



Wellard

ASX Announcement

3 April 2017

Wellard to raise \$52 million

Wellard Limited (**Wellard** or the **Company**, ASX:WLD) is pleased to announce a fundraising initiative to raise approximately \$52 million (before costs). The fundraising will be comprised of:

- a placement of 25 million new shares to sophisticated and institutional investors at \$0.24 per share to raise \$6 million (**Placement**);
- a fully underwritten non-renounceable pro rata entitlement offer on a 1-for-4 basis at an issue price of \$0.185 per share to raise approximately \$19.7 million (**Entitlement Offer**); and
- the issue of US\$20 million in convertible notes (**Convertible Notes**) to raise approximately \$26.3 million.

The Company has today also lodged with the ASX the offer document for the Entitlement Offer (**Offer Document**) which shareholders are urged to read in its entirety. The Offer Document includes fulsome details of the fundraising and its effect on the Company, an update of the Company's outlook and details of the identified risks relating to the Company.

Wellard CEO Mauro Balzarini said the fundraising would replenish working capital and enable the Company to focus on taking advantage of any changes to the commercial trading environment in live cattle exports.

“Following a prolonged period of very difficult trading conditions with reduced margins and cash flow, we needed to bolster the Company’s working capital position to enable the Company to negotiate better trading conditions, and strengthen the balance sheet, as well as improving our overall liquidity. Whilst demand from traditional markets has eased due to higher price pressure, Wellard believes volumes can return to historic levels with price reductions in Australia. As we expect an improvement in cattle supply over time, we need to be ready to capitalise on our competitive advantages in the marketplace if and when this eventuates.” he said.

ENTITLEMENT OFFER

Under the Entitlement Offer, Eligible Shareholders will be able to subscribe for 1 new share for every 4 existing shares they hold at an issue price of \$0.185 per share. The offer price represents a 24% discount to the volume weighted average trading price (**VWAP**) for the 15 days trading to 31 March 2017 (inclusive) of \$0.245.

THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT IS A SUMMARY ONLY AND IS INTENDED TO BE READ IN CONJUNCTION WITH THE ENTIRETY OF THE OFFER DOCUMENT.



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Eligible shareholders (**Eligible Shareholders**) are holders of existing shares who:

- are registered as holders of existing Wellard shares as at 7pm (Sydney time) on 11 April 2017 (**Record Date**); and
- have a registered address on the Wellard share register in Australia, New Zealand, Singapore, Hong Kong or Italy at that time.

Shareholders who do not satisfy the above criteria are **Ineligible Shareholders**.

The Entitlement Offer is fully but severally underwritten by Hongkong Fulida International Trading Company Limited (**Fulida**), Black Crane Capital Limited as investment manager and for and on behalf of the Black Crane Asia Opportunities Fund (**Black Crane**), Tradeinvest Asset Management Company (BVI) Ltd (**Tradeinvest**) and Heytesbury Pty Ltd (**Heytesbury**) (together, the **Underwriters**), and by Ms Giovanna Boveni Faroni (partner of CEO, Mauro Balzarini).

Wellard CEO Mauro Balzarini said “The quality of our underwriters demonstrates their long-term faith in the Wellard business. Fulida is a strategic partner in China where considerable opportunities exist in the marketplace for Wellard. Black Crane was heavily involved in the restructure of the finances of another listed company in Australia in the same sector as Wellard, so knows live export, and Heytesbury is one of the largest and longest-standing producers of cattle in Australia, with considerable exposure to the live export industry. We also welcome Innovation Bloom Limited as a new shareholder.”

All directors who have a relevant interest in shares (other than Mr Balzarini) have indicated they will take up their entitlement either in part or in full. Mr Balzarini does not hold any shares in his own name, however he has a relevant interest in the 80 million shares held by WGH Commodities, Land and Transport Pty Ltd (**WGH CLT**) and one share held by Camuna Pte Ltd. WGH CLT has indicated that it will not be taking up its Entitlement, however Mr Balzarini's partner, Ms Boveni Faroni, is taking up an underwriting position, indicating the Balzarini family's commitment to Wellard and to the fundraising.

Mr Balzarini said the inclusion of an Entitlement Offer as a major component of the fundraising was Wellard's preferred model as it provided existing shareholders with the right to participate, with support from the Company's major shareholders.

PLACEMENT

The Placement is expected to settle on 7 April 2017, which will make the holders of those new placement shares eligible to participate in the Entitlement Offer.

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The total number of shares expected to be issued by Wellard as a result of the Placement and Entitlement Offer is approximately 131.25 million. Further details of the effect of the Placement and the Entitlement Offer can be found below.

CONVERTIBLE NOTE ISSUE

In addition to the Placement and Entitlement Offer, Wellard has agreed to issue US\$20 million in Convertible Notes. The key terms of the Convertible Notes are:

- Coupon: 6% p.a. paid semi-annually;
- Conversion price: US\$0.21 (~\$0.28) per share; and
- Term: 36 months.

The Convertible Notes are denominated in US dollars and will be issued in two tranches:

- first tranche: 7,350,000 Convertible Notes having a total subscription value of US\$7.35 million, convertible into 35 million shares if fully converted, to be issued 5 business days after satisfaction of the conditions precedent. The first tranche will be issued using Wellard's placement capacity under Listing Rule 7.1; and
- second tranche: 12,650,000 Convertible Notes having a total subscription value of US\$12.65 million, convertible into approximately 60.2 million shares if fully converted, to be issued five business days after satisfaction of the conditions precedent, including Wellard shareholders approving the issue of the second tranche of Convertible Notes pursuant to Listing Rule 7.1 (as the issue would otherwise exceed Wellard's 15% placement capacity).

A more fulsome summary of the rights and liabilities attaching to the Convertible Notes is detailed in the Offer Document and shareholders are urged to read that document in its entirety.

The Wellard Board has indicated that it will unanimously recommend that shareholders approve the issue of the second tranche of the convertible notes at the shareholder meeting.

Each of WGH CLT, Ms Boventi Faroni, Fulida, Innovation Bloom Limited, and Heytesbury have indicated their intention to vote in favour of any resolution put to Wellard shareholders to approve the second tranche of the Convertible Notes.

The notice of meeting to approve the issue of the second tranche of the convertible notes is being prepared currently and will be dispatched to shareholders shortly.

Proceeds of the Convertible Notes are to be used for general working capital purposes.

