



Australian Dairy Nutritionals Group

14 June 2019
ASX Code: AHF

Update on acquisition of Infant Formula Plant

The Board of Australian Dairy Nutritionals Group (the **Group** or **AHF**) wishes to provide an update in relation to the acquisition of the overseas infant formula plant (**Plant**) announced to ASX on 4 April 2019. The dismantling of the Plant is progressing well with the first load of shipping containers due to be shipped to Camperdown by the end of next week. Once all of the Plant arrives in Camperdown, it will be stored on the Group's Camperdown Dairy site park whilst construction of the special purpose facility to house the Plant is built, also on that site.

The total estimated investment is approximately AU\$5 million comprised of AU\$725,000 for the acquisition of the Plant, approximately AU\$350,000 - \$500,000 for the dismantling and shipping of the Plant and the balance for construction of the new facility and re-assembly of the Plant at the Camperdown Dairy park site. The Group has funded the acquisition and dismantling of the Plant through a third party equipment financing arrangement.

The acquisition of the Plant was conditional on the Group securing finance for the acquisition and being satisfied with the results of its formal due diligence investigations into the Plant. The last of these conditions were satisfied on 29 May 2019 with the satisfactory conclusion of the Group's due diligence investigations as announced on that date.

The Board is pleased with the progress of the dismantling process and is still targeting completion of the acquisition of the Plant shortly after the final shipping containers arrive in Camperdown, in August 2019. As the Group has only agreed to purchase plant and equipment from the Vendor, no changes to the Board or senior management are proposed as a result of the acquisition and no security holder approvals are required in relation to the acquisition.

The Board sees the purchase of this Plant as a way to accelerate its entry into the organic infant formula market in a sensibly staged manner without the initial, much higher cost of a large dryer having significantly more capacity. Planning for the construction of the purpose built facility and re-assembly of the Plant is underway and the Group are targeting construction commencement in September – November 2019. The Group will provide further updates in relation to the construction and reassembly process in due course. The Group is anticipating first commercial production of whole and skim milk powders in July 2020 with infant formula to commence shortly thereafter, subject to distribution arrangements.

Ends

AUSTRALIAN DAIRY NUTRITIONALS GROUP.

Further Details

For additional company information or media enquiry matters please contact:

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Communications Policy

As a policy, because of the heavy demands on limited management resources and to ensure compliance with continuous disclosure requirements, AHF does not respond to individual security holder communications regarding the management of the business, the company or with respect of any opinion or analysis that is not contained in market releases and released financial reports. For further information regarding our shareholder communications policy, please refer to AHF's website: www.adfl.com.au.

About Australian Dairy Nutritionals Group

Australian Dairy Nutritionals Group (AHF) was Australia's first ASX listed dairy farmer. Its initial focus was on aggregating high quality dairy farms in Victoria, initially in the South Western region of Victoria with particular emphasis on the famous Dairy Golden Triangle region between Warrnambool and Colac south of the Princes Highway.

In April 2016 the Group completed the acquisition of its processing facility Camperdown Dairy Company Pty Ltd. The Group is now a vertically integrated milk producer, processor and product distributor in Australia and for export. Refer to the Group's Strategy Overview released to market on 11 July 2017 for additional information about AHF's immediate and longer term strategic planning.

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