

Wattle Health Australia Limited

ACN 150 759 363
ASX Code: WHA

PROSPECTUS

2020 Rights Issue Offer

*For a non-renounceable pro-rata rights issue to Eligible Shareholders of up to 99,303,174 million New Shares on the basis of 1 New Share for every 2 Shares held by Shareholders at the Record Date at an issue price of \$0.40 per New Share to raise a minimum of \$25 million and a maximum of \$39.7 million before costs (**Entitlement Offer**).*

IMPORTANT NOTICE

This document is important and should be read in its entirety.

If, after reading this Prospectus, you have any questions about the Offer Securities (including the New Shares) being offered under this Prospectus or any other matter relating to the Offers, then you should consult your professional adviser. An investment in the Offer Securities offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

This Prospectus has also been prepared in accordance with Section 708A(11) of the Corporations Act for the purpose of removing any trading restrictions on the sale of New Shares or other Shares that may be issued by the Company prior to the Closing Date without disclosure under Chapter 6D of the Corporations Act.

IMPORTANT NOTICE

1. Prospectus

This Prospectus is dated 23 January 2020. A copy of this Prospectus has been lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus. No Offer Securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus (**Expiry Date**).

This Prospectus is a transactional specific prospectus for an offer of continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. This Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been made to the fact that the Wattle Health Australia Limited (**WHA** or the **Company**) is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Further information is provided in Sections 7.6 and 7.7 of this Prospectus.

The Company will apply to ASX within 7 days of the date of this Prospectus for quotation of the Offer Securities offered under this Prospectus. ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may quote the New Shares is not to be taken in any way as an indication of the merits of the Company.

Applications for New Shares offered pursuant to this Prospectus including for any Additional Securities can only be submitted on the applicable original Entitlement and Acceptance Form which accompanies this Prospectus. Applications for the Shortfall Offer can only be submitted by invitation from the Company. If you are in any doubt about the contents of this document, you should obtain independent professional advice.

2. Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider these risk factors in Section 6 in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the Offer Securities or the price at which the Offer Securities will trade on the ASX.

Any references to past performance of the Company is no guarantee of future performance.

3. No Representations other than this Prospectus

No person or entity is authorised to give any information or to make any representation in connection with the Offers that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 4 of this Prospectus regarding the acceptance of the Entitlement Offer. Applications for the Entitlement Offer can only be submitted on the Entitlement and Acceptance Form that is available with this Prospectus.

Applications for the Shortfall Offer can only be submitted by invitation from the Company.

4. Forward looking information

Some of the statements appearing in this Prospectus may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and any variation may be materially positive or negative. Forward looking information (including forecast financial information) is subject to uncertainty and contingencies, many of which are outside the control of the Company.

5. No cooling off rights apply to this Offer

Cooling off rights do not apply to an investment pursuant to the Offers. This means that, in

most circumstances, you cannot withdraw your Entitlement and Acceptance Form once it has been lodged.

6. Offer Restrictions on Distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of New Shares in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and the Offers are not to be made in, countries other than Australia and New Zealand.

The New Shares have not been and will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong nor is any offer under this Prospectus to be made to persons or entities resident in Hong Kong. You are advised to exercise caution in relation to the offer.

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

It is the responsibility of any Applicant to ensure compliance with any laws of a country

relevant to their application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand. Shareholders outside Australia (**Ineligible Foreign Shareholders**) should refer to Section 2.11 of this Prospectus for details of how their Entitlement will be dealt with.

7. Prospectus availability

Those investors who receive this Prospectus electronically are advised that the issue of securities under the electronic prospectus is only available to persons receiving the electronic prospectus within Australia. A paper copy of this Prospectus may be obtained free of charge from the Company or downloaded from the ASX website. The information on www.wattlehealth.com.au does not form part of this Prospectus.

8. Minimum Subscription Amount

The Offer under this Prospectus is conditional on the Company receiving subscriptions for the minimum subscription amount of \$25 million, including the amounts received by the Company from subscriptions for New Shares under the Shortfall Offer for Shareholders (see Section 4.4) (**Minimum Subscription Amount**). **If the Minimum Subscription Amount is not satisfied then the Company will not proceed with the Entitlement Offer and the Company will repay all Application Monies received without interest.**

9. Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in Section 9. Unless otherwise indicated, all references to currency are to Australian dollars and all references to time are to Melbourne, Victoria time.

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<u>IMPORTANT DATES*</u>	Date
<u>Record Date</u> to determine Entitlements under the Entitlement Offer	30 January 2020
Entitlement Offer Document and Entitlement & Acceptance Form despatched. <u>Opening Date</u> of Rights Issue Offer	4 February 2020
<u>Closing Date</u> for acceptances under the Rights Issue Offer	5.00 pm AEDT on Wednesday, 19 February 2020
<u>Shortfall</u> (if any) announced to the ASX and placement of Shortfall	24 February 2020
<u>Issue of the New Shares (subject to Shareholder Approval)</u>	26 February 2020
<u>Despatch of holding statements</u> for New Shares issued under Entitlement Offer	27 February 2020

* The above dates are indicative only and subject to change. All dates and times referenced are Australian Eastern Daylight Time (AEDT). The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend these dates without prior notice including extending the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Entitlement Offer at any time without prior notice. If withdrawn, all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

TO APPLY FOR NEW SHARES

- **Read:** Read this Prospectus in full paying careful attention to the benefits and risks associated with acceptance of the Offers.
- **Consider and Consult:** After reading the Prospectus, consider whether the investment is suitable for you in light of your particular financial position and investment objectives. If necessary, please consult with your financial or investment adviser before making an investment decision.
- **Complete Entitlement and Acceptance Form:** If you are an Eligible Shareholder and have decided to take up your Entitlement in full or in part, complete the Entitlement and Acceptance Form accompanying this Prospectus and lodge the form together with your Application Monies by 5.00pm (AEDT) on 19 February 2020.

If you have any queries concerning the Entitlement Offer or what to do with this Prospectus, please contact:

Computershare Investor Services Pty Limited
Information telephone numbers:
1300 850 505 or +61 (3) 9415 4000 (outside Australia)

Contact your stockbroker or professional adviser for advice concerning this Entitlement Offer or the Shortfall Offer.

Letter from the Board

Dear Shareholder

As announced on 23 January 2020, Wattle Health Australia Limited (**WHA** or the **Company**) is in the process of raising additional capital under this revised rights issue in order to fund the up-front cash payment of the purchase price for the Blend & Pack shares and for general working capital. It has been a long road in negotiating and structuring the financing for the acquisition of the Blend & Pack shares, but we believe the final purchase terms provide an attractive opportunity for WHA. We have also during this period undertaken a restructure of WHA's board and executive team to best position the Company for the expanded Wattle group after this acquisition.

On behalf of the Board of the Company, I am pleased to be able to invite you to participate in the revised entitlement offer, through a 1 for 2 pro-rata non-renounceable rights issue at a price of \$0.40 per New Share to raise a minimum of \$25 million and a maximum of \$39.7 million before costs (**Entitlement Offer**). The reduced size of the Entitlement Offer reflects the reduction in the up-front cash payment of the purchase price for the Blend & Pack shares and also that the vendor (Mason Group) is taking \$15 million in WHA shares at Completion as part of the purchase price.

Our mission remains to be a vertically integrated organic dried milk supplier (and other fast moving consumer goods) with a focus on local and Asian markets. As announced on 13 January 2020, we have now appointed Dr. Tony McKenna as CEO and Managing Director. We have also made other changes to the WHA board composition - with the interim appointment of Peter Biantes as Non-Executive Chair.

Our vertical integration is reflected in (i) our 45% shareholding and funding of CBDG's construction of an organic spray dryer; (ii) our proposed 80% shareholding in Blend & Pack which is a CNCA registered processor; (iii) our distribution partners (such as Chemist Warehouse) in those markets; and (iv) our branding and marketing in those markets. Since ASX listing we have worked to achieve that integration and the proposed acquisition of the additional shares in Blend & Pack is an important part of that vertical integration strategy.

At the time of lodging this Prospectus, your Directors have indicated that they may take up all or some of their Entitlements under the Entitlement Offer. Additionally, we hope to achieve a broader shareholder base and the introduction of more institutional investors from any placement under the Shortfall.

An investment in Shares in the Company is subject to a wide range of material risks which may impact the value of shares in the Company - including Blend & Pack's operational performance (including its ability to maintain its CNCA registration), the Company's ability to generate revenue via the sale of its products locally and internationally (specifically China) and CBDG construction and commissioning risks for the CBDG Plant. The main risks are highlighted in Section 6 of this Prospectus.

On behalf of the Board, I recommend the Entitlement Offer to you. Before making your decision to invest, I ask you to carefully read the Prospectus and seek professional advice if required. Your Board looks forward to your continued support.

Kind regards



Dr Tony McKenna
Chief Executive Officer and Managing Director

1. INVESTMENT OVERVIEW

1.1 Overview of the Entitlement Offer

This Section is not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus and all of its Sections should be read and considered in their entirety.

Question	Response	Where to find more information
<p>What is the Entitlement Offer</p>	<p>The Entitlement Offer is a non-renounceable pro rata offer of New Shares in the Company.</p> <p>Under the Entitlement Offer, Eligible Shareholders will be given an Entitlement to subscribe for 1 New Share for every 2 Shares held as at the Record Date of 7.00pm (AEDT) on 30 January 2020 at an Offer Price of \$0.40 per New Share.</p> <p>The Entitlement Offer seeks to issue up to 99,303,174 New Shares at \$0.40 per New Share to raise up to a maximum of \$39.7 million before costs.</p> <p>As announced on 23 January 2020, the ASX has requested that the Company seek Shareholder Approval to undertake the Blend & Pack acquisition. Accordingly, the Company will hold an Extraordinary General Meeting on Monday 24 February 2020 to seek such approval. If Shareholder approval is not for any reason obtained, the Company will not proceed with either the Entitlement Offer or the Shortfall Offer and the Company will repay in full all Application Monies received (without interest).</p>	<p>Sections 2.1 to 2.2</p>
<p>What is the purpose of the Entitlement Offer and use of funds</p>	<p>The funds raised under the Entitlement Offer is to allow WHA to:</p> <ul style="list-style-type: none"> • fund the cash component of the purchase price at Completion under the Share Purchase Agreement for the acquisition of an additional 75% of the issued shares in Blend & Pack (being US\$10 million); • funding in replacement of Prospere Loan (which is presently undrawn) for WHA's commitments to the CBDG Joint Venture; • fund marketing and advertising expenditure to build the WHA brand for the first 24 months from the date of this Prospectus; • fund general working capital requirements; and • meet the costs of the Entitlement Offer. <p>For more information on the terms of the Blend & Pack Share Purchase Agreement please see Section 7.5.</p>	<p>Sections 3.1 and 7</p>

Question	Response	Where to find more information
<p>Am I an Eligible Shareholder</p>	<p>The Entitlement Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who:</p> <ul style="list-style-type: none"> • are the registered holder of Shares as at 7:00pm (AEDT) on the Record Date; and • have a registered address in Australia or New Zealand. 	<p>Definition of Eligible Shareholder and Section 2.1</p>
<p>Is there a minimum subscription amount?</p>	<p>Yes – there is a Minimum Subscription Amount under the Offer (of \$25 million), including the amounts received by the Company from subscriptions for New Shares under the Shortfall Offer.</p> <p>If the Minimum Subscription Amount is not raised by the Company within 4 months from the date of this Prospectus, then the Company will not proceed with either the Offer or the Shortfall Offer and the Company will repay all Application Monies received without interest.</p>	<p>Section 2.13</p>
<p>It the Offer underwritten?</p>	<p>The Offer is <u>not</u> underwritten.</p> <p>However, the Company has appointed JB Advisory Pty Ltd as Lead Manager to assist in the Entitlement Offer and in placing any shortfall under the Entitlement Offer.</p> <p>The Directors reserve the right under ASX Listing Rule 7.2 exception 3 to place any Entitlement shortfall at their discretion at an issue price no less than the Offer Price under this Entitlement Offer and any such placements will be included in calculating whether the Minimum Subscription Amount has been achieved.</p>	<p>Sections 2.5</p>
<p>What will be the effect of the Entitlement Offer on control</p>	<p>The effect of the combined Entitlement Offer on the control of the Company will vary with the level of Entitlements and Additional Securities taken up by Eligible Shareholders under the Entitlement Offer. There is no Shareholder whose interest would exceed 19.9% on the completion of the Entitlement Offer.</p>	<p>Sections 2.17 and 3.3</p>
<p>How do I apply for New Shares under the Entitlement Offer</p>	<p>If you are an Eligible Shareholders can apply for New Shares by completing the relevant sections of the Entitlement and Acceptance Form accompanying this Prospectus and sending it to the Share Registry together with payment by cheque or BPAY® in the amount of Entitlement applied for. You may accept all or part of your Entitlement.</p>	<p>Sections 4.1, 4.2 and 4.3</p>