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REASONS FOR THE FUNDRAISING

The purpose of the fundraising is to raise a total of approximately \$52 million (before costs) (assuming that the second tranche of the Convertible Notes are issued). The Placement and Entitlement Offer will raise approximately \$25.7 million (before costs). The Convertible Notes will raise US\$20 million (approximately \$26.3 million¹), of which approximately \$9.7 million will be received by the Company for the issue of the first tranche of the Convertible Notes.

The Company will use the funds raised from the Offers and the Placement (after costs) for:

- the purchase of the remaining 50% stake of the Wellao Agriculture Co., Ltd (China) (**Wellao**) from Fulida. Further details of Wellao can be found below and in the Offer Document; and
- working capital purposes.

Funds raised from the issue of the Convertible Notes will be used for working capital purposes.

CAPITAL STRUCTURE

The capital structure of the Company following the Placement and Entitlement Offer is expected to be as follows:

Detail	Number
Currently on issue	400,000,000
Placement shares to be issued	25,000,000
Total shares on issue prior to Record Date	425,000,000
Shares to be issued under the Entitlement Offer *	106,250,000
Total shares following completion of the Entitlement Offer*	531,250,000

*Subject to rounding.

In addition to the above, up to approximately 95.2 million additional shares may be issued if all of the Convertible Notes are converted into shares.

¹ based on USD/AUD exchange rate of 0.76

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SHORTFALL ALLOCATION POLICY

Unless otherwise agreed between the Company and the Underwriters, if there is a shortfall the Company will allocate shortfall shares (other than any shares to be subscribed for by Ms Giovanna Boventi Faroni pursuant to her underwriting agreement) according to the following priority:

- each Eligible Shareholder (other than an Underwriter) who has applied for shortfall shares will be allocated the shortfall shares applied for up to a maximum of 105,000 shares, having a value of \$19,425;
- if following the allocation above there remains a shortfall, each Eligible Shareholder (other than the Underwriters) who has applied for more than 105,000 shortfall shares will receive their pro-rata share of the remaining shortfall having regard to their holdings at the Record Date (if an Eligible Shareholder has made an application for shortfall shares for an amount less than the amount of shortfall shares that the Eligible Shareholders would otherwise be allocated under this process, the Eligible Shareholder will be allocated the amount applied for) up to a maximum of 270,000 shares (including the value of shares allocated under the above paragraph), having a total value of \$49,950 per Eligible Shareholder; and
- if following the above allocations, there remains a shortfall, those unallocated shortfall shares will then be allocated to the Underwriters in accordance with the underwriting agreements.

The shares to be subscribed for by Ms Giovanna Boventi Faroni pursuant to her underwriting agreement will not be allocated pursuant to the above allocation. These shares will instead be allocated to Ms Boventi Faroni in accordance with her underwriting agreement.

If there are remaining shortfall shares due to a default under or termination of any of the underwriting agreements, the Company reserves the right (subject to the terms of the remaining underwriting agreements) to proceed to allocate and issue the remaining shortfall shares within three months after the Closing Date at its absolute discretion.

PURCHASE OF REMAINING STAKE IN WELLAO JOINT VENTURE

Approximately \$2.8² million of the proceeds raised from the Placement and the Entitlement Offer will be used to purchase Fulida's 50% equity interest in Wellao. The Company has entered into an Equity Transfer Agreement (ETA) to facilitate the purchase. The purchase price is broadly equivalent to Fulida's previous contributions to Wellao.

² Based on USD/ AUD exchange rate of 0.76.

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The transfer of shares under the ETA will be conditional on a number of key matters, including:

- PRC legal and regulatory processes and approvals to effect the transaction;
- appropriate action being taken to change Wellao from joint venture status to a wholly owned foreign entity;
- standard warranties and undertakings as to the good standing of the Wellao joint venture; and
- Fulida entering into and funding its commitment to the Placement and the Entitlement Offer.

On completion of the acquisition the Company will own 100% of Wellao. This acquisition means that the Company will have full control of the Wellao operating company, including flexibility regarding the progress of construction, and the opportunity to find new business and joint venture partners with specialised industry experience and access to capital, supply chains and end markets in China.

Fulida has indicated that it will continue its involvement in Wellao and in the Company through its increased shareholding in the Company, and will continue to provide practical and strategic assistance to the Company in relation to the Chinese market.

“Fulida has demonstrated its commitment to the beef sector after its success in other industries in China. They understand Chinese market dynamics, and will assist Wellard’s board to make sure Wellard is best placed to become a significant player in the importation, fattening and slaughtering of live cattle, plus help Wellard to position its high-quality beef at the premium end of the market. At a strategic level, with the help of Fulida, Wellard is likely to seek a Chinese partner who operates in the sector” Wellard CEO Mauro Balzarini said.

BOARD CHANGES

Wellard is also pleased to announce its intention to make a new appointment to its board of Directors at conclusion of the Entitlement Offer. Mr Kanda Lu will join the board as a director of Wellard.

Mr Lu is the co-founder and General Manager of the Company's Wellao business. He is also the Assistant President at one of China's largest textile conglomerates, Fulida Group.

Mr Lu has a substantial capital markets background and has extensive experience in client relations. Before joining Fulida, he served at one of China's top financial institutions. His former positions include Head of Sales of Morgan Stanley Huaxin, Vice President (Institutional Client) of Ping An Securities and Senior Manager (Institutional Asset Management) of Dacheng Fund. Mr Lu graduated from Macquarie University, obtained a Master’s degree in International Relations with a Master’s degree in International Trade and Commerce Law, and a Bachelor’s degree in Commerce.

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“Kanda is a young and energetic person, who has built good relationships with local authorities and stakeholders, and has a significant knowledge of the Chinese market, a region identified as a significant growth driver for Wellard, and this will make him a valuable addition to the board,” said Wellard Chairman David Griffiths.

Mr Greg Wheeler, non-executive director, has agreed to retire from the board at the time that Mr Lu is appointed.

“On behalf of the Wellard board and all current and former staff, I would like to thank Greg for his commitment to Wellard over the past 6 years as both an executive and non-executive director,” said Wellard Chairman David Griffiths.

To further strengthen the Wellard Board, in consultation with major shareholders, the Company will also conduct a search for an additional non-executive director who will not be associated with any major shareholder and will likely be considered independent, with appropriate expertise and experience (having regard to the nature of the Company and the current composition of the Board), including in the context of a listed public company.

The Company will continue to monitor the skills and expertise set required by the board in accordance with Company's governance policies, including planning for the succession of the Chairman.

