairman's Letter

29 May 2012

Dear Investor,

On behalf of my fellow Directors, I am pleased to present this opportunity for you to invest in Australian Natural Proteins Limited (**Company**).

As at the date of this Prospectus, the Company is known as Millepede International Limited (**Millepede**), and has been an ASX-listed manufacturer of cable ties and other plastic technologies since 2001.

Following a thorough analysis of the business and its prospects for future growth, the Board of Directors has decided it is essential to significantly change the nature and scale of the Company's activities and in the process raise fresh capital.

The Company is proposing to acquire Agline Pastoral Pty Ltd (**Agline**), an established pastoral business, and rename itself Australian Natural Proteins Limited. The aim of the Prospectus is to raise capital for this new exercise.

The Company's immediate objective will be to capitalise on the existing and potential future growth in global demand for animal protein, particularly lamb meat.

To help meet this objective, the Company has developed a comprehensive plan backed by hard land assets, quality infrastructure and a Board and senior management team that possesses significant pastoral experience.

Following the Agline Acquisition the Company will control a portfolio of nine 'hub' properties (seven of which are owned, and two of which are leased), located in the Riverina region of south-western New South Wales. The 'Riverina' is known for its combination of flat plains, warm to hot climate and ample supply of irrigation water, which has allowed it to develop into one of Australia's most productive and agriculturally diverse regions.

In total, the hub properties cover approximately 5,236 hectares. Importantly, the properties already possess significant irrigation infrastructure covering 2,774 hectares (of which 2,076 hectares are irrigated by lateral and/or centre pivot irrigation and 698 hectares are irrigated by flood). Taking into consideration natural recovery, aquifer and Class C water rights, the Company will have access to 5,258 megalitres of water annually, with the ability to acquire a further 17,571 megalitres (approximately) annually. In addition, the Company will own all the necessary plant and equipment to operate a large-scale farming enterprise.

The Company's prime focus will be the fattening of prime lambs for both the Australian and overseas markets. In doing so, it is seeking to take advantage of the dramatic rise in lamb prices over the past 12 years from \$2/kg to approximately \$5/kg carcase weight. Although 2012 prices are lower than the 2011 record level, the positive conditions for the Australian sheep meat industry are forecast to continue through 2012 and beyond.<sup>1</sup>

Lamb production is expected to generate secondary income from the sale of wool, and the Company has the additional ability to grow various soft commodity crops including rice, canola, wheat and barley to take advantage of market conditions as appropriate.

Hub properties may also be supplemented by several dry land and semi-irrigated properties in the Riverina that are suitable for future use or acquisition. A number of these 'spoke' properties have already been identified.

<sup>1</sup> MLA - Australian sheep industry projections 2012 - mid-season update, Meat & Livestock Australia, p.1.



## 1. Chairman's letter

In short, the Board of Directors believes that the prospects for the Company's new direction are enhanced by:

- **The acquisition of an established business:** The Company will be acquiring an established business on a going-concern basis.
- **The Riverina region:** The Company will control hard land assets located in the Riverina, one of Australia's premier agricultural regions.
- **Access to water:** The properties possess significant irrigation infrastructure, with access to 5,258 megalitres of water annually and the ability to acquire a further 17,571 megalitres annually.
- **Access to farming machinery:** The Company will own all the necessary plant and equipment to operate a large-scale farming enterprise.
- **Immediate production capacity and strong fundamentals:** Existing infrastructure can support the fattening of 100,000 prime lambs annually. Lamb prices have risen dramatically over the past 12 years. Growing populations and incomes, along with changing food preferences, are rapidly increasing demand for livestock products. Over the long term the production of meat is forecast to grow as it meets this demand, and more than double from 229 million tonnes in 1990/91 to 465 million tonnes by 2050.<sup>2</sup>
- **Ability to diversify:** The Company has the ability to diversify into other soft commodity markets including rice, canola, wheat and barley.
- **Scalable operations:** A portfolio of nine hub properties will initially underpin the Company's operations providing scale, lower production costs and better utilisation of plant and equipment. In the longer-term, the Company may supplement its hub properties with spoke properties, providing the potential for greater purchasing power, marketing power and lower production costs.
- **Experienced Board and senior management team:** The Company will restructure its Board and senior management team, with a view to injecting new talent that holds the necessary experience in commercial agricultural activities and in particular, large-scale sheep farming operations.

In addition to the Vendor Offer, the Noteholder Offer and the Introducer Offer that are part of the acquisition of Agline, the Company is offering a total of 7,500,000 Shares at an issue price of \$0.20 per Share, to both existing shareholders in Millepede (through a Top Up Offer), as well to the general investing public (through the Public Offer), and is seeking to raise \$1,500,000, with the ability raise a further \$1,000,000 in the form of oversubscriptions. Part of the funds raised will be put towards increasing the Company's initial flock of 6,000 sheep (including owned and managed sheep), with the intention to build the breeding flock to approximately 100,000 ewes.

If you are intending to participate in the Offers, you are encouraged to read this Prospectus carefully and in full. Please note, an investment in the Company carries with it both Company-specific risks and general risks that are outlined in Section 9 of this Prospectus. If you are in any doubt as whether to invest in the Company, you are encouraged to seek professional advice.

My fellow Directors and I are genuinely excited about the many opportunities that the restructured Company will hold. On behalf of the Board of Directors, I commend the Offer to you and look forward to welcoming you as a shareholder in Australian Natural Proteins Limited.

Yours faithfully,



**Harvey Parker**  
Non-executive Chairman

<sup>2</sup> Food and Agriculture Organization of the United Nations, *Livestock's long shadow; environmental issues and options*, Rome, 2006, p. xvii-xx.

## 2. Investment Overview

### Who is making the Offers?

Millepede International Limited was incorporated on 7 February 2001 and is a public company listed on the ASX.

The Company is proposing to change its name to “Australian Natural Proteins Limited” and to acquire between 80% and 100% of the issued shares, and up to 100% of the unsecured convertible notes, of Agline Pastoral Pty Ltd (ACN 111 152 080) (**Agline**).

The acquisition of Agline will result in a significant change in the nature and scale of the Company’s activities. This requires the approval of Shareholders under Chapter 11 of the ASX Listing Rules, which was obtained at a meeting held on 23 May 2012 and the ASX approving the Company’s re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

Further information regarding the Company and the acquisition of Agline is set out in Section 4 of this Prospectus.

### What is the Company’s business?

The Company is seeking to change the nature of its activities to a protein based intensive farming operation initially concentrating on producing prime lamb using rotational grazing on irrigated pastures for both the domestic and overseas market. Secondary income will also be generated from the sale of wool and commercial crops including rice, canola, wheat and barley.

This change of activities will commence with the acquisition of Agline.

Further information regarding the Company’s business is set out in Section 4 of this Prospectus.

### How will the Company make money?

The Company intends to make money by selling fattened lambs, wool and mixed crops.

Following the Agline Acquisition the Company will control a portfolio of nine ‘hub’ properties (seven of which are owned, and two of which are leased) located in the Riverina region of south-western New South Wales, covering approximately 5,236 hectares.

These largely adjoining properties possess significant irrigation infrastructure covering 2,774 hectares. Taking into consideration natural recovery, aquifer and Class C water rights, the Company will have access to 5,258 megalitres of water annually, with the ability to acquire a further 17,571 megalitres (approximately) annually.

With existing infrastructure in place, the Company’s nine hub properties have the capacity to fatten 100,000 lambs annually. Sourcing 100,000 lambs annually will require a breeding flock of approximately 100,000 ewes.

Immediately following the acquisition, the Company will have an initial flock of approximately 6,000 sheep (including owned and managed sheep), with the intention to build its breeding flock to 100,000 ewes.

While the Company’s breeding flock remains below 20,000 ewes, the Company’s nine hub properties will be sufficient to carry both ewes and any lambs bred from this flock. Beyond a breeding flock of 20,000 ewes however, the Company will require further land and it intends to supplement its portfolio of hub properties with ‘spoke’ properties. These properties are yet to be acquired or leased, but the Company has identified several nearby Riverina properties that would be suitable for this purpose.

Where appropriate, the Company will use the current properties to produce fodder and grain as feed supply to improve livestock carrying capacity, performance and sales.

Once at full scale, with a breeding flock of 100,000 ewes and the fattening of 100,000 lambs annually, the Company aims to realise economies of scale through:

- reduced unit production costs;
- improved marketing and purchasing power; and
- an ability to attract highly skilled and experienced staff.

If the Company achieves its target breeding flock number then it will be one of Australia’s largest producers of lamb.

Further information regarding the Company’s business model is set out in Section 4 of this Prospectus.

## 2. Investment Overview

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### What are the key dependencies affecting the Company?

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The success of the Company will be subject to the following key dependencies:

- the availability of sufficient volumes of water for irrigation;
- the availability of dry (or partially irrigated) farms suitable for sheep grazing in adjacent geographical areas to the 'hub' properties ('spoke' properties);
- the realisation of economies of scale to reduce unit production costs and improve marketing and purchasing power; and
- steady (or increasing) demand for lamb and other soft commodities produced by the Company.

Further information is set out in Section 4.11 of this Prospectus.

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### What are the key benefits associated with the Company's business?

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A portfolio of nine hub properties will initially underpin the Company's operations providing scale, lower production costs and better utilisation of plant and equipment. In the longer-term, the Company may supplement its hub properties with spoke properties, providing the potential for greater purchasing power, marketing power and lower production costs.

The Company will restructure its Board and senior management team, with a view to injecting new talent that holds the necessary experience in commercial agricultural activities and in particular, large-scale sheep farming operations.

The Board of Directors believe that the prospects for the Company's new direction are enhanced by:

- acquiring an established business on a going-concern basis through the acquisition of Agline;
- moving into high intensity large scale corporate farming in order to seek economies of scale to reduce unit production costs and improve marketing and purchasing power;
- controlling hard land assets located in the Riverina, one of Australia's premier agricultural regions;
- the controlling properties possessing significant irrigation infrastructure, with access to 5,258 megalitres of water annually and the ability to acquire a further 17,570 megalitres annually;
- owning all the necessary plant and equipment to operate a large-scale farming enterprise;
- the controlling properties existing infrastructure supporting the fattening of 100,000 prime lambs annually; and
- the ability to diversify into other soft commodity markets including rice, canola, wheat and barley.

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### What are the key risks associated with the Company's business, the Shares, the Notes and the Offers?

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Potential investors should be aware that subscribing for Shares and Notes the subject of this Prospectus involves a number of risks and an investment in the Company is speculative. Risk factors include the following:

- There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX, which would result in investors' funds being returned and the Agline Acquisition not taking place.
- Agline may not become a wholly owned subsidiary of the Company.
- The Company's operations are not at full scale and the Company is not expected to distribute income until target sheep flocking rates of 100,000 ewes and other goals are achieved.
- The outbreak of disease and the effect of adverse weather conditions could have an adverse affect on the Company's operations.
- The Company's financial performance will be influenced by variations in the domestic and international prices paid for the lamb produced by the Company.
- Reduced demand for lamb and increased competition may have a negative financial impact on the Company.
- Approximately 30% (or a greater number if required by the ASX) of the Shares of the Company following the Offers (including those to be issued pursuant to the Vendor Offer, the Noteholder Offer and the Introducer Offer) will be held in escrow for between 12 and 24 months and trading in Shares may be less liquid during this period.

Potential investors are urged to consider the risk factors of the Company set out in Section 9 of this Prospectus and consult their professional advisers before deciding to apply for Shares pursuant to this Prospectus.

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#### What key financial information do investors need to know?

Agline's unaudited accounts for the financial year end 30 June 2011 showed earnings before interest and taxation of approximately \$1.1m on an income of approximately \$2.7m. These earnings resulted from the sale of sheep, wool and crops, but was partially driven by income generated by the Commonwealth of Australia water efficiency scheme designed to encourage investment in infrastructure.

Assuming the Company accepts oversubscriptions under the Public Offer and raises \$2.5m, the Company's unaudited pro-forma balance sheet for the period ended 31 December 2011 (taking into account the acquisition of Agline) has net assets of approximately \$12.2m. This is made up of approximately \$20.3m of assets (including \$12m of land and water rights and over \$3.7m of plant and machinery) and liabilities of approximately \$8.1m (including external interest paying debt of over \$6.5m secured by mortgages and charges over all of Agline's assets and undertakings).

The Board considers that the capital being raised under this Prospectus pursuant to the Public Offer (including the Top Up Offer) will enable the Company to continue the current operations of Agline.

Financial information relating to the Company and Agline is set out in the Investigating Accountant's Report in Section 7 and also in Section 8 of this Prospectus. Further information regarding Agline's interest paying debt is set out in Sections 4.13 and 10.7 of this Prospectus.

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#### Who will benefit from the Offers?

The Offers are being made to acquire Agline and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities as a result of the acquisition of Agline.

Harvey Parker (Chairman), and Paul Duckett and Raymond Taylor (appointed as Directors with effect from the Re-Compliance Date), their family members and related entities are the largest shareholders of Agline. They will therefore benefit from the acquisition of Agline, the Vendor Offer and all other Offers. Further details are provided in the notice of meeting for the General Meeting lodged with both ASIC and the ASX and Section 10.2 of this Prospectus, which is available free of charge by contacting the Company during normal business hours or by downloading a copy from the Company's website at [www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)

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#### What are the Offers?

The total capital to be raised under the Offers is up to \$2,500,000 as follows:

- Up to 7,500,000 new fully paid ordinary shares in the capital of the Company (**Shares**) are being offered by the Company to raise \$1,500,000. Oversubscriptions for up to a further 5,000,000 Shares are also being offered by the Company to raise a further \$1,000,000 (**Public Offer**). The Public Offer includes a priority Top Up Offer to Shareholders as at the Top Up Offer Record Date.
- The offer of up to 31,699,961 Shares to the Agline Shareholders (**Vendor Offer**) as part of the Agline Acquisition.
- The offer of up to 14,500,000 Notes to the Agline Noteholders (**Noteholder Offer**) as part of the Agline Acquisition.
- The offer of 6,000,000 to the Introducers (**Introducer Offer**) as part of the Agline Acquisition.

See Section 3 of this Prospectus for further details of the Offers.

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#### What is the Offer Price pursuant to the Public Offer?

The Offer Price pursuant to the Public Offer (including the Top Up Offer) is \$0.20 (20 cents) per Share.

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#### What is the effect of the Offers?

The effect of the Offers on the capital structure of the Company is depicted in the table in Section 3.10 of this Prospectus.

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#### What are the key dates of the Offers?

The key dates of the Offers are detailed in the indicative timetable in Section 3.8 of this Prospectus.

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#### How will the Company use the proceeds from the Offers?

The proceeds from the Offers (after the deduction of expenses) will be predominately used for increasing the ewe breeding flock, the costs of the Agline Acquisition and working capital.

Further details regarding the use of the proceeds from the Offers are set out in Section 3.9 of this Prospectus.

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## 3. Details of the Offers

### 3.1. The Offers

The Offers are being made to give effect to the change in the nature and scale of the Company's activities, commencing with the acquisition of Agline.

The Offers are:

- a. Up to 7,500,000 Shares at an issue price of \$0.20 (20 cents) per Share to raise \$1,500,000 before expenses of the Offer. Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 (20 cents) per Share to raise up to a further \$1,000,000 may be accepted (**Public Offer**).
- The Public Offer includes a Top Up Offer to Shareholders as at the Top Up Offer Record Date.
- b. Up to 31,699,961 Shares to the Agline Shareholders (**Vendor Offer**). These Shares are being issued as consideration for the Company acquiring between 80% and 100% of the issued capital of Agline. The agreements giving effect to this transaction are summarised in Section 10 of this Prospectus.
- c. Up to 14,500,000 Notes to the Agline Noteholders (**Noteholder Offer**). These Notes will be issued as consideration for the Company acquiring up to 100% of the issued convertible notes of Agline and will automatically convert into Shares on the Re-Compliance Date. The agreements giving effect to this transaction are summarised in Section 10 of this Prospectus.
- d. 6,000,000 Shares to the Introducers (**Introducer Offer**). The Introducers proposed and identified the Agline opportunity, structured the transaction, provided corporate advice and helped to facilitate the acquisition of Agline from the Agline Shareholders.

The Shares offered under this Prospectus will rank equally in all respects with the Shares already on issue. Further details of the rights attaching to the Shares are set out in Section 11.1 of this Prospectus. The rights attaching to the Notes offered under this Prospectus are set out in Section 11.2 of this Prospectus.

### 3.2. Top Up Offer

The Company will offer 4,000,000 Shares (of the 7,500,000 Shares being offered under the Public Offer) in priority to Shareholders of the Company registered as holding less than 10,000 Shares (post Consolidation) as at the Top Up Offer Record Date (**Eligible Shareholders**), to increase their holding to a value of at least \$2,000.

The priority given to each Shareholder will be in respect of a minimum of that number of Shares required to increase the Shareholder's total shareholding in the Company to 10,000 Shares (post Consolidation). Eligible Shareholders will receive a personalised Application Form setting out their individual application amount.

Shares are offered to each Eligible Shareholder on a first-come, first-served basis (**Entitlement**). To the extent that any Eligible Shareholders apply for more than their Entitlement and there remains a balance of Shares out of the Top Up Offer pool, the Company will, at the Directors' discretion, allocate the balance of Shares to those Applicants.

To the extent that subscriptions from Eligible Shareholders under the Top Up Offer exceed 10,000 Shares in total, the Directors will treat such Applications for excess Shares as Applications for Shares under the Public Offer.

The Directors retain absolute discretion when deciding whether or not to accept any particular Application in part or in full and will not be liable to any Eligible Shareholder who is not allocated Shares.

If any of the Shares available for Eligible Shareholders are not applied for by 5:00pm on the Top Up Offer Closing Date, those Shares will form part of the Public Offer.

All Shareholders may apply for Shares under the Public Offer.

### 3.3. Public Offer

The pool for the Public Offer will be 3,500,000 Shares, plus any Shares not applied for by Shareholders under the Top Up Offer, and oversubscriptions of up to a further 5,000,000 Shares.

Applicants should note that the Directors retain an overriding right to do any of the following at their discretion in relation to the Public Offer:

- a. accept an Application in full;
- b. accept an Application in respect of a lesser number of Shares than applied for; or
- c. decline an Application.



### 3.4. Other Offers

Subject to completion of the Agline Acquisition:

- a. up to 31,699,961 Shares will be issued to the Agline Shareholders;
- b. up to 14,500,000 Notes will be issued to the Agline Noteholders; and
- c. 6,000,000 Shares will be issued to the Introducers,

under this Prospectus as part of completion under the Acquisition Agreements. These securities will be issued only to the Agline Shareholders, the Agline Noteholders and the Introducers. No payment will be required to be made by an Agline Shareholder, Agline Noteholder or Introducer lodging a Vendor Offer Acceptance Form, a Noteholder Offer Acceptance Form or an Introducer Offer Acceptance Form (as applicable).

### 3.5. Change in nature and scale of activities

At the General Meeting of Shareholders held on 23 May 2012, Shareholders were asked to vote on the following resolutions:

- a. a change in the nature and scale of the Company's activities;
- b. the Consolidation;
- c. the acquisition of Agline and the issue of Shares to Agline's shareholders (pursuant to the Vendor Offer);
- d. the issue of Notes to Agline's convertible noteholders and the conversion of those convertible notes into Shares (pursuant to the Noteholder Offer);
- e. the issue of Shares to introducers (pursuant to the Introducer Offer);
- f. the issue of Shares pursuant to this Prospectus (pursuant to the Public Offer, including the Top Up Offer);
- g. the election of Directors; and
- h. the change in company name.

All resolutions were passed at the General Meeting.

### 3.6. Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Company's Shares have been suspended from quotation on the ASX since 23 May 2012, the date of the General Meeting to approve the transactions associated with the change to the nature and scale of the Company's activities. The Company's Shares will not be reinstated to Quotation until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Re-compliance with these chapters involves, amongst other things, the following:

- a. issuing a prospectus;
- b. meeting the spread requirements, that is either:
  - i. at least 500 holders each with a parcel of the main class of securities with a value of at least \$2,000; or
  - ii. 400 holders with a parcel of securities with a value of at least \$2,000, and persons who are not related parties must hold at least 25% of securities quoted;
- c. meeting ASX's profit test or assets test; and
- d. having the entity's quoted securities issued or sold for at least 20 cents in cash.