Question	Response	Where to find more information
<p>Can I apply for Additional Securities</p>	<p>Yes, Eligible Shareholders (other than Directors and related parties) may also apply for Additional Securities regardless of the size of their present holding.</p> <p>There is however no guarantee that you will receive any or all of the Additional Securities you apply for.</p> <p>Further, if there remains any Entitlement shortfall after allocation of the Additional Securities, the Directors reserve the right to place any Entitlement shortfall (being the Shortfall Shares) under the Shortfall Offer at a price no less than the Offer Price. In determining the allocation of the Shortfall Shares, the Company will take into account a number of factors including the type of investor, allocating predominately to wholesale, institutional and/or sophisticated investors introduced by the Lead Manager (or its nominees) with the intention of broadening the Company's shareholder base.</p>	<p>Sections 2.9, 2.10 and 4.3</p>
<p>How will the Additional Securities be allocated</p>	<p>The Company, reserves the right to scale back any applications for Additional Securities in their absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including the size of an Applicant's shareholding in the Company, the extent to which an Applicant has sold or bought additional Shares in the Company before and after both the announcement of the Entitlement Offer and the Record Date, as well as when the application was made.</p>	<p>Sections 2.9</p>
<p>Can I sell my Entitlements under the Entitlement Offer</p>	<p>No. The Entitlements are non-renounceable and cannot be traded on the ASX or any other exchange, nor can it be privately transferred. Eligible Shareholders who do not take up their Entitlements in full will not receive a value or payment for such Entitlements.</p>	<p>Sections 2.7 and 2.8</p>
<p>How can I obtain further information</p>	<p>Contact Computershare Investor Services Pty Limited on 1300 850 505 or +61 (3) 9415 4000 (from outside Australia) at any time between 8:30am and 5:00pm (AEDT) Monday to Friday until the Closing Date. For advice, actively consult your broker, accountant or other professional adviser.</p>	<p>-</p>
<p>Shareholder Approval</p>	<p>As announced on 23 January 2020, the Blend & Pack acquisition (including the proposed funding arrangements) is subject to Shareholder Approval.</p> <p>WHA is seeking Shareholder Approval at a general</p>	<p>Section 7.5(a)</p>

Question	Response	Where to find more information
	<p>meeting to be convened on or around 24 February 2020. If Shareholder approval is not for any reason obtained, then the Company will not proceed with either the Entitlement Offer or the Shortfall Offer and the Company will repay all Application Monies received (without interest).</p>	
<p>Blend & Pack acquisition risk factors</p>	<p>WHA's proposed investment in Blend & Pack carries significant risks including but not limited to:</p> <ul style="list-style-type: none"> • Non-refundable deposit under the Share Purchase Agreement: As outlined in Section 7 of this Prospectus, the Company has provided a non-refundable Deposit of US\$8.5 million. Except under limited circumstances, should WHA fail to meet or where any of the conditions precedent to the Share Purchase Agreement are not satisfied, WHA will forfeit the Deposit which would result in the dilution of the shareholdings of all existing Shareholders. Please see Section 7.5(c) for more details. • Operating risks: Blend & Pack operates a processing plant at Hallam and it is exposed to many of the risks typical for a processing plant using combustible materials. As a processor Blend & Pack must continue to attract customers - some of whom may be competitive with WHA. There is no guarantee that Blend & Pack's operations will continue to generate revenue. • CNCA registration risk: Blend & Pack's marketing advantage is its CNCA registration with the Chinese authorities and if that registration was lost or not renewed for any reason - this would materially impact on Blend & Pack's ability to retain and attract customers. The approach of the Chinese regulators is still very uncertain as at the date of this Prospectus and the Company is aware that Blend & Pack has withdrawn a SAMR application or registration for its second brand spot. While prior revenue of Blend & Pack has not included any revenue or sales relating to this second brand spot, this withdrawal may have a material impact on Blend & Pack's future revenue. • Funding risks: If WHA only raises the Minimum Subscription Amount, depending on future financial performance, it is likely that in the future WHA may require additional capital (debt or equity) for working capital and if that 	<p>Please refer to Section 6 of this Prospectus</p>

Question	Response	Where to find more information
	<p>occurs by way of an equity issue there is no guarantee of the issue price and there is potential dilution for existing shareholders.</p> <ul style="list-style-type: none"> Loan risks: At present, WHA does not have sufficient cash resources to pay the amount under the Loan Promissory Note (of US\$30 million payable to Mason under the terms of the Blend & Pack Share Sale Agreement), but WHA anticipates additional cash resources from (i) dividends from Blend & Pack; (ii) payments and dividends from CBDG (after its spray dryer plant is constructed and commissioned); (iii) increases in WHA's own product sales and (iv) the potential to re-finance or raise additional capital to fund such repayment obligations under the Loan Promissory Note. However, there is no guarantee the Company will have sufficient cash resources to repay the Loan Promissory Note. <p>There can be no assurance that WHA can successfully manage these risks (some of which will be outside the control of WHA).</p>	
<p>WHA risk as a relatively new entrant</p>	<p>There are many risks associated with an investment in the Company including relating to the Company's business, its regulatory environment and its financial requirements generally. WHA is relatively a new entrant in the market for quality nutritional health and food products and, as an early stage growth company, WHA currently faces challenges in product development, profile / brand building and market penetration for its products (in both local and overseas markets).</p> <p>These risks will in part turn upon the Company's ability to:</p> <ul style="list-style-type: none"> continue to build its infrastructure (including the CBDG Plant) and product sourcing requirements; expand through new distribution channels and continue to develop within Australian domestic and export markets for its products; ability to successfully commercialise its current formulations and being able to distribute the resulting new products; comply with regulatory requirements (reflecting the sensitive regulatory nature or highly regulated environment in which the Company's 	<p>Please refer to Section 6.3 of this Prospectus</p>

Question	Response	Where to find more information
	domestic and export infant formula are sold).	
CBDG risk factors	<p>As previously announced, CBDG is an incorporated joint venture owned by the Company as to 45%, Organic Dairy Farmers' of Australia (ODFA) as to 50% and Niche Dairy Pty Ltd as to 5%.</p> <p>CBDG is constructing an organic spray dryer facility to process organic milk from ODFA. WHA's investment in CBDG carries significant risks including but not limited to:</p> <ul style="list-style-type: none"> • Construction risk: the construction of the CBDG Plant is currently underway, whilst the Company anticipates that the CBDG Plant will be commissioned in CY2020, there is no guarantee that there will not be delays or that the CBDG Plant will be successfully commissioned. Any delay in the commissioning of the CBDG Plant could have a material impact on the Company's ability to service its obligations under the Loan Promissory Note; • Operational risk: after CBDG plant construction / commissioning, the risks inherent in the operation of a commercial scale spray drying facility (particularly during commercial scale up); • Supply risk: in having sufficient supply of wet organic milk for the spray dryer; which the Company has sought to mitigate with the CBDG supply agreement with ODFA (however this depends on ODFA having wet milk supply from its members and no termination event occurring under the CBDG Supply Agreement); • Offtake risk: in CBDG sourcing sufficient offtake sales of the dried milk powder to pay for the plant operation and for CBDG to pay for its minimum take obligations under the CBDG supply agreement with ODFA; and • Loan risks and cash flow considerations: inherent in the debt obligations (including repayment). <p>There can be no assurance that WHA can successfully manage these risks (many of which will be outside the control of WHA and CBDG) and achieve any or all of the above initiatives / strategies.</p>	Please refer to Section 6.5 of this Prospectus.
Reliance on key personnel	As announced on 13 January 2020, the Company has had a number of Board changes including the appointment of Dr. Tony McKenna as the Group Chief	Please refer to Section 6.7

Question	Response	Where to find more information
	<p>Executive Officer and Managing Director.</p> <p>However, there is no guarantee that WHA will be able to continue to attract and retain suitably qualified personnel, and a failure to do so could materially and adversely affect the business, operating results and financial prospects.</p>	<p>of this Prospectus</p>
<p>SAMR risks factors</p>	<p>WHA is seeking its own SAMR registration (previously known as CFDA registration) for a number of its infant formulations (as announced to the market).</p> <p>From 1 January 2018 SAMR registration is required for the exportation of particular food products into China and enables those products to be sold in all traditional retail channels.</p> <p>As at the date of this Prospectus, WHA has not obtained SAMR registration for its infant formulations. WHA cannot give any assurance that it will obtain SAMR registration for its products, or when such registration may be achieved.</p>	<p>Please refer to Section 6.6 of this Prospectus</p>

2. DETAILS OF THE OFFER

2.1 Eligible Shareholders

Eligible Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares as at the Record Date; and
- (b) have an address on the WHA's share register in Australia or New Zealand.

Shareholders who do not satisfy each of the above mentioned criteria are Ineligible Foreign Shareholders. Ineligible Foreign Shareholders will be sent a letter in the form lodged with ASX.

2.2 Entitlement Offer

The Company is making a non-renounceable pro-rata rights issue to Eligible Shareholders of up to 99,303,174 New Shares on the basis of 1 New Share for every 2 Shares held at the Record Date at an Offer Price of \$0.40 each to raise a maximum of \$39.7 million before costs (**Entitlement Offer**).

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Entitlement Offer, or an Ineligible Foreign Shareholder and is therefore unable to participate in the Entitlement Offer. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Foreign Shareholder.

Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 2 Shares held at 7:00pm (AEDT) on 30 January 2020, at the Offer Price of \$0.40 per New Share. Eligible Shareholders (other than Directors and related parties) will also be able to apply for Additional Securities. Further details of which are contained in Section 2.9.

2.3 Fractional Entitlements

Fractional entitlements of the Entitlement Offer will be rounded down to the nearest whole number of New Shares.

2.4 Brokerage and Stamp Duty Costs

No brokerage or stamp duty is payable by Eligible Shareholders on the issue of New Shares under this Prospectus.

2.5 No underwriting

The **Entitlement Offer is not underwritten**. However, the Company has appointed J B Advisory Pty Ltd as Lead Manager to assist in the Entitlement Offer and in placing any shortfall after applications by Eligible Shareholders.

The Company also reserves the right, subject to the Corporations Act and the Listing Rules, to extend these dates without prior notice including extending the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Entitlement Offer at any time without prior notice. If withdrawn, all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

2.6 Purpose of the Entitlement Offer

The maximum amount sought under the Entitlement Offer is \$39.7 million under the Entitlement Offer before costs, with a minimum capital raising of \$25 million. The Company proposes to use the proceeds as set out in Section 3.

2.7 Entitlements under the Entitlement Offer

Eligible Shareholders who are on the Company's Share register at 7:00pm (AEDT) on the Record Date, will receive rights to acquire 1 New Share for every 2 Shares held at Record Date, at the Offer Price of \$0.40 per New Share.

A personalised Entitlement and Acceptance Form setting out an Eligible Shareholder's Entitlement to New Shares accompanies this Prospectus. A detailed explanation of the actions required by Eligible Shareholders to apply for New Shares is set out in Section 4.

2.8 Non Renounceable Entitlement Offer – Entitlements are not tradeable

The Entitlement Offer is non-renounceable. As such, an Eligible Shareholder's Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on the ASX or any other exchange, nor can it be privately transferred.

Eligible Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

2.9 Application for Additional Securities

Any Entitlements not taken up may become available as Additional Securities. Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to their Entitlement, apply for Additional Securities, by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form.

It is possible that there will be few or no Additional Securities available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Additional Securities are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Entitlement Offer that Applicants applying for Additional Securities will be bound to accept a lesser number of Additional Securities allocated to them than applied for, if so allocated. If a lesser number of Additional Securities is allocated to them than applied for, excess Application Monies will be refunded without interest. The Company reserves the right to scale back any applications for Additional Securities in its absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including the size of an Applicant's shareholding in the Company, the extent to which an Applicant has sold or bought Shares in the Company before and after both the announcement of the Entitlement Offer and the Record Date, as well as when the application was made.

2.10 Shortfall

The Directors as permitted under ASX Listing Rule 7.2 exception 3 reserve the right to place any Shortfall (**Shortfall Offer**) remaining after the satisfaction of applications for New Shares by Eligible Shareholders (including applications for Additional Securities made in accordance with Section 2.9). The Shortfall Offer is a separate offer on the same terms and conditions as the Entitlement Offer and will remain open for up to 3 months from the date of close of the Offer.

In determining the allocation of Shares under the Shortfall Offer, the Company will take into account a number of factors including the type of investor, allocating predominately to wholesale, institutional and/or sophisticated investors introduced by the Lead Manager (or its nominees) with the intention of broadening the Company's shareholder base.

Any investor who is not an Eligible Shareholder at the Record Date and who the Company invites to participate in the Shortfall Offer, will need to follow the procedures advised to them by the Company for applications under the Shortfall Offer.