WELLARD FINANCIER - INTESA

It is a mandatory prepayment event under the Company's facility agreement with Intesa Sanpaolo S.p.A., Singapore Branch (**Intesa**), as amended, if, among other things, shares in the Company cease to be at least 12.50% directly or indirectly owned by Mauro Balzarini, Giovanna Boveni Faroni (his partner), and/or Marite Balzarini, Roberto Balzarini and Valentina Balzarini (his children) and/or entities that are directly or indirectly controlled by those Balzarini family members. Intesa's financing relates to Wellard's newest livestock vessel, the MV Ocean Shearer and has a current outstanding balance of US\$56 million. The 12.5% shareholding threshold will not be triggered by completion of the Placement or Entitlement Offer. However, there may be circumstances, including the conversion of the Convertible Notes under certain conditions, which may trigger the 12.5% shareholding threshold. Refer to the Offer Document for further information.

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PROPOSED TIMETABLE

The proposed timetable for the fundraising is as follows:

Indicative Key Dates for the fundraising	Date
Announcement of Entitlement Offer	3 April 2017
Placement settlement	7 April 2017
Issue and settlement of 1st tranche of Convertible Notes	10 April 2017
Shares trade Ex Entitlement	10 April 2017
Record date to determine entitlement (Record Date)	11 April 2017
Offer Document and Entitlement & Acceptance Form dispatched	13 April 2017
Entitlement Offer opens	13 April 2017
Entitlement Offer closes (Closing Date)	8 May 2017
Shortfall settlement date and Issue Date	15 May 2017
Trading of new shares issued under Entitlement Offer commences	16 May 2017

** The Company reserves the right, in consultation with the Underwriters, and subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Closing Date of the Entitlement Offer or accepting late applications, without notice. The commencement of quotation and trading of new shares is subject to confirmation from ASX.*

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DILUTION AND POTENTIAL EFFECT ON CONTROL

The following tables show the number of shares held by, and approximate voting power of, the Underwriters and Ms Boventi Faroni after completion of the Entitlement Offer, assuming different levels of acceptances by Eligible Shareholders and that no Eligible Shareholders or other investors apply for additional shares under the Shortfall Offer.

Entitlement Offer is Fully Subscribed (No Shortfall)

Underwriter	Date of Offer Document		As at Record Date (ie, following Placement)		Entitlement Offer is fully subscribed (no shortfall)	
	Number of shares ¹	Voting Power (%) ²	Number of shares ¹	Voting Power (%) ²	Number of shares ¹	Voting Power (%) ²
Fulida	69,940,999	17.49%	84,940,999	19.99%	106,176,249	19.99%
Heytesbury	37,925,741	9.48%	37,925,741	8.92%	47,407,177	8.92%
Black Crane	12,040,856	3.01%	12,040,856	2.83%	15,051,070	2.83%
Tradeinvest	-	-	7,500,000	1.76%	9,375,000	1.76%
Giovanna Boventi Faroni (includes shares held by WGH CLT which is an associate)³	80,000,001	20.00%	80,000,001	18.82%	100,000,002	18.82%

Entitlement Offer is Not Fully Subscribed (Various Levels of Shortfall)

Underwriter	75% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlements*		50% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlement*		0% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlement*	
	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹
Fulida	113,739,910	21.41%	124,060,330	23.35%	145,187,656	27.33%
Heytesbury	49,928,397	9.40%	53,368,537	10.05%	60,410,979	11.37%
Black Crane	15,681,375	2.95%	16,541,410	3.11%	18,302,021	3.45%
Tradeinvest	11,265,915	2.12%	13,846,020	2.61%	19,127,852	3.60%
Giovanna Boventi Faroni (includes shares held by WGH CLT which is an associate)³	100,000,002	18.82%	95,405,407	17.96%	85,405,406	16.08%

*In calculating the potential outcomes above, Wellard has assumed that approximately 0.9 million shares (approximately 0.22% of the total shares on issue at the date of this announcement) are owned by Ineligible Shareholders. These shares will be subscribed for by the nominee

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and are therefore excluded from any shortfall that Ms Boveni Faroni or the Underwriters may be required to underwrite. The actual number of shares held by Ineligible Shareholders may vary at the Record Date.

Note 1: Represents the number of shares in which each underwriter and its associates have a relevant interest (subject to rounding).

Note 2: Represents the voting power of each underwriter and its associates as a percentage (%).

Note 3: Ms Boveni Faroni, the partner of the Company's CEO and Managing Director, is a related party of the Company. However, the issue of shares to Ms Boveni Faroni pursuant to her underwriting agreement will not require shareholder approval pursuant to Listing Rule 10.11 as exception 2 of Listing Rule 10.12 will apply.

ADDITIONAL INFORMATION

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Document in its entirety.

The Entitlement Offer will be made under section 708AA of the *Corporations Act 2001* (Cth). Accordingly, the Company will not prepare or issue a prospectus or other disclosure document. The Company today released a copy of the Offer Document to the ASX and will dispatch a copy (including personalised entitlement and acceptance form) to all Eligible Shareholders on 13 April 2017. Those shareholders who the Company determines to be Ineligible Shareholders will also be notified of the Entitlement Offer.

Wellard is being advised by Azure Capital as financial adviser, and DLA Piper Australia and Ashurst Australia as legal advisers, in relation to the transaction, and by King & Wood Mallesons, Beijing, in relation to the Wellao ETA.

For further information:

Investors

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Visit www.wellard.com.au

Background – Wellard

Wellard is Australia's largest cattle exporter and a vertically integrated agribusiness.

Wellard has supplied quality dairy and beef cattle and sheep and goats to the world for more than 30 years. Based in Fremantle, Western Australia, the company's operations spans the world and cover every

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aspect of the livestock export chain, including livestock selection and aggregation, pre export quarantine facilities, feed milling, and a modern fleet of specialised “floating farms livestock carriers”.

Wellard is also involved in meat trade and owns and operates a modern abattoir in Western Australia, Beaufort River Meats, which processes up to 2,500 sheep and lambs a day, enabling Wellard to meet customer demand for both livestock and chilled meat.

Visit www.wellard.com.au

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Wellard Limited

ACN 607 708 190

OFFER DOCUMENT

For

A fully underwritten non-renounceable pro rata entitlement offer of one New Share for every four Shares held on the Record Date at an issue price of \$0.185 per New Share to raise approximately \$19.7 million (before costs).

THE ENTITLEMENT OFFER OPENS ON 13 APRIL 2017 AND CLOSSES AT 5.00PM (SYDNEY TIME) ON 8 MAY 2017. VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

PLEASE READ THE INSTRUCTIONS IN THIS OFFER DOCUMENT AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT UNDER THE ENTITLEMENT OFFER.

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.