In the event that the Company does not receive conditional approval for re-quotation on the ASX, it will not proceed with the Offers and will repay all application monies received. Should this occur, then the change to the nature and scale of the Company's activities will not eventuate and the Company's securities may remain suspended from quotation on the ASX.

### 3.7. Purpose of the Offers

The purpose of the Offers is to acquire Agline, to meet the requirements of the ASX and re-comply with Chapters 1 and 2 of the ASX Listing Rules and to provide additional funds for:

- a. the acquisition of ewes; and
- b. working capital.

On completion of the Offers, the Board believes the Company will have sufficient working capital to achieve these objectives. However, it should be noted that further funding will be required by the Company in order to achieve the target breeding flock level of 100,000 ewes or if the Company acquires or leases additional properties. Please refer to Section 4.4 of this Prospectus for further information.

### 3. Details of the Offers

#### 3.8. Indicative timetable

Top Up Offer Record Date	21 May 2012
Suspension of the Company's securities from trading on the ASX (at the opening of trade)	23 May 2012
General Meeting	23 May 2012
Lodgement of Prospectus with ASIC	29 May 2012
Opening Date for the Offers	30 May 2012
Closing Date for the Offers	4 July 2012
Despatch of Holding Statements	11 July 2012
Expected date for re-quotations on ASX	16 July 2012

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

#### 3.9. Use of proceeds

The Company intends to apply funds raised from the Offers over the first two years following re-quotations on ASX as follows:

	Assuming Public Offer is fully subscribed (\$1,500,000) \$	Assuming Public Offer is oversubscribed (\$2,500,000) \$
<b>Funds available</b>		
Existing cash reserves <sup>1</sup>	630,000	630,000
Funds raised from the Public Offer	1,500,000	2,500,000
<b>Total</b>	<b>2,130,000</b>	<b>3,130,000</b>
<b>Allocation of funds</b>		
Expenses of the Offer <sup>2</sup>	382,068	442,967
Acquisition of ewes	447,932	1,387,033
Public company administrative costs <sup>3</sup>	300,000	300,000
Working capital <sup>4</sup>	1,000,000	1,000,000
<b>Total</b>	<b>2,130,000</b>	<b>3,130,000</b>

Notes:

- <sup>1</sup> This includes the existing cash reserves of both the Company and Agline as at the date of this Prospectus with deductions made for accrued costs. Refer to the Investigating Accountant's Report set out in Section 7 of this Prospectus for further details.
- <sup>2</sup> Refer to Section 11.8 of this Prospectus for further details.
- <sup>3</sup> Public company administrative costs include payments towards wages, bonuses and superannuation of employees and directors, rent and outgoings, accounting fees, legal fees, ASX listing fees, auditing fees, insurances, share registry fees, travel expenses and all other items of a general administrative nature.
- <sup>4</sup> Working Capital includes funds required for fertiliser and seed for crops, Agline management and employee wages, and any stamp duty that may be payable in connection with the Agline Acquisition (if any).

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

### 3.10. Capital structure

The capital structure of the Company following completion of the Offers (and the conversion of the Notes which will take place immediately after completion of the Offers) is summarised below:

	Number of Shares assuming Public Offer is fully subscribed	Number of Shares assuming Public Offer is oversubscribed
<b>Current</b>	<b>273,796,059</b>	<b>273,796,059</b>
Following Consolidation	5,475,921	5,475,921
Issue of Shares pursuant to the Vendor Offer	31,699,961	31,699,961
Issue of Shares on conversion of the Notes issued pursuant to the Noteholder Offer	14,500,000	14,500,000
Issue of Shares pursuant to the Introducer Offer	6,000,000	6,000,000
Issue of Shares pursuant to the Public Offer (including the Top Up Offer)	7,500,000	12,500,000
<b>Following completion of the Offers and the change of activities</b>	<b>65,175,882</b>	<b>70,175,882</b>

### 3.11. Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offers (assuming full subscription) are set out in the respective tables below.

*As at the date of this Prospectus (on a post Consolidation basis)*

Shareholder	Shares	Percentage
DBS Vickers Securities	1,130,827	20.7%
Mr Sing En Chan	648,936	11.9%
HSBC Custody Nominees	411,799	7.5%

*Following completion of the Offers (on a post Consolidation basis, assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Public Offer)*

Shareholder	Shares	Percentage
TFI Limited*	12,680,000	19.5%
Paul Duckett	4,454,561	6.8%
Raymond Taylor	3,327,372	5.1%

\* A firm commitment has been received by the Company from TFI Limited who is a sophisticated investor, pursuant to which \$1,164,000 (comprising 5,820,000 Shares) will be subscribed pursuant to the Public Offer under this Prospectus. TFI Limited will also receive a further 6,860,000 Shares pursuant to the Noteholder Offer (on conversion of its Notes). Further details regarding the Firm Commitment Agreement are described in Section 10.3 of this Prospectus.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares re-commencing trading on ASX.

### 3. Details of the Offers

#### 3.12. How to apply for Shares and Notes

You should carefully read this Prospectus, your Application Form and the instructions accompanying them.

##### a. Top Up Offer

If you are an Eligible Shareholder and you wish to participate in the Top Up Offer, applications under the Top Up Offer must be for at least that number of Shares which would increase your shareholding to a parcel of 10,000 Shares (post Consolidation), at an issue price of \$0.20 (20 cents) per Share. Eligible Shareholders will receive a personalised Top Up Offer Application Form which indicates the number of Shares required in order to increase their shareholding to a marketable parcel of 10,000 Shares with a value of \$2,000.

To accept the Top Up Offer, Eligible Shareholders may either:

- i. take up their Entitlement in full, thereby increasing their shareholding to 10,000 Shares; or
- ii. take up their Entitlement in full, and also subscribe for additional Shares. Any subscription for additional Shares must be in multiples of 1,000 Shares (\$200).

To the extent that subscriptions for Shares under the Top Up Offer exceed 10,000 Shares in total, the Directors will treat such Applications for excess Shares as Applications for Shares under the Public Offer. No Eligible Shareholder is assured of receiving any Shares applied for in excess of their Entitlement, and any amount by which Eligible Shareholders exceed their Entitlements may be scaled back at the Company's discretion, in such manner as the Company considers is reasonable in the circumstances.

Participating Eligible Shareholders must complete and return their personalised Top Up Offer Application Form accompanying this Prospectus, together with the appropriate payment for the amount to which the application relates, by no later than the 7.00pm (AEST) on 4 July 2012, to the following address:

**Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001  
Australia**

Applications received after 7.00pm (AEST) on 4 July 2012 will not be accepted.

Payment may be made by cheque, bank draft or money order in Australian dollars drawn on an Australian bank made payable to "Australian Natural Proteins Offer A/C" and crossed "Not Negotiable".

For payment via BPAY<sup>®3</sup>, please follow the instructions on the Top Up Offer Application Form (which includes the Biller Code and your unique Customer Reference Number). You can only make payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY, you do not need to return the payment slip that is attached on the Top Up Offer Application Form.

It is your responsibility to ensure that your BPAY payment is received by no later than 7.00pm (AEST) on 4 July 2012. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Please make sure to use the specific Biller Code and unique Customer Reference Number on your Top Up Offer Application Form. If you received more than one Top Up Offer Application Form, you will need to complete individual BPAY transactions using the Customer Reference Number specific to the relevant individual Top Up Offer Application Form. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for your application to which that Customer Reference Number relates.

##### b. Public Offer

If you are a resident of Australia and you wish to participate in the Public Offer, applications under the Public Offer must be for the minimum application amount of 10,000 Shares (post Consolidation) and thereafter in multiples of 1,000 Shares, at an issue price of \$0.20 (20 cents) per Share.

Public Offer applicants must complete and return an Application Form, located at the back of this Prospectus, together with the appropriate payment for the amount to which the application relates, by no later than the 7.00pm (AEST) on 4 July 2012, to the following address:

**Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001  
Australia**

Applications received after 7.00pm (AEST) on 4 July 2012 will not be accepted.

<sup>3</sup> Registered to BPAY Pty Limited ABN 69 079 137 518



Payment may be made by cheque, bank draft or money order in Australian dollars drawn on an Australian bank made payable to “Australian Natural Proteins Offer A/C” and crossed “Not Negotiable”.

No brokerage or stamp duty is payable by either Public Offer applicants or Top Up Offer applicants. The amount payable on application will not vary during the period of the Offers and no further amount is payable on or after allotment in respect of the Shares.

**c. Vendor Offer, Noteholder Offer and Introducer Offer**

Completed Application Forms for all other Offers (i.e. the Vendor Offer Application Form, the Noteholder Offer Application Form or the Introducer Offer Application Form) must be received by 7.00pm (AEST) on 4 July 2012 at:

**Millepede International Limited  
PO Box 12483 A'Beckett Street  
Melbourne VIC 8006  
Australia**

No payment will be required to be made by an Agline Shareholder, Agline Noteholder or Introducer lodging a Vendor Offer Acceptance Form, a Noteholder Offer Acceptance Form or an Introducer Offer Acceptance Form (as applicable).

### 3.13. Enquiries

**a. Top Up Offer and Public Offer**

If you have any queries about how to apply for Shares, your Application Form, or either the Top Up Offer or the Public Offer, please contact the Millepede International Limited Offer Information Line on 1300 557 010 (for calls within Australia) or +61 3 9415 4000 (for calls outside Australia), from 10.30am to 7.00pm AEST, Monday to Friday.

**b. Vendor Offer, Noteholder Offer and Introducer Offer**

Please contact Mr Ray Taylor at Millepede International Limited on +61 3 9580 4328 for information on how to apply into the Vendor, Noteholder and Introducer Offers.

### 3.14. Allotment and Allocation of Shares and Notes

*Public Offer (including the Top Up Offer)*

Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within 7 days of the allotment date.

Subject to the Company being satisfied that it will meet the requirements of Chapters 1 and 2 of the ASX Listing Rules, Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

*Vendor Offer*

The Vendor Offer is only being made to the Agline Shareholders.

*Noteholder Offer*

The Noteholder Offer is only being made to the Agline Noteholders.

*Introducer Offer*

The Introducer Offer is only being made to the Introducers.

### 3.15. ASX listing and Quotation of Shares and Notes

The Company's Shares have been suspended from trading on ASX from the time of the General Meeting (23 May 2012) and will not be reinstated to trading until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules.

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Quotation (apart from any Shares that may be designated by ASX as restricted securities). The Company will not apply to ASX for Quotation of the Notes offered by this Prospectus but will for the Shares to be issued on conversion of these Notes.

If approval for Quotation of the Shares issued pursuant to the Offers is not granted within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares, and will repay all application monies without interest as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

### 3. Details of the Offers

#### 3.16. CHES

The Company participates in the Clearing House Electronic Subregister System (CHES). CHES is operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHES, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holding in the Company. If an investor is broker sponsored, ASTC will send a CHES statement.

#### 3.17. Applicants outside Australia

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offers. It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be allotted Shares.

No action has been taken to register or qualify the Shares or the Offers or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

#### 3.18. Minimum subscription

There is no minimum subscription in respect of the Public Offer.

#### 3.19. Firm commitment

The Offers are not underwritten.

A firm commitment has been received by the Company from TFI Limited, who is a sophisticated investor, pursuant to which \$1,164,000 (comprising 5,820,000 Shares) will be subscribed to the Public Offer under this Prospectus. Further details regarding the Firm Commitment Agreement are described in Section 10.3 of this Prospectus.

#### 3.20. Corporate Adviser

Terrain Capital Limited will act as corporate adviser to the Company in relation to the Offers.

Please refer to Section 10.4 of this Prospectus for further details including the fees and terms of the engagement.

#### 3.21. Restricted securities

Subject to the re-quotation of the Company's securities on ASX, certain Shares (including those under the Vendor Offer, the Noteholder Offer and the Introducer Offer) may be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of re-quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares re-commencing trading on the ASX.

#### 3.22. Forward looking statements

This Prospectus includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding the Company's financial position, business strategy, and plans and objectives for its projects and future operations (including development plans and objectives), which have been based on the Company's current expectations about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. The statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

### 3.23. Privacy

The Company collects information in relation to each Applicant as provided on an Application Form (**Information**) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company (**Purposes**).

By submitting an Application Form, each Applicant agrees that the Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

## 4. Company Overview

### 4.1. Background

The Company is a public company listed on the Official List of the ASX (ASX: MPD). The Company's existing business is the production of cable ties and other unrelated plastic technologies.

At the General Meeting, the Company sought and obtained approval to change the nature of its activities to a protein based intensive farming operation, initially concentrating on producing prime lamb for both the domestic and overseas markets. This change of activities will commence with the Agline Acquisition.

### 4.2. Summary of the Agline Acquisition

#### a. Overview

The Agline Acquisition will involve the acquisition by the Company of between 80% and 100% of the issued shares of Agline from the Agline Shareholders and up to 100% of the issued unsecured convertible notes of Agline from the Agline Noteholders. In return, the Company will issue up to 31,699,961 Shares to the Agline Shareholders (which are the subject of the Vendor Offer) and up to 14,500,000 Notes to the Agline Noteholders (which will automatically convert into Shares on the Re-Compliance Date and are the subject of the Noteholder Offer).

Based on an issue price of \$0.10 (10 cents) per Share and \$0.10 (10 cents) per Note (on a post-Consolidation basis), and the issue of up to 31,699,961 Shares (pursuant to the Vendor Offer) and 14,500,000 Notes (pursuant to the Noteholder Offer) to Agline Shareholders and Agline Noteholders, respectively, the Agline Acquisition is being undertaken at an effective price of \$4,619,996.10. Additional costs associated with the Agline Acquisition include the issue of 6,000,000 Shares to the Introducers, at an effective cost of \$600,000 (which are the subject of the Introducer Offer).

Some of the Agline Shareholders are related parties of the Company. Shareholder approval was sought and obtained in respect of the Agline Acquisition at the General Meeting held on 23 May 2012. Full details regarding the related party element of the Agline Acquisition are set out in the Notice of Meeting released by the Company to the ASX on 23 April 2012 (and lodged with ASIC).

#### b. Agline capital structure

Agline currently has 19,143,485 shares on issue. Prior to the Agline Acquisition completing, it is anticipated that Agline will be issuing a further 52,698,529 Agline Shares for the following purposes:

- i. 18,211,719 Agline Shares as consideration for the acquisition by Agline of 60% of the beneficial interest in the freehold properties known as "Birdwood 2" and "Netherby" (further details of which are set out in section 4.5) that it does not currently own;
- ii. 1,646,152 Agline Shares on conversion of current unsecured notes totalling \$210,000;
- iii. 25,656,368 Agline Shares to satisfy outstanding shareholder loans totalling \$3,272,983; and
- iv. 7,184,290 Agline Shares as a result of clients of Terrain Capital Limited exercising options over unissued Agline Shares for a total exercise price of \$2.00.

Agline also currently has 30,916,848 Agline Notes on issue with an aggregate issue price of \$1,450,000.

For details of the capital structure of the Company see section 3.10 of this Prospectus.

#### c. Transaction documents

The Company has entered into a share sale agreement with the directors and largest shareholders of Agline, who will be holding 33,670,473 Agline Shares immediately prior to the Agline Acquisition (**Director Share Sale Agreement**).

The Company has made separate share sale offers on no less favourable terms to all other Agline Shareholders (**Share Offers**). As at the date of this Prospectus, the majority of these Agline Shareholders have indicated to the Company that they will accept the Share Offer that has been made to them.

The Company has made offers to all Agline Noteholders to acquire all Agline Notes that they hold in return for the issue by the Company of the Notes (**Note Offers**). As at the date of this Prospectus, the majority of these Agline Noteholders have accepted the offers.

Based on the current level of acceptances of Share Offers and the Note Offers, as at the date of this Prospectus the Company will acquire at least 94.4% of the issued shares of Agline.

The key terms of the transaction documents are set out in Section 10.2 of this Prospectus.



### 4.3. New activities

Following the Agline Acquisition the Company will have an interest in nine 'hub' properties, seven of which are owned and two of which are leased (**Hub Properties**), which are described in more detail in Section 4.5 of this Prospectus. The Hub Properties are located in the Riverina region of south-western New South Wales, which is widely recognised as one of Australia's most productive and agriculturally diverse regions.

**Map 1: Location of the Riverina region.** Deniliquin is located approximately 300km or 4 hours north of Melbourne. It is located in the Murray Darling Basin, and is one of Australia's most productive agricultural regions. The location benefits from key transport infrastructure with direct highway linkages to Melbourne and its ports.



Covering a total area of approximately 5,236 hectares, the Hub Properties are mostly adjoining and can be managed in an integrated way.

The Hub Properties possess significant irrigation infrastructure covering 2,774 hectares (of which 2,076 hectares is irrigated by lateral and/or centre pivot irrigation and 698 hectares is irrigated by flood). Taking into consideration natural recovery, aquifer and Class C water rights, the Company will have access to 5,258 megalitres of water annually, with the ability to acquire a further 17,571 megalitres (approximately) annually. In addition, the Company will own all the necessary plant and equipment to operate a large-scale farming enterprise.

### 4.4. Strategy

With existing infrastructure in place, the Hub Properties have the capacity to fatten 100,000 prime lambs annually.

Immediately following the acquisition, the Company will have an initial flock of approximately 6,000 sheep, both owned and subject to sheep management arrangements (as summarised in Section 10.6 of this Prospectus), with the intention to build its breeding flock to 100,000 ewes.

In the immediate term, it is expected that returns will be generated by the Company through a number of sources including:

- a. the breeding and fattening of lambs for supply into the growing global food markets; and
- b. secondary income, generated from the sale of wool and commercial soft commodity crops including rice, canola, wheat and barley.

## 4. Company Overview

Where the Company's breeding flock remains below 20,000 ewes, the Hub Properties will be sufficient to carry both ewes and any lambs bred from this stock.

Beyond a breeding flock of 20,000 ewes however, the Company will require further land and it intends to supplement its Hub Properties with dry or partially irrigated farms (Spoke Properties) suitable for sheep grazing, which are described in more detail in Section 4.6 of this Prospectus. The Spoke Properties will ideally be situated either adjacent to or nearby the Hub Properties, to allow for the relatively easy transport of up to 100,000 lambs annually to the Hub Properties for finishing prior to their sale as fat lambs. The Spoke Properties are yet to be acquired or leased, but the Company has identified several nearby Riverina properties that would be suitable for this purpose.

Building the breeding flock to 100,000 ewes and acquiring additional properties may require further funds. If further funds are required, the Board of Directors will consider a number of strategic options to obtain these funds, including through a combination of debt or equity finance, the creation of a managed investment scheme structure and/or joint ventures with third parties.