2.11 Treatment of Overseas Shareholders under the Entitlement Offer

The Company is of the view that it is unreasonable to make the Entitlement Offer to any Shareholder whose registered address as at the Record Date is outside of Australia or New Zealand having regard to:

- the number of Shareholders outside these jurisdictions;
- the number and value of the New Shares that could be offered outside these jurisdictions; and
- the cost of complying with applicable regulations in jurisdictions outside these jurisdictions.

This Prospectus has not been and will not be registered under the securities laws of jurisdictions outside these jurisdictions. Accordingly, no Entitlement and Acceptance Forms or Shortfall application forms will be sent, and no offers will be made, to Ineligible Foreign Shareholders. The Prospectus is sent to those Shareholders for information only.

The Entitlement Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

Eligible Shareholders should note that the Entitlement Offer is being conducted in accordance with the laws in force in Australia and the Listing Rules.

Recipients of this Prospectus may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

2.12 Nominees

The Entitlement Offer is being made to all Eligible Shareholders. Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Entitlement Offer is not available to:

- beneficiaries on whose behalf they hold the Company's Shares who would not satisfy the criteria for an Eligible Shareholder; or
- Ineligible Foreign Shareholders who were ineligible to participate in the Entitlement Offer.

Due to legal restrictions, nominees and custodians may not send copies of this Booklet or accept the Entitlement Offer on behalf of any person in the United States or other jurisdiction outside Australia or New Zealand, except to beneficial shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in the Investor Presentation under the section titled "International Offer Restrictions" or as the Company may otherwise permit in compliance with applicable law.

The Company is not required to determine whether or not any registered Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

2.13 Minimum Subscription Amount

The Minimum Subscription Amount for the Offer is \$25 million (including the amounts raised under the subscription for New Shares under the Shortfall Offer).

The Offer is conditional on the Company receiving subscriptions for the Minimum Subscription Amount. If the Minimum Subscription Amount is not raised within 4 months of the date of this Prospectus, then the Company will not proceed with the Offer and the Shortfall Offer and the Company will repay all Application Monies received without interest.

2.14 Applying for quotation of New Shares

The Company will apply to the ASX within 7 days after the date of this Prospectus for the New Shares to be granted quotation. The fact that the ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

2.15 Issue of New Shares under the Entitlement Offer

New Shares will only be issued after Shareholder Approval has been obtained, all Application Monies have been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on or about 26 February 2020 and normal trading of the New Shares on ASX is expected to commence on or about 27 February 2020.

All Application Monies received before New Shares are issued will be held in a special purpose account. After any Application Monies is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus any accrued interest will be received by the Company.

If the New Shares are not quoted by ASX within 3 months after the date of this Prospectus, the Company will refund all Application Monies in full (without interest).

2.16 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS, operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement that sets out the number of New Shares issued to each successful Applicant under this Prospectus.

It is the responsibility of Applicants to determine their allocation before trading in the New Shares. Applicants who sell New Shares before they receive their statement do so at their own risk.

2.17 Effect of the Entitlement Offer on the Control of the Company

Generally, Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted by the Entitlement Offer (subject to immaterial movements as a result of the rounding of Entitlements).

The potential effect of the Entitlement Offer on the control of the Company is as follows:

- If all Eligible Shareholders take up their Entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company.
- If some Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted.
- The proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the Entitlement Offer.
- There is no Shareholder who would on the completion of the Entitlement Offer have an interest which would exceed 19.9%.

As announced on 13 January 2020, at Completion Mason (and or its nominees), subject to Shareholder Approval, will be issued shares in WHA to the total value of US\$15 million at an issue price of \$0.40 per share on Completion of the Blend & Pack transaction. As a consequence, Mason and its related parties will have a total shareholding of approximately 17.2% in the Company (based on the Company receiving applications for the Minimum Subscription Amount).

2.18 Rights attaching to New Shares

The New Shares issued under this Prospectus will be on a fully paid basis and will rank equally in all respects with existing Shares.

A summary of the important rights attaching to the New Shares is contained in Section 5 of this Prospectus.

2.19 Risk Factors

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The Offer Securities should be considered speculative. The Directors recommend that potential investors carefully consider this Prospectus and consult their professional advisors before deciding whether to apply for Offer Securities pursuant to this Prospectus.

The detailed risk factors affecting an investment in the Company are discussed in Section 6 of this Prospectus.

3. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

3.1 Purpose of the Entitlement Offer and use of funds

(a) Maximum capital raise - \$39.7 million

The funds raised under the Prospectus will be applied based on a maximum capital raise of \$39.7 million before costs as follows:

Use of Funds	AU\$
Acquisition of Blend and Pack (cash payment of US\$10 million, of which US\$1 million has already been paid by WHA under the Deposit Promissory Note)*	\$ 13,040,000
Release of Prospere Loan**	\$ 15,340,000
Marketing/Advertising (on WHA own branded products)	\$ 5,100,000
Working Capital	\$ 3,820,000
Fees	\$ 2,400,000
Total	\$ 39,700,000

Notes:

* On completion of the Blend & Pack acquisition, the cash deposit of US\$1 million already paid by WHA to Mason prior to the date of this Prospectus from existing WHA cash resources will be treated as part of the cash completion payment of US\$10 million due to Mason on completion. Please see Section 7.5 of this Prospectus for more information about the Company's funding commitments.

** Funding in replacement of the funding otherwise available under the Prospere Loan (which is presently undrawn) for WHA's funding commitments to the CBDG Joint Venture.

(b) Minimum Subscription Amount - \$25 million

Where WHA only raises the Minimum Subscription Amount of \$25 million, the Company anticipates it will have sufficient funding:

- to proceed with the initial cash payment on Completion under the Blend & Pack Share Purchase Agreement;
- replace a portion (but not all) of the funding otherwise available under the Prospere Loan (which is presently completely undrawn) relating to WHA's commitments to the CBDG Joint Venture as outlined in Section 7.5(a) of this Prospectus;
- for general working capital of at least circa \$1 million; and
- to pay the costs of the Offer (being \$1.53 million rather than the \$2.4 million payable on achieving the maximum capital raising).

WHA would in these circumstances (raising only the Minimum Subscription Amount), initially reduce its proposed expenditure on marketing / advertising of its own branded products and capital expenditure, but with a minimum retaining a focus on completing the

construction / commissioning of the CBDG Plant and the production / revenue by both CBDG and Blend & Pack.

As at 31 December 2019, WHA's estimated cash on hand was circa \$6 million. In addition to the cash resources available to Wattle on achieving the Minimum Subscription Amount, WHA may use some of the funding available under the Prospere Loan or seek alternative debt / equity funding by WHA (subject to any approvals required under the Loan Promissory Note) or use cash flow from dividends / payments from Blend & Pack and/or CBDG. In these circumstances, investors should have regard to the funding risk factors as outlined in Section 6.7.

(c) Qualifications and Limitations to use of funds

Investors should note that the intended use of the proceeds as outlined above **is not a cash flow forecast**. The above use of funds is only over a 24 month period and does not include (i) current cash held by WHA prior to the issue of this Prospectus; (ii) all expenditures which may possibly arise during that period; (iii) any anticipated dividends from Blend & Pack or payments to WHA by CBDG (under the loan facility after the CBDG Plant is commissioned and generating revenues); or (iv) any other funding in the future from any debt or equity raising by WHA.

There is no guarantee that any funding, in addition to the funds raised under this Prospectus, will be received by WHA (see the funding risk factors as outlined in section 6.7(a) following). However, WHA has not relied on such potential additional cash flow receipts in preparing the use of funds outlined above.

The exact application of the funds raised from the Entitlement Offer may vary at the Directors' discretion. As noted, the above use of funds does not include any funds received by WHA from operations or dividends received during this period.

3.2 Effect of the Entitlement Offer

The principal effects of the Entitlement Offer will be to:

- (a)** fund the Company's initial cash commitment under the Blend & Pack Share Purchase Agreement (assuming the Minimum Subscription Amount is obtained) and increase the Company's shareholding interest in Blend & Pack from 5% to 80% in line with the Company's vertical integration strategy;
- (b)** provide the Company with additional capital for the purposes referred to in Section 3.1; and
- (c)** increase the total number of issued Shares (refer to Section 3.3).

Pro forma financial information summarising the effects of the Entitlement Offer is provided in Section 3.4 below.

3.3 Effect of the Entitlement Offer on Capital Structure

Set out below, for illustrative purposes only, is the existing capital structure (as at the date of this Prospectus) together with the impact of the issue of New Shares under the Entitlement Offer (assuming it is fully subscribed). The table below assumes that prior to the Closing Date there will be no other Share issues by the Company and that there will be no securities convertible into Shares issued and converted prior to the Closing Date except where the Company will immediately update the market in accordance with the requirements of the ASX Listing Rules.

Capital Structure	Number on issue assuming Minimum Subscription Amount - \$25 million	Number on issue assuming maximum capital raise amount - \$39.7 million
Shares currently on issue – quoted and not subject to any voluntary escrow	197,743,848	197,743,848
Shares currently on issue - quoted but subject to voluntary escrow (i.e. restricted securities)	862,500	862,500
New Shares to be issued pursuant to this Prospectus	62,500,000	99,303,174
New Shares to be issued to Mason (and/or its nominee(s)) at Completion	54,250,000	54,250,000
Total Shares	315,356,348	352,159,522

*Note:

- The "Total Shares" noted in the table above does not take into account:
 - WHA currently has 4,687,500 options on issue at a strike price of AU\$1.60 expiring 18 June 2020; and
 - Chemist Warehouse convertible security over 15 million WHA shares;
- In addition up to 25,687,744 Shares may be issued pursuant to the terms of the Deposit Promissory Note;
- Under the Blend & Pack Share Purchase Agreement, Shares to the value of US\$15 million are to be issued in aggregate on Completion to Mason or its nominee(s) (subject to Shareholder Approval) at an issue price of AU\$0.40 (subject to Shareholder Approval). Based on an exchange rate of 1.45 as at 16 January 2020, and for the purposes of the table above, this has been calculated to be 54,250,000 Shares; and
- Under the Lead Manager Mandate, JB Advisory or its nominees will be issued 5 million options (Lead Manager Options) at a strike price of AU\$0.40 expiring 3 years from issue (subject to Shareholder Approval).

3.4 Effect of the Entitlement Offer on the Company's Financial Position

Set out below for illustrative purposes is an unaudited consolidated statement of financial position including the effect of the Entitlement Offer, assuming:

- (a) the issue of 99,303,174 New Shares offered pursuant to the Entitlement Offer to raise \$39.7 million (before costs);
- (b) the estimated costs of the Entitlement Offer of approximately \$2.4 million, including commission which will be approximately \$2.3 million.

Also set out below for illustrative purposes is an unaudited, notional pro-forma statement of financial performance for the 9 months of this calendar year ended 30 September 2019 for the combined existing WHA Group and Blend & Pack (on a 100% consolidation basis).

Blend & Pack has a 31 December year end (which was in line with Mason Group reporting requirements in Hong Kong).

The expenses of the Entitlement Offer include the implicit cost to the Company of the issue of the Lead Manager Options (subject to Shareholder Approval). Using a Black-Scholes option pricing model (as outlined in **section 7.12**) that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected daily price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option - the Lead Manager Options have an implicit expense or cost to the Company of \$1.78 million. The Company acknowledges this is a significant expense and will need to be expensed in the Company's financial statements (impacting on future reported financial performance) but it is non-cash expense, the Lead Manager Options have an exercise price equal to the Offer Price under this Prospectus and, where exercised, would result in the Company receiving the exercise price for those options exercised.

The accounting policies upon which the following unaudited pro-forma financial statements are the same as those contained in the audited financial report for the year ended 30 June 2019.