AN INVESTMENT IN THE SECURITIES OFFERED BY THIS OFFER DOCUMENT SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE. PLEASE READ THE RISKS SECTION CAREFULLY WHEN YOU CONSIDER YOUR INVESTMENT.

NOT FOR RELEASE INTO THE UNITED STATES OR IN ANY JURISDICTION WHERE THIS DOCUMENT DOES NOT COMPLY WITH THE RELEVANT REGULATIONS.

Notice to nominees and custodians

Nominees and custodians may not distribute this Offer Document, and may not permit any beneficial shareholder to participate in the Offers, in any country outside Australia, New Zealand and Singapore except with the consent of the Company to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers.

IMPORTANT INFORMATION

General

This offer document (**Offer Document**) is issued pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by Wellard Limited ACN 607 708 190 and was lodged with ASX on 3 April 2017. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

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

No updates to Offer Document

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Application Forms

The Application Forms accompanying this Offer Document are important. An Application for New Shares under an Offer can only be submitted on an Application Form. If acceptance is by BPAY® there is no need to return an Application Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 4 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Application Form, you acknowledge that you have received and read this Offer Document and you have acted in accordance with the terms of the Offers detailed in this Offer Document.

Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offers are not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong, Singapore or Italy. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares to existing Shareholders in any jurisdiction other than Australia, New Zealand, Hong Kong, Singapore or Italy. This Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. If you are not a Shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. Accordingly, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Italy

The offering of the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the New Shares may be distributed in Italy and the New Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended (**Decree No. 58**), other than:

- to qualified investors (**Qualified Investors**), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended (**Regulation No. 11971**); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the New Shares or distribution of any offer document relating to the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such New Shares being declared null and void and in the liability of the entity transferring the New Shares for any damages suffered by the investors.

Speculative investment

An investment in New Shares should be considered highly speculative. Refer to Section 5 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Offer Document in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to New Shares.

This Offer Document does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Website

No document or information included on the Company's website is incorporated by reference into this Offer Document.

Diagrams

Any diagrams used in this Offer Document are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Offer Document.

Currency

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

Time

All references to time in this Offer Document are references to Sydney, Australia time, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms in Section 6.

Offer Document intended to be read in conjunction with publicly available information

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly

available information in relation to the Company before making a decision whether or not to invest, including the announcements made by the Company on 3 April 2017.

All announcements made by the Company are available from its website www.wellard.com.au or the ASX website www.asx.com.au.

CORPORATE DIRECTORY

Directors

Mr David Griffiths	Non-Executive Chairman
Mr Mauro Balzarini	Managing Director and Chief Executive Officer
Mr Philip Clausius	Non-Executive Director
Mr Greg Wheeler	Non-Executive Director
Mr John Klepec	Non-Executive Director

Company Secretary

Mr Michael Silbert	Company Secretary
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Registered Office

1A Pakenham Street
Fremantle WA 6160

Tel: +61 8 9432 2800

Fax: +61 8 9432 2880

Website: www.wellard.com.au

ASX Code: WLD

Share Registry

Link Market Services Limited
Level 4
152 - 158 St Georges Terrace
Perth WA 6000

Lawyers

DLA Piper Australia
Level 31
152 - 158 St Georges Terrace
Perth WA 6000

INDICATIVE TIMETABLE

Event	Date
Announcement of Entitlement Offer	3 April 2017
Lodgement of Appendix 3B, Offer Document and Cleansing Statement	3 April 2017
Notice of Entitlement Offer sent to Shareholders	7 April 2017
Shares quoted on an 'Ex' basis	10 April 2017
Record Date (7.00pm (Sydney time))	11 April 2017
Dispatch of Offer Document and personalised Entitlement and Acceptance Form to Eligible Shareholders	13 April 2017
Opening Date	13 April 2017
Closing Date (5.00pm (Sydney time))	8 May 2017
Notification of shortfall	11 May 2017
Anticipated date for issue of New Shares	15 May 2017
Anticipated date for dispatch of holding statements	15 May 2017

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors (subject to the agreement of the Underwriters) reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest in accordance with the Corporations Act.

CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board of Wellard Limited, I invite you to participate in the Entitlement Offer. This offer provides you with the opportunity to increase your investment in the Company and to further participate in the future of our company.

I encourage you to read this Offer Document in its entirety which includes the identified risks, an update of the outlook for the Company and proposed changes to the Board.

After careful deliberation, the Board has decided that the combination of a Placement and Convertible Notes issue (see the Company's announcement on 3 April 2017) combined with this Entitlement Offer, which together are targeted to raise approximately \$52 million (before costs), provides the best available combination of funding sources to the Company while providing existing Shareholders with the ability to participate at a lower price when compared to the corporations participating in the Placement and Convertible Notes.

The Company has seen its working capital and liquidity eroded by the extremely adverse conditions experienced in recent times. This funding package is an important raising for the Company which will help restore working capital and balance sheet liquidity.

Generating future shareholder value is our key focus and this Entitlement Offer together with the other funding initiatives will provide a number of benefits to the Company including:

- strengthening the Company's financial position which will assist with dealings with suppliers, customers and financiers;
- providing additional working capital for the Company, allowing it to trade in a less financially constrained manner;
- enable the Company to take full control of Wellao and allow it to work with Fulida to find a strong Chinese industry partner; and
- generally position the Company to take commercial advantage of the anticipated improvement in livestock trading conditions.

At the completion of the funding package the Board will invite Mr Kanda Lu to join the Board. Mr Greg Wheeler, who is CEO of WGH Holdings Pty Ltd, will step down from the Board and the Board will seek one further member who will not be aligned with any major shareholder and will likely be considered independent.

We are pleased to see that our newer large shareholders are supporting the funding package by way of direct participation in and/or underwriting of the Entitlement Offer.

This Entitlement Offer closes at 5.00pm (Sydney time) on 8 May 2017. To participate, you need to ensure that your completed Entitlement and Acceptance Form (with your Application Monies) is received by the Share Registry prior to this time. For information regarding how to accept your Entitlement and completion of the Entitlement and Acceptance Form, please refer to Section 4.

You are also offered the opportunity to apply for Shortfall Shares in the event that the Entitlement Offer is not fully subscribed. Please refer to Section 2.4 for further details.

While current trading conditions remain difficult, the Company will need to rely on the continued support of its bankers and financiers in the times ahead while earnings are not sufficient to comply with facility covenants.

An investment in the Company should be regarded as highly speculative. You should carefully read this Offer Document in its entirety and particularly Section 5 which outlines the identified risks and Section 3 which contains an update of the Company's outlook and also

discusses more fully the changes to the Board. If you have any doubts or questions in relation to the Entitlement Offer, your Entitlement or this Offer Document you should consult your stockbroker, accountant, solicitor or other independent professional advisor to evaluate whether or not to participate in the Entitlement Offer.