### 4.5. Hub Properties

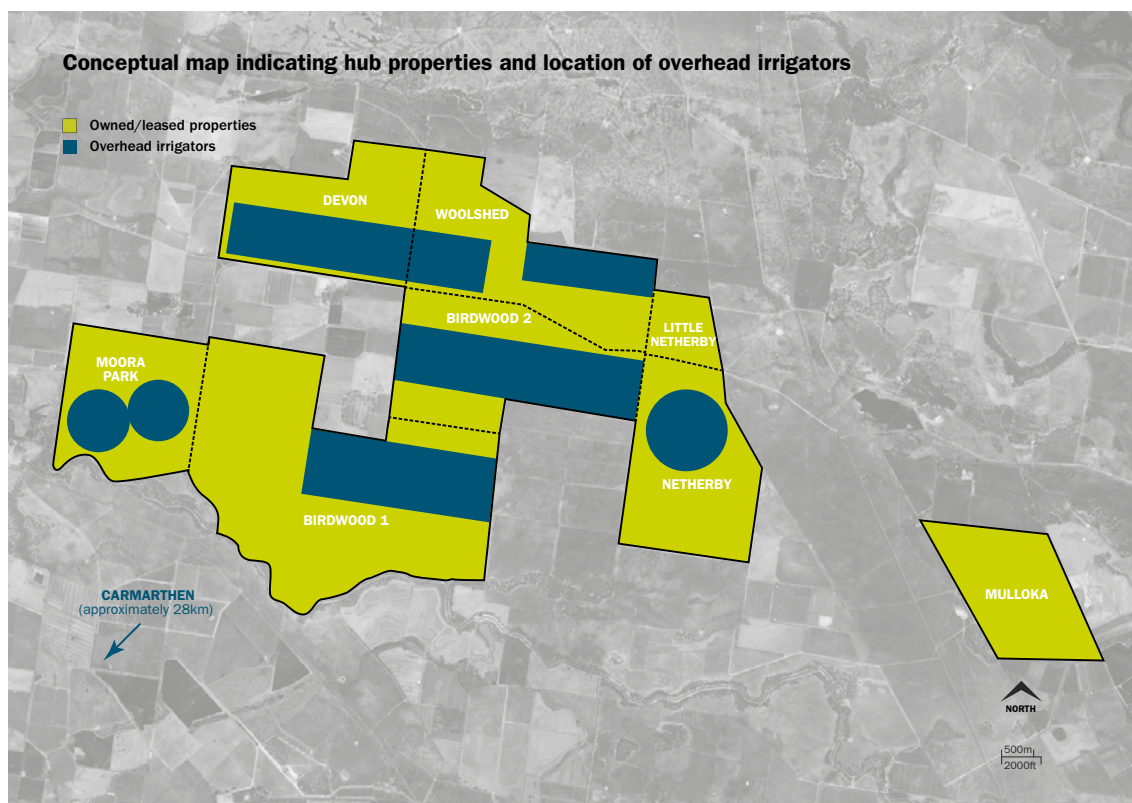
Following completion of the Agline Acquisition the Company will:

- a. own seven properties with a total area of approximately 3,146 hectares; and
- b. lease a further two properties with a total area of 2,090 hectares,

for a total area of approximately 5,236 hectares.

These mostly contiguous properties, dubbed the "Hub Properties" will underpin the Company's operations. The Hub Properties will be operated as essentially a single farming unit with the intention to provide scale, lower production costs and better utilisation of plant and equipment. Further details and a diagrammatic representation of the Hub Properties are set out on the following pages.

*Map 2: Hub Properties*



Property	Area (hectares)	Owned/Leased	Agline's current ownership interest	Agline's ownership interest prior to completion of the Agline Acquisition
Birdwood 2 (a)	645.23	Owned	40%	100%
Netherby (a)	487.98	Owned	40%	100%
Little Netherby (b)	113.4	Owned	100%	100%
Moora Park	326.3	Owned	100%	100%
Mulloka	237.6	Owned	100%	100%
Woolshed	664	Owned	100%	100%
Devon	671.2	Owned	100%	100%
Carmarthen (c)	534	Leased and optioned	-	-
Birdwood 1 (d)	1556	Leased and optioned	-	-
<b>Total</b>	<b>5,235.71</b>			

In respect of the above properties, it should be noted:

- a. The Birdwood 2 and Netherby properties are each currently subject to a partnership between Agline and persons associated with Mr Harvey Parker (Chairman), Mr Raymond Taylor (appointed as Managing Director with effect from the Re-Compliance Date) and Mr Paul Duckett (appointed as Non-Executive Director with effect from the Re-Compliance Date). Agline has agreed to acquire the combined 60% partnership interest not currently held by it prior to completion of the Agline Acquisition in consideration for the issue of 18,211,719 Agline Shares to the current partners. These Agline Shares will be acquired by the Company pursuant to the Director Share Sale Agreement summarised in Section 10.2(a) of this Prospectus.
- b. The Little Netherby property is owned by Agline's wholly owned subsidiary, Swann Water Management Pty Ltd (ACN 106 646 262).
- c. The Carmarthen property is leased by Agline from an unincorporated joint venture between Harvey Parker and Raymond Taylor (Carmarthen JV). The rent is \$15,000 (plus GST) per quarter payable in arrears. Agline also rents equipment from the Carmarthen JV on an hourly basis plus paying any maintenance costs and GST. Agline is also responsible for the rural lands protection board rates and all outgoings and consumable costs in respect of the property. The term of the lease is 2 years commencing on 1 June 2011.

The Carmarthen JV has also granted Agline a call option to purchase the Carmarthen property (and associated water entitlements) for \$2,000,000. The call option may be exercised by Agline at any time until 31 December 2013.

Following completion of the Agline Acquisition, these arrangements will be considered related party transactions for the purposes of Chapter 2E of the Corporations Act. However, the Board (other than Mr Parker) consider that the arrangements are on arm's length terms.

- d. The Birdwood 1 property is leased by Agline from Daniel Wallis. The rent is \$48,000 (plus GST) per quarter payable in arrears. Agline is also responsible for the rural lands protection board rates and all outgoings and consumable costs in respect of the property. The term of the lease is 14 months commencing on 3 January 2012.

Daniel Wallis has also granted Agline a call option to purchase the Birdwood 1 property (and associated water entitlements) for \$7,134,198. The call option may be exercised by Agline at any time until 31 December 2012.

In order to secure long term access to Carmarthen and Birdwood 1 and associated water rights, it is the intention of the Company to exercise the options it holds over those properties for a total acquisition price of \$9,134,198. In order to exercise these options, the Company will need to raise further capital prior to the expiration of the options on 31 December 2013 and 31 December 2012, respectively.

## 4. Company Overview

### 4.6. Spoke Properties

Spoke Properties are properties the Company may lease or acquire in the future as described below.

Where the Company's breeding stock remains below 20,000 ewes, the Hub Properties will be sufficient to carry both ewes and any lambs bred from this stock.

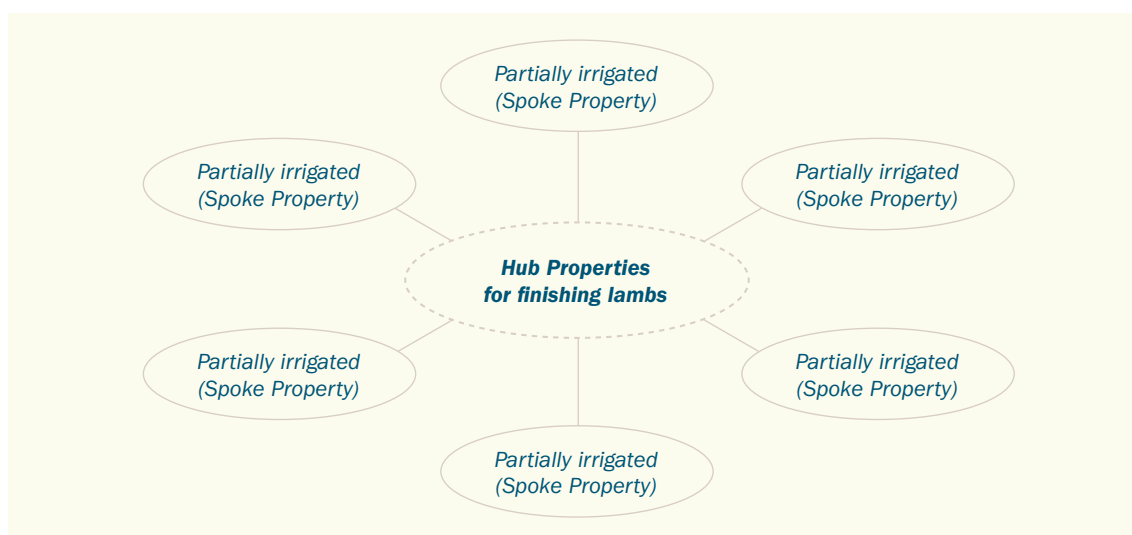
Beyond a breeding flock of 20,000 ewes however, the Company will require further land and it intends to supplement the Hub Properties with Spoke Properties for this purpose.

The Company does not yet own or lease any Spoke Properties, however it has identified further dry land and semi-irrigated properties in the Riverina for either acquisition or leasing. This strategy will allow the Company to run its breeding flock on cheaper land whilst the breeding flock is not nurturing lambs.

A small amount of irrigable land available on these holdings will alleviate the reliance on seasonal rains to grow pastures to maintain the condition of ewes, whilst they are suckling lambs in the essential 10 week pre-weaning stage. Lambs will then be weaned at optimum weights to be transported to the Hub Properties for finishing.

The Board may need to raise further funds prior to acquiring or leasing any Spoke Properties or stocking the Spoke Properties with ewes.

*Conceptual diagram showing Hub Properties and partially irrigated Spoke Properties. Once weaned, lambs are to be transferred to the Hub Properties for finishing (i.e. fattening). As at the date of this Prospectus, the Company does not own or lease any Spoke Properties.*



### 4.7. Water available for irrigation

After considerable research, the Company targeted the Riverina region of south-western New South Wales area as being the best region to develop a large scale intensive lamb farming enterprise. The area around Deniliquin forms part of the Murray Darling basin. To complement the availability of irrigation water, the Hub Properties are underpinned by large aquifers of artesian water which can be extracted by using bores at a relatively cheap and viable price.

Taking into consideration natural recovery, aquifer and general security water entitlements (Class C), the Company has access to 5,258 megalitres of water annually. In addition to this, the Company can acquire a further 17,571 megalitres (approximately) annually or strategically acquire additional permanent rights on market. The Company's water rights are summarised in the table over.



Holder	Owned/Leased	Landholdings register	Natural recovery & storage ('ML')	Aquifer right ('ML')	Class C Water Entitlement ('ML')	Total (ML)
Agline	Owned	M132			5	
Agline	Owned	M133			777	
Agline	Owned	M33			5	
D. Wallis	Leased	Various		500	1579	
Riverbank Holdings Pty Ltd	Leased				622	
Taylor & Parker	Leased	Carmarthen JV		528	42	
Agline	Owned	N/A	1200			
			<b>1200</b>	<b>1028</b>	<b>3030</b>	<b>5258</b>

Agline and its wholly owned subsidiary are party to an infrastructure works contract with Murray Irrigation Limited, pursuant to which funding was and is to be provided by the Commonwealth of Australia to Agline to improve the on-farm efficiency of water systems on the Birdwood 2 and Netherby Hub Properties. Specifically, Agline has converted 571 hectares of the existing surface irrigated area to spray irrigation. In return, Agline made its own contributions to the water systems and permanently assigned a number of water entitlements to the Commonwealth. The Commonwealth has contributed \$487,900 (including GST) and Agline is awaiting a final payment of \$540,100 (exclusive of GST).

Further information regarding the supply and price of water in Southern New South Wales is set out in Section 5.7 of this Prospectus.

#### 4.8. Mixed farming

The Hub Properties were selected for their ability to carry sheep as well as their ability to produce crops, fodder and grain to supply feed for the flock but also to produce commercially marketable soft commodity crops including rice, canola, wheat, and barley.

The benefits of having some mixed capabilities are:

- grain and fodder can be used to feed livestock in preparation for sale and to support carrying capacities and may sustain flock sizes during times of drought and other climatic events;
- feed can be grown and stored rather than being purchased, thereby providing a natural hedge against fluctuating feed prices which tend to spike during dry periods when demands are high; and
- while not intended to be core focuses of the Company, wool and surplus grain remaining after replenishment of reserves can be sold to supplement returns.

Prior to establishing the target flock amount of 100,000 ewes, the sale of crops will have greater importance for the Company. The Company will continue to concentrate on producing a substantial rice crop. In the current financial year, Agline has produced approximately 2,500 tonnes of rice off 250 hectares of specially contoured and set up rice bays. As the flock numbers increase, the Company plans to phase out its commercial cropping programme and utilise the irrigated land to produce premium quality protein lamb meat.

#### 4.9. Plant and machinery

Following the Agline Acquisition the Company will own (subject to the finance arrangements that are described in Section 10.6 of this Prospectus) all of the necessary plant and machinery to operate a large scale farming enterprise.

## 4. Company Overview

### 4.10. Economies of scale

If the Company is able to achieve its target production rate of 100,000 prime lambs per annum the Board believes the Company may achieve certain economies of scale, including:

- improved marketing power** – at a production output of 100,000 prime lambs per annum the Company's price negotiation position will be strengthened;
- improved purchasing power** – lower costs may be achieved by bulk buying professional farm services, plant and machinery;
- reduced per unit cost of production;** and
- enhanced on-farm efficiencies through the application of technology and genetics.**

The above statements are based on the Company's current expectations about future events. The actual realisation of these economies of scale may not occur at all or to the extent expected by the Company. Accordingly, these statements reflect views held by the Directors only as at the date of this Prospectus.

### 4.11. Significant dependencies

The key factors that the Company will depend on to meet its objectives are:

- the availability of sufficient volumes of water for irrigation;
- the availability of dry (or partially irrigated) farms suitable for sheep grazing in adjacent geographical areas to the Hub Properties (Spoke Properties);
- the availability of additional funding, possibly through a combination of equity and debt, capital, the creation of a managed investment scheme structure and/or joint ventures with third parties, to enable the Company to increase its flock numbers and acquire additional land holdings;
- favourable climatic and environmental conditions;
- maintaining healthy livestock and minimising disease outbreaks;
- steady (or increasing) domestic and international prices for lamb and other soft commodities produced by the Company;
- the realisation of economies of scale to reduce unit production costs and improve marketing and purchasing power; and
- steady (or increasing) demand for lamb and other soft commodities produced by the Company.

Specifically:

- The Hub Properties that are currently leased, together with the associated leased water rights, are an important component of the Company's business model. The capital required to exercise the call options that have been granted to the Company total \$9,134,198. If the Company is unable to raise the funds to exercise the options to acquire these Hub Properties, it will seek to extend the existing leases.
- The Company is targeting a flock size of 100,000 breeding ewes over the next 18 months to two years. It is intended the Company will increase the breeding flock by selectively buying good quality genetically superior ewes and undertaking an internal breeding programme.

### 4.12. Corporate structure

Following completion of the Agline Acquisition, the group structure of the Company will be as follows:



Notes:

- The Company's shareholding in Agline will depend on the number of Agline Shareholders and Agline Noteholders that accept the offer by the Company to acquire their Agline Shares and Agline Notes pursuant to the Vendor Offer and the Note Offer, respectively. Based on the current level of acceptances of Share Offers and the Note Offers, as at the date of this Prospectus the Company will acquire at least 94.4% of the issued shares of Agline.
- The Company will seek to divest or wind down its current business, which is conducted by the UK and USA subsidiaries shown above. Please refer to Section 4.15 of this Prospectus for further information.

### 4.13. Finance

#### a. External debt finance

Agline has external interest bearing debt of over \$6,500,000, predominately from Australia and New Zealand Banking Group Limited (ANZ), secured by (amongst other things) mortgages over the Hub Properties and associated water rights, charges over Agline and its wholly owned subsidiary's assets and undertakings and personal guarantees from the directors of Agline. The key aspects of the ANZ debt finance are as follows:

- i. the level of debt as at 30 December 2011 was \$5,363,034 (this is depicted in Agline's accounts as a current liability of \$1,288,228 and a non-current liability of \$4,074,806. See Section 8 for further details);
- ii. to date, the interest payments associated with these facilities has been met from the operating revenues of Agline and the Board expect to be able to continue to meet these interest payments from the operating revenues of the Company;
- iii. key terms and conditions of the debt finance include:
  - a. Agline is required to provide an annual farming plan to the ANZ when available but not later than 31 January each year; and
  - b. Agline must undertake a quarterly comparison of actual to budget trading performance with any negative variation greater than 10% to be advised to ANZ;
- iv. the facilities are 'rolling facilities' with no expiry date, but are subject to discretionary review; and
- v. there are no current or, in the opinion of the Board, likely significant breaches of these facilities by Agline and there have not been any material breaches in the past 2 years.

Further details regarding these external debt arrangements are described in Section 10.6 of this Prospectus.

The Company's only external debt finance relates to a loan received by the Company from Agline in the amount of \$250,000 (as announced to ASX on 9 March 2012), to assist in paying transaction costs of the Company associated with the Agline Acquisition. Following the Agline Acquisition, Agline will be a subsidiary of the Company.

#### b. Internal debt finance

Agline has current unsecured notes and outstanding shareholder loans totalling approximately \$3,500,000. As noted in Section 4.2 of this Prospectus, Agline has made offers to these noteholders and lenders to convert their debt into Agline Shares.

The Company has offered to acquire these parties' Agline Shares as part of the Vendor Offer, as described in Section 4.2 of this Prospectus.

The Company does not currently have any internal debt finance.

#### c. Equity finance

The capital being raised under this Prospectus will be utilised by the Company for working capital and the acquisition of ewes (see the table in Section 3.9 for further details). The working capital component includes the continuation of Agline's cropping regime to produce crops of rice, canola, wheat and barley. These crops and Agline's existing breeding flock will allow the Company to continue as a going concern, meaning the Company is not expected to raise capital to continue its current operations.

However, in order to:

- i. achieve the target breeding stock level of 100,000 ewes;
- ii. exercise the call options over the leased properties that are included in the Hub Properties; and
- iii. acquire Spoke Properties,

the Company may require further funds. If further funds are required, the Board of Directors will consider a number of strategic options to obtain these funds, including through a combination of debt or equity finance, the creation of a managed investment scheme structure and/or joint ventures with third parties.

### 4.14. Capital management policy

The Board will review its dividend policy annually. The Board's current intention is not to pay dividends until the Company has achieved its intended production rate of 100,000 prime lambs per annum.

### 4.15. Intention regarding current business

The Company's existing business is producing cable ties and other unrelated products. Following completion of the Agline Acquisition, the Company will focus on the Agline business and seek to divest or wind down its existing business.

In this regard, the Company has been approached by parties interested in acquiring Millepede Marketing Ltd and Millepede USA Inc. Should these discussions proceed to binding agreements, the Company proposes to seek shareholder approval for the disposal of Millepede Marketing Ltd and Millepede USA Inc.

## 5. Industry Overview

### 5.1. Background

The Company engaged Leadenhall VRG Pty Ltd (**Leadenhall**) to prepare an independent expert's report to accompany the notice of meeting for the General Meeting. Extracts from this report are set out below with the permission of Leadenhall (refer to Section 11.9 of this Prospectus). Investors and their professional advisers are able to obtain, free of charge, a full copy of Leadenhall's independent expert's report by contacting the Company during normal business hours or by downloading a copy from the Company's website at [www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)

An analysis of Pastoral Returns in Australia's Wheat-Sheep Zones is shown on the opposite page. This analysis has been undertaken by the Company's corporate adviser, Terrain Capital Limited, and is not part of the Leadenhall independent expert's report.

### 5.2. Structure of the industry

Australia has about 68 million sheep and 10,200 specialised sheep farms<sup>4</sup>. The Australian sheep farming industry remains a leading player in the live sheep and wool trades. Australia is the largest exporter of live sheep and of wool.

Historically, the sheep farming industry produced mainly wool. Wool production still comprises the largest share of industry revenue compared with the production of slaughter sheep and live sheep export. However, over the past 10 years, increased lamb prices in conjunction with declining wool returns caused more sheep farmers to shift from wool to meat.

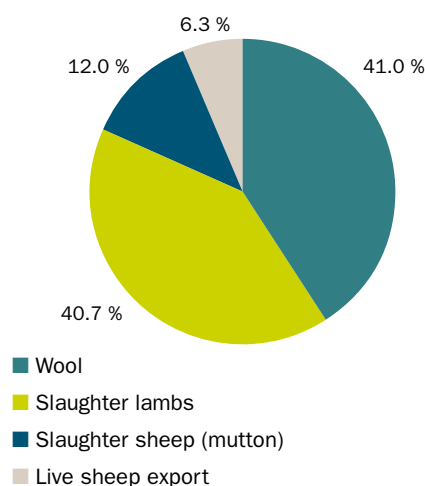
The Australian Sheep industry has almost 20,000 Australian broad acre farms classified as slaughter lamb producers<sup>5</sup> and of these approximately 1,400 are specialist operators each producing more than 2,000 lambs per annum for slaughter, accounting for approximately 29% of the industry.