The unaudited pro-forma statements of financial position below demonstrate the impact of the Offer (first) assuming the minimum capital raise of \$25 million is achieved, (secondly) assuming the maximum capital raise of \$39.7 million is achieved:

Consolidated pro-forma statements of financial position Wattle Health Limited and Blend and Pack Pty Ltd 30 June 2019
(based on a minimum capital raise of \$25 million)

Adjustment note	Note	Wattle Health Australia Limited @ 30 June 2019	Blend and Pack Pty Ltd @ 30 June 2019	Pro-forma adjustments	Total consolidated Group Post Acquisition
		AUD '000s	AUD '000s	AUD '000s	AUD '000s
		Audited			
Current assets					
Cash and cash equivalents	1	18,317	140	9,007	27,464
Trade and other receivables	2	2,039	3,492	(579)	4,952
Inventory		612	2,807	-	3,419
Investments		9,765	-	-	9,765
Prepayments and other		3,517	716	-	4,233
Total current assets		34,250	7,155	8,428	49,833
Non-current assets					
Other financial assets		6,148	-	-	6,148
Property, plant and equipment		12,389	2,401	-	14,790
Goodwill and Intangibles	3	1,392	-	70,086	71,478
Other		4,200	221	-	4,421
Total non-current assets		24,129	2,622	70,086	96,837
Total assets		58,379	9,777	78,514	146,670
Liabilities					

Adjustment note	Note	Wattle Health Australia Limited @ 30 June 2019	Blend and Pack Pty Ltd @ 30 June 2019	Pro-forma adjustments	Total consolidated Group Post Acquisition
Current liabilities					
Trade and other payables	4	4,687	913	(579)	5,021
Borrowings		375	62	-	437
Deferred revenue		-	3,485	-	3,485
Employee benefit provisions		159	234	-	393
Total current liabilities		5,221	4,694	-579	9,336
Non-current liabilities					
Borrowings	5	1,686	24	37,825	39,535
Employee benefit provisions		34	95	-	129
Total non-current liabilities		1,720	119	37,825	39,664
Total liabilities		6,941	4,813	37,246	49,000
Net assets		51,438	4,964	41,268	97,670
Equity					
Issued capital	6	74,900	551	44,688	120,139
Reserves		12,233	-	-	12,233
(Accumulated losses) / retained earnings		(35,489)	4,413	(4,413)	(35,489)
Equity attributable to the owners of Wattle Health Australia Limited		51,644	4,964	40,275	96,883
Non-controlling interest		(206)	-	993	787
Total equity		51,438	4,964	41,268	97,670

Notes to the pro-forma Statement of Financial Position

Note 1 – Cash

	AUD '000s
Cash position of Group before pro-forma adjustments	18,457
Effect of proforma adjustments	
Effect of capital raise at \$0.40 per share	25,000
Transaction costs associated with raise	(1,500)
Initial payment for the acquisition of Blend and Pack Pty Ltd	(14,493)
Total effect of pro-forma adjustments	9,007
Closing cash balance post transaction	27,464

Note 2 – Trade and other receivables

The pro-forma adjustment represents an elimination of an inter-company receivable balance between Wattle Health Australia Limited and Blend and Pack Pty Ltd.

Note 3 – Goodwill and Intangible Assets

The Goodwill adjustment of \$70.9 million represents the Goodwill created on acquisition of Blend and Pack Pty Ltd by Wattle Health Australia Limited. Under AASB 3 – Business Combinations the Wattle Health Australia Limited has up to 12 months to finalise the fair value of assets and liabilities acquired as part of the acquisition.

Note 4 – Trade and other payables

The pro-forma adjustment represents an elimination of an inter-company payable balance between Wattle Health Australia Limited and Blend and Pack Pty Ltd.

Note 5 - Borrowings

The pro-forma adjustment to borrowings relates to the discounted value of the deferred payment required to be made by Wattle Health Australia Limited in subsequent periods to finalise the acquisition of Blend and Pack Pty Ltd.

Note 6 – Issued Capital

	AUD '000s
Issued capital position of Group before pro-forma adjustments	75,451
Effect of proforma adjustments	
Effect of capital raise at \$0.40 per share, net of transaction costs	23,500
Cancellation of share capital in Blend and Pack Pty Ltd on acquisition by Wattle Health Australia Limited	(551)
Shares issued to Mason Group Limited in consideration for the shares of Blend and Pack Pty Ltd	21,739
Total effect of pro-forma adjustments	44,688
Closing cash balance post transaction	120,139

Note 7 – Contingent Assets and Liabilities

The Consolidated Group post acquisition has not contingent assets or liabilities.

**Consolidated pro-forma statements of financial position Wattle Health Limited
and Blend and Pack Pty Ltd 30 June 2019
(based on a maximum capital raise of \$39.7 million)**

Adjustment note	Note	Wattle Health Australia Limited @ 30 June 2019	Blend and Pack Pty Ltd @ 30 June 2019	Pro-forma adjustments	Total consolidated Group Post Acquisition
		AUD '000s	AUD '000s	AUD '000s	AUD '000s
		Audited			
Current assets					
Cash and cash equivalents	1	18,317	140	22,807	41,264
Trade and other receivables	2	2,039	3,492	(579)	4,952
Inventory		612	2,807	-	3,419
Investments		9,765	-	-	9,765
Prepayments and other		3,517	716	-	4,233
Total current assets		34,250	7,155	22,228	63,633
Non-current assets					
Other financial assets		6,148	-	-	6,148
Property, plant and equipment		12,389	2,401	-	14,790
Goodwill and Intangibles	3	1,392	-	70,086	71,478
Other		4,200	221	-	4,421
Total non-current assets		24,129	2,622	70,086	96,837
Total assets		58,379	9,777	92,314	160,470
Liabilities					
Current liabilities					
Trade and other payables	4	4,687	913	(579)	5,021
Borrowings		375	62	-	437
Deferred revenue		-	3,485	-	3,485
Employee benefit provisions		159	234	-	393
Total current liabilities		5,221	4,694	-579	9,336
Non-current liabilities					
Borrowings	5	1,686	24	37,825	39,535
Employee benefit provisions		34	95	-	129
Total non-current liabilities		1,720	119	37,825	39,664
Total liabilities		6,941	4,813	37,246	49,000
Net assets		51,438	4,964	55,068	111,470
Equity					
Issued capital	6	74,900	551	58,488	133,939
Reserves		12,233	-	-	12,233

Adjustment note	Note	Wattle Health Australia Limited @ 30 June 2019	Blend and Pack Pty Ltd @ 30 June 2019	Pro-forma adjustments	Total consolidated Group Post Acquisition
(Accumulated losses) / retained earnings		(35,489)	4,413	(4,413)	(35,489)
Equity attributable to the owners of Wattle Health Australia Limited		51,644	4,964	54,075	110,683
Non-controlling interest		(206)	-	993	787
Total equity		51,438	4,964	55,068	111,470

Notes to the pro-forma Statement of Financial Position

Note 1 – Cash

	AUD '000s
Cash position of Group before pro-forma adjustments	18,457
Effect of proforma adjustments	
Effect of capital raise at \$0.40 per share	39,700
Transaction costs associated with capital raise	(2,400)
Initial payment for the acquisition of Blend and Pack Pty Ltd	(14,493)
Total effect of pro-forma adjustments	22,807
Closing cash balance post transaction	41,264

Note 2 – Trade and other receivables

The pro-forma adjustment represents an elimination of an inter-company receivable balance between Wattle Health Australia Limited and Blend and Pack Pty Ltd.

Note 3 – Goodwill and Intangible Assets

The Goodwill adjustment of \$70.9 million represents the Goodwill created on acquisition of Blend and Pack Pty Ltd by Wattle Health Australia Limited. Under AASB 3 – Business Combinations the Wattle Health Australia Limited has up to 12 months to finalise the fair value of assets and liabilities acquired as part of the acquisition.

Note 4 – Trade and other payables

The pro-forma adjustment represents an elimination of an inter-company payable balance between Wattle Health Australia Limited and Blend and Pack Pty Ltd.

Note 5 - Borrowings

The pro-forma adjustment to borrowings relates to the discounted value of the deferred payment required to be made by Wattle Health Australia Limited in subsequent periods to finalise the acquisition of Blend and Pack Pty Ltd.

Note 6 – Issued Capital

	AUD '000s
Issued capital position of Group before pro-forma adjustments	75,451
Effect of proforma adjustments	
Effect of capital raise at \$0.40 per share, net of transaction costs	37,300
Cancellation of share capital in Blend and Pack Pty Ltd on acquisition by Wattle Health Australia Limited	(551)
Shares issued to Mason Group Limited in consideration for the shares of Blend and Pack Pty Ltd	21,739
Total effect of pro-forma adjustments	58,488
Closing cash balance post transaction	133,939

Note 7 – Contingent Assets and Liabilities

The Consolidated Group post acquisition has not contingent assets or liabilities.

Consolidated unaudited, notional pro-forma statement of financial performance
the consolidated Wattle Health Limited and Blend and Pack Pty Ltd for the 9
months ended 30 September 2019

	WHA	B&P	AASB 16 adjustment	Consolidated
Revenue and Other Income	\$ 1,754,123	\$ 13,310,805		\$ 15,064,928
Less Cost of Sales	\$ 347,477	\$ 4,650,621		\$ 4,998,098
Gross Profit	\$ 1,406,646	\$ 8,660,184		\$ 10,066,830
Stock Adjustments	\$ 4,730,264	\$ (42,993)		\$ 4,687,271
Employment Expense	\$ 2,098,457	\$ 3,985,518		\$ 6,083,975
Rent & Outgoings	\$ 83,136	\$ 599,255	\$ (682,391)	\$ -
Accounting & Audit	\$ 101,552	\$ 34,500		\$ 136,052
Advertising & Marketing	\$ 1,421,241	\$ 20,824		\$ 1,442,065
Warehousing Costs	\$ 58,949	\$ -		\$ 58,949
Research and Development	\$ 39,909	\$ 42,187		\$ 82,096
Electricity	\$ 4,793	\$ 71,459		\$ 76,252
Repairs & Maintenance	\$ 2,101	\$ 174,341		\$ 176,442
Filing Fees	\$ 147,596	\$ -		\$ 147,596
Insurance	\$ 87,130	\$ 95,882		\$ 183,012
Professional Development	\$ 3,341	\$ -		\$ 3,341
Motor Vehicle Expenses	\$ 562	\$ 82,098		\$ 82,660
Consultancy Expenses	\$ 688,457	\$ -		\$ 688,457
Registration	\$ 35,932	\$ -		\$ 35,932
Licenses	\$ 5,522	\$ 52,602		\$ 58,124
Legal & Professional Fees	\$ 876,403	\$ 15,480		\$ 891,883
Waste Disposal	\$ -	\$ 18,756		\$ 18,756
Packaging Expenses	\$ 68,814			\$ 68,814
Pest Control	\$ -	\$ 12,399		\$ 12,399
Computer Expenses	\$ 44,715	\$ 11,106		\$ 55,821
Travel	\$ 227,995	\$ -		\$ 227,995
Telephone	\$ 12,347	\$ 31,532		\$ 43,879
Office Supplies	\$ 21,616	\$ 8,909		\$ 30,525
Cleaning	\$ 9,812	\$ 21,015		\$ 30,827
Postage, Printing & Postage	\$ 27,008	\$ 10,609		\$ 37,617
Bank Fees	\$ 10,524	\$ 9,044		\$ 19,568

Donations	\$ 240,487	\$ 1,900		\$ 242,387
Freight	\$ 135,654	\$ 1,137		\$ 136,791
Security	\$ 480	\$ 1,587		\$ 2,067
CBDG Expenses	\$ 550,000	\$ -		\$ 550,000
Subscriptions	\$ 44,274	\$ 83,248		\$ 127,522
General	\$ 15,242	\$ -		\$ 15,242
Total Operating Expenses	\$ 11,794,313	\$ 5,342,395		\$ 16,454,317
EBITDA	\$ (10,387,667)	\$ 3,317,789		\$ (6,387,487)
Depreciation PPE and tight of use asset	\$ 2,550	\$ 353,028	\$ 350,000	\$ 705,578
EBIT	\$ (10,390,217)	\$ 2,964,761		\$ (7,093,065)
Other Interests	\$ -	\$ -		\$ -
Interest - Lease liabilities	\$ -	\$ 3,654	\$ 332,391	\$ 336,045
Net Profit (Loss) before Tax	\$ (10,390,217)	\$ 2,961,107		\$ (7,429,110)

3.5 Market Price of Shares

The highest and lowest closing market prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales, are:

Highest: \$0.53 on 29 September 2019

Lowest: \$0.53 on 29 September 2019 (being the last trading day since lodgement of Prospectus as WHA has been in suspension and no trading in its Shares since 29 September 2019).

The latest available market sale price of the Shares on ASX prior to the day of lodgement of this Prospectus with ASIC was \$0.53 on 29 September 2019. The Company's shares have been in voluntary suspension since 2 October 2019. Therefore, investors should consider that there may be a material change to the price at which the New Shares may trade after the Company's present suspension is lifted. Please see section 6.1 of this Prospectus for further information.

4. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

4.1 What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled (**your Entitlement**) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted (refer to Section 2.17 above).

As an Eligible Shareholder you may:

- » take up all or part of your Entitlement (refer to Section 4.2 below);
- » take up all of your Entitlement and apply for Additional Securities (refer to Section 4.3 below); or
- » allow all or part of your Entitlement to lapse (refer to Section 4.5 below).

Eligible Shareholders who take no action in respect of their Entitlement may receive no benefit and their Entitlement will lapse.

The Company is not required to determine whether or not any registered shareholder is acting as a nominee or the identity or residence of any beneficial owners of securities. Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed.

In accordance with ASX Listing Rule 7.12, a buyer under a contract note from a member organisation of ASX on or before the Record Date will be entitled to participate in the Entitlement Offer if a certified copy of the contract note is provided to the Company.

Ineligible Foreign Shareholders may not take any of the steps set out in Sections 4.2 to 4.3.

4.2 Taking up all or part of your Entitlement

You may take up all or part of your Entitlement by completing the Entitlement and Acceptance Form and attaching payment to reach Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (AEDT) on the Closing Date or by paying by BPay®.