Yours faithfully

David Griffiths
Chairman

1. DETAILS OF THE FUNDRAISING

1.1 Background

On 3 April 2017 the Company announced that it was undertaking a fundraising initiative to raise a total of approximately \$52 million (before costs).

The Fundraising includes the Placement, Entitlement Offer and Convertible Note issue, further details of which are set out below.

The key purpose of the Fundraising is to replenish working capital.

1.2 Entitlement Offer

The Company is making a non-renounceable pro rata entitlement offer of New Shares at an issue price of \$0.185 each, on the basis of one New Share for every four Shares held on the Record Date, to raise approximately \$19.7 million (before costs) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act.

At the Record Date, the Company expects to have 425,000,000 Shares on issue. Approximately 106,250,000 New Shares may be issued under the Entitlement Offer (subject to rounding).

All of the New Shares will rank equally with the Shares on issue at the date of this Offer Document. Refer to Section 2.15 for a summary of the rights attaching to New Shares.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

This Offer Document is also for the offer of New Shares that are not applied for under the Entitlement Offer. Refer to Section 2.4 for further details of the Shortfall Offer.

1.3 Placement

On 3 April 2017 the Company announced a placement of 15,000,000 Shares to Hongkong Fulida International Trading Company Limited (**Fulida**), 7,500,000 Shares to Tradeinvest Asset Management Company (BVI) Ltd (**Tradeinvest**) and 2,500,000 Shares to Innovation Bloom Limited (**Innovation Bloom**), each at \$0.24 per Share to raise a total of \$6,000,000 (before costs) (together, **Placement**). A total of 25,000,000 Shares will be issued under the Placement on or around 7 April 2017, and the Shares issued under the Placement will have the same rights as the New Shares as detailed in Section 2.15. The Shares to be issued under the Placement will be issued using the Company's placement capacity under Listing Rule 7.1

Fulida, Tradeinvest and Innovation Bloom will be able to participate in the Entitlement Offer in respect of all Shares they hold at the Record Date, including the Shares issued under the Placement.

Further details of the Placement are in the Company's announcement lodged with ASX on 3 April 2017.

1.4 Convertible Notes

On 3 April 2017, the Company also announced an issue of US\$20 million in unsecured convertible notes (**Convertible Notes**). The issue of the Convertible Notes is to take place in two tranches:

- (a) First tranche: 7,350,000 Convertible Notes, having a total subscription value of US\$7.35 million, convertible into 35 million Shares if fully converted, to be issued 5 business days after satisfaction of the conditions precedent (**Tranche 1 Convertible Notes**). The Tranche 1 Convertible Notes will be issued using the Company's placement capacity under Listing Rule 7.1. Of the 7,350,000 Tranche 1 Convertible Notes, 1,947,750 will be issued to Black Crane Capital Limited as investment manager and for and on behalf of the Black Crane Asia Opportunities Fund (**Black Crane**), 5,145,000 will be issued to Tradeinvest and 257,250 will be issued to Penta Asset Management Limited (**Penta**); and
- (b) Second tranche: 12,650,000 Convertible Notes, having a total subscription value of US\$12.65 million, convertible into approximately 60.24 million Shares if fully converted, to be issued five business days after satisfaction of the conditions precedent, including Shareholders approving the issue of the second tranche of Convertible Notes pursuant to Listing Rule 7.1) (**Tranche 2 Convertible Notes**). Of the 12,650,000 Tranche 2 Convertible Notes, 3,352,250 will be issued to Black Crane, 8,855,000 will be issued to Tradeinvest and 442,750 will be issued to Penta.

A summary of the rights and liabilities attaching to the Convertible Notes is detailed below. The summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Noteholders.

Securities offered	Each Convertible Note is convertible into Shares, which will be listed on the ASX and rank equally with all other Shares.
Currency	United States dollars.
Face Value	US\$1.00 per Convertible Note.
Maturity Date	36 months after date of issue.
Conversion price	US\$0.21 per Share (subject to adjustment to the conversion ratio as set out below).
Interest	6% p.a. paid semi annually, provided that any accrued (but unpaid) interest in respect of a Convertible Note will also be paid on any redemption date or conversion date of that Convertible Note.
Ranking of Convertible Notes	Each Convertible Note will rank pari passu with all other unsecured and unsubordinated indebtedness of the Company except indebtedness preferred solely by operation of law.

<p>Conversion</p>	<p>Each Convertible Note is convertible into Shares at the election of the Noteholder, so long as the following conditions are satisfied:</p> <ul style="list-style-type: none"> (a) the conversion is for a minimum of 1,000,000 Convertible Notes (or, if less, the balance held by the Noteholder); (b) the conversion must not result in the Intesa Review Event being triggered; <p style="padding-left: 40px;">This condition ceases to apply 18 months after the issue date of the Tranche 1 Convertible Notes; and</p> <ul style="list-style-type: none"> (c) if the Noteholder is a foreign person, it must have obtained any FIRB approval it requires for its acquisition of the Shares. <p>If the Company receives a conversion notice from a Noteholder, the Company (subject to certain conditions) may, but is not obliged to, elect to cash settle instead of issuing Shares, by paying the Noteholder the 15 day volume-weighted-average-price (VWAP) of each Share that would otherwise have been issued. The right to cash settle only applies to the extent that the issue of Shares would result in the Shares ceasing to be at least 13.50% directly or indirectly owned by entities that are directly or indirectly controlled by the Balzarini Family Members.</p>
<p>Redemption and Repayment</p>	<p><i>At maturity:</i> The Company must redeem all Convertible Notes (to the extent they have not been redeemed or converted earlier) on the maturity date.</p> <p><i>At option of the Company:</i> The Company may at any time after the later of 18 months after the issue date of the Tranche 1 Convertible Notes and the date the Intesa Review Event ceases to apply, redeem Convertible Notes if the 7 day VWAP is equal to at least \$0.38.</p> <p><i>On default:</i> If an Event of Default occurs and while it is continuing, the Noteholders may demand immediate redemption of their Convertible Notes.</p>
<p>Financial covenant</p>	<p>The Convertible Notes include a financial covenant which requires Wellard Rural Exports Pty Ltd ABN 31 109 866 328 (WRE) to ensure that at all times the 'Working Capital Ratio' is at least 1.20:1.00. The 'Working Capital Ratio' is the ratio of:</p> <ul style="list-style-type: none"> (a) the sum of (A) all debts (excluding GST) invoiced by WRE that are not past 90 days, plus (B) the value of WRE's inventory, plus (C) all cash held by WRE, plus (D) A\$3,500,000 provided that Wellard Animal Processing Pty Ltd ABN 96 118 342 859 (WAP) owns the Beaufort River Meats business and has no outstanding Financial Indebtedness (essentially amounts incurred in the nature of borrowing) other than the Convertible Notes, the guarantee in favour of CBA for the Company's working capital facility or owing to the Company, WRE or Wellard Feeds Pty Ltd ABN 52 009 248 195 (WF) minus (E) trade creditors of WRE in respect of inventory, minus (F) any 'Financial Indebtedness' of WRE that ranks senior to the Convertible Notes;