Another trend affecting the structure of the industry is the decline in sheep numbers. The effect of drought, and more recently high prices for slaughter lambs, has reduced flock size. Sheep numbers fell at an average 7.7% per annum over the past five years<sup>6</sup>. More recently constrained supply has held back industry revenue growth, despite strong slaughter lamb and live sheep export prices as producers rebuild flock sizes.

Sheep farming occurs throughout Australia, although commercial production is most heavily concentrated in Victoria, New South Wales and Western Australia. There are no companies with a dominant share in this industry. It is estimated that each of the largest farms account for less than 5% of total industry output.

Generally, the industry is characterised by the presence of many small and medium-size family farms, although sheep farms typically occupy larger tracts of land than other agricultural activities.

**Figure 1: Products and Services Segmentation (2011)**  
Source: IBIS world: Sheep farming in Australia Industry Report, April 2011



Currently, the industry comprises 10,423 businesses employing over 22,000 people. In the five years through 2015-16, revenue is expected to grow by an average of 2.7% per year to reach \$3.3 billion<sup>7</sup>.

### 5.3. Supply chain

Traditionally, sheep farmers sell their output to meat processors and wool wholesalers.

Meat processing consists of all operations ranging from slaughtering livestock, animal meat packing, freezing and canning, manufacturing unrefined animal oils or fats, manufacturing meals from abattoir by-products and rendering lard or tallow. Meat processors sell their products to meat wholesalers and retailers, supermarkets and grocery stores, cafes and restaurants and caterers and food service contractors. The industry is increasingly witnessing consolidation. Vertical integration between livestock producers, meat processors, wholesalers and retailers provides the opportunity for greater economies of scale in production and distribution. This integration is to be expected as consumers increasingly demand greater tracking of their food from the paddock to the plate.

Almost all wool produced in Australia is sold through the public auction system, conducted on behalf of growers by wool brokers and held at one of the five major wool selling locations situated around Australia. Wool wholesalers subsequently sell it to textile fibre, yarn and woven fabric manufacturers.

<sup>4</sup> IBIS world, Sheep farming in Australia Industry Report, April 2011

<sup>5</sup> Australian Lamb – Financial Performance of slaughter lamb producing farms 2008-09 to 2010-11 by Peter Martin and Paul Phillips of the Australian Bureau of Agriculture and Resource Economics and Science

<sup>6</sup> IBIS world, Sheep farming in Australia Industry Report, April 2011

<sup>7</sup> IBIS world, Sheep farming in Australia Industry Report, April 2011

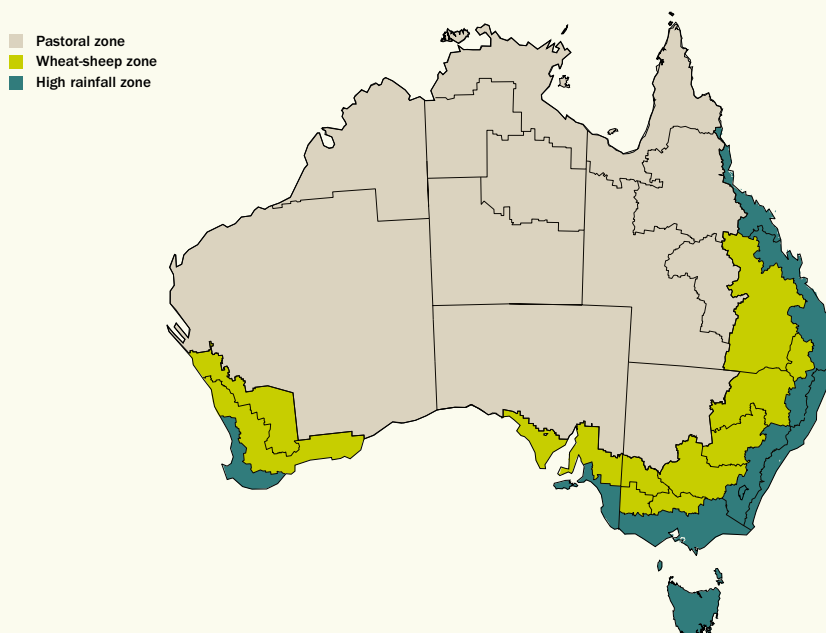


## Pastoral Return Analysis

Each year, the Australian Bureau of Agricultural and Resource Economics and Sciences. ('ABARES') interviews the operators of around 1600 commercial-scale broadacre farm businesses in its Australian Farm Survey.

The sheep industry is covered in the survey with information and economic performance data available from 1977 to 2011. The survey allows database searches of regions of interest, such as the Wheat-Sheep Zone in which the Company's Hub Properties are located as shown below:

**Australian broadacre zones and regions**



The survey was used to undertake an analysis of the rate of return (including capital appreciation) of specialist sheep farms with greater than 10,000 sheep in the Wheat-Sheep Zone. The results are provided in table A.

Although the Company's Hub Properties are in the Wheat-Zone it is difficult to draw comparisons with the Company or conclusions from this analysis. Some of the reasons are:

- The average rate of returns do not provide details of the performance of individual companies, which may be significantly more or less than the average.
- The survey allocates all farms with flock sizes of greater than 10,000 sheep into one group. Average rates of return may not be truly representative of a farm with 100,000 sheep.
- The average irrigated area across all farms of more than 10,000 sheep in the period 1983 to 2011 is 55.2 hectares, compared to the total irrigated area on the Company's Hub Properties of 2,774 hectares.

**Table A: Performance of Specialist Sheep Farms in Australia's Wheat-Sheep Zone – Rates of Return from 1977 to 2011**

	Farms with greater than 10,000 sheep	Top 25% of performers on farms with greater than 10,000 sheep
Average rate of return <sup>+</sup>	10.0%	12.8%

<sup>+</sup> ABARES Farm Survey, rate of return including capital appreciation.

<sup>\*</sup> This is based on the average of the arithmetic rate of return over the period.

Past performance referred to in the ABARES Farm Survey is not necessarily indicative of the future performance of a pastoral sector investment or an investment in the Company. Specifically, the Company makes no representation that it will be in the Top 25% of farms consistently or at all. Unlike equity market indices, the ABARES Farm Survey relies on the operator to complete a survey, with no verification or the accuracy of the information provided. More information on the ABARES Survey can be obtained from [www.daff.gov.au/abares](http://www.daff.gov.au/abares).

## 5. Industry Overview

### 5.4. Demand determinants

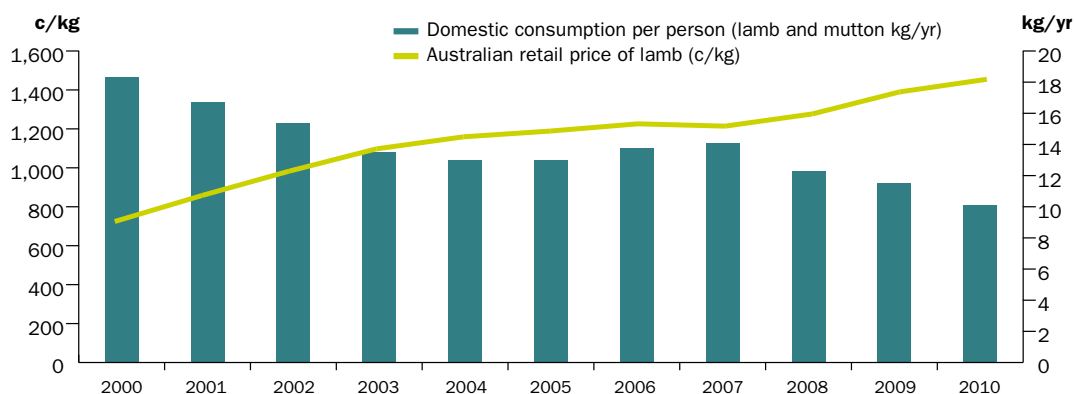
The sheep farming industry is subject to the following demand determinants:

#### *Demand for meat*

Demand for sheep meat is affected by a range of factors, including the price of sheep meat relative to other meats, disposable incomes and population growth. Food preferences driven by health concerns and changing tastes and lifestyle choices also influence demand. As more consumers adopt low-fat diets and become more educated about the health effects of meat consumption, the domestic consumption of red meat has declined over time. According to the Australian Bureau of Statistics, annual consumption of lamb and mutton in 2008-09 fell to an average 11.5 kilograms per person, down from 18.3 kilograms per person in 1999-00. The reduction in consumption has been offset by the increase in price over this time.

**Figure 2: Australian consumption and prices**

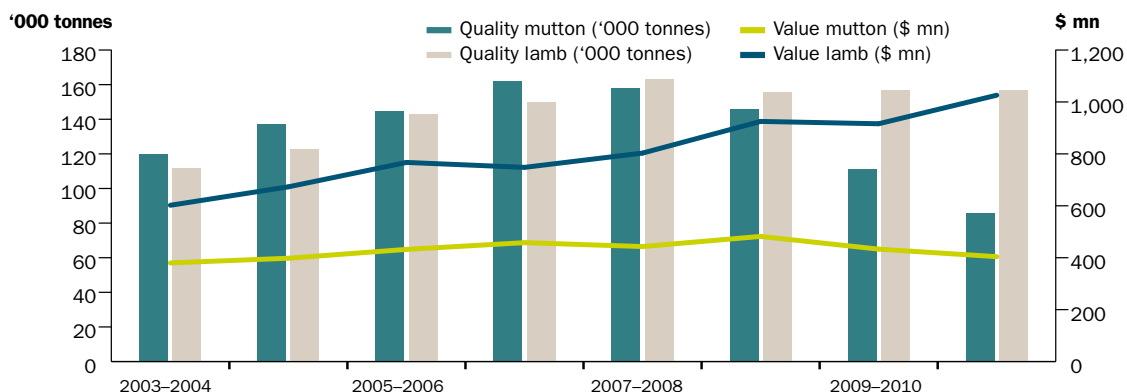
Source: Adapted from 'Agricultural Commodity Statistics 2011' Department of Agriculture, Fisheries and Forestry, Government of Australia.



Demand from overseas markets is also a key factor. Australia is the largest exporter of mutton and live sheep, and second largest exporter of lamb. Demand for Australian live sheep has been driven by consistency of product quality and low disease status. A major influence in recent years has been the decline in product availability on the world market from other major production countries in the face of rising demand. Traditionally, the main export markets for Australian sheep meat have been the United States, Saudi Arabia, the EU, Japan, Papua New Guinea and Mexico<sup>8</sup>. Of late, volumes to South East Asia and China have been increasing, aided by the economic development and rising living standards in the region. The geographical proximity of Australia also leads lower transportation costs and quick delivery times to these emerging economies.

**Figure 3: Mutton and lamb export quantities and value**

Source: Adapted from 'Agricultural Commodity Statistics 2011' Department of Agriculture, Fisheries and Forestry, Government of Australia.



International markets will continue to grow in importance to Australian lamb producers, with exports forecast to increase 7.2% in 2012<sup>9</sup> and 30.3% between 2011 and 2016<sup>10</sup>.

<sup>8</sup> ACIL Tasman: 'Australian Live Sheep Exports', September 2009

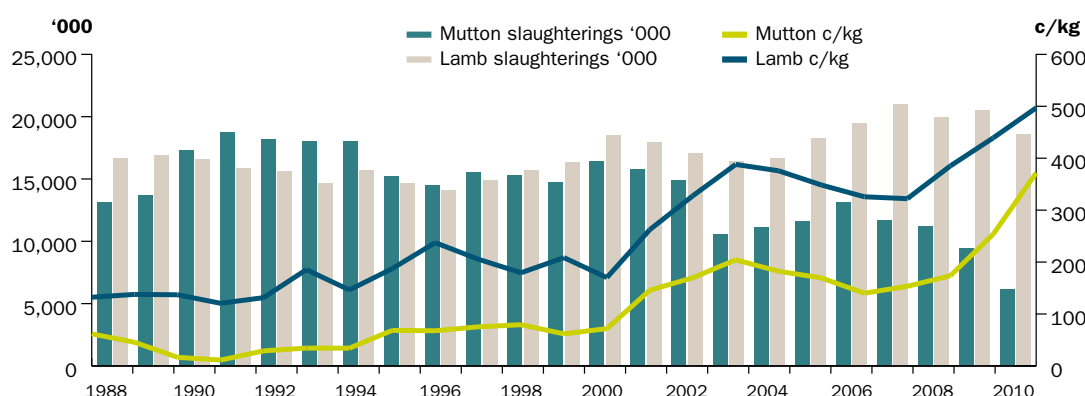
<sup>9</sup> Meat and Livestock Australia – Australian sheep Industry Projections, 2012 Mid-season update

<sup>10</sup> Meat and Livestock Australia – Australian sheep Industry Projections, 2012 Mid-season update

The combined impact of local and export demand on volume and price is reflected in the following table.

**Figure 4: Slaughter and saleyard prices**

Source: Adapted from 'Agricultural Commodity Statistics 2011' Department of Agriculture, Fisheries and Forestry, Government of Australia.



The above analysis indicates slaughter rates increased over 2004 to 2009, possibly due to the drought. At the same time prices have increased which improves returns to existing sheep farms whilst increasing the cost of re-stocking post-drought.

#### Demand for wool

Changes in the demand for wool fibre by textile processors and manufacturers directly affect sheep farming for wool production. Most wool in Australia is fine and medium micron wool, which is used to produce garments. Demand is ultimately influenced by final-user demand in key markets like the United States and Japan.

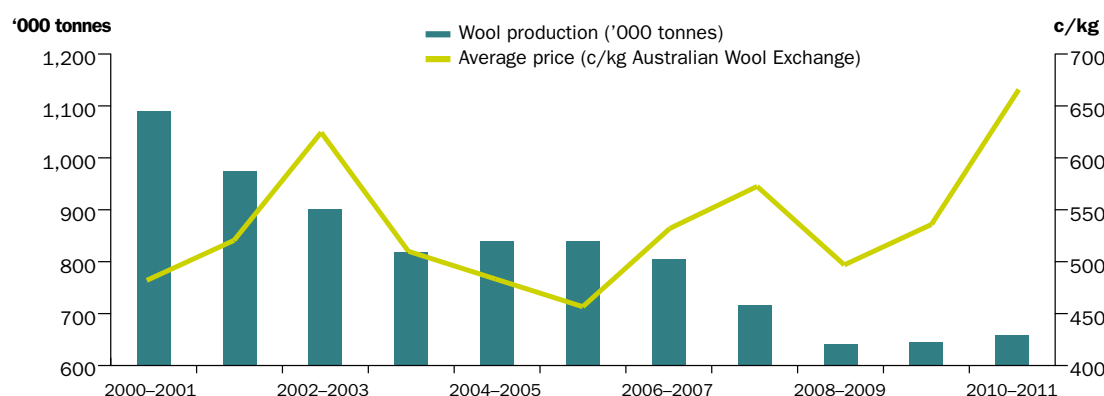
Any increase in the price of wool relative to alternative fibres such as synthetics and cotton may decrease the demand for wool, as processors switch production towards alternative fibres and vice versa. Wool prices surged in 2011 and global supply continues to remain tight.

Demand is also derived from consumer tastes and preferences for garments, which in turn are influenced by fashion styles and seasons. Consumers are increasingly also considering the environmental performance of fibres in their purchasing decisions.

Final-user demand for wool textiles and apparel is also partly driven by changes in the level of household disposable incomes.

**Figure 5: Australian wool production and prices**

Source: Adapted from 'Agricultural Commodity Statistics 2011' Department of Agriculture, Fisheries and Forestry, Government of Australia.



The above analysis indicates wool production dropped significantly in recent years, in line with a reduction in the number of sheep (refer to Figure 6). At the same time prices have increased which improves returns.

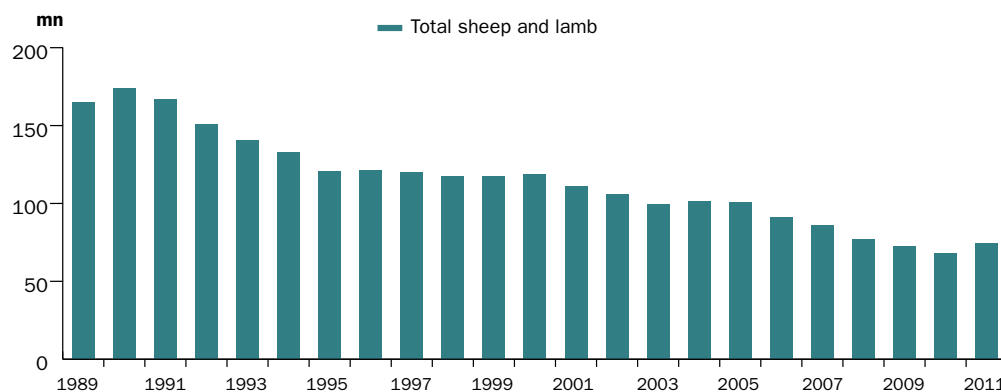
## 5. Industry Overview

### Demand for live sheep for flock

In order to produce lamb for meat or for wool, it is necessary to rebuild flock numbers from historically low levels. The MLA mid-season update reported 41%<sup>11</sup> of respondents intended to increase their breeding ewe flock. This report also stated that “with the seasons assumed to return to more normal conditions from 2013, the flock should expand at a slower rate, settling at a forecast 82.65 million head in 2016 – 17% above the lowpoint in 2010”.<sup>12</sup>

**Figure 6: Australian sheep flock**

Source: Adapted from 'Agricultural Commodity Statistics 2011' Department of Agriculture, Fisheries and Forestry, Government of Australia.



### 5.5. International competition for supply of lamb meat

The global sheep flock has been in long-term decline, and foreseeable supply capacity is expected to remain extremely tight.

New Zealand supply has been falling in recent years, driven by a combination of less favourable climatic conditions as well as shifts in land use to alternatives. Lamb exports from New Zealand for the year-to-September 2011 fell 5.9% against the previous year<sup>13</sup>.

Sheep meat exports from Uruguay in 2010 fell 40%. This was driven by a range of factors, including a depletion of the total sheep flock as land has been taken over for cattle, crops and forestry<sup>14</sup>.

Argentinean sheep meat exports in 2010 increased 25% to 9,810 tonnes swat, but represents a very small percentage of overall production volumes. Argentinean production of sheep meat has remained static in recent years, and is impacted severely by the prevalence of foot and mouth disease<sup>15</sup>.

The USA sheep and lamb flock continues to shrink, with numbers in 2011 being the lowest on record (United States Department of Agriculture)<sup>16</sup>.

Despite evident growing demand, global supply capacity is severely constrained. Only Australia shows signs of increasing its flock. However, supply/demand conditions remain extremely tight. This tight situation is expected to sustain good prices for Australian lambs and lamb meat, and buffer the industry against the impacts of the high Australian dollar.

<sup>11</sup> Meat and Livestock Australia – Australian sheep Industry Projections, 2012 Mid-season update

<sup>12</sup> Meat and Livestock Australia – Australian sheep Industry Projections, 2012 Mid-season update

<sup>13</sup> Ibid

<sup>14</sup> Ibid

<sup>15</sup> Ibid

<sup>16</sup> Ibid

## 5.6. Critical success factors

The key success factors in the industry are:

### *Access to markets and related industry infrastructure*

In order to produce lamb it is advantageous for farmers to have close access to associated industry infrastructure, particularly abattoirs. This reduces the length of time sheep and lambs are held in transit, therefore reducing animal stress and fatality rates in transport. Transport costs are also reduced.

Agline's nearest abattoir is based in Deniliquin. The abattoir is certified by AQIS (Australian Quarantine and Inspection Services) and AusMeat. AusMeat is the body responsible for maintaining National Industry Standards for meat production and processing. The abattoir is also an accredited Halal slaughterhouse. The abattoir has a capacity of 3,800 head of sheep per day. We note that the abattoir is currently listed for sale.