The Offer Price for each New Share accepted under your Entitlement is payable on application. You have the following payment options:

- » By attaching to your completed Entitlement and Acceptance Form a cheque, bank or money order in Australian currency for the amount of your Application Monies to "**Wattle Health Australia Limited**" and crossed "**Not Negotiable**".
- » You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for in full the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared application monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

- » If paying via BPay®:
 - (i) Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPay® by the date and time mentioned above;
 - (ii) you must follow the instructions for BPay® set out in the Entitlement and Acceptance Form;
 - (iii) you do not need to return the Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and
 - (iv) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

4.3 Applying for Additional Securities

As detailed in Section 2.9 above, Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional Securities in excess of their Entitlements. If you wish to subscribe for Additional Securities in addition to your Entitlement, then you should nominate the maximum number of Additional Securities you wish to subscribe for on the Entitlement and Acceptance Form and make payment for your full Entitlement and the Additional Securities (at the Offer Price of \$0.40 for each Additional Share).

If your payment is being made by BPay®:

- » you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and
- » if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Securities which is covered in full by your Application Monies.

Eligible Shareholders who apply for Additional Securities may be allocated a lesser number of Additional Securities than applied for, or may be allocated no Additional Securities at all, in which case excess Application Monies will be refunded without interest (See Section 2.9 for further details).

4.4 Shortfall Offer

Other investors may also apply for New Shares under the Shortfall by completing a Shortfall application form upon invitation by the Company. All New Shares issued under the Shortfall Offer will be issued at the same Offer Price of \$0.40 per New Share. (See Section 2.10 for further details).

4.5 Allow all or part of your Entitlement to lapse

If you do not wish to allow all of your Entitlement to lapse, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps in Section 4.2. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up that part of your Entitlement. As this is a non-renounceable offer, your Entitlements are not tradeable. Refer to Section 2.8 for further information in relation to this.

4.6 Enquiries

If you have any questions about your Entitlement, please contact the Company's Share Registry, Computershare Investor Services Pty Limited, the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus. For advice on the Entitlement Offer, contact your stockbroker or other professional adviser.

4.7 Privacy

Applicants will provide personal information to the Company and the Share Registry. Company laws and tax laws require some of the information to be collected and kept. The Company will collect, hold and use the information provided by Applicants to process applications and to administer investments in the Company.

If the information requested in the Entitlement and Acceptance Form is not provided, the Company and the Share Registry may not be able to process the relevant application.

The Company may disclose personal information for purposes related to Shareholders' investments to the Company's agents and service providers. The types of agents and service providers that may be provided with personal information and the circumstances in which personal information may be shared are:

- (a) the Share Registry for ongoing administration of the shareholder register;
- (b) printers and other companies for the purpose of preparation and distribution of statements and for handling mail; and
- (c) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the New Shares and for associated actions.

The Company complies with its legal obligations under the *Privacy Act 1988* (Cth).

Shareholders may request access to their personal information held by (or on behalf of) the Company, and may be required to pay a reasonable charge to the Share Registry in order to access this personal information. Request for access to personal information should be made by writing to or telephoning the Share Registry, the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus.

5. RIGHTS AND LIABILITIES ATTACHING TO THE NEW SECURITIES

The Company is incorporated in Australia and is subject to the Corporations Act. As a company listed on ASX, the Company is also regulated by the Listing Rules.

The rights attaching to ownership of Shares (including New Shares) are described in the Constitution and are regulated by the Corporations Act, Listing Rules and the general law.

The New Shares will rank equally in all respects with, and have the same rights as, existing Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours. In applying for New Shares, the Applicant agrees that it and the New Shares to issue upon that exercise are bound by the terms of the Constitution.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

5.1 General Meetings and Notice

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

5.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- » each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- » on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder entitled to vote has one vote; and
- » on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder entitled to vote shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid Share, but in respect of partly paid Shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Shares.

5.3 Dividend Rights

While there is no guarantee of any dividends or distributions by the Company, the Directors may from time to time declare dividends in compliance with the Corporations Act. Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

5.4 Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

5.5 Transfer of Shares

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the Listing Rules.

5.6 Variation of Rights

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of Shareholders in the affected class, vary or abrogate the rights attaching to Shares.

6. RISKS

This section identifies some of the major risks associated with an investment in the Company. Eligible Shareholders should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which WHA intends to operate before any decision is made to subscribe for New Shares.

6.1 Speculative nature of investment

Eligible Shareholders should be aware that subscribing for New Shares involves various risks. The New Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. The latest available market sale price of the Shares on ASX prior to the day of lodgement of this Prospectus with ASIC was \$0.53 on 29 September 2019. The Company's shares have been in voluntary suspension since 2 October 2019. Therefore investors should consider that there may be a material change to the price at which the New Shares may trade after the Company's present suspension is lifted. The Company's business is also in its early growth stage, where it is continuing to build its branding and market penetration. Accordingly, an investment in New Shares in WHA should therefore be considered very speculative.

6.2 WHA's Loan Promissory Note with Mason- material funding risks

From the proceeds under this Entitlement Offer, at Completion the Company is to pay the initial cash completion payment to Mason of US\$10 million (less the cash deposit of US\$1 million already paid). The balance of the purchase price under the Share Purchase Agreement (namely US\$45 million) is to be reflected by the issue of equity securities to Mason (and or its nominees) at Completion to the value of US\$15 million and a Loan Promissory Note to the value of US\$30 million (as summarised in Section 7.5(d) below).

At present, WHA does not have sufficient cash resources to pay the amount under the Loan Promissory Note (i.e. US\$30 million) but WHA anticipates additional cash resources from (i) dividends from Blend & Pack; and (ii) payments and dividends from CBDG (after the CBDG plant is constructed and commissioned); (iii) increases in WHA's own brand product sales; and (iv) the potential to re-finance or raise capital to fund such payment obligations under the Loan Promissory Note.

However investors should note there is **no guarantee** the Company will have sufficient cash resources to pay the amounts due under the Loan Promissory Note.

6.3 WHA risk as a relatively new entrant

WHA is relatively a new entrant in the market for quality nutritional health and food products and, as an early stage growth company, WHA currently faces challenges in product development, profile / brand building and market penetration for its products (in both local and overseas markets).

These risks will in part turn upon the Company's ability to:

- continue to build its infrastructure (including the CBDG Plant) and product sourcing requirements in accordance with its vertical integration strategy;
- expand through new distribution channels (such as Chemist Warehouse) and continue to develop within Australian domestic and export markets for its products;
- ability to successfully commercialise its current formulations and being able to distribute the resulting new products;

- comply with regulatory requirements (reflecting the sensitive regulatory nature or highly regulated environment in which the Company's domestic and export infant formula are sold).

6.4 **WHA's investment in Blend & Pack carries risks**

WHA already owns a 5% shareholding in Blend & Pack and under the Share Purchase Agreement WHA proposes to acquire an additional 75% shareholding in Blend & Pack from Mason - in aggregate taking WHA's shareholding to 80% of Blend & Pack.

While WHA has included in this Prospectus the unaudited revenue performance for Blend & Pack (based on management accounts) for the first 9 months of calendar year 2019 - no forecast of future revenue of Blend & Pack is provided and past / historical performance (for example in terms of revenue performance) may not be indicative of future performance.

Blend & Pack operates a processing plant at Hallam and it is exposed to many of the risks typical for a processing plant using combustible materials. As a processor, Blend & Pack must continue to attract customers - some of whom may be competitive with WHA. In addition Blend & Pack's marketing advantage is its CNCA registration with the Chinese authorities and if that registration was lost or not renewed for any reason - this would materially impact on Blend & Pack's ability to retain and attract customers. As at the date of this Prospectus, the Company is aware that Blend & Pack has withdrawn the SAMR registration for its second brand spot. While historically Blend & Pack has not received any revenue relating to this second brand sport, in the future this may have a material impact on Blend & Pack's possible future revenue.

Additionally, the Company is required to pay a non-refundable deposit of US\$8.5 million under the Share Purchase Agreement (see Section 7.5(a) for more details). Except under limited circumstances, should WHA fail to meet any of the conditions precedent to the Share Purchase Agreement (including obtaining Shareholder Approval), WHA will forfeit the deposit of US\$8.5 million (which will result in the dilution of shareholdings for all existing Shareholders).

6.5 **WHA's investment in CBDG carries risks**

WHA's investment in the CBDG joint venture and its design, construction and operation carries significant risks including:

- (a) **Construction risk:** The construction of the CBDG Plant is currently underway, whilst the Company anticipates that the CBDG Plant will be commissioned in CY2020, there is no guarantee that there will not be delays or that the CBDG Plant will be commissioned. As previously announced, the Company has negotiated a fixed price construction contract which in itself involves counterparty risk in the experience and financial position of the building company retained for design, engineering, construction and commissioning of the proposed CBDG Plant. In addition there is the risk of warranty coverage for the commission / operating plant. CBDG has not taken out insurance for these counterparty risks.
- (b) **Operational risk:** After the construction of the CBDG Plant, there are risks inherent in the operation of a commercial scale spray drying facility. Such spray drying plants for example operate at high temperatures and limited tolerances - and its operation therefore has inherent risks. Further the proposed CBDG plant will only have access to limited storage tanks for wet milk (approximately 24 hours storage) and therefore disruption to the plant operation may adversely impact on the CBDG financial position (and WHA as a major investor / shareholder). It is intended that CBDG will seek to take out insurance cover for the plant costs and normal operational risks (as to be advised by an insurance broker to be retained).

- (c) **Supply risk:** There is a supply risk in having sufficient supply of wet organic milk for the spray dryer (when constructed, commissioned and operational) - which the Company has sought to mitigate (but cannot remove) with the CBDG supply agreement with ODFA. This supply agreement also involves counterparty risk in ODFA performing its supply obligations under that contract (having sufficient organic farmers to supply ODFA with wet organic milk, for ODFA in turn to supply CBDG under the Supply Agreement) and for no termination event occurring under the CBDG supply agreement with ODFA. For example ODFA may terminate the CBDG supply agreement if CBDG does not comply with its obligations under that agreement or if ODFA ceases to hold any shares in CBDG or if CBDG becomes insolvent.
- (d) **Offtake risk:** There is an offtake risk in CBDG sourcing sufficient offtake sales to pay for the spray dryer plant operation and for CBDG to pay for its minimum take obligations under the CBDG supply agreement with ODFA. CBDG (and in turn WHA as a 45% shareholder in CBDG) is exposed to prevailing market prices for dried milk powder and as a result market demand for its offtake product. While WHA has first rights over that offtake, there is no guarantee that WHA will have sufficient distributor / customer demand for its consumer products to take up the dried milk offtake from CBDG. This would adversely impact on CBDG's take or pay obligations under the CBDG Supply Agreement with ODFA.

6.6 China registration / regulatory risks

- (a) **SAMR registration risk:** Prior to January 2018, CIQ registration was required to sell infant formula products into China. While existing manufactured CIQ-registered infant formula can still be sold into China, after 1 January 2018 any newly manufactured infant formula must be SAMR-registered (previously known as CFDA-registered) to be imported and sold into China (i.e. this replaces the old CIQ registration process). WHA is seeking SAMR registration for a number of its infant formulations (as announced to the market). As at the date of this Prospectus, the approach of the Chinese regulators is still very uncertain and for example the Company is aware that Blend & Pack has withdrawn a SAMR application or registration for its second brand spot. WHA has not obtained SAMR registration for its infant formula products, nor for approximately the last 2 years is the Company aware of any new SAMR registrations being granted to Australian based companies.

SAMR registration is required for the exportation of infant formula into China and enables those products to be sold in all traditional retail channels. The rigorous requirements which must be satisfied in order to obtain SAMR registration may act as a barrier to entry for many other competitor businesses wanting to export their infant formula into China. Accordingly, SAMR registration is anticipated to be an important competitive advantage to WHA. However, there have been changes in the Chinese regulatory bodies and SAMR registrations have been delayed with no guarantee of issue. WHA cannot give any assurance that it will obtain SAMR registration for its infant formula, or when such registration will be achieved. As mentioned Blend & Pack has withdrawn its second SAMR brand spot (for a third party). Even where SAMR registration is achieved, the process required to maintain the SAMR registration is onerous and includes regular audits by the relevant authorities. If WHA was not able to obtain or maintain SAMR registration for its export infant formula products (for example, as a result of a change in government, legislation, or breach in its SAMR conditions) or if it became easier for competitors to obtain SAMR registration due to regulatory changes, this would adversely impact the financial performance of the Company in its ability to access the export markets in Asian countries. Presently SAMR registration is only required for sales into China and lack of SAMR registration would not prohibit or prevent sales into other Asian countries.

(b) CNCA manufacturing risk: From 1 January 2018, each manufacturer of infant formula must register each of its products with the SAMR in order for that infant formula to be sold in China. While Blend & Pack currently has a CNCA registration there is a risk that any such registration could be lost or not renewed - adversely impacting on Blend & Pack (and its ability to retain and attract customers) but also on WHA sourcing product processing from a CNCA registered processor.