	<p>to</p> <p>(b) the sum of (A) amounts outstanding under the Convertible Notes, plus (B) all other 'Financial Indebtedness' of WRE, minus (C) any 'Financial Indebtedness' of WRE that ranks senior to the Convertible Notes, minus (D) any 'Financial Indebtedness' owed by WRE to the Company, WAP, WF or any other Wellard group company that has agreed that 'Financial Indebtedness' owing to it by WRE will be subordinated while an Event of Default is continuing.</p> <p>Subject to certain conditions, if there is a breach of the financial covenant, it may be cured by a loan or equity being provided to WRE in such amount that the financial covenant (when tested on the basis of that loan or equity) is satisfied.</p>
<p>Events of Default</p>	<p>Including but not limited to:</p> <p>(a) non-payment by the Company or the guarantors of any amounts owing under the Convertible Notes;</p> <p>(b) breach of a financial covenant, that is not cured within 30 days;</p> <p>(c) any other obligation or representation by the Company or the guarantors under the Convertible Notes is breached and is not remedied within 15 business days;</p> <p>(d) cross default in respect of other 'Financial Indebtedness' of the Company or the guarantor, subject to A\$5 million threshold;</p> <p>(e) insolvency or insolvency proceedings of the Company or the guarantors; or</p> <p>(f) the Company is delisted from ASX, or its shares are suspended from ASX for more than 7 consecutive trading days (excluding trading halts).</p>
<p>Security</p>	<p>The Convertible Notes are unsecured.</p> <p>The Convertible Notes are guaranteed by the following subsidiaries of the Company:</p> <p>(a) WRE ;</p> <p>(b) WF; and</p> <p>(c) WAP.</p>
<p>Transferability</p>	<p>Convertible Notes are transferable to sophisticated investors or professional investors at the election of the Noteholder, subject to minimum transfer parcels of 1,000,000 Convertible Notes (or, if less, the balance held by the Noteholder), provided that the consent of the Company is required (not to be unreasonably withheld) unless an Event of Default has occurred and is continuing.</p>

Adjustment of conversion ratio	If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Convertible Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on shareholders.
ASX Listing	The Convertible Notes will not be quoted on the ASX or any other securities exchange.
Governing law	Western Australia, Australia.

Fulida, Heytesbury, Innovation Bloom, WGH CLT and Ms Boventi Faroni have confirmed that they intend to vote in favour of any resolution of Shareholders required to be passed in order to issue the Tranche 2 Convertible Notes.

1.5 Reasons for the Fundraising

The purpose of the fundraising is to raise a total of approximately \$52 million (before costs) (assuming that the issue of the Tranche 2 Convertible Notes is approved by Shareholders). The Placement and Offers will raise approximately \$25,656,250 (before costs). The Convertible Notes will raise US\$20 million (approximately \$26.3 million based on USD/AUD exchange rate of 0.76), of which \$9.7 million will be received by the Company for the issue of the Tranche 1 Convertible Notes.

The Company will use the funds raised from the Offers and the Placement (after costs) for:

- (a) the purchase of the remaining 50% stake of the Wellao Agriculture Co., Ltd (China) (**Wellao**) from Fulida. Refer to Section 3.4 for details of the Wellao; and
- (b) working capital purposes.

The Company intends to apply the funds raised from the Offers and Placement as follows:

Description	\$
Purchase of remaining 50% in Wellao (as announced)*	2,775,000
Working capital	20,756,250
Estimated costs of the Offers and Placement**	2,125,000
Total	25,656,250

*Based on USD/ AUD exchange rate of 0.76. If the purchase of the remaining 50% in Wellao does not complete, these funds will instead be used for working capital purposes.

** Total estimated costs of the Offers, Placement and the Convertible Note issue is estimated to be \$2.35 million, of which \$0.22 million has already been paid.

The above table is a statement of the Board's intentions as at the date of this Offer Document. The allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

Funds raised from the issue of the Convertible Notes will be used for working capital purposes.

1.6 Capital structure

On the basis that the Company completes the Placement and the Offers, the Company's capital structure will be as follows:

	Number of Shares
Balance as at the date of this Offer Document	400,000,000
To be issued under the Placement on or around 7 April 2017	25,000,000
Total following Placement	425,000,000
To be issued under the Offers*	106,250,000
Total following Placement and Offers*	531,250,000

*Subject to rounding.

Assuming the Convertible Notes are converted to Shares (following completion of the Placement and the Offers), the overall capital structure of the Company will be as follows:

	Number of Convertible Notes*	Number of Shares*
Upon conversion of all Tranche 1 Convertible Notes	12,650,000	566,250,000
Upon conversion of all Convertible Notes (Tranche 1 Convertible Notes and Tranche 2 Convertible Notes)	-	626,488,095

*Subject to rounding.

In addition, the Company may issue options to certain employees pursuant to the Wellard Executive Share Option Plan that was approved by Shareholders at the Company's 2016 AGM. Shareholder approval will be required where the Company wishes to issue options under that plan to related parties.

2. FURTHER DETAILS OF THE ENTITLEMENT OFFER

2.1 Minimum subscription

There is no minimum subscription for the Entitlement Offer. The Entitlement Offer is fully underwritten on the terms detailed in Section 2.6.

As detailed in Section 2.5, if there are remaining Shortfall Shares due to a default under or termination of any of the Underwriting Agreements or the Boventi Underwriting Agreement, the Company reserves the right (subject to the terms of the remaining Underwriting Agreements) to proceed to allocate New Shares under the Offers (including to the Underwriters and Ms Boventi Faroni as applicable) and to issue the remaining Shortfall Shares within three months after the Closing Date at its absolute discretion.

2.2 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Entitlement Offer is determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Acceptance of a completed Entitlement and Acceptance Form and Application Monies by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If an Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

2.3 No rights trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other party. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will lapse.

2.4 Shortfall Offer

Any New Shares under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Offer Document (**Shortfall Offer**).