An alternative abattoir is available in Cobram which is owned by JBS Australia. JBS Australia is Australia's largest meat packer and exporter. The Cobram abattoir is approximately 100km from Deniliquin and has a processing capacity of 3,200 sheep day.

If Agline achieves its objective of finishing off 100,000 prime lambs per year, this will be approximately 12% of the capacity of one of these abattoirs. This indicates there is likely to be sufficient processing capacity for Agline's sheep and lambs, although with sufficient scale, Agline may bypass the local abattoir and export live sheep directly to international markets, which may also improve margins since selling costs are reduced.

### *Proximity to key suppliers*

Close proximity to grain and hay wholesalers helps to ensure a continuous supply of feed for sheep.

In Agline's case, intensive irrigated pastures should reduce the need for grain and hay and furthermore the size of the properties should allow production of much of the necessary feed. Alternatively, other suppliers are within close proximity.

### *Ability to alter goods and services produced*

Farmers can maximise returns by switching between wool, sheep or crop production in response to fluctuating conditions in the livestock, fibre and grain markets, as well as input costs (such as water and fertiliser).

### *Production of premium goods/services:*

Farmers that produce premium lambs and fine-grade wool are likely to secure higher prices in livestock and fibre markets.

### *Contract sales*

Sheep farmers that can secure large-scale supply contracts with domestic wholesale and retail outlets or exporters benefit from reliable source of demand. This can result in less volatile returns from a fixed price contract.

### *Barriers to entry*

Overall, there are few barriers to entry into this industry. Generally, all inputs are readily available and producers can usually shift between agricultural activities with ease in response to changing market conditions.

Nonetheless, two barriers include accessing sufficient consolidated land holdings and capital investment requirements (including securing finance for such investment). For existing primary producers, establishment costs are significantly lower.

In most cases, existing farms already have the skilled labour, land, machinery, fencing and buildings necessary to commence sheep farming but not at the size and economies of scale of Agline.

### *Technology developments*

Technical advancements, particularly on the very large sheep farms are expected to boost industry productivity. Agline are concentrating on the use of irrigated pastures to maximise the return from the investment. In the longer term, sheep farmers may increase productivity through the wider adoption of biotechnology and genetic modification in production.

## 5.7. Water supply and price in southern NSW

### **Murray Irrigation Limited**

Murray Irrigation Limited ("Murray Irrigation") was formed in 1995 when the government owned entity, NSW Murray Irrigation Area and Districts, was privatised and transferred to ownership by irrigators. Shares are held in proportion to the water entitlements held by each member. Murray Irrigation's areas of operations are in Southern NSW and covers 2,400 farms and over 740,000 hectares of farmland.

### **Water allocation**

Allocation data over Murray Irrigation's area of operations is available for the period between 1995/96 to 2010/11. Allocations have ranged between 0% in 2007/08 to 100% in 2010/11. The average allocation over the period between 1995/96 to 2010/11 was 51%.



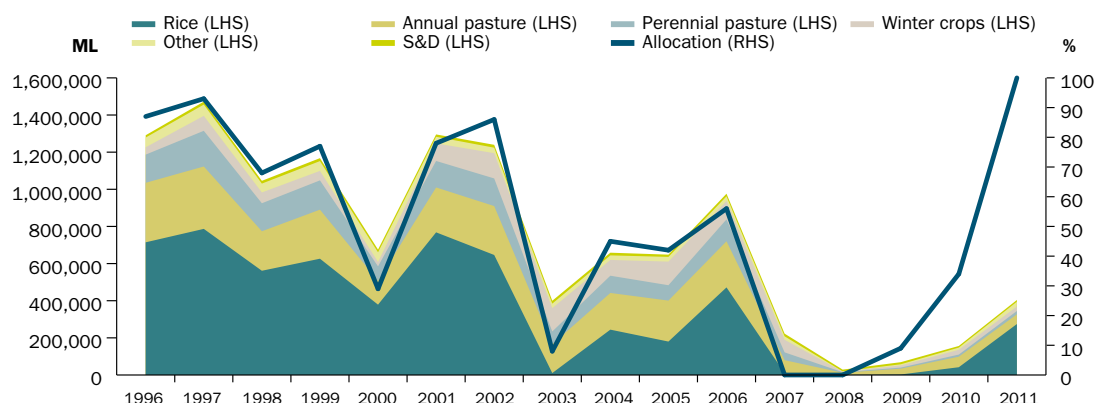
## 5. Industry Overview

### Total water used

The average amount of water used per year in between 1992/93 and 2010/11 is 807,347 megalitres ("ML"). This has been in the range of a high of 1,471,910 ML in 1996/97 to a low of 29,401 ML in 2007/08. We note that total use does not necessarily correspond with allocations. In 2010/11 total used was 400,000 ML historically half the average used but the allocation level was 100%. This may reflect a significant reduction in farming activity in the region due to the drought affect years from 2002/03 to 2009/10. The chart below shows historical water usage in Murray Irrigation's areas of operation for the years between 1992/93 to 2010/11.

**Figure 7: Historical water usage data**

Source: Murray Irrigation Limited - Historical Water Usage Data

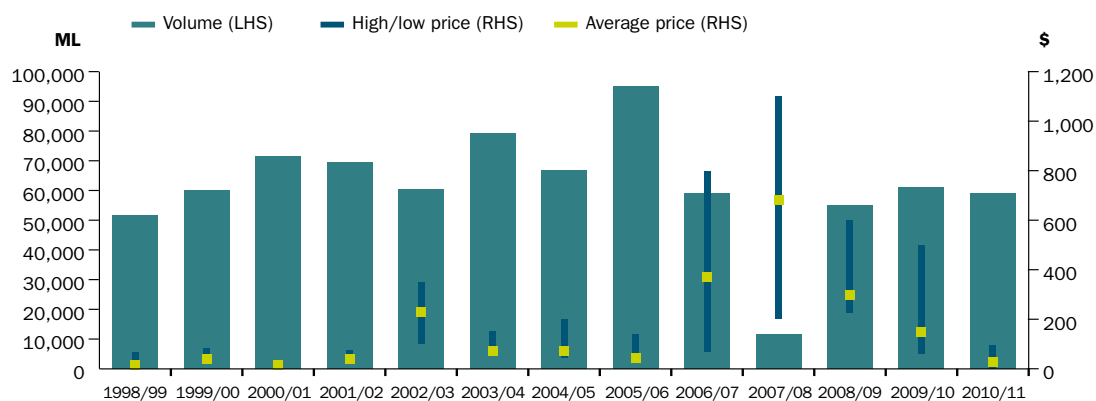


### Water price

The average selling price of water between 1998/99 and 2010/11 is \$157.6 per ML. The lowest average price was \$15.33 per ML in 1998/99 and the highest average price of \$680 per ML in 2007/08. From this information it can be observed that the price of water typically rises as allocations of water reduce with significantly higher prices in the low allocation period between 2002/03 to 2009/10. The chart below shows historical prices for water for the period between 1998/99 and 2010/11.

**Figure 8: Water exchange annual history**

Source: Murray Irrigation Limited - Water Exchange Annual History Data



The chart above indicates that water prices can be quite volatile – in times of low supply the water price increases significantly to reflect the scarcity.

## 6. Directors and Corporate Governance

### 6.1. Directors

**a. Mr Harvey Parker** (B.A. MBA, Dip. P.A.)  
*Non-executive Chairman*

Harvey Parker was one of the founding directors of Agline and participated in developing the strategy of fattening lambs in an intensive farming operation. He is the owner/operator of Balgille Angus cattle & White Suffolk sheep studs.

Harvey was also formerly CEO of New Zealand Post, United Energy, Group Managing Director Commercial & Consumer Telstra Corporation, Director General Department of Youth Sport & Recreation, Victorian Government and Director of Animal Health Australia.

Mr Parker is currently Chairman of the following ASX companies: PTB Group Limited, DWS Limited and Jumbuck Entertainment Ltd.

**b. Mr Raymond Taylor** (B.Comm., MBA)  
*Managing Director*

Mr Taylor was appointed as Managing Director following approval of the Shareholders at the General Meeting, with such appointment taking effect on the Re-Compliance Date.

As one of the founding directors of Agline, Raymond Taylor participated in developing the strategy of fattening lambs in an intensive farming operation. Mr Taylor is a Director Soil Management Systems Pty Ltd and has over 15 years of farming experience. He was formerly Finance Director of Golden Shamrock Mines Limited and Managing Director of Ausdrill Limited.

Mr Taylor has entered into an Executive Service Agreement to make himself available to serve as Managing Director on a part time basis, as further detailed in Section 10.9 of this Prospectus.

**c. Mr Paul Duckett** (B.E)  
*Non-executive Director*

Mr Duckett was appointed as a Director following approval of the Shareholders at the General Meeting, with such appointment taking effect on the Re-Compliance Date.

Paul Duckett joined Agline as a director in 2009 and participated in developing the strategy of fattening lambs in an intensive farming operation. Paul is currently Chairman of Soil Management Systems Pty Ltd and a director of Meridian Fertilizers Pty Ltd. He has been involved in his family's farm and has a strong understanding of livestock management. Formerly he was General Manager of Western Mining's Fertilizer Operation- HiFert.

**d. Mr Harry VK Lee**  
*Non Executive Director*

Mr Lee will step down from the Board at completion of the Agline Acquisition.

Mr Lee is the CEO of the HRL Group of companies. The group activities include investment holding and civil engineering. He has over 20 years' experience in sales and marketing and in the management of companies in the construction related industries.

**e. Mr Sam Di-Giacomo**  
*Non-Executive Director and Company Secretary*

Mr Di-Giacomo will step down as a Director at completion of the Agline Acquisition.

Mr Di-Giacomo is an Associate member of The Institute of Chartered Accountants in Australia (ACA) in addition to being a Certified Practising Accountant (CPA). He is a Fellow of both the Financial Services Institute of Australia (FINSIA), with a Graduate Diploma in Corporate Finance, and the Australian Institute of Management

### 6.2. Corporate governance

The Company is a disclosing entity listed on the Australian Securities Exchange. Details of the Company's policies regarding corporate governance and associated matters are disclosed in the Annual Reports to Shareholders that have previously been lodged with the ASX as well as posted on the Company's web site [www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)

### 6.3. Principles of Corporate Governance and Recommendations

The Company has adopted the Principles of Corporate Governance and Recommendations published by ASX Corporate Governance Council. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration. The following table summarises the Company's current position in this regard.

#### 1 Lay solid foundations for management and oversight

##### 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The board has established functions that are reserved for the board, as separate from those functions discharged by the Managing Director and are summarised in the Company's Board Charter which is available on the Company's website.

The Board retains responsibility for the following key areas:

- a. providing leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction;
- b. overseeing the Company, including its control and accountability systems;
- c. appointing the chief executive officer, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the chief executive officer, or equivalent;
- d. ratifying the appointment and, where appropriate, the removal of senior executives;
- e. approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;
- f. satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- g. assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- h. monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- i. ensuring appropriate resources are available to senior management;
- j. approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- k. monitoring the financial performance of the Company;
- l. ensuring the integrity of the Company's financial (with the assistance of the audit committee, if applicable) and other reporting through approval and monitoring;
- m. providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- n. appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- o. engaging with the Company's external auditors and Audit Committee (where there is a separate Audit Committee);
- p. monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- q. make regular assessment of whether each non-executive director is independent in accordance with the Company's Policy on Assessing the Independence of Directors.

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the Managing Director must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other material matter.

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**1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions (*continued*)**

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The functions and responsibilities of the Board compared with those delegated to management are reflective of the Recommendations.

The Managing Director is also responsible for appointing and, where appropriate, removing senior executives, including the chief financial officer and the company secretary, with the approval of the Board. The Managing Director is responsible for evaluating the performance of senior executives.

---

**1.2 Companies should disclose the process for evaluating the performance of senior executives**

---

The Remuneration Committee is charged with periodic review of the job description and performance of the Managing Director according to agreed performance parameters.

The Managing Director and senior executives were the subject of informal evaluations against both individual performance and overall business measures. These evaluations were undertaken progressively and periodically.

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**1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1**

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The board charter includes a description of what matters are reserved for the board or senior executives respectively.

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**2 Structure the board to add value**

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**2.1 A majority of the board should be independent directors**

---

The Company acknowledges that following the reconstruction of the board, the directors will not be independent for the purposes of the ASX recommendations. However, the Board considers that this is reasonable in the circumstances given the Company's size and stage of development, their willingness to act in these positions at below market rates and the importance of maintaining the Company's cash reserves.

---

**2.2 The chair should be an independent director**

---

The Chairman of the Company is not independent for the purposes of the ASX recommendations. However, the Board considers that this is reasonable in the circumstances given the Company's size and stage of development, his willingness to act in this position at below market rates and the importance of maintaining the Company's cash reserves.

---

**2.3 The roles of chair and Managing Director should not be exercised by the same individual**

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The role of the Chairperson is filled by Harvey Parker (non-executive Director).

The role of the Managing Director will be filled by Raymond Taylor.

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**2.4 The board should establish a nomination committee**

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The Company does not have separate nomination, audit or remuneration committees as matters relevant to those committees are dealt with by the full Board.

---

**2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors**

---

The Board is charged with Board and Board Committee membership, succession planning and performance evaluation, as well as Board member induction, education and development.

The Company has adopted policies and procedures concerning the evaluation and development of its directors, executives and Board committee. Procedures include an induction protocol and ongoing discussions on performance for the Board and its directors.

The Company's Process for Performance Evaluation is available on the Company's website.

---

## 6. Directors and Corporate Governance

### 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2

The Company's Corporate Governance Charter empowers a director to take independent professional advice at the expense of the Company.

The full Board carries out the role of the Nomination Committee and discussions about nomination-related issues occurred during the year and were minuted as part of the relevant board meeting.

In accordance with the Process for Performance Evaluation, an evaluation of Board Performance took place during the period in accordance with this process.

The Company departed from the Recommendations in that the Company does not have separate nomination, audit or remuneration committees as matters relevant to those committees are dealt with by the full Board.

The Company's procedure for the selection and appointment of new directors is available on the Company's website along with a copy of the Nomination Committee Charter which the Board refers to when discussing matters relevant a Nomination Committee.

## 3 Promote ethical and responsible decision making

- 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:
- the practices necessary to maintain confidence in the company's integrity
  - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
  - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

The Company has established a formal code of conduct to guide the Directors, the Managing Director and the CFO (or equivalent) with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The code of conduct is disclosed on the company's website.

- 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include measurable objectives for achieving gender diversity. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Once the Board is reconstituted, the Board will implement a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds and experiences.

## 4 Safeguard integrity in financial reporting

- 4.1 The board should establish an audit committee

The Board has not established a separate Audit Committee as matters relevant to the Audit Committee are dealt with by the full Board. A copy of the Company's Audit Committee Charter is available on the Company's website and is used by the full Board when considering matters relevant to an Audit Committee. The Company's process for the selection, appointment and rotation of the Company's external auditors is also available on the Company's website.

- 4.2 The audit committee should be structured so that it:
- consists only of non-executive directors
  - consists of a majority of independent directors
  - is chaired by an independent chair, who is not chair of the board
  - has at least three members.

See above.

- 4.3 The audit committee should have a formal charter

See above.

- 4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4

See above.



## 5 Make timely and balanced disclosure

- 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for the compliance.

- 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5

The Company's Policy on ASX Listing Rule Compliance is publicly available on the Company's website.

## 6 Respect the rights of shareholders

- 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

The Company has adopted policies formally setting out the Company's communications strategy with its stakeholders including the effective use of electronic communications.

The board encourages the attendance of shareholders at the Shareholders' Meetings and sets the time and place of each Shareholders' Meetings to allow maximum attendance by shareholders.

- 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6

Details of how the Company will communicate with its shareholders publicly is set out under the heading "Shareholder Communication Policy" which is publicly available on the Company's website.

## 7 Recognise and manage risk

- 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The Board has adopted a formal policy on risk oversight and management.

A summary of the Company's policy on these matters is set out under the heading "Summary of Risk Management Policy" which is publicly available on the Company's website.

- 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks

Whilst a formal risk management and internal control system is not in place, the Board has required management to progress matters and report to it in the terms of this Recommendation. It is envisaged that a formal system for the managing material business risks will be implemented during the next financial year.

- 7.3 Companies should provide the information indicated in the Guide to reporting on Principle 7

A summary of the Company's policies on risk oversight and management of material business risks is publicly available under the heading "Risk Management Policy" in the Charter on the Company's website.

## 8 Remunerate fairly and responsibly

- 8.1 The board should establish a remuneration committee

The Board has not established a Remuneration Committee as matters relevant to the Remuneration Committee are dealt with by the full Board.

- 8.2 The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members

See above.

## 6. Directors and Corporate Governance

### 8.3 Companies should clearly distinguish the structure of nonexecutive directors' remuneration from that of executive directors and senior executives

The structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives.

The Board as a whole are responsible for considering remuneration policies and packages applicable to both the Board members and senior executives of the Company. Broadly, the Company's remuneration policy is to ensure that any remuneration package properly reflects the person's duties and responsibilities and that it is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration policy for executives is that they receive fixed remuneration in the form of a base salary (inclusive of statutory superannuation).

The Board does not endorse the use of bonus payments for directors and senior executives at this point in time. Performance incentives may be issued in the event that this situation changes and key performance indicators such as growth and profits will be used as measurements for assessing Board performance.

The Company's non executive directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's non executive directors reflect the demands on, and responsibilities of the directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to non executive directors with reference to market standards.

Non executive directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option and are primarily designed to provide an incentive to non executive directors to remain with the Company. As at the date of this Prospectus, no such options have been granted.

### 8.4 Companies should provide the information indicated in the Guide to Principle 8

The Board has not established a Remuneration Committee as matters relevant to the remuneration committee are dealt with by the full Board. Remuneration policies and packages are discussed at board meetings throughout the year.

Non-executive directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for non executive directors.

The Company's website contains a section formally setting out the Remuneration Committee Charter which is used by the Board when considering matters relevant to a Remuneration Committee

In addition to this and consistent with ASX Listing Rule requirements, the Company has a policy concerning trading in its shares by directors and other designated persons. A copy of that Trading Policy is to be made available on the Company's website at [www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)

## 7. Investigating Accountant's Report

### Brian McCleary & Co

Principals  
 Brian McCleary M.Com. C.A.  
 Registered Tax Agent  
 Registered Company Auditor  
 Peter Rae B.Ec.(Hons), C.A.  
 Registered Tax Agent

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 126 End Street  
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#### INVESTIGATING ACCOUNTANT'S REPORT

##### Introduction

We have prepared this Independent Investigating Accountant's Report at the request of the Directors of Millepede International Limited Pty Ltd, to be renamed Australian Natural Proteins Limited ("**the Company**") for inclusion in a Prospectus to be dated on 25th May 2012. Broadly, the Prospectus will offer up to 12,500,000 shares at an issue price of \$0.20 each to raise \$2.5 million before costs ("**the Offer**").

##### Background

The Company is currently listed on the Australia Securities Exchange ("ASX") as Millepede International Limited. The Company's existing business is the production of cable ties and other unrelated plastic technologies.

The Company is proposing to acquire Agline Pastoral Pty Ltd ("Agline"), an established pastoral business, and rename itself Australian Natural Proteins Limited. Following the acquisition the Company's immediate objective will be to capitalise on the existing and potential future growth in global demand for animal protein, particularly lamb meat. Following the Agline Acquisition the Company will control a portfolio of nine 'hub' properties (seven of which are owned, and two of which are leased), located in the Riverina region of south western New South Wales.

At the completion the Agline Acquisition, the Company will own between 80% and 100% of the issued shares of Agline. The Company requested approval for a change in the nature and scale of activities of the Company under ASX Listing Rule 11.1. This was as a result of acquisition agreements entered into by the Company which will change the nature and scale of the Company's activities to a protein based intensive farming operation.

##### Scope

We have conducted an independent review of:

- The independent auditor reviewed 31 December 2011 Accounts of Millepede International Limited,
- Unaudited half year Accounts to 31 December 2011 of Agline Pastoral Pty Ltd.