6.7 Other business or operational risks

(a) Sufficiency of funding: WHA has limited financial resources and will need to raise additional funds from time to time to finance the complete development and commercialisation of its products and its other longer-term objectives. If WHA only raises the Minimum Subscription Amount, depending on future financial performance, it is likely that WHA in the future may require additional capital (debt or equity) for working capital and, if that occurs by way of an equity issue, there is no guarantee of the issue price at which such additional equity capital is raised and there is potential dilution for existing shareholders. If WHA for example raises additional capital by way of debt (subject to any approvals required under the Loan Promissory Note), there is also no guarantee of the terms such debt capital may be available or raised by WHA. The Company's ability to raise additional funds and the price at which any funds are raised, will be subject to, among other things, factors beyond the control of WHA and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by WHA on favourable terms, if at all.

(b) WHA may never achieve profitability. WHA has since incorporation incurred losses from its operations and there is no assurance that WHA will achieve profitability. While the Blend & Pack business has generated material revenue - neither WHA (in respect of its sales of own branded products) nor CBDG (which is in the process of construction of the CBDG Plant) have generated material revenue. Therefore no assurance can be given that WHA will achieve profitability - as for example a material part of its sales strategy is for the sale of its own branded product into the China markets and this requires SAMR registration (see section 6.6(a) above).

(c) Business strategy execution risk: The Company's future growth and financial performance is dependent on the Company's ability to successfully execute its business strategy. This will be impacted by a number of factors, including the Company's ability to:

- expand through new distribution channels and continue to develop within Australian domestic and export markets for its current commercialised products;
- ability to successfully commercialise its current formulations and being able to distribute these products;
- innovate and successfully commercialise new products that are appealing to the consumer;
- successfully commission the CBDG Plant;
- comply with regulatory requirements (reflecting the sensitive regulatory nature or highly regulated environment in which the Company's domestic and export infant formula are sold).

There can be no assurance that WHA can successfully achieve any or all of the above initiatives / strategies. The failure by WHA to successfully execute its business strategy could have a material adverse effect on the Company's business, financial condition and results of operations.

- (d) Reliance on key personnel:** WHA currently employs a number of key management personnel (including Dr. Tony McKenna as announced on 13 January 2020) and the Company's future depends on retaining and attracting suitably qualified personnel. WHA has included in its employment with key personnel provisions aimed at providing incentives and assisting in the recruitment and retention of such personnel. It has also, as far as legally possible, established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor or compete directly with the Company. Despite these measures, however, there is no guarantee that WHA will be able to attract and retain suitably qualified personnel, and a failure to do so could materially and adversely affect the business, operating results and financial prospects.
- (e) Limited history in the nutritional health and food products market risk:** WHA is relatively a new entrant in the market of quality nutritional health and food products (FMCG category). It therefore faces the risks common to any new company including:
- building its depth and infrastructure;
 - successfully obtaining market penetration and strategic partners to secure market share;
 - increasing its product / brand recognition; and
 - obtaining acceptance by the end consumers.

Investors should consider WHA's business and prospects in light of the risks, uncertainties, expenses and challenges that it may face as an early-stage business. If WHA is not successful in addressing such risks, WHA's business prospects and financial performance may be materially and adversely affected.

- (f) Manufacturing/production risks:** The manufacturing of quality nutritional health and food products is very complex and associated with uncertainties in relation to issues such as the costs of goods, manufacturing capacity for large scale manufacturing and the environment. Should difficulties or delays occur in the production of the Company's products (e.g. mechanical breakdowns), any increases in the cost of manufacturing such products or if adverse weather (such as fire, drought and flooding) halts or reduces production, such occurrences are likely to have an adverse material impact on the financial performance of the Company.
- (g) Counterparty risk:** As a party to many contracts and agreements, the Company will have various contractual rights in the event of non-compliance by a contracting party. However, no assurance can be given that all contracts will be fully performed by all contracting parties or in the case of a breach that the Company will be successful in securing compliance with the terms of each contract by the relevant counterparties to its contracts. There is also no assurance as to the financial strength of the parties to complete their obligations under the various contracts when such financial obligations fall due.
- (h) Logistics risk:** WHA is heavily reliant on out-sourced logistics. Accordingly, if an adverse event occurs such as a strike, poor logistics technology, increases in the price of energy, changes in transport services and the physical destruction of infrastructure (e.g. roads and railways), WHA (or its third party providers) may not be able to efficiently supply and deliver the Company's products. This may have an adverse impact on the Company's financial performance.
- (i) Reduced demand for the Company's products:** The future success of WHA will be reliant on the sustained and potential growth in demand for its products primarily in Australian domestic markets and export markets (in Asian countries). There is a risk that demand for such products may decrease for reasons outside the Company's control including the introduction of new taxes, aggressive selling by other countries

and similar / substitute products being made available. This may adversely affect the Company's financial performance.

- (j) **Competition risk:** The sale of quality nutritional health and food products in the FMCG category is highly competitive and includes large multinational consumer product companies with significantly greater financial, technical, human, development and marketing resources than the Company. Some of these competitors may be able to respond more effectively to changing business and economic conditions. Competition in nutritional health and food products is largely based on branding presence, pricing of products, quality of products, perceived value of products, in-store presence and visibility and, promotional activities (including online advertising). WHA cannot predict what its competitors will do in these areas or whether new competitors offering comparable products at more attractive prices will emerge. As a consequence, the Company's current and future products may become uncompetitive, resulting in adverse effects on revenue, margins and profitability. Additionally, WHA's ability to compete will also depend on a number of other factors such as the continued strength of the Company's brand and products and its ability to enter into new markets and increase its presence in existing markets.
- (k) **Product safety and liability risk:** Adverse events could expose WHA to product liability claims or litigation, resulting in product recall and/or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage. Additionally, product safety or quality failures (whether actual or perceived) or allegations of defective products, even when false or unfounded, could significantly damage the Company's reputation and reduce consumer demand for the Company's products resulting in adverse effects on revenue margins, profitability, the business and its operations.
- (l) **New product risk:** There is no guarantee WHA products as commercialised will be successful. Any failure to successfully launch and commercialise a new product may have a material adverse effect on WHA including loss of business opportunity and profitability. The risks with supplying a new product include but are not limited to costs (including advertising, promotional and marketing expenses) exceeding expectations and sales being less than expected due to customers not being willing to pay for the products.
- (m) **Customer credit risk:** A general decline in economic conditions or business downturn may negatively impact an existing retailer customer's ability to purchase the Company's products. Such financial difficulties could result in WHA reducing or ceasing its business with that retailer customer. Alternatively, WHA may extend further credit to its retailer customers. The Company's inability to collect such receivables (i.e. bad debts) from one or a group of retailer customers could have a material adverse effect on the Company's financial performance. If a retailer customer were to go into liquidation, WHA could incur additional costs if WHA decides to buy back the retailer customer's inventory of the Company's products to protect its brand.
- (n) **Currency risk:** Revenue and expenditures in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. Where a material proportion of the Company's revenue is in the future generated in foreign currencies, the Company will be exposed to the risk of changes in exchange rates of such foreign currency against the Australian dollar. Additionally, the Company's payment obligations under the Loan Promissory Note is in US dollars and the issue of equity securities to Mason (and/or its nominees) is based on issuing shares to the total value of US\$15 million. Accordingly:

- future payments under the Loan Promissory Note may exceed the budgeted expenditure if there are adverse currency fluctuations against the Australian dollar. WHA has no plans at this stage to hedge its foreign currency payments.
 - Mason may receive substantially more shares (with a dilutive impact on current Shareholders) if there is a material variation in the exchange rate prior to Completion under the Share Purchase Agreement.
- (o) **Reputational risk:** WHA's failure to protect its reputation or the failure of its third party suppliers or distributors to protect their reputation or failure in product quality from WHA's sourced manufacturers - all could have a material adverse effect on WHA including its brand and profitability. The Company's brand could be jeopardised if it fails to maintain a supply of high quality products or if the Company, or the third parties with whom it does business, fail to comply with regulations or accepted business practices (including ethical, social, product, labour and environmental standards, or related political considerations). Additionally, WHA depends on the reputations of its third party suppliers, which can be affected by matters outside of the Company's control. If damage were to occur to the Company's reputation or the reputation of its third party suppliers, the demand for the Company's products may be reduced and/or the Company's products may be boycotted. This will likely have an adverse effect on revenue margins, profitability and the Company's operations.
- (p) **Business disruption risk:** WHA is engaged in the development, sourcing and sale of quality nutritional health and food products. Accordingly, WHA is subject to the risks inherent in such activities, including environmental events, strikes and other labour disputes, industrial accidents, disruptions in supply chain, product quality control, safety and regulatory issues and other events outside of the Company's control including natural disasters.
- (q) **Growth risk:** Where commercialisation and market penetration of a product is successful, WHA may through lack of availability of products, materials, packaging, human resources or other unforeseen circumstances be unable to supply its products in a timely manner to meet the demand of its customers. Alternatively, even with market penetration, demand for food products similar to WHA's products may reduce for reasons not in the control of WHA. Such events could have an adverse effect on the reputation of WHA as well as its profitability.
- (r) **Market and consumer trend risk:** The Company's continued success depends on its ability to anticipate, react and adapt quickly to changes in industry trends as well as consumer preferences / attitudes toward its products. WHA must continually work to develop, commercialise and market new products and enhance the recognition of its branding. Failure to anticipate, react and adapt to industry trends in a timely and cost effective manner may affect the Company's financial results. Additionally, the increasing use of social media (such as Facebook, Instagram, Twitter, WeChat and Weibo) by consumers affects the speed at which information and opinions are shared, which may result in the rapid change of industry trends / consumer preferences. If WHA is unable to anticipate, respond and adapt to new trends in the market / changes to consumer preferences, the Company's financial performance may suffer.
- (s) **Regulatory risks:** WHA and its products are subject to various laws and regulations including but not limited to accounting standards, tax laws, environmental laws, product content requirements, labelling / packaging regulations, import and customs regulations. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Company's financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdiction's regulatory requirements (e.g. product registration

requirements). Additionally, if WHA fails to remain up to date with these various regulatory requirements, there is a risk that the Company's financial performance could be adversely affected.

- (t) **Changes to import or export trade barriers:** Any adverse changes to trade tariffs or duties, the subsidisation of local producers or the introduction of other important trade barriers could reduce the Company's profitability and make the exportation of such products financially unsustainable.
- (u) **Insurance coverage risk:** While WHA currently has in place what it reasonably believes to be sufficient levels of insurance to cover general and product liability, directors' and officers' liability and workers compensation claims, there is a possibility that events may arise which are not covered by the Company's insurance policies. In those circumstances, WHA will be liable to cover such costs regardless of the quantum. This could affect the Company's ability to conduct and operate its business.
- (v) **Information technology risks:** WHA relies and uses information technology in conducting its business including (but not limited to) using the internet to process, transmit and store electronic and financial information, for digital marketing purposes, to manage a variety of business processes and activities such as inventory control, financial management and reporting database management. If WHA is unable to protect against service interruptions, data corruption, cyber security breaches or network security breaches, the Company's business operations could be negatively affected. The Company's information technology systems (some of which may be managed by a third party), may be vulnerable to disruptions, damage or shutdowns as a result of failures during the process of upgrading or replacing software, computer viruses, power outages, hardware failures, computer hacking, user errors or other similar events. If the Company's information technology systems suffer severe damage, disruption or shutdown and WHA does not efficiently resolve such issues, the sale of the Company's product may be materially and adversely affected. While WHA will use all reasonable endeavours to prevent such security breaches, if WHA fails to do so, it may suffer financial and reputational damage and potentially penalties because of the unauthorised use and disclosure of confidential information belonging to WHA or to its distributors, customers or suppliers.

6.8 Stock Market Volatility

Regardless of the performance of the Company, the day to day performance of the share market and general share market conditions may affect WHA and the price at which it's Shares trade on a share market, such as the ASX. The share market has in the past and may in the future be affected by a number of matters including:

- economic conditions, in general terms and in particular to the industry that a business operates in;
- interest rates;
- market confidence;
- supply and demand for money;
- currency exchange rates;
- general economic outlook; and
- changes in government policy.

6.9 Prospective Information

No assurance as to future profitability or dividends can be given as they are dependent on successful product development, future earnings and the working capital requirements of the Company. There can be no guarantee that the assumptions on which the financial

forecasts and development strategies of the Board, or those upon which WHA bases its decisions to proceed, will ultimately prove to be valid or accurate. The forecasts and development strategies depend on various factors, many of which are outside the control of the Company. Changes in interest rates, exchange rates, government budgetary measures, relevant taxation and other legal regimes and Government policies may adversely affect the Company. The Board can give no assurance, however, that WHA's current business objectives can be met without future financing or, if future financing is necessary, that it can be obtained on favourable terms.