Under this Offer Document, the Company offers to issue the Shortfall Shares to investors at \$0.185 each, being the same price as the New Shares being offered under the Entitlement Offer.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors (subject to the agreement of the Underwriters) reserve the right to extend the date that the Shortfall Offer closes by up to three months after the closing date of the Entitlement Offer, without prior notice.

Eligible Shareholders may apply for Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 4.1(b) for further details). Other investors may only apply for Shortfall Shares upon invitation from Company, by completing and returning the Shortfall Acceptance Form which will be sent with this Offer Document to the parties to whom the Company makes Shortfall Offers (refer to Section 4.3).

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated within three months after the Closing Date.

2.5 Shortfall allocation policy

Unless otherwise agreed between the Company and the Underwriters, if there is a Shortfall the Company will allocate Shortfall Shares (other than the Boventi Shortfall Shares) according to the following priority:

- (a) each Eligible Shareholder (other than an Underwriter) who has applied for Shortfall Shares through the Shortfall Offer will be allocated the Shortfall Shares applied for up to a maximum of 105,000 New Shares, having a value of \$19,425;
- (b) if following the allocation in paragraph (a) there remains a Shortfall, each Eligible Shareholder (other than the Underwriters) who has applied for more than 105,000 Shortfall Shares through the Shortfall Offer, will receive their pro-rata share of the remaining Shortfall having regard to their holdings at the Record Date (if an Eligible Shareholder has made an application for Shortfall Shares for an amount less than the amount of Shortfall Shares that the Eligible Shareholders would otherwise be allocated under this process, the Eligible Shareholder will be allocated the amount applied for) up to a maximum of 270,000 New Shares (including the value of Shares allocated under paragraph (a)), having a total value of \$49,950 per Eligible Shareholder; and
- (c) if following the above allocations, there remains a Shortfall, those unallocated Shortfall Shares will then be allocated to the Underwriters in accordance with the Underwriting Agreements.

The Boventi Shortfall Shares will not be allocated pursuant to the above allocation. The Boventi Shortfall Shares will instead be allocated to Ms Boventi Faroni in accordance with the Boventi Underwriting Agreement.

If there are remaining Shortfall Shares due to a default under or termination of any of the Underwriting Agreements or the Boventi Underwriting Agreement, the Company reserves the right (subject to the terms of the remaining Underwriting Agreements) to proceed to allocate New Shares under the Offers (including to the Underwriters and Ms Boventi Faroni as applicable) and to issue the remaining Shortfall Shares within three months after the Closing Date at its absolute discretion.

2.6 Underwriting

The Entitlement Offer is fully but severally underwritten by Fulida, Black Crane, Tradeinvest and Heytesbury (the **Underwriters**) pursuant to underwriting agreements between each of them (**Underwriting Agreements**) and by Ms Boventi Faroni pursuant to an underwriting letter between Ms Boventi Faroni and the Company (**Boventi Underwriting Agreement**).

As detailed in Section 2.5, if there are remaining Shortfall Shares due to a default under or termination of any of the Underwriting Agreements or the Boventi Underwriting Agreement, the Company reserves the right (subject to the terms of the remaining Underwriting Agreements) to proceed to allocate New Shares under the Offers (including to the Underwriters and Ms Boventi Faroni as applicable) and to issue the remaining Shortfall Shares within three months after the Closing Date at its absolute discretion.

Underwriting Agreements

Pursuant to the Underwriting Agreements, the Underwriters have agreed to underwrite the Shortfall Shares remaining after the Company has determined which New Shares it will issue in accordance with:

- (a) the allocation policy detailed in Sections 2.5(a) and 2.5(b); and
- (b) the Boventi Underwriting Agreement,

at the issue price of \$0.185 per New Share in the following proportions:

- (c) Fulida: 60%;
- (d) Heytesbury: 20%;
- (e) Tradeinvest: 15%; and
- (f) Black Crane: 5%.

The obligations of each Underwriter are subject to a number of conditions precedent, including:

- (g) the Company having completed the Placement;
- (h) the Company having issued the Tranche 1 Convertible Notes; and
- (i) as at 4pm (WST) on the Settlement Date, each other Underwriter and Ms Boventi Faroni having fulfilled their respective obligations that are required to be fulfilled up to that time and each other Underwriting Agreement and the Boventi Underwriting Agreement remain valid, subsisting and no party being in breach of any of their respective obligations.

The Company has agreed to pay each Underwriter a fee of 3% of the amount equal to the number of New Shares less the Boventi Shortfall Shares multiplied by the Underwriter's underwriting proportion, less the Underwriter's Entitlement, and then multiplied by the issue price of \$0.185.

Each Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

Each Underwriter may terminate its obligations under its Underwriting Agreement if any one or more of the events described in Schedule 1 occurs at any time prior to the Closing Date.

If one or more of the Underwriters terminate their Underwriting Agreements (the **Terminating Underwriter(s)**), the remaining Underwriter(s) each have the option (but not the obligation) to assume the obligations of the Terminating Underwriter(s):

- (a) if there are no other remaining Underwriters, in full; or
- (b) if there are one or more other remaining Underwriters, the obligations of the Terminating Underwriter(s) pro-rata in proportion to the remaining Underwriter(s) underwriting as a proportion of the combined underwriting of the Underwriter and the remaining Underwriters who also choose to assume the Terminating Underwriters' obligations,

by providing notice in writing to the Company.

If an Underwriter assumes the obligations of the Terminating Underwriters, then the Underwriter, in addition to the fees to which it is already entitled, will also be entitled to a proportion of the fees that would have been payable to the Terminating Underwriters if the Terminating Underwriters had not exercised their right of termination which is equal to the proportion of the Terminating Underwriters' obligations that it has assumed.

Boventi Underwriting Agreement

Ms Giovanna Boventi Faroni (partner of the Company's CEO and Managing Director, Mauro Balzarini) has agreed to underwrite the Entitlement Offer up to a maximum of 5,405,405 New Shares (**Boventi Underwritten Shares**). Ms Boventi Faroni will be required to subscribe for Shortfall Shares pursuant to the Boventi Underwriting Agreement as follows:

- (a) if the number of New Shares in WGH CLT's Entitlement that are not taken up by WGH CLT is more than 5,405,405, Ms Boventi Faroni will be required to subscribe for 5,405,405 New Shares; or
- (b) if the number of New Shares in WGH CLT's Entitlement that are not taken up by WGH CLT 5,405,405 or less, Ms Boventi Faroni will be required to subscribe for such number of New Shares in WGH CLT's Entitlement that are not taken up by WGH CLT,

(Boventi Shortfall Shares).