Chartered Accountants



Other Offices  
 Hay Ph: 02 6993 1304  
 Barham Ph: 03 5453 2237  
 Echuca Ph: 03 5482 4410  
 ABN 27 964 376 135

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

## 7. Investigating Accountant's Report

- Unaudited 30 June 2011 Accounts of Agline Pastoral Pty Ltd.
- The 31 Dec 2011 Pro-Forma Statement of Financial Position of the Company following the acquisition of Agline Pastoral Pty Ltd and capital raisings proposed under the Prospectus, derived from:
  - Audited 31 December 2011 Audited Accounts of Millepede International Limited.
  - Unaudited 31 December 2011 Accounts of Agline Pastoral Pty Ltd.

### **The Responsibility of the Directors for the Pro-Forma Statement of Financial Position as at 31 December 2011.**

The directors are responsible for the preparation and presentation of the Projected Balance Sheet as at December 2011. The directors have obtained a market appraisal of the land and water rights from DLS Rural Property Services. The market appraisal valued the land and water owned by Agline Pastoral Pty Ltd at \$12 Million. The Total Assets of Agline Pastoral Pty Ltd as at 31 December 2011 was \$16.6 Million.

We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purpose other than for which it was prepared. This report should be read in conjunction with the full prospectus,

### **Investigating Accountant's Responsibility**

Our responsibility is to express a conclusion on the summarized financial report based on our review. We have conducted our review in accordance with Standard on Review engagements ASRE 2405 Review of Historical Information Other than a Financial Report in order to state whether on the basis of the procedures described, anything has come to our attention that causes us to believe that the summarized financial report included in Section 8 of the Prospectus is not consistent in all material respects with the financial reports from which they were derived.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **Conclusion**

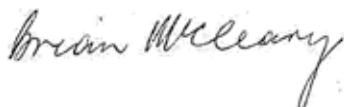
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the summarized financial report included in Section 8 of the Prospectus is not consistent in all material respects with the financial reports from which they were derived.

### **Disclosure**

Brian McCleary & Co has no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased conclusion in this report. Brian McCleary & Co will receive a professional fee for the preparation of this report. Brian McCleary & Co and their principals do not hold or have any interest in the Agline Pastoral Pty Ltd.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

**Brian McCleary & Co**  
**Chartered Accountants**  
**126 End St**  
**Deniliquin NSW**



**Brian John McCleary RCA 665**  
**25 May 2012**



## 8. Financial information

### 8.1. Introduction

Sections 8.2 and 8.3 contain historical financial information on Agline for the financial years ended 30 June 2010 (FY10) and 30 June 2011 (FY11), prepared by the directors of Agline and reviewed by the investigating accountant, Brian McCleary & Co. The focus of the historical information is primarily on Agline as, following the acquisition of Agline, the Company does not intend to continue its existing cable ties business, as stated in Section 4.15 of this Prospectus.

The information in Sections 8.2 and 8.3 has been provided for investors to gain an indication of the financial profile of Agline. It does not necessarily illustrate the future financial performance of the Company because past performance is not a guide to future performance. Also in Sections 8.2 and 8.3 no adjustments have been made for:

- a. the past benefits derived by Agline from the Commonwealth of Australia water efficiency scheme described in Section 4.7 of this Prospectus;
- b. the negative impact of drought in 2010 and 2011;
- c. changes in capital structure resulting from the Agline Acquisition;
- d. public company corporate overheads; and
- e. the potential economies of scale as intensive rotational grazing operation is commenced.

The Agline historical income statement is based on the historical income statements of Agline and does not include the impact of corporate overheads of the Company. The historical financial information included in this Section has been provided in abbreviated form in accordance with the accounting policies described in Section 8.5 and does not contain all the disclosures that are necessary in an annual financial report prepared in accordance with the Corporations Act and Australian Accounting Standards.

Section 8.4 provides an unaudited proforma statement of financial position of the Company as at 31 December 2011 presented on the basis of the completion of the Agline Acquisition and the Offers contemplated by this Prospectus. The pro-forma statement of financial position was prepared by the Directors and reviewed by the investigating accountant, Brian McCleary & Co.

### 8.2. Statement of Agline income

Year ended	30-June-10 A\$'000 (Reviewed*)	30-June-11 A\$'000 (Reviewed*)
<b>Revenue</b>		
Sale of sheep		
Wool	205	51
Crops	198	820
Total revenue	403	871
Other income	1,607	1,785
Total income	2,010	2,656
Operating expenses	1,827	1,350
<b>Earnings before interest, taxation, depreciation and amortisation</b>	<b>183</b>	<b>1,306</b>
Depreciation and amortisation	391	209
<b>Earnings before interest and taxation</b>	<b>(208)</b>	<b>1,097</b>

\* The historical figures for FY10 to FY11 have not been audited, but have been reviewed by the investigating accountant, Brian McCleary & Co (see Section 7 of this Prospectus).

### 8.3. Statement of Agline historical balance sheet

This Section contains historical unaudited balance sheet information on Agline for FY10 and FY11.

Year ended	30 Jun 11 \$ (Reviewed*)	31 Dec 11 \$ (Reviewed*)
<b>Current assets</b>		
Cash assets		11,265
Receivables	795,982	366,944
Inventories & other assets	250,235	333,968
<b>Total current assets</b>	<b>1,046,217</b>	<b>712,177</b>
<b>Non - current assets</b>		
Land at market price including water allocation	12,000,000	12,000,000
Plant and machinery at market price	3,351,458	3,703,353
Other	198,000	202,439
<b>Total non - current assets</b>	<b>15,549,458</b>	<b>15,905,792</b>
<b>Total assets</b>	<b>16,595,675</b>	<b>16,617,969</b>
<b>Current liabilities</b>		
Payables	447,190	679,451
Hire purchase, chattel mortgage, etc.	520,374	459,766
Interest bearing liabilities	1,250,655	1,288,228
<b>Total current liabilities</b>	<b>2,218,219</b>	<b>2,427,445</b>
<b>Non - current liabilities</b>		
Interest bearing liabilities		228,262
Loan ANZ	4,074,806	4,074,806
Hire purchase, chattel mortgage, etc.	982,199	1,072,788
<b>Total non - current liabilities</b>	<b>5,057,005</b>	<b>5,375,856</b>
<b>Total liabilities</b>	<b>7,275,224</b>	<b>7,803,301</b>
<b>Net assets (liabilities)</b>	<b>9,320,451</b>	<b>8,814,668</b>
<b>Equity</b>		
Contributed equity	11,445,624	11,445,624
Reserves	2,645,510	2,633,911
Retained Profits (accumulated losses)	(4,770,683)	(5,264,867)
<b>Total equity (deficit)</b>	<b>9,320,451</b>	<b>8,814,668</b>

\* The historical figures for 30 June 2011 and 31 December 2011 have not been audited, but have been reviewed by the investigating accountant, Brian McCleary & Co (see Section 7 of this Prospectus).

Notes:

The value of Agline's unaudited tangible assets as at 31 December 2011 was \$8,814,668 and is based on:

- A a value for land, water rights and permanent improvements such as dams and irrigation channels as determined by DLS Rural Property Services of \$12,000,000;
- B directors' estimate of the current depreciated replacements cost of plant and equipment after taking into consideration the age of the assets, which are relatively new, since Agline's operations have only been assembled in the past 5 years;
- C a \$4,074,806 rolling variable rate bill facility and a commercial overdraft facility of \$1,288,228, subject to discretionary review and supported by mortgages against land properties; and
- D plant and equipment, asset finance, chattel mortgages and hire purchase facilities (under each facility a specific item of plant represents the security) of \$1,532,554.

## 8. Financial information

## 8.4. Pro-forma statement of financial position as at 31 December 2011

The unaudited pro-forma statement of financial position as at 31 December 2011. This is a combination of the Company's and Agline's statements of financial position as at 31 December 2011, reflecting the position as at that date assuming completion of the Agline Acquisition and the Offers pursuant to this Prospectus.

	Agline Unaudited (\$) 31 Dec 2011	Company Audited (\$) 31 Dec 2011	Conversion of the Convertible Notes
<b>Current assets</b>			
Cash assets	11,265	7,517	1,450,000
Receivables	366,944	132,893	
Inventories & other assets	333,968	21,622	
<b>Total current assets</b>	<b>712,177</b>	<b>162,032</b>	<b>1,450,000</b>
<b>Non - current assets</b>			
Land at market price including water allocation	12,000,000	0	
Plant and machinery at market price	3,703,353	36,000	
Other	202,439		
<b>Total non - current assets</b>	<b>15,905,792</b>	<b>36,000</b>	<b>0</b>
<b>Total assets</b>	<b>16,617,969</b>	<b>198,032</b>	<b>1,450,000</b>
<b>Current liabilities</b>			
Payables	679,451	231,173	
Hire purchase, chattel mortgage, etc.	459,766		
Interest bearing liabilities	1,288,228	105,000	
<b>Total current liabilities</b>	<b>2,427,445</b>	<b>336,173</b>	<b>0</b>
<b>Non - current liabilities</b>			
Interest bearing liabilities	228,262	0	
Loan ANZ	4,074,806	0	
Hire purchase, chattel mortgage, etc.	1,072,788	0	
<b>Total non - current liabilities</b>	<b>5,375,856</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>7,803,301</b>	<b>336,173</b>	<b>0</b>
<b>Net assets (liabilities)</b>	<b>8,814,668</b>	<b>(138,141)</b>	<b>1,450,000</b>
<b>Equity</b>			
Contributed equity	11,445,624	10,507,536	1,450,000
Reserves	2,633,911	1,268,242	
Retained Profits (accumulated losses)	(5,264,867)	(11,913,919)	
<b>Total equity (deficit)</b>	<b>8,814,668</b>	<b>(138,141)</b>	<b>1,450,000</b>

The pro-forma consolidated balance sheet as at 31 December 2011 has been prepared by the Directors but has been reviewed by the investigating accountant, Brian McCleary & Co (see Section 7 of this Prospectus). The pro-forma consolidated balance sheet is based on completion of the Agline Acquisition and the Offers pursuant to this Prospectus.

Notes:

- A Shareholders approved the Company consolidating the number of Shares issue on a 1:50 basis at the General Meeting on 23 May 2012.
- B If the Public Offer (including the Top Up Offer) is fully subscribed, the Company will issue 7,500,000 Shares at an issue price of \$0.20 each to raise \$1,500,000 before costs;
- C If the Public Offer (including the Top Up Offer) is oversubscribed, the Company will issue 12,500,000 Shares at an issue price of \$0.20 each to raise \$2,500,000 before costs.

	Assuming Public Offer is fully subscribed (\$1,500,000)			Assuming Public Offer is oversubscribed (\$2,500,000)		
	Acquisition Entries	Prospectus Capital Raising	Pro-forma Balance Sheet	Acquisition Entries	Prospectus Capital Raising	Pro-forma Balance Sheet
	(382,068)	1,500,000	2,586,714	(442,967)	2,500,000	3,525,815
			499,837			499,837
			355,590			355,590
	<b>(382,068)</b>	<b>1,500,000</b>	<b>3,442,141</b>	<b>(442,967)</b>	<b>2,500,000</b>	<b>4,381,242</b>
			12,000,000			12,000,000
			3,739,353			3,739,353
			202,439			202,439
	<b>0</b>	<b>0</b>	<b>15,941,792</b>	<b>0</b>	<b>0</b>	<b>15,941,792</b>
	<b>(382,068)</b>	<b>1,500,000</b>	<b>19,383,933</b>	<b>(442,967)</b>	<b>2,500,000</b>	<b>20,323,034</b>
			910,624			910,624
			459,766			459,766
			1,393,228			1,393,228
	<b>0</b>	<b>0</b>	<b>2,763,618</b>	<b>0</b>	<b>0</b>	<b>2,763,618</b>
			228,262			228,262
			4,074,806			4,074,806
			1,072,788			1,072,788
	<b>0</b>	<b>0</b>	<b>5,375,856</b>	<b>0</b>	<b>0</b>	<b>5,375,856</b>
	<b>0</b>	<b>0</b>	<b>8,139,474</b>	<b>0</b>	<b>0</b>	<b>8,139,474</b>
	<b>(382,068)</b>	<b>1,500,000</b>	<b>11,244,459</b>	<b>(442,967)</b>	<b>2,500,000</b>	<b>12,183,560</b>
	(7,675,628)	1,500,000	17,227,532	(7,675,628)	2,500,000	18,227,532
	(2,633,911)		1,268,242	(2,633,911)		1,268,242
	9,927,471		(7,251,315)	9,866,572		(7,312,214)
	<b>(382,068)</b>	<b>1,500,000</b>	<b>11,244,459</b>	<b>(442,967)</b>	<b>2,500,000</b>	<b>12,183,560</b>

D Acquisition entries include:

- Costs of the Offers estimated to be \$382,068 if the Public Offer is fully subscribed and \$442,967 if the Public Offer is oversubscribed.
- Contributed equity of (\$7,675,628) made up of:

The issue of 31,699,961 shares at a deemed issue price of \$0.10 as consideration for the acquisition of 100% of the share capital of Agline pursuant to the Vendor Offer.	\$3,169,996
The issue of 6,000,000 Shares to introducers at deemed issues price of \$0.10 pursuant to the Introducer Offer.	\$600,000
The elimination of the contributed equity of Agline totalling \$11,445,624	(\$11,445,624)
<b>Total</b>	<b>(\$7,675,628)</b>

- The elimination of the reserves of Agline totalling \$2,633,911
- Retained profits (accumulated losses) made up of:

	Assuming Public Offer is fully subscribed	Assuming Public Offer is oversubscribed
Contributed equity	\$1,500,000	\$2,500,000
Agline Reserves	\$7,675,628	\$7,675,628
Costs of the Offers	\$2,633,911	\$2,633,911
	(\$382,068)	(\$442,967)
<b>Total</b>	<b>\$9,927,471</b>	<b>\$9,866,572</b>

- E The issue of 14,500,000 Shares at a deemed issue price of \$0.10 resulting from the conversion of 14,500,000 Notes to be issued pursuant to the Noteholder Offer and automatically converted shortly thereafter.

### 8.5. Significant accounting policies

The significant accounting policies adopted in the preparation of the historical financial information included in this Section 8 are set out below.

#### a. Reporting basis and conventions

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values. Both current and non-current assets have been brought to account at fair market value, any movement in the value of assets has been brought to account in the revaluation reserve.

#### b. Going concern

The historical information has been prepared on a going concern basis which contemplates the continuity of normal business activity and a realisation of assets and the settlement of liabilities in the normal course of business.

#### c. Revenue and inventory

Revenue from the sale of goods (including crops, wool and lambs) is measured at the fair value of the consideration received or recoverable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involved with the goods.

#### Livestock

The value of livestock (lambs and sheep) is measured at their net market value at each reporting date. The net market value is determined through price movements, natural increase and the weight of the flock.

Net increments or decrements in the market value of the livestock are recognised as revenue or expensed in the income statement, determined as:

- the difference between the total net market value of the livestock recognised at the beginning of the financial year and the total net market value of livestock recognised as at the reporting date; less
- costs expected to be incurred in realising the market value (including freight and selling costs).

#### Wool

The value of unshorn wool at balance date is not brought to account as the Directors consider that the fair value cannot be reliably measured.

#### Crops

The value of the crops in the ground at balance date is not brought to account as the Directors consider that the fair value cannot be reliably measured.

#### d. Depreciation

Depreciation is recognised in profit and loss in a straight line over the estimated use of an assets life. Land and water are not depreciated. The estimated use of life for the current and comparative periods are:

- Buildings / Fences - 33 years;
- Plant and equipment - 3-10 years; and
- Irrigation plant - 13 – 20 years.



## 9. Risk factors

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in the Company.

Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many are outside the control of the Company and cannot be mitigated.

This section describes certain risks associated with an investment in the Company. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Prospectus.

### 9.1. Risk factors specific to the Company

#### a. Re-quotation of shares on ASX

The acquisition of Agline constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX, which would result in the investors' funds being returned. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Whilst this is not a risk for new investments made under the Public Offer in so far as their funds will be returned should the Company not successfully re-comply, it is a risk for existing shareholders in the Company who may be prevented from trading their existing shares should the Company be suspected until such time as it does re-comply with the ASX Listing Rules.

#### b. Acquiring less than 100% of Agline

The Agline Acquisition is conditional on the Company acquiring 80% of the Agline Shares. Therefore, Agline may not become a wholly owned subsidiary of the Company. Whilst the Company would have control of Agline, the Company would have the added complexity of dealing with minority shareholders.

#### c. Failure to achieve desired economies of scale

The Company's business model is predicated on being large in order to achieve certain economies of scale. The Company has yet to reach the desired stocking rate of its sheep flock and until it does so there are execution risks associated in achieving the desired economies of scale. The Australian Sheep industry has approximately 1,400 specialist operators each producing more than 2,000 lambs per annum for slaughter. It is unknown if there are operations

the size of the one being proposed by the Company. Accordingly, the economies and expected efficiencies of intensive rotational grazing of an operation of the scale proposed by the Company are unproven.

#### d. Inability to source Spoke Properties

In order to breed 100,000 fat lambs per annum it will be necessary for the Company to source Spoke Properties to run a flock of approximately 100,000 breeding ewes. There can be no assurance that Spoke Properties will be available to acquire or lease on acceptable terms, or at all. Any inability to obtain Spoke Properties, if required, could have a material adverse effect on the Company's business and its financial condition and performance.

#### e. Failure to raise sufficient funds

The future capital requirements of the Company will depend on many factors.

The Company may require additional funds for working capital (including funds to acquire its breeding flock and acquire any Spoke Properties). It may also require further funds should it decide to exercise the call options Agline has been granted over the properties Birdwood 1 and Carmarthen.

Should the Company require such additional funding, there can be no assurance that additional funding will be available on acceptable terms, or at all. Any inability to obtain additional funding, if required, could have a material adverse effect on the Company's business and its financial condition and performance.

#### f. Depleted flock sizes

One of the biggest obstacles for growth of the Australian sheep industry is the severely depleted size of the national sheep flock following an extended period of drought. However, it is expected that the national sheep flock will recover slowly as environmental conditions have recently improved. It may take longer than anticipated to buy / breed the desired breeding flock.

#### g. Animal welfare

One issue facing the Australian Sheep industry is the rising public opposition to the traditional practice of mulesing. Nearly all sheep in Australia are mulesed. In 2008, many large European and US retailers banned Australian wool in their stores due to consumer concerns for the welfare of sheep subjected to this practice. Chinese wool buyers have also stated that their customers have similar concerns.

## 9. Risk factors

### h. Disease risk

As with all livestock outbreaks of disease can occur. Responses to an outbreak of disease often can include the destruction of livestock with the disease or those suspected to have been in contact with an infected animal. In the unlikely event of these diseases affecting the Company's livestock, they could have a major adverse impact on the Company's business and financial performance. More generally, the outbreak of disease affecting livestock could negatively influence a consumer's preference or demand for lamb in contrast to other meats with a consequent impact on the Company's business.

To the extent possible, the Company will seek to mitigate the risk of severe disease outbreaks by undertaking risk management procedures, and will also benefit from Australia's strict quarantine measures and Australia's National Livestock Identification System.

Risk of disease can be mitigated by the isolation and distance of Australia from other countries which reduces cross-border infections and by Australia's strict quarantine regime.

### i. Seasonal conditions

As an agricultural primary producer, the Company will be exposed to a number of natural events such as drought, flood, pestilence, and fire that are beyond its control. Drought, flood, pestilence and fire, particularly if they occur over a prolonged period and widespread area, can adversely affect the Company's operations.

The risk of drought is mitigated somewhat by the Company's bore, irrigation channel and dam water storage capacity of 1,200 ML, which provides a significant buffer to reduce the potential adverse effects of drought. The effect of drought will be further mitigated by growing and storing fodder for feed when pasture growth is limited and selling surplus and less productive stock early.

### j. Climate change and new legislation

Climatic conditions have historically made it difficult for producers. Over the long-term, the impact of weather on production is expected to intensify as climate change becomes more pronounced. Another period of extended drought may lead to restrictions on the use of water, impeding the Company's ability to maximise finishing of lambs.

