



ASX Release

Date: 17 October 2016

Dear Sir/Madam

**Australian Whisky Holdings' Acquisition of Nant Distillery Business and the historic Nant Estate and Capital Raising**

*Acquisition of the Nant Distillery Business and the historic Nant Estate*

Australian Whisky Holdings Limited (AWY) advises that on 13 October 2016, AWY entered into the Transaction Implementation Agreement (the TIA) with the Nant Group to acquire the Nant Distillery business and the historic Nant Estate property from the Nant Group.

The Nant Group is based in Tasmania and comprises of Nant Estate Pty Ltd ACN 124 393 960; Nant Distilling Company Pty Ltd ACN 159 807 011; Nant Distillery Pty Ltd ACN 114 659 700; Nant Barrel Holdings Pty Ltd ACN 159 847 140; and Nant Administration Pty Ltd ACN 168 739 295.

The Nant Group currently owns the business involved in production and sale of whisky and associated products (the Nant Business) and the land located at 254 Nant Lane, Bothwell, Tasmania (the Nant Estate).

The Nant Group produces whisky products including the Nant Single Malt Whisky at the distillery located at the Nant Estate, from which it also operates the Nant Atrium Restaurant.

Nant Barrel Holdings Pty Ltd manages an investment scheme involving the sale and purchase of a number of Nant whisky barrels (which are held at Nant Distillery Bonded Warehouse in Tasmania) by third party investors whereby it guarantees to buy-back the investors' barrels at the end of the maturation period in accordance with the terms and conditions thereof.

AWY intends to acquire the Nant Business and the Nant Estate from the Nant Group for a total consideration of (i) \$3,000,000 in cash and (ii) AWY's assumption of certain debts and liabilities of the Nant Group (including current loans and payments to various trade creditors under certain trade agreements) for an amount of approximately \$5,500,000.

The TIA provides for various conditions and relevant steps for the implementation and completion of the acquisition. In particular, the completion of the acquisition is subject to various conditions, including but not limited to the following:

1. AWY completing the legal and financial due diligence satisfactory to AWY on the Nant Group;
2. AWY obtaining all necessary approvals of its board and shareholders; and
3. AWY completing a capital raising for the purposes of raising a minimum of \$3,000,000.

Before the completion of the acquisition, AWY will enter into various agreements including, among others, Business Sale Agreement and Land Sale Agreement to give effect to the acquisition. AWY also takes over the management of the Nant Business and barrel investment scheme in accordance with the Business Management Agreement and Barrel Management Agreement to be entered into between AWY and the relevant entities respectively.

During the management term under the Business Management Agreement and Barrel Management Agreement, the Company will engage Mr Chris Malcolm, Executive Chairman of Lark Distillery Pty Ltd to oversee the management of the Nant Business with the intention that subject to the completion of the Proposed Acquisition, Mr Malcolm will join AWY in an executive capacity. Mr Malcolm is also Chairman of Clark Rubber Franchising Pty Ltd, Driclad Pty Ltd (Pools and Spas), Malcolm Property Pty Ltd, Retail Franchise Systems Pty Ltd (RFS Group Pty Ltd), Glenburn Station Pty Ltd and Chairperson of the Malcolm Foundation. Mr Malcolm is a member of the Australian Institute of Company Directors and an accredited franchise executive. He has a Diploma of Company Directorship from the University of New England and Finance Management Certificate from the University of New South Wales. He was awarded with the Franchisor of the Year 2006, inducted into the Franchising Hall of Fame in 2003, and appointed to Government Senator Chris Shot Franchise Review Committee.

The acquisition is scheduled to be completed by the end of December 2016. Mr Terry Cuthbertson, Chairman of AWY stated: *“the acquisition of the Nant Distillery business and the historic Nant Estate is a further milestone towards AWY’s vision of having ownership interests in a number of premium single malt whisky producers and distributors in Australia focussing in particular on Tasmania.*



*AWY proposes to accelerate growth in the craft whisky industry ahead of competitors and take a leadership position in the industry. In doing so, AWY intends to lead the structuring and development of, and be instrumental in, defining the final shape of the craft whisky industry in Australia and maintaining Tasmania's leadership position in this industry. We believe that by doing this, we will provide current craft producers a platform to increase volume and we will give each brand an ability to increase profits and distribution into the higher margin markets in Asia".*

AWY currently has a shareholding interest of 31.66% in Lark Distillery Pty Ltd, a Tasmanian Whisky producer (which also owns outright the Overeem Distillery, a producer of premium single malt Tasmanian whisky), and a 12% shareholding in another Tasmanian Whisky producer, Redlands Estate Pty Ltd. In addition, AWY recently purchased 32 x 100 litre barrels of new make whisky from Archie Rose Distilling Co and 16 x 100 litre barrels of new make whisky from Redlands Estate.

### ***Capital Raising***

AWY further advises in order to fund its contribution and to fund additional working capital, AWY has conducted a capital raising by way of issuance of 200 converting notes to various subscribers for a total value of \$2,000,000. Subject to shareholders' approval and the converting mechanism under each of the Convertible Note Subscription Agreements, each converting note will be converted to a certain number of shares in AWY at a conversion price of \$0.001 (0.1 cents).

AWY's shareholders will ratify the issue of the converting notes at the next Annual General Meeting of Shareholders.

Yours sincerely,



Company Secretary by order of the Board  
Kenneth Lee