Pursuant to the Boventi Underwriting Agreement, the Boventi Underwritten Shares may be subscribed for by Ms Boventi Faroni or a 'Relative' (as defined in the Intesa Facility Agreement) or any entity controlled by a 'Relative'.

If there is a Shortfall, the Boventi Underwriting Agreement will take priority over the Shortfall Offer and the Underwriting Agreements.

The Company will pay Ms Boventi Faroni an underwriting fee of \$30,000 (being approximately 3% of the value of the Boventi Underwritten Shares on satisfaction of Ms Boventi Faroni's obligations under the Boventi Underwriting Agreement.

Ms Boventi Faroni will have the right to terminate the Boventi Underwriting Agreement if any Underwriter terminates its Underwriting Agreement and the Company is unable to replace that Underwriter with another on terms that are materially the same or an Underwriter withdraws due to a condition precedent to an Underwriting Agreement failing to be satisfied or waived.

The Company considers that entering into the Boventi Underwriting Agreement is in the best interests of the Company as it will assist to mitigate the risk that Balzarini Family Shareholding Condition is triggered post conversion of the Convertible Notes, even if the WGH Options are exercised.

Refer to Section 3.3 for further details on the Balzarini Family Shareholding Condition and its potential consequences, and the WGH Options.

Ms Boventi Faroni, partner of the Company's CEO and Managing Director, is a related party of the Company. However, the issue of Shares to Ms Boventi Faroni pursuant to the Boventi Underwriting Agreement will not require Shareholder approval pursuant to Listing Rule 10.11 as exception 2 of Listing Rule 10.12 will apply.

2.7 Commitments to take up Entitlements

Each Underwriter and Innovation Bloom has agreed that it will accept its Entitlement in full subject to the Company having completed the Placement and the issue of the Tranche 1 Convertible Notes prior to the Record Date.

2.8 Dilution and potential effect on control

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by the following percentages:

	After the Placement	After the Entitlement Offer	If all Convertible Notes are converted
Compared to shareholding at the date of the Offer Document	6%	25%	36%
Compared to shareholding at the Record Date	-	20%	32%

As at the date of this Offer Document, Fulida is a substantial Shareholder and has a relevant interest in 69,940,999 Shares (constituting a voting power of 17.49%). At the Record Date, Fulida will hold an additional 15,000,000 Shares issued under the Placement, resulting in Fulida having a relevant interest in 84,940,999 Shares (constituting a voting power of 19.99%). Fulida has agreed to subscribe for its full Entitlement. Further, as noted in Section 2.6, Fulida is partially underwriting the Entitlement Offer.

As at the date of this Offer Document, Black Crane has a relevant interest in 12,040,856 Shares (constituting a voting power of 3.01%). Black Crane is not participating in the Placement and therefore its voting power will not increase as a result of the Placement. Black Crane has agreed to subscribe for its full Entitlement. Further, as noted in Section 2.6, Black Crane is partially underwriting the Offer. As noted in Section 1.4, Black Crane will also be issued 1,947,750 Tranche 1 Convertible Notes and, subject to satisfaction of the conditions precedent, be issued 3,352,250 Tranche 2 Convertible Notes.

As at the date of this Offer Document, Tradeinvest does not hold a relevant interest in Shares. At the Record Date, Tradeinvest will hold 7,500,000 Shares issued under the Placement (constituting a voting power of 1.76%). Tradeinvest has agreed to subscribe for its full Entitlement. Further, as noted in Section 2.6, Tradeinvest is partially underwriting the Entitlement Offer. As noted in Section 1.4, Tradeinvest will also be issued 5,145,000 Tranche 1 Convertible Notes and, subject to satisfaction of the conditions precedent, be issued 8,855,000 Tranche 2 Convertible Notes.

As at the date of this Offer Document, Heytesbury is a substantial Shareholder and has a relevant interest in 37,925,741 Shares (constituting a voting power of 9.48%). Heytesbury is not participating in the Placement and therefore its voting power will not

increase as a result of the Placement. Heytesbury has agreed to subscribe for its full Entitlement. Further, as noted in Section 2.6, Heytesbury is partially underwriting the Entitlement Offer.

As at the date of this Offer Document, Ms Boventi Faroni has a relevant interest in 80,000,001 Shares (constituting a voting power of 20.00%), including those Shares held by WGH CLT and its affiliates. As noted in Section 2.6, Ms Boventi Faroni is partially underwriting the Entitlement Offer. Ms Boventi Faroni, as the partner of the Company's CEO and Managing Director, is a related party of the Company. However, the issue of Shares to Ms Boventi Faroni pursuant to the Boventi Underwriting Agreement will not require Shareholder approval pursuant to Listing Rule 10.11 as exception 2 of Listing Rule 10.12 will apply.

The following tables show the number of Shares held by, and approximate voting power of, the Underwriters and Ms Boventi Faroni after completion of the Entitlement Offer, assuming different levels of acceptances by Eligible Shareholders and that no Eligible Shareholders or other investors apply for additional shares under the Shortfall Offer.

Entitlement Offer is fully subscribed (no Shortfall)

Underwriter	Date of Offer Document		As at Record Date (ie, following Placement)		Entitlement Offer is fully subscribed (no Shortfall)	
	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²
Fulida	69,940,999	17.49%	84,940,999	19.99%	106,176,249	19.99%
Heytesbury	37,925,741	9.48%	37,925,741	8.92%	47,407,177	8.92%
Black Crane	12,040,856	3.01%	12,040,856	2.83%	15,051,070	2.83%
Tradeinvest	-	-	7,500,000	1.76%	9,375,000	1.76%
Giovanna Boventi Faroni (includes Shares held by WGH CLT which is an associate) ³	80,000,001	20.00%	80,000,001	18.82%	100,000,002	18.82%

Entitlement Offer is not fully subscribed (various levels of Shortfall)

Underwriter	75% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlements*		50% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlement*		0% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlement*	
	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²
Fulida	113,739,910	21.41%	124,060,330	23.35%	145,187,656	27.33%
Heytesbury	49,928,397	9.40%	53,368,537	10.05%	60,410,979	11.37%
Black Crane	15,681,375	2.95%	16,541,410	3.11%	18,302,021	3.45%
Tradeinvest	11,265,915	2.12%	13,846,020	2.61%	19,127,852	3.60%
Giovanna Boventi Faroni (includes Shares held by WGH CLT which is an associate) ³	100,000,002	18.82%	95,405,407	17.96%	85,405,406	16.08%

*In calculating the potential outcomes above, the Company has