While the introduction and structure of a Carbon Pollution Reduction Scheme is uncertain, in its current form it would likely affect the industry in which the Company will operate. In addition, the introduction of the carbon tax is likely to have a negative effect on sheep farming through an increase in input costs (i.e. electricity, freight, chemicals, fertiliser and fuel). It is

also likely that processors will pass through a share of their higher costs to farmers who will receive lower prices for their produce.

Accordingly, the potential impact from climate change, both physical and as a result of new legislation and regulations, may have an adverse impact on the Company's operations or financial performance.

### k. Water usage

The Company's operations are heavily dependent on water for both the growth of pasture and crops, as well as direct consumption by its livestock. Depending on water availability, there is the potential that the Company will be unable to access as much water as it desires. There is also the potential that the Company will be either unable to pump water for its operations or the cost of obtaining water increases or becomes prohibitive, with a consequent adverse impact on the Company's financial position.

### l. Change in water regulations

At certain times in Australia there have been changes to the conditions governing water entitlements and water allocations. Recently the Murray Darling Basin Authority released a Draft Basin Plan which is likely to recommend a 2,800 gigalitre per year reduction in consumptive water from the Murray Darling Basin. If the Basin Plan becomes legislation there is risk there may be changes to the conditions of water entitlements, and the quantum of water allocations, whereby the benefits attached to those entitlements and allocations are reduced.

### m. Volatility of prices

The Company's financial performance will be influenced by variations in the domestic and international prices paid for the lamb produced by the Company. Major factors that can influence demand and supply in the lamb market and, therefore, the price of lamb include:

- i. the level of world inventories;
- ii. the rate of world economic development, and in particular, economic growth in Asian and Middle Eastern countries;
- iii. movements in exchange rate relativities between the currencies of the major lamb export and import countries; and
- iv. competition from alternative food sources.

A significant reduction in lamb prices could have a major adverse impact on the Company's financial condition and results of operations.

**n. Increasing exchange rates**

A high Australian dollar makes exports generally more uncompetitive in the world market, thereby reducing the price achieved in A\$ / kg.

**o. Trade barriers**

The Company intends to produce lamb and other soft commodities for the domestic and international market. Any imposition of trade barriers, food price controls, regulatory requirements or other matters that affect world trade may impact the Company's business.

**p. Market risks**

There are several market risks associated with selling livestock, including (without limitation):

- i. reduced demand and increased competition, which could result in price reductions;
- ii. loss of contracts and reduced operating margins for the Company, which would have a negative financial impact on the Company; and
- iii. increased costs of inputs (such as fertiliser, fuel, water, transport and seed).

**q. Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

**r. Interest paying debt**

Agline has rolling debt facilities of over \$5,000,000. The facilities are subject to cross charges and cross guarantees. Mortgages and charges over all the assets and undertakings of Agline (including the Hub Properties) have been provided. A condition of these facilities is to comply with various covenants in respect of the financial position and performance of Agline, which will become a subsidiary of the Company following completion of the Agline Acquisition.

The facilities are 'rolling facilities' with no expiry date, but are subject to discretionary review. Whilst the Company has no reason to expect that these facilities will be withdrawn, there is a risk of reviews resulting in new terms and conditions that may be less favourable than they are currently.

**s. Restricted securities**

Approximately 30% of the Shares of the Company will be required to be held in escrow as a result of the acquisition of Agline and associated transactions. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

**t. Dilution risk**

Shareholders will be diluted if they do not participate in this Offer or any future fundraising offers by the Company.

**9.2. General risk factors**

**a. Share investment**

Investors should be aware that there are risks associated with investment in shares of companies listed on a stock exchange. The value of the Company's shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, prices of the Company's services, variations in the operating costs and costs of capital replacement which the Company may in the future require. Accordingly, assuming that the Shares are granted Quotation by ASX, the Shares may trade on ASX at higher or lower prices than the issue price.

Each potential investor should consider whether shares are a suitable investment for them before deciding to invest in the Company's Shares. Any investor in doubt about investing in shares should consult their stockbroker, accountant, lawyer or other professional adviser immediately.

**b. Economic risk and external market factors**

Factors, such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company.

**c. War and terrorist attacks**

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Company.

**d. Legislative changes, Government policy and approvals**

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in Australia and in other places where the Company conducts its business may adversely affect the financial performance of the Company.

**9.3. Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## 10. Material contracts

### 10.1. Overview

Set out below is a brief summary of certain contracts which have been entered into by the Company (and/or Agline, as applicable) and which have been identified as material and relevant to potential investors. To fully understand all rights and obligations of a material contract it would be necessary to review each contract in full and these summaries should be read in that light.

### 10.2. Acquisition agreements

The following key contracts have been entered into by the Company in respect of the Agline Acquisition:

#### a. Director Share Sale Agreement

- i. The Agline Shareholders that are party to this agreement are Harvey Parker, his spouse and controlled entities, Paul Duckett and his controlled entities, and Raymond Taylor, his relatives and their controlled entities. These persons are related parties of the Company for the purposes of section 228 of the Corporations Act.
- ii. The Agline Shareholders that are party to this agreement hold 33,670,473 Agline Shares and will receive 14,575,751 Shares as consideration, in aggregate. At Completion, 600,000 Shares will be issued to Faulkner Capital Group Pty Ltd, for services provided to Agline. These Shares will be issued to these Agline Shareholders pursuant to the Vendor Offer.
- iii. Completion is conditional on:
  - a. the passing of certain resolutions at the General Meeting;
  - b. the Company re-complying with Chapters 1 and 2 of the Listing Rules; and
  - c. at least 80% of Agline Shares agreeing to be sold to the Company.

As at the date of this Prospectus, conditions (A) and (C) above have been satisfied.

- iv. Until the Completion Date, the Agline Shareholders that are party to this agreement must ensure that Agline conducts its business in the normal and ordinary course with due care and in accordance with normal practice (having regard to the nature of the Agline business and good commercial practice) and in a manner comparable to which it was conducted for the 24 month period prior to the execution date.
- v. In addition, the Agline Shareholders that are party to this agreement must procure that Agline acquires the partnership interests in the partnerships that relate to the Netherby and Birdwood 2 properties that it does not currently own, so that Agline's ownership interest in these properties is 100%. The consideration for these acquisition will be the issued of additional Agline Shares, which will be acquired by the Company.

- vi. The Agline Shareholders that are party to this agreement have provided standard warranties in relation to the Agline Shares, Agline, its business and assets and its financial position. The rights of recourse of the Company under these warranties are subject to a number of limitations and qualifications.
- vii. The Shares issued to the Agline Shareholders that are party to the Director Share Sale Agreement will be subject to voluntary escrow restrictions of 12 months from the Completion Date, unless the ASX requires a longer period.

#### b. Share Offers

- i. All other Agline Shareholders have been provided with an offer by the Company to acquire their Agline Shares. A summary of the offer is set out below.
- ii. The Company has offered to acquire the Agline Shares of all non-Director Agline Shareholders in consideration for the issue of 0.432894323 Shares per Agline Share held. These Shares will be issued to these Agline Shareholders pursuant to the Vendor Offer.
- iii. Completion is conditional on:
  - a. the passing of certain resolutions at the General Meeting;
  - b. the Company re-complying with Chapters 1 and 2 of the Listing Rules; and
  - c. at least 80% of the Agline Shares agreeing to be sold to the Company.

As at the date of this Prospectus, conditions (A) and (C) above have been satisfied.

- iv. These Agline Shareholders will provide standard warranties in relation to the Agline Shares that they own and their capacity to sell them, but not the business or the assets of Agline itself.
- v. The Shares issued to the Agline Shareholders that accept the Share Offer will be held in escrow for such period as the ASX requires, which could be as long as 24 months.

#### c. Note Offers

- i. The consideration payable by the Company for the Agline Notes will be the Notes offered by this Prospectus, the key terms of which are set out in Section 11.2.
- ii. Transfer of the Agline Notes to the Company is conditional on completion occurring under the Director Share Sale Agreement (and therefore all conditions to that agreement being satisfied).
- iii. The Notes will automatically convert into Shares on the Re-Compliance Date.

## 10. Material contracts

### 10.3. Firm Commitment Agreement

On 24 April 2012, the Company entered into a firm commitment agreement with TFI Limited (a company incorporated in Monaco with company number 690185) (**TFI**) pursuant to which TFI agreed to apply for 5,820,000 Shares in the Public Offer for total consideration of \$1,164,000 (being \$0.20 (20 cents) per Share).

Pursuant to the terms of the firm commitment agreement, TFI will have the right (but not the obligation) to nominate a director to the Board, provided that such nominee director possesses the requisite experience to hold such a position. That director will hold office only until the next annual general meeting of the Company and is then eligible for re-election at that meeting. The director will be appointed on the same terms as the other non-executive directors of the Company, including terms of remuneration and the right to enter into a deed of access and indemnity with the Company on terms substantially the same as existing deeds of access and indemnity between the Company and the Directors. This right to nominate a Director to the Board continues until the earlier of:

- a. such time as TFI ceases to hold at least 10% of the total number of Shares on issue for a period of at least 10 consecutive days; and
- b. a change of control event occurring,

after which it automatically expires.

TFI is also the holder of 14,626,866 Agline Notes and will receive 343,000,000 Notes (to be 6,860,000 Notes following Consolidation), automatically convertible into 6,860,000 Shares (on a post Consolidation basis) pursuant to its Note Offer (as summarised above). Accordingly, following completion of the Offers, TFI will be the largest shareholder of the Company with voting power of approximately 19.5%.

### 10.4. Terrain Capital mandates

On 16 February 2012, the Company mandated Terrain Capital Limited (ABN 13 092 070 472) (**Terrain**) as corporate adviser to provide corporate advice to the Company in respect of (amongst other things):

- a. the Offers; and
- b. re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Terrain is entitled to the following fees in acting as corporate adviser to the Company:

- a. a management fee of 1.5% of the amount raised pursuant to the Offers and a placement fee of 4.5% of the amount raised pursuant to the Offers, being up to \$150,000 if the Public Offer is oversubscribed; and

- b. an advisory fee of \$450 (plus GST) per hour payable on hours worked in providing advice in the context of re-complying with Chapters 1 and 2 of the ASX Listing Rules.

In addition, Terrain will be entitled to the reimbursement of all of its reasonable, actual and direct out of pocket expenses incurred by it in discharging the mandate.

Agline also mandated Terrain as corporate adviser to provide corporate advice to Agline in respect of its reverse takeover of the Company and the fundraising undertaken by Agline prior to the Agline Acquisition by the issue of the Agline Notes.

Terrain is entitled to the following fees in acting as corporate adviser to Agline:

- a. a management fee of 1.5% of the amount raised pursuant to the issue of Agline Notes and a placement fee of 4.5% of the amount raised pursuant to the issue of Agline Notes, which based on the sources of the funds raised was \$61,350;
- b. a corporate advisory fee of \$13,000 per month payable upon completion of the Agline Acquisition, subject to the Company and Agline raising at least \$1.2m pursuant to the Offers; and
- c. a reverse takeover success fee of 1.5% of the value attributed to Agline in the event of completion of the Agline Acquisition, being \$69,300.

In addition, Terrain will be entitled to the reimbursement of all of its reasonable, actual and director out of pocket expenses incurred by it in discharging the mandate.

### 10.5. Leases and Call Options

As noted in Section 4.5 of this Prospectus, Agline currently leases two properties known as "Carmarthen" and "Birdwood 1". The owner of each of these properties has granted Agline a call option to purchase the properties. The terms of these leases and call options are set out below.

#### a. Carmarthen

- i. The Carmarthen property is owned by Mr Harvey Parker (who is the Chairman of the Company) and Mr Raymond Taylor (who is the Managing Director of the Company).
- ii. The owners have leased the property to Agline:
  - a. for a fixed term of 2 years commencing on 1 June 2011;
  - b. at \$15,000 rent per quarter (plus GST) plus rental of the following plant and equipment:



1. Lateral Irrigator at \$150/hr;
  2. Pivot Irrigator at \$90/hr;
  3. Case 65HP Tractor at \$30/hr; and
  4. Harvester at \$50/hr; and
- c. with Agline being responsible for all outgoings, rates and charges relating to the property (including all rural lands protection board rates).
- iii. The owners have also granted Agline a call option to purchase the property (and its associated water rights) as follows:
- a. the contract price for the property is \$2,000,000 (plus GST);
  - b. the call option is exercisable until 31 December 2013.
- b. Birdwood 1**
- i. The Birdwood 1 property is owned by Mr Daniel Wallis.
- ii. The owner has leased the property to Agline:
- a. for a fixed term of 14 months commencing on 3 January 2012;
  - b. at \$48,000 rent per quarter (plus GST); and
  - c. with Agline being responsible for all outgoings, rates and charges relating to the property (including all rural lands protection board rates).
- iii. The owner has also granted Agline a call option for an option fee of \$10,000 to purchase the property (and its associated water rights) as follows:
- a. the contract price for the property is \$7,134,198 (including GST); and
  - b. the call option is exercisable until 31 December 2012.

## 10.6. Sheep Management Agreements

In May 2012, Agline entered into three sheep management contracts with each of Mr Paul Duckett (appointed as Non-Executive Director with effect from the Re-Compliance Date), Mr Harvey Parker (Chairman) and Mr Raymond Taylor (appointed as Managing Director with effect from the Re-Compliance Date) pursuant to which Agline agreed to agist and manage ewes provided by these counterparties. These arrangements continue until November 2013 and may be terminated by either party on 3 months notice or by mutual agreement.

In consideration for managing the ewes, Agline is entitled to the sale proceeds of the ewes after paying the counterparties the following amounts:

- a. the acquisition cost of the ewes;
- b. 20% per annum return on the acquisition cost of ewes/lambs being agisted and managed; and

- c. 50% of sales revenue of lambs sold for greater than \$110/lamb.

Where proceeds of ewe sales are less than original costs, Agline must pay the counterparties the original cost.

At the end of the term of the agreement Agline has the option to acquire the managed ewes at cost.

## 10.7. External debt finance

### ANZ Facilities

Agline has been provided with the following facilities by the ANZ:

- a. an overdraft facility of currently drawn to \$1,288,228; and
- b. a variable rate commercial bill facility of \$4,074,806,

pursuant to a letter of offer dated 25 January 2011, to assist with working capital requirements.

The facilities are subject to terms and conditions (including undertaking, financial covenants and events of default) customarily found in financing arrangements of the type. Agline's facilities are secured by various registered mortgage debentures and registered charges provided by Agline, its wholly owned subsidiary and the directors of Agline. Under the terms of the provision of the facilities, ANZ reserves the right to review and, if it considers appropriate, terminate all facilities made available to Agline on various grounds.

Further details regarding these facilities are set out in Section 4.13 of this Prospectus.

Agline has entered into several hire purchase agreements and chattel mortgages with ANZ and financial institutions associated with ANZ in respect of farming equipment (including an irrigator system and vehicles). The hire purchase and chattel mortgages are subject to terms and conditions customarily found in financing arrangements of the type. It should be noted that the majority of these hire purchase and chattel mortgages require balloon payments to be made by Agline at the expiry of the term of these facilities. Approximately, \$400,000 in balloon payments are required to be made by Agline in the next financial year (2012/13). Agline expects to refinance some or all of these balloon payments or otherwise to pay them out of operating revenues of the Company.

### CNH Facilities

Agline obtained 3 loans from CNH Capital Australia Pty Ltd (CNH) totalling approximately \$250,000 for the purchase of farming equipment. Each loan will be paid off over a 60 month period, with the final loan scheduled to be repaid in June 2015.

The loans are subject to terms and conditions customarily found in equipment loans. Each loan is secured by a mortgage over the farming equipment to which the loan relates to.

#### **10.8. Directors' deeds of indemnity**

Each Director and Company Secretary has entered into a Deed of Access, Indemnity and Insurance with the Company. This entitles each officer to access board papers, be indemnified from liability, and to have the Company take out directors and officers insurance to the extent the Company is able to obtain it. The Company may also make a payment in relation to legal costs incurred by these persons in defending an action for a liability, or resisting or responding to actions taken by a government agency or a liquidator. Each such deed applies to the extent permitted by law and is on a conventional basis.

The Company intends to effect and maintain Directors' and Officers' Liability insurance.

#### **10.9. Managing Director Service Agreement**

Subject to completion of the Agline Acquisition, the Company has entered into an executive service agreement with Mr Raymond Taylor for Mr Taylor to act as Managing Director. Further information about Mr Taylor is set out in Section 6.1(b) of this Prospectus.

The terms of Mr Taylor's appointment are as follows:

- a. Mr Taylor is required to devote a minimum of 20 normal working hours per week in fulfilling his duties as managing director;
- b. Mr Taylor is entitled to a salary of \$60,000 per annum (including superannuation). In addition, the Company will reimburse Mr Taylor for all reasonable out-of-pocket business expenses (including an allowance based upon mileage use of his car) that are properly incurred by Mr Taylor in the course of his duties;
- c. Mr Taylor's appointment is ongoing, however either the Company or Mr Taylor may terminate his employment at any time by providing 12 months' written notice of termination; and
- d. Mr Taylor has agreed to standard non-solicitation covenants.

## 11. Additional information

### 11.1. Rights attaching to Shares

The Shares to be issued under this Prospectus will rank equally with the existing fully paid ordinary shares in the Company.

The rights attaching to shares are set out in the Company's constitution, and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law. The constitution of the Company may be inspected during normal business hours at the registered office of the Company at 21 Wells Road, Mordialloc in the State of Victoria.

The following is a summary of the principal rights of the holders of ordinary shares of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

#### a. General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's constitution, the Corporations Act or the Listing Rules.

#### b. Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

#### c. Issues of further shares

The Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides. However, the Board must act in accordance with the restrictions imposed by the Company's constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

#### d. Variation of rights

At present, the Company has on issue one class of shares only, namely ordinary shares.

Subject to the Corporations Act, if the Company issues different classes of shares or divides issued shares into different classes, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

#### e. Transfer of shares

Subject to the Company's constitution, the Corporations Act and the ASX Listing Rules, ordinary shares are freely transferable.

The shares may be transferred by any computerised or electronic system of transferring or dealing with shares established or recognised by the Corporations Act, the ASX Listing Rules or the Operating Rules and as otherwise permitted by the Corporations Act or by a document, the usual form of which is permitted by law.

The Board may refuse to register a transfer of shares only if that refusal would not contravene the ASX Listing Rules or the Operating Rules. If the Board refuses to register a transfer, the Company must give the lodging party written notice of the refusal and the reasons for it in accordance with the ASX Listing Rules. The Board must not register a transfer of shares if the Corporations Act, the ASX Listing Rules or the Operating Rules forbid registration.

## 11. Additional information

### f. Dividends

Subject to the Company's constitution and the Corporations Act, the Board may resolve to pay any dividend it thinks appropriate and fix the time for payment.

### g. Winding up

Subject to the terms of issue of the shares, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their shares.

### h. Dividend reinvestment and share plans

The Board may adopt and implement dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

### i. Directors

The Company's constitution states that the minimum number of Directors is 3 and at least 2 of them must ordinarily reside in Australia.

### j. Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Company's constitution, the Board has power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).

## 11.2. Rights attaching to Notes

The principal terms of the Notes to be issued under this Prospectus are:

- a. each Note has a principal amount of \$0.10 (10 cents) (on a post-Consolidation basis);
- b. the Notes are an unsecured obligation of the Company and rank above all issued Shares but rank behind secured debt in the event of the winding up of the Company;
- c. interest accrues daily at 8% per annum and accrues on a Note from and including the issue date up to and including the redemption date or conversion date (as applicable). The Company must pay interest on the redemption date or conversion date (as applicable); and

- d. each Note will be automatically converted into one Share on the Re-Compliance Date. The Shares issued on conversion have the same rights as all other Shares (as described in Section 11.1 of this Prospectus).