6.10 Concluding Comment

The above list of risk factors ought not to be taken as an exhaustive one of the risks faced by WHA 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 WHA and the value of the New Shares offered under this Prospectus. Therefore, the New 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 or price at which those New Shares may be traded.

Investment in WHA must be regarded as highly speculative and neither WHA nor any of its Directors or any other party associated with the preparation of this Prospectus guarantee that any specific objectives of WHA will be achieved or that any particular performance of WHA or of the New Shares, including those offered by this Prospectus, will be achieved.

7. ADDITIONAL INFORMATION

7.1 Nature of the Prospectus

This Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act which allows the issue of a transaction specific prospectus in relation to offers of securities (or options to acquire such securities) where those securities are of a class which have been quoted for 12 months before the date of that prospectus.

7.2 Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been a Director or officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

7.3 Taxation

The acquisition of Offer Securities and disposal of Offer Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the consequences of acquiring Offer Securities from a taxation viewpoint and generally.

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with subsequent disposal of any Offer Securities subscribed for under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Directors recommend that all Eligible Shareholders consult their own professional tax advisers.

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

7.4 Lead Manager Mandate

(a) Lead Manager Mandate

The Company has engaged JB Advisory Pty Ltd (**Lead Manager**) as lead manager to the Entitlement Offer.

Under the terms of engagement, the Company has agreed to pay the Lead Manager:

- » a management fee equal to 2% (plus GST) of all capital raised;
- » a capital raising fee of 4% (plus GST) for all funds raised under the Entitlement Offer; and
- » the Company has agreed to issue JB Advisory a total of 5 million unlisted options over the Company's Shares (**Lead Manager Options**). The Lead Manager Options will have a 3 year term and an exercise price of \$0.40 per Share, and shall be issued to JB Advisory (or nominee) within 2 business days' of the completion of the Entitlement Offer.

7.5 Material contracts

(a) Overview of the Blend & Pack transaction

On 15 November 2019 the Company announced that the Company and Mason have entered into a Share Purchase Agreement setting out the terms upon which the Company conditionally agreed to acquire a further 75% shareholding interest in Blend & Pack. As announced on 13 January 2020, the parties entered into a Deed of Amendment and Restatement to vary the terms of the Share Purchase Agreement.

The key commercial parameters of the Share Purchase Agreement are substantially unchanged from those disclosed in the 2019 Prospectus, including but not limited to:

- » the Company has conditionally agreed to acquire a further 75% shareholding interest in Blend & Pack. As previously noted, the Company currently holds a 5% shareholding interest in Blend & Pack. Accordingly, on Completion of the Share Purchase Agreement, the Company will have a combined shareholding interest of 80% in Blend & Pack; and
- » the total purchase price remains at US\$55 million.

The key changes to the Share Purchase Agreement relate to the Company's upfront payment obligations, the issue of equity securities to Mason (and/or its nominees) as part payment of the consideration (subject to Shareholder Approval) and timing of Completion. The Company has successfully renegotiated more favourable terms, specifically:

- » the Share Purchase Agreement now contemplates an upfront payment of US\$10 million (previously US\$30 million) with a deferred payment of US\$30 million (previously US\$25 million) via the Loan Promissory Note over a 5 year period. Please see Section 7.5(d) of this Prospectus for more information;
- » US\$15 million of the consideration payable is to be satisfied by the Company issuing to Mason (and/or its nominees) at Completion, Shares to the total value of US\$15 million at an issue price of \$0.40 using the exchange rate immediately prior to the date of Completion as set out on the website of the Reserve Bank of Australia (**SPA Consideration Shares**). The SPA Consideration Shares will be subject to a holding lock; and
- » Completion under the Share Purchase Agreement must occur by 29 February 2020.

ASX has indicated to the Company that, despite prior shareholder approval obtained on 16 December 2019 with respect to the acquisition of the Blend & Pack shares from Mason, given the change in structure, the ASX requires the Company to again obtain Shareholder Approval. In this manner, WHA Shareholders have the ultimate decision on whether WHA proceeds with the Blend & Pack share acquisition.

An Extraordinary General Meeting is anticipated to be held on Monday 24 February 2020. Full details of the Blend & Pack transaction are disclosed in the Notice of Meeting.

(b) Blend & Pack Share Purchase Agreement (amended)

A summary of the key terms of the amended Share Purchase Agreement are as follows:

- (i) **Condition Precedent:** Completion under the Share Purchase Agreement is subject to a number of conditions precedent being satisfied or waived (**SPA Conditions Precedent**). The SPA Conditions Precedent which are still to

be satisfied or waived (as of the date of this Prospectus) under the Share Purchase Agreement include:

- (A) the Company obtaining all necessary approvals required under the ASX Listing Rules and Corporations Act to give effect to the terms of the Share Purchase Agreement including the issue of the Equity Tranche Shares;
 - (B) the Company providing to Mason a construction report with respect to the CBDG Plant. Based on that report Mason, acting reasonably, is of the opinion that the construction of the CBDG Plant is progressing in accordance with the relevant construction schedule and that the actually incurred capital expenditure is in line with the expenditure projections of those items;
 - (C) the Company obtains consent to any encumbrances required under the secured Loan Promissory Note.
- (ii) **Consideration:** At Completion, the Company is to pay a total purchase price of US\$55 million to Mason for the purchase of the 75% shareholding interest in Blend & Pack. The purchase price of US\$55 million is to be satisfied by:
- (A) the payment of the non-refundable deposit of US\$8.5 million under the Deposit Promissory Note (see section 7.5(c) below);
 - (B) as to an additional US\$1.5 million in cash at Completion;
 - (C) US\$15 million is to be satisfied by the Company issuing to Mason WHA Shares at Completion to the total value of US\$15 million at an issue price of \$0.40 (being the **SPA Consideration Shares**); and
 - (D) as to US\$30 million by way of a Loan Promissory Note to be entered into at Completion (please see Section 7.5(d) below for more details).

The Share Purchase Agreement provides that the SPA Consideration Shares will be subject to escrow as follows:

- (A) 1/3rd of the number of SPA Consideration Shares (being shares to the value of US\$5 million) will be escrowed for a period of 12 months from the date of Completion under the Share Purchase Agreement; and
 - (B) 2/3rds of the number of SPA Consideration Shares (being shares to the value of US\$10 million) will be escrowed for a period of 24 months from the date of Completion under the Share Purchase Agreement.
- (iii) **Officer appointments:** Mason has the right to appoint a director and/or company secretary (which is to be a joint company secretary) to the board of WHA.
- (iv) **Warranties:** Mason has provided limited warranties to the Company regarding capacity, title, no encumbrances, accuracy of the Blend & Pack financial statements, changes in Blend & Pack financial performance since the date of the latest financial statements and confirmation Mason has not deliberately withheld from providing to the Company before the date of entry into the Share Purchase Agreement any information that is material to or would reasonably be required for the purpose of making an informed assessment of the value of the Blend & Pack shares.
- (v) **Termination:** Either party has the right to terminate if the SPA Conditions Precedent are not satisfied by 29 February 2020 (or such later date agreed

by the parties) or (in the case of the Company) there occurs a breach of its warranties prior to Completion.

- (vi) **Non Competition:** Mason has agreed not to compete and to use all reasonable efforts to procure that its associates do not compete with the Blend & Pack business for a period of 12 months from the Completion.

(c) Deposit Promissory Note

The Company has entered into a Deposit Promissory Note with Mason whereby the Company has already paid to Mason US\$1 million prior to the date of this Prospectus and has agreed to pay Mason a non-refundable amount of US\$7.5 million as follows:

- (i) where Completion occurs, the Company will pay US\$7.5 million in cash to Mason on Completion;
- (ii) where the Blend & Pack Share Purchase Agreement is terminated for any reason including the Company's failure to raise the Minimum Subscription Amount under this Entitlement Offer, subject to section 606 of the Corporations Act and ASX Listing Rule 7.1, the Company will issue Mason shares in the Company to the total value of US\$7.5 million calculated at the 5 day volume weighted average price on the termination date.

WHA is not required to pay the non-refundable deposit of US\$7.5 million in limited specified circumstances including where the Company exercises its termination rights under the Share Purchase Agreement where:

- (i) Blend & Pack CNCA is not in full force and effect or will not be in full force or effect at Completion;
- (ii) any litigation launched or claimed against GL Food or Blend & Pack, other than a member of the WHA Group or any of their associates after the date of agreement with a potential impact above a value of US\$2.75 million; or
- (iii) there has been a breach of certain warranties provided by Mason.

(d) Loan Promissory Note

The Company will enter into a loan promissory note for a total of US\$30 million (**Loan Promissory Note**) from Mason Resources Financial Limited CR No:1958779 (an associate of Mason Group Holdings Limited) (**Promisee**) for the balance of the purchase price under the Share Purchase Agreement. The Loan Promissory Note is to be issued on the completion date under the Share Purchase Agreement (**Completion Date**).

The Company has agreed to repay the Promisee the amount owing under the Loan Promissory Note as follows:

- (i) US\$6 million on the 3rd anniversary of the Completion Date;
- (ii) US\$9 million on the 4th anniversary of the Completion Date; and
- (iii) US\$15 million on the 5th anniversary of the Completion Date.

The Loan Promissory Note is subject to an annual interest rate of 3.33% payable on each anniversary of the Completion Date. The Loan Promissory Note is to be secured against all the assets of CBDG under the General Security Deed.

7.6 Continuous Disclosure and Documents Available for Inspection

This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 of the Corporations Act enables companies to issue transaction specific prospectuses where those companies are, and have been for a period of 12 months, disclosing entities.

The Company is a "disclosing entity" for the purposes of section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which requires it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete. The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it prior to the Closing Date:

- (a) the Annual Report for the financial year ended on 30 June 2019, being the annual financial report most recently lodged with ASIC by the Company; and
- (b) any continuous disclosure notices given by the Company after the lodgement of the Annual Report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC. Such notices are listed below under the heading "ASX Releases" in Section 7.7.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

7.7 ASX Releases

ASX releases of the Company since the date of lodgement of the Company's latest annual report and prior to the date of lodgement of this Prospectus are listed below:

Date	ASX Announcement title
23/01/2020	Notice of Extraordinary General Meeting/Proxy Form
23/01/2020	WHA Launches Rights Issue
23/01/2020	WHA to Commence Ranging of Uganic and Little Innoscents in Chemist Warehouse
21/01/2020	Update on Rights Issue
20/01/2020	Appendix 3X - TM
13/01/2020	Appendix 3Z – GS
13/01/2020	Appendix 3Z – LK
13/01/2020	Appointment of new MD & CEO and Board Changes
13/01/2020	Chemist Warehouse Update
13/01/2020	Nouriz Update
13/01/2020	WHA and Mason Reach Agreement on Revised B&P Transaction
09/01/2020	Update on B&P Transaction
02/1/2020	Update on Rights Issue Offer and B&P Transaction
16/12/2019	Results of Meeting
10/12/2019	Supplementary Prospectus
06/12/2019	WHA Signs Long Term Supply Agreement with Chemist Warehouse
27/11/2019	Results of Meeting
27/11/2019	AGM CEO Speech
22/11/2019	Appendix 3B

19/11/2019	Extension of Voluntary Suspension
19/11/2019	Notice of Extraordinary General Meeting/Proxy Form
19/11/2019	Letter to Optionholders
19/11/2019	Letter to Shareholders- Rights Issue Offer
19/11/2019	Ineligible Shareholder Letter
18/11/2019	Rights Issue Prospectus
15/11/2019	Appendix 3B
15/11/2019	Investor Presentation
15/11/2019	WHA Signs New Agreement to Acquire B&P and Rights Issue
15/11/2019	WHA Appoints New CEO and Interim Chairman
04/11/2019	WHA Signs Collaboration Agreement with Nouriz
01/11/2019	Appendix 4C – Quarterly Report
28/10/2019	Notice of Annual General Meeting/Proxy Form
02/10/2019	Voluntary Suspension from Official Quotation
30/09/2019	Trading Halt
23/09/2019	Response to ASX Price Query
20/09/2019	Corporate Governance Statement
20/09/2019	Appendix 4G

The Company may make further ASX announcements after the date of this Prospectus. Copies of the abovementioned announcements (as well as any further announcements) will be available on the ASX website, www.asx.com.au under the Company's code "WHA". You are advised to refer to the ASX's website and the Company's website for announcements or updates relating to the Company.

7.8 Information excluded from continuous disclosure notices

As at the date of this Prospectus, there is no information that has not been disclosed under the continuous disclosure requirements of the Listing Rules and which the Board considers would reasonably require in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to New Shares in the Company.

7.9 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the offer of New Shares; or
- (c) the offer of New Shares, other than as ordinary Shareholders;

and no amounts or benefits have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director to induce him or her to become, or to qualify him, as a Director; or for services rendered by him or her in connection with the promotion or formation of the Company or the offer of New Shares.