The Notes are being issued to the Agline Noteholders, whom are sophisticated and professional investors (i.e. investors that fall within sections 708(8) or 708(11) of the Corporations Act or who otherwise do not require disclosure pursuant to section 708 of the Corporations Act) and the Notes themselves will only be transferrable to other sophisticated and professional investors. However, pursuant to ASIC Class Order [CO 04/671] the Shares to be issued on conversion of these Notes will be transferrable to all investors (including retail investors).

## 11.3. Directors' interests

The table below shows the relevant interest of each Director (whether held directly or indirectly) in securities of the Company as at the date of this Prospectus:

Director	Shares
Harvey Parker	-
Harry VK Lee	870,780
Sam Di-Giacomo	-
Paul Duckett (appointment to take effect on the Re-Compliance Date)	-
Raymond Taylor (appointment to take effect on the Re-Compliance Date)	-

Notes:

- 1 Shares are post Consolidation.
- 2 Mr Harvey Parker will participate in the Vendor Offer and have a beneficial interest in 2,195,734 Shares following completion of the Offers.
- 3 Mr Paul Duckett will participate in the Vendor Offer and will have a beneficial interest in 4,454,561 Shares following Completion of the Offers.
- 4 Mr Raymond Taylor will participate in the Vendor Offer and will have a beneficial interest in 3,327,372 Shares.

Directors may hold the relevant interests in shares shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

#### 11.4. Directors' remuneration

The non-executive Directors will be paid for their services as Directors the remuneration, not exceeding in aggregate a maximum fixed sum, which is determined by a general meeting (currently \$200,000).

Remuneration payable by the Company to non-executive Directors is not to be by commission on, or percentage of, profits or operating revenue.

The remuneration of the executive Directors will be fixed by the Board and may consist of salary, bonuses or any other elements, but must not be a commission on, or percentage of, profits or operating revenue.

The combined remuneration of Mr Harry VK Lee and Mr Santino (Sam) Di-Giacomo is currently \$74,300 per annum (inclusive of superannuation). As Mr Harry VK Lee and Mr Santino (Sam) Di-Giacomo will be stepping down upon completion of the Agline Acquisition, they will not be receiving ongoing remuneration.

The remuneration that will be paid to the other Directors is as follows:

Director	Annual remuneration
Harvey Parker	\$16,000 per annum
Paul Duckett (appointment to take effect on the Re-Compliance Date)	\$10,000 per annum
Raymond Taylor (appointment to take effect on the Re-Compliance Date)	\$10,000 per annum directors fees plus \$5,000 per month while he acts as managing director

#### 11.5. Fees and benefits

Other than as set out below or elsewhere in this Prospectus, no:

- Director of the Company;
- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company or stockbroker to the Offer;

holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer, or
- the Offer,

and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offer.

Terrain Capital Limited has been appointed to act as the corporate adviser to the Offers. The fees payable to Terrain Capital Limited are summarised in Section 10.4 of this Prospectus.

Brian McCleary & Co has acted as Investigating Accountant and has prepared an Investigating Accountant's Report which has been included in Section 7 of this Prospectus. The Company estimates it will pay Brian McCleary & Co a total of \$15,000 for these services.

Mills Oakley Lawyers has acted as the solicitors to the Company in relation to this Prospectus and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Mills Oakley Lawyers \$65,000 for these services up to the date of lodgement of this Prospectus with ASIC. Subsequently, fees will be charged in accordance with normal charge out rates.

#### 11.6. Related party transactions

At the date of this Prospectus, no material transactions with related parties and directors interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

#### 11.7. Incorporation by reference

This Prospectus incorporates, by reference, information contained in the Notice of Meeting (including the independent expert's report accompanying that document) released by the Company to the ASX on 23 April 2012. Investors and their professional advisers are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company during normal business hours or by downloading a copy from the Company's website at [www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)

## 11. Additional information

### 11.8. Expenses of the offers

The total expenses of the Offers are set out below:

Item	Assuming Offer is fully subscribed	Assuming Offer is oversubscribed
ASIC fees	\$2,137	\$2,137
ASX fees	\$59,931	\$60,830
Legal fees	\$65,000	\$65,000
Capital raising commission	\$90,000	\$150,000
Investigating Accountant	\$15,000	\$15,000
Corporate Adviser	\$100,000	\$100,000
Printing and other expenses	\$10,000	\$10,000
Miscellaneous	\$40,000	\$40,000
<b>Total</b>	<b>\$382,068</b>	<b>\$442,967</b>

### 11.9. Consents

Brian McCleary & Co Pty Ltd has given its written consent to being named as investigating accountant in this Prospectus and to the inclusion of the Investigative Accountant's Report in Section 7 in the form and context in which the report is included. Brian McCleary & Co Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Leadenhall VRG Pty Ltd has given its written consent to the inclusion of an extract from the independent expert's report prepared by it, which accompanies the Notice of Meeting for the General Meeting lodged with ASIC on or about 23 April 2012, that forms the Industry Overview in Section 5 of this Prospectus, in the form and context in which the extract is included. Leadenhall VRG Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and have not withdrawn such consent prior to lodgement of this Prospectus with ASIC:

- Mills Oakley Lawyers as legal advisors to the Company;
- Terrain Capital Limited as corporate adviser to the Company in respect of the Offer;
- Computershare Investor Services Pty Ltd as the Company's share registry; and
- Stantons International as auditor of the Company,

but, except as expressly noted in this Prospectus, each of the above parties:

- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus other than as specified in this section;
- has not made any statement on which a statement in this Prospectus is based, other than as specified in this section; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this section.

### 11.10. Legal proceedings

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the business of the Company.

### 11.11. Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual circumstances of each investor. All potential investors in the Company are urged to obtain independent professional financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. It is the sole responsibility of potential Applicants to inform themselves of their taxation position resulting from participation in the Offer.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding taxation matters and consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of potential Applicants.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to any taxation consequences to investors of subscribing for Shares under this Prospectus.



### **11.12. Electronic Prospectus**

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

### **11.13. Documents available for inspection**

The following documents are available for inspection during normal business hours at the registered office of the Company:

- a. this Prospectus;
- b. the Company's constitution; and
- c. the consents referred to in Section 11.9 of this Prospectus.

## 12. Directors' statement

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that, in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements. Those persons have given their consent to the statements being included in this Prospectus, in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC or, to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board.

Dated 29 May 2012



**Harvey Parker**  
Chairman

For and on behalf of  
Millepede International Limited

## 13. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

<b>\$ or A\$</b>	Australian dollars.
<b>ABARES</b>	Australian Bureau of Agricultural and Resource Economics and Sciences.
<b>AEST</b>	Australian Eastern Standard Time in Melbourne, Victoria.
<b>Acquisition Agreement</b>	The agreements summarised in Section 10.2 of this Prospectus.
<b>Agline</b>	Agline Pastoral Pty Ltd (ACN 111 152 080) of 21 Wells Road, Mordialloc VIC 3195.
<b>Agline Acquisition</b>	The acquisition by the Company from the Agline Shareholders of between 80% and 100% of the issued share capital, and up to 100% of the issued convertible notes, of Agline.
<b>Agline Notes</b>	Unsecured convertible notes issued by Agline prior to the Re-Compliance Date.
<b>Agline Noteholder</b>	A holder of unsecured convertible notes issued (or to be issued) by Agline.
<b>Agline Share</b>	Fully paid ordinary shares in the capital of Agline.
<b>Agline Shareholder</b>	A holder of Agline Shares.
<b>Applicant</b>	A person who submits an Application Form.
<b>Application</b>	A valid application for securities offered under this Prospectus.
<b>Application Form</b>	The Top Up Offer Application Form or the Public Offer Application Form as the case determines attached to or accompanying this Prospectus relating to the Offer.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.
<b>ASX Listing Rules or Listing Rules</b>	The official listing rules of ASX.
<b>Board or Board of Directors</b>	The board of directors of the Company.
<b>Business Day</b>	A week day when trading banks are ordinarily open for business in Melbourne, Victoria.
<b>CHESS</b>	Clearing House Electronic Subregister System.
<b>Closing Date</b>	4 July 2012, subject to this date being extended or the Offers being closed early.
<b>Company</b>	Millepede International Limited (ACN 095 821 971) to be renamed "Australian Natural Proteins Limited".
<b>Consolidation</b>	The consolidation of the issued securities of the Company existing as at the date of the General Meeting on a 1 for 50 basis (rounded down to the nearest whole number).
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Directors</b>	The directors of the Company.
<b>Electronic Prospectus</b>	The electronic copy of this Prospectus located at the Company's website at <a href="http://www.australiannaturalproteins.com.au">www.australiannaturalproteins.com.au</a>
<b>General Meeting</b>	The general meeting of shareholders of the Company held on 23 May 2012.
<b>General Security Water Entitlements</b>	Water entitlements from Murray Irrigation Limited based on the water sharing plan developed under the <i>Water Management Act 2000</i> .
<b>Holding Statement</b>	Holding Statements for Shares under CHESS.
<b>Hub Property</b>	A property currently owned or leased by Agline as described in Section 4.5 of this Prospectus.
<b>Introducer</b>	Silver Jubilee Overseas Inc. and Renalin Ltd.
<b>Introducer Offer</b>	The offer of 6,000,000 Shares to the Introducers under this Prospectus.
<b>Introducer Offer Application Form</b>	The personalised Introducer Offer application form attached to or accompanying this Prospectus relating to the Introducer Offer.
<b>ML</b>	Megalitre (one million litres).

<b>MLA</b>	Meat and Livestock Australia Limited ABN 39 081 678 364.
<b>Murray Irrigation Limited</b>	Murray Irrigation Limited ABN 23 067 197 933, the provider of irrigation water to over 2,400 farms in southern NSW.
<b>Notes</b>	Unsecured convertible notes to be issued by the Company to the Agline Noteholders pursuant to this Prospectus bearing the terms set out in Section 11.2 of this Prospectus.
<b>Noteholder Offer</b>	The offer of Notes under this Prospectus.
<b>Noteholder Offer Application Form</b>	The personalised Noteholder Offer application form attached to or accompanying this Prospectus relating to the Noteholder Offer.
<b>Offer</b>	The offer of Shares for subscription under this Prospectus.
<b>Official List</b>	The official list of ASX.
<b>Operating Rules</b>	The business rules of the securities clearing house issued by ASX Settlement and Transfer Corporation Pty Ltd.
<b>Prospectus</b>	This prospectus.
<b>Public Offer</b>	The offer of 7,500,000 Shares, together with the capacity to accept oversubscriptions of a further 5,000,000 Shares, including any Shares remaining after allocation of the Top Up Offer on the terms set out in Section 3.3 of this Prospectus.
<b>Public Offer Application Form</b>	The Public Offer application form attached to or accompanying this Prospectus relating to the Public Offer.
<b>Quotation</b>	Quotation of the Shares on the Official List.
<b>Re-Compliance Date</b>	The date the suspension of trading is lifted and the Company's securities commence trading again on ASX.
<b>Shareholder</b>	A holder of Shares.
<b>Share Registry</b>	Computershare Investor Services Pty Ltd ABN 48 078 279 277.
<b>Shares</b>	Ordinary shares in the capital of the Company offered for subscription under this Prospectus.
<b>Spoke Property</b>	A dry (or partially irrigated) farm suitable for sheep grazing in adjacent geographical areas to the Hub Properties.
<b>Top Up Offer</b>	The offer of up to 4,000,000 Shares to Shareholders of the Company on the Top Up Offer Record Date, on the terms set out in Section 3.2 of this Prospectus.
<b>Top Up Offer Record Date</b>	The record date for determining entitlements to participate in the Top Up Offer, being 7.00pm AEST on 21 May 2012.
<b>Top Up Offer Application Form</b>	The personalised Top Up Offer application form attached to or accompanying this Prospectus relating to the Top Up Offer.
<b>US Persons</b>	The meaning given to that term by regulations made under the US Securities Act 1993 (as amended).
<b>Vendor Offer</b>	The offer of the Vendor Shares to all Agline Shareholders under this Prospectus.
<b>Vendor Offer Application form</b>	The personalised Vendor Offer application form attached to or accompanying this Prospectus relating to the Vendor Offer.
<b>Vendor Shares</b>	Up to 31,699,961 Shares to be issued as consideration for each of the Agline Shareholders interest in Agline pursuant to the acquisition agreements summarised in Section 10 of this Prospectus.



AUSTRALIAN  
**NATURAL  
PROTEINS**

MILLEPEDE INTERNATIONAL LIMITED TO BE RENAMED  
AUSTRALIAN NATURAL PROTEINS LIMITED  
ACN 095 821 971

**THIS OFFER CLOSES 7.00PM AEST ON 4 JULY 2012**

## Public Offer Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

Broker Code

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Adviser Code

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**A** I/we apply for

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**B** I/we lodge full Application Money

A\$										.		
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Number of Shares in Millepede International Limited to be renamed 'Australian Natural Proteins Limited' ("the Company") at A\$0.20 per Share or such lesser number of Shares which may be allocated to me/us

**C** Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname

Joint Applicant 2 or Account Designation

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Joint Applicant 3 or Account Designation

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**D** Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box / Other Information

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City / Suburb / Town

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State

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Postcode

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**E** Enter your contact details

Contact Name

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Telephone Number - Business Hours / After Hours

(		)																	
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**F** CHESS Participant

Holder Identification Number (HIN)

X																			
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Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Public Offer will be held on the Issuer Sponsored subregister.

**Payment details – Please note that funds are unable to be directly debited from your bank account**

**G**

Drawer

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Cheque Number

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BSB Number

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Account Number

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Amount of cheque

A\$																			
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**Make your cheque or bank draft payable to "Australian Natural Proteins Offer A/C".**

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

M P D F

I P O

# How to complete this Public Offer Application Form

<b>A Shares Applied for</b> Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares (A\$200).	<b>F CHESS</b> The Company participates in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHESS, the Company operates an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).
<b>B Application Monies</b> Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of A\$0.20 per Share.	<b>G Payment</b> Make your cheque or bank draft payable to "Australian Natural Proteins Offer A/C" in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.  Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. <b>Please note that funds are unable to be directly debited from your bank account.</b>  <b>Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.</b>
<b>C Applicant Name(s)</b> Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.	
<b>D Postal Address</b> Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.	
<b>E Contact Details</b> Enter your contact details. These are not compulsory but will assist us if we need to contact you.	

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in the Company is upon and subject to the terms of the prospectus and the Constitution of the Company, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited Melbourne by no later than 7.00pm AEST on 4 July 2012. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001 AUSTRALIA

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010 (within Australia) or +61 3 9415 4000 (outside Australia), from 8.30am to 5.00pm AEST, Monday to Friday.

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund





AUSTRALIAN  
NATURAL  
PROTEINS

MILLEPEDE INTERNATIONAL LIMITED TO BE RENAMED  
AUSTRALIAN NATURAL PROTEINS LIMITED  
ACN 095 821 971

THIS OFFER CLOSES 7.00PM AEST ON 4 JULY 2012

## Public Offer Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

Broker Code

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Adviser Code

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**A** I/we apply for

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**B** I/we lodge full Application Money

A\$										.		
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Number of Shares in Millepede International Limited to be renamed 'Australian Natural Proteins Limited' ("the Company") at A\$0.20 per Share or such lesser number of Shares which may be allocated to me/us

**C** Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname

Joint Applicant 2 or Account Designation

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Joint Applicant 3 or Account Designation

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**D** Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box / Other Information

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City / Suburb / Town

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State

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Postcode

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**E** Enter your contact details

Contact Name

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Telephone Number - Business Hours / After Hours

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**F** CHESS Participant

Holder Identification Number (HIN)

X																			
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Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Public Offer will be held on the Issuer Sponsored subregister.

**Payment details – Please note that funds are unable to be directly debited from your bank account**

**G**

Drawer

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Cheque Number

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BSB Number

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Account Number

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Amount of cheque

A\$																			
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**Make your cheque or bank draft payable to "Australian Natural Proteins Offer A/C".**

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

# How to complete this Public Offer Application Form

<p><b>A Shares Applied for</b></p> <p>Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares (A\$200).</p> <p><b>B Application Monies</b></p> <p>Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of A\$0.20 per Share.</p> <p><b>C Applicant Name(s)</b></p> <p>Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.</p> <p><b>D Postal Address</b></p> <p>Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.</p> <p><b>E Contact Details</b></p> <p>Enter your contact details. These are not compulsory but will assist us if we need to contact you.</p>	<p><b>F CHES</b></p> <p>The Company participates in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the Company operates an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).</p> <p><b>G Payment</b></p> <p>Make your cheque or bank draft payable to "Australian Natural Proteins Offer A/C" in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.</p> <p>Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. <b>Please note that funds are unable to be directly debited from your bank account.</b></p> <p><b>Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.</b></p>
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Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in the Company is upon and subject to the terms of the prospectus and the Constitution of the Company, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited Melbourne by no later than 7.00pm AEST on 4 July 2012. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001 AUSTRALIA

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010 (within Australia) or +61 3 9415 4000 (outside Australia), from 8.30am to 5.00pm AEST, Monday to Friday.

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
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Broker Code

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Adviser Code

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**A** I/we apply for

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**B** I/we lodge full Application Money

A\$										.		
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Title or Company Name	Given Name(s)	Surname

Joint Applicant 2 or Account Designation

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Joint Applicant 3 or Account Designation

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**D** Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box / Other Information

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City / Suburb / Town

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State

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Postcode

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**E** Enter your contact details

Contact Name

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Telephone Number - Business Hours / After Hours

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Holder Identification Number (HIN)

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**G**

Drawer

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Cheque Number

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BSB Number

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Account Number

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Amount of cheque

A\$																			
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By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

M P D F

I P O

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<p><b>A Shares Applied for</b></p> <p>Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares (A\$200).</p> <p><b>B Application Monies</b></p> <p>Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of A\$0.20 per Share.</p> <p><b>C Applicant Name(s)</b></p> <p>Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.</p> <p><b>D Postal Address</b></p> <p>Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.</p> <p><b>E Contact Details</b></p> <p>Enter your contact details. These are not compulsory but will assist us if we need to contact you.</p>	<p><b>F CHES</b></p> <p>The Company participates in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the Company operates an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).</p> <p><b>G Payment</b></p> <p>Make your cheque or bank draft payable to "Australian Natural Proteins Offer A/C" in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.</p> <p>Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. <b>Please note that funds are unable to be directly debited from your bank account.</b></p> <p><b>Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.</b></p>
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GPO Box 52  
MELBOURNE VIC 3001 AUSTRALIA

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If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010 (within Australia) or +61 3 9415 4000 (outside Australia), from 8.30am to 5.00pm AEST, Monday to Friday.

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# Corporate directory

## Company

**Millepede International Limited** (ACN 095 821 971)  
to be renamed “Australian Natural Proteins Limited”

Proposed ASX: AYB

## Officers

Harvey Parker  
*Chairman*

Harry VK Lee  
*Non-Executive Director*

Sam Di-Giacomo  
*Non-Executive Director and Company Secretary*

## Contact details

21 Wells Road  
Mordialloc VIC 3195  
T +61 3 9580 4328  
F +61 3 9580 2294

[www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)

## Share Registry

**Computershare Investor Services Pty Limited**  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
T +61 8 9323 2000

## Investigating Accountant

**Brian McCleary & Co.**  
126 End Street  
Deniliquin NSW 2710

T +61 3 5881 7999

## Corporate Adviser

**Terrain Capital Limited**  
8 Chapel Street  
Richmond VIC 3121  
T +61 3 9665 2444

## Auditor

**Stantons International**  
Level 2, 1 Walker Avenue  
West Perth WA 6005  
T + 61 8 9481 3188

## Legal Advisor

**Mills Oakley Lawyers**  
Level 6, 530 Collins Street  
Melbourne VIC 3000  
T +61 3 9670 9111



AUSTRALIAN  
NATURAL  
PROTEINS

**Millepede International Limited** (ACN 095 821 971)  
to be renamed "Australian Natural Proteins Limited"

21 Wells Road, Mordialloc VIC 3195  
T +61 3 9580 4328 F +61 3 9580 2294

[www.australiannaturalproteins.com.au](http://www.australiannaturalproteins.com.au)