The current Directors' and their nominees' current shareholdings and interests in Shares and options (prior to the capital raising the subject of this Prospectus) are as follows:

	Dr. Tony McKenna	Peter Biantes (1)	Mr Eric Jiang (2)	Mr Kobe Li
Current Number of Shares	Nil	1,050,000	2,872,371	Nil
Current percentage holding	Nil	0.54%	1.48%	Nil
Current number of options	Nil	Nil	Nil	Nil
Maximum number of Shares following the Entitlement Offer ⁽²⁾	Nil	1,050,000	2,872,371	Nil
Maximum percentage of Shares following the completion of the Entitlement Offer	Nil	0.30%	0.81%	Nil

1. If Mr Peter Biantes takes up all of his entitlements under the Entitlement Offer, he will hold 1,575,000 shares being 0.44%. As at the date of this Prospectus, Mr Biantes has indicated that he will take up some or all of his entitlement under the Offer.
2. If Mr Eric Jiang takes up all of his entitlements under the Entitlement Offer, he will hold 4,308,556 being 1.22%. As at the date of this Prospectus, Mr Jiang has indicated that he will take up some or all of his entitlement under the Offer.

The remuneration currently paid (including superannuation and non-cash share based payments) to Directors or their nominees during the past two financial years preceding the lodgement of this Prospectus with ASIC is set out below:

Director	Remuneration (p.a.)
Dr. Tony McKenna	\$500,000*
Mr Peter Biantes - Non-Executive Chair	\$52,000
Mr Eric Jiang Non-Executive Director	\$52,000
Mr Kobe Li - Non-Executive Director/Company Secretary	\$90,000

*As announced on 13 January 2020, Dr. Tony McKenna's remuneration of \$500,000 per annum including superannuation is for his dual roles of CEO for CBDG and WHA. Dr. McKenna's current employment contract with CBDG entitles him to a total remuneration package of \$450,000 per annum. It is intended that each of CBDG and WHA will pay Dr. McKenna \$250,000 per annum including superannuation.

7.10 Related Party Transactions

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus.

7.11 Restricted securities

The Company as at the date of this Prospectus has 862,500 of its issued securities classified as 'restricted securities' (as defined in the Listing Rules).

7.12 Estimated Costs of the Entitlement Offer

If the Entitlement Offer is fully subscribed, the expenses of the Entitlement Offer (exclusive of GST) are estimated to be approximately as follows:

Expenses	\$
Lead Manager cash commission & Capital Raising Fee*	\$2,300,000
Legal (in the preparation of this Prospectus)	\$70,000
Printing, postage and share registry	\$15,000
Other	\$15,000
Total	\$2,400,000

If the Entitlement Offer is fully subscribed, the cash expenses of the Entitlement Offer alone (exclusive of GST) are estimated (from the table above) to be approximately **\$2.4 million**. In addition to the cash expenses of the Entitlement Offer, the Company has also agreed (subject to Shareholder Approval) to the Lead Manager 5 million unlisted options over the Company's Shares (being the **Lead Manager Options**).

The Lead Manager Options are valued at approximately \$1.78 million determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected daily price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The key assumptions used in the calculation are as follows;

- Grant date: Subject to Shareholder Approval, the grant date is expected to be on 28 February
- Expiry date: 36 months from grant
- Exercise price: \$0.40
- Volatility: 100%
- Dividend Yield: 0%
- Risk Free Rate: 1.5%
- Fair value at Grant Date: \$0.35748.

7.13 Consents and Interests of Parties

Each of the parties referred to in this Section does not make, or purport to make, any statement in this Prospectus other than as specified in this Section and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this

Prospectus other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified in this Section.

Lead Manager - JB Advisory Pty Ltd has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager to the offer of securities under this Prospectus, in the form and context in which it is named. JB Advisory Pty Ltd was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. JB Advisory Pty Ltd makes no express or implied representation or warranty in relation to the Company, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by JB Advisory Pty Ltd. To the maximum extent permitted by law, JB Advisory Pty Ltd expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Share Registry - Computershare Investor Services Pty Limited has given and not withdrawn its written consent to be named herein as the share registry to the Company in the form and context in which it is so named. Computershare Investor Services Pty Limited does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the 2 years before the date of this Prospectus, any interest in:

- » the formation or promotion of the Company;
- » property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of New Shares to this Prospectus; or
- » the offer of New Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of New Shares issued pursuant to this Prospectus.

7.14 Expenses of the Entitlement Offer

The total expenses of the Entitlement Offer are estimated to be approximately \$2,615,000 in cash (including commissions, ASIC lodgement fees, legal fees, accounting fees, share registry fees and printing and other administrative expenses) and an additional \$1.78 million in non-cash benefit being the value of the Lead Manager Options to be issued to JB Advisory Pty Ltd.

8. DIRECTORS' STATEMENT

Each Director of the Company has given, and has not withdrawn, their consent to the lodgement of this Prospectus with ASIC.

The Directors have made all reasonable enquiries in the preparation of this Prospectus 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 New Shares pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

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.



Dr Tony McKenna
Wattle Health Australia Limited

9. DEFINITIONS

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

\$ or AUD Australian dollar.

Additional Securities means New Shares applied for by an Eligible Shareholder that are in excess of the Eligible Shareholder's Entitlement.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application Monies means money payable by Applicants in respect of their applications for New Shares under the Entitlement Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or Australian Securities Exchange (as applicable).

ASX Settlement Operating Rules means ASX Settlement Pty Limited's operating rules.

Board means the board of Directors of the Company from time to time.

Business Day has the meaning ascribed to it in the Listing Rules.

Blend & Pack means Blend and Pack Pty Ltd ACN 124 152 941.

CBDG means Corio Bay Dairy Group Pty Ltd ACN 618 921 092.

CBDG joint venture means the incorporated joint venture conducted by CBDG (with its shareholders 50% ODFA, 45% WHA and 5% Niche Dairy Pty Ltd).

CBDG Plant means a powdered milk and infant formula spray drying plant being built by CBDG.

Constitution means the constitution of the Company.

CHESS means Clearing House Electronic Subregister System.

Closing Date means 5:00pm (AEDT) on 19 February 2020 (subject to the right of the Directors to change this date without notice).

Company or **WHA** means Wattle Health Australia Limited ACN 150 759 363.

Completion means the date which completion occurs under the Share Purchase Agreement.

Corporations Act means *Corporations Act 2001 (Cth)*.

CNCA means Certification and Accreditation Administration of the People's Republic of China or other applicable authorities in China issuing or granting CNCA Accreditation.

Directors means the directors of the Company in office at the date of this Prospectus.

Deposit means an amount equal to US\$8.5 million, made up of:

- a cash component of US\$1 million, plus
- a debt component, documented under the terms of the Deposit Promissory Note, in the amount of US\$7.5 million.

Deposit Promissory Note means the convertible promissory note in the amount of US\$7.5 million outlined in Section 7.5(c) of this Prospectus.

Eligible Shareholder has the meaning given in Section 2.1 and excludes an Ineligible Foreign Shareholder.

Entitlement means an Eligible Shareholder's entitlement to participate in the Entitlement Offer as it appears on the Entitlement and Acceptance Form.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus that sets out the Entitlements of Shareholders to subscribe for New Shares pursuant to the Entitlement Offer.

Entitlement Offer means the non-renounceable entitlement offer to Eligible Shareholders at the Record Date of 1 New Share for every 2 Shares held at the Offer Price.

Expiry Date has the meaning given to that term in the Important Notices section.

General Security Deed means a general security deed entered into between Mason (and/or a related body corporate of Mason) and the WHA group on or before completion under the Share Purchase Agreement pursuant to which the WHA group grants to Mason a first ranking security over all of their assets.

GL Food means GL Food Holdings Pte Limited.

Ineligible Foreign Shareholder means a Shareholder, at the Record Date whose registered address is not situated in Australia or New Zealand.

Lead Manager means JB Advisory Pty Ltd.

Lead Manager Options means the issue of 5 million unlisted options over the Company's Shares to the Lead Manager.

Listing Rules means the listing rules of the ASX as amended from time to time.

Loan Promissory Note means the loan note for US\$30 from Mason Resources Financial Limited CR No:1958779 (an associate of Mason Financial Group) as outlined in Section 7.5(d) of this Prospectus for the balance of the purchase price under the Share Purchase Agreement.

Minimum Subscription Amount is \$25 million, including the Shortfall Offer to Shareholders.

Mason means Mason Dairy Holdings Limited (Company number CT-322473).

Mason Financial Group means Mason Group Holdings Limited CR No: 0810394.

New Shares means the Shares to be issued under the Entitlement Offer.

ODFA means Organic Dairy Farmers of Australia Pty Ltd ACN 123 072 766.

Offer means the Entitlement Offer under this Prospectus.

Offer Document means this Prospectus.

Offer Condition has the meaning given to that term in the "Important Notice" Section.

Offer Price means \$0.40 per New Share.

Offer Securities means each of the New Shares under this Prospectus.

Opening Date means the opening date of the Entitlement Offer being 4 February 2020 (subject to the right of the Directors to change this date without notice).

Prospectus means this prospectus dated 23 January 2020.

Prospere Loan means the loan facility agreement with Prospere Advisor Limited company number HS-333282 (**Prospere**) whereby Prospere has granted to WHA a committed term loan facility in the principal amount of \$20 million.

Record Date means 7:00pm (AEDT) on 30 January 2020.

Rights means the right to subscribe for New Shares held at the Record Date pursuant to the Entitlement Offer.

SAMR means State Administration for Market Regulation (formerly known as CFDA) accreditation).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Shareholder Approval means Shareholder approval to be obtained at the Extraordinary General Meeting on or around 24 February 2020 as detailed in the Notice of Meeting dispatched by the Company and made available on the ASX website under the ticker code "WHA".

Shortfall or **Shortfall Shares** means those New Shares under the Entitlement Offer not applied for by Eligible Shareholders pursuant to the Prospectus by the Closing Date.

Share Purchase Agreement means the agreement between the Company and Mason for the purchase by the company of Mason's 75% shareholding in Blend & Pack as amended on 10 January 2020.

Share Registry means Computershare Investor Services Pty Limited.

Shortfall Offer means any Shortfall remaining after the satisfaction of applications for New Shares by Eligible Shareholders (including applications for Additional Securities made in accordance with Section 2.10).

WHA Group means the Company and CBDG.

2019 Prospectus means the Company's prospectus dated 18 November 2019 as supplemented on 10 December 2019.

Please note that references in this Prospectus to "Sections" are to sections of this Prospectus.

10. CORPORATE DIRECTORY

DIRECTORS

Peter Biantes - Non-Executive Chairman

Dr Tony McKenna - Group Chief Executive Officer and Managing Director

Eric Jiang - Independent Non-Executive Director

Mr Kobe Li - Independent Non-Executive Director

COMPANY SECRETARY

Mr Kobe Li

REGISTERED OFFICE & CONTACT DETAILS

17/71 Victoria Crescent Abbotsford, Victoria 3067

Telephone: +61 3 8399 9419

Facsimile: +61 3 8692 8676

ENTITLEMENT OFFER INFORMATION LINE

1300 850 505 or +61 (3) 9415 4000 (outside Australia)

Opening Hours: 8:30am and 5:00pm (AEDT) Monday to Friday until the Closing Date

WEBSITE

www.wattlehealth.com.au

Lead Manager

JB Advisory Pty Ltd

SHARE REGISTRY

Computershare Investor Services Pty Limited

For all enquiries:


Phone:
 (within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Web:
 www.investorcentre.com/contact

WHA

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:

 See overleaf for details of the Offer and how to make your payment

Non-Renounceable Pro-Rata Rights Issue — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm AEDT on Wednesday, 19 February 2020**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 23 January 2020.

Choose one of the payment methods shown below.

BPAY[®]: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Wattle Health Australia Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.


Turn over for details of the Offer →

Entitlement and Acceptance Form with Additional Shares

X 9999999991

I ND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000


Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at
7:00pm AEDT on 30 January 2020:

Entitlement to New Shares
on a 1 for 2 basis:

Amount payable on full acceptance
at \$0.40 per New Share:

STEP 2 Make Your Payment

	Bill Code: 999999 Ref No: 1234 5678 9123 4567 89
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Pay by Mail:



Make your cheque, bank draft or money order payable to "**Wattle Health Australia Limited**" and cross "**Not Negotiable**".

Return your cheque with the below payment slip to:

Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm AEDT on Wednesday, 19 February 2020. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Wattle Health Australia Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm AEDT on Wednesday, 19 February 2020. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Wattle Health Australia Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here -----

Wattle Health Australia Limited Acceptance Payment Details

Entitlement taken up:

Number of Additional New Shares applied for:

Amount enclosed at \$0.40 per New Share: **A\$**



Entitlement No: 12345678

Payment must be received by 5:00pm AEDT on Wednesday, 19 February 2020

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Contact Details

Contact Name _____ **Daytime Telephone** _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

123456789123456789+000000001-3051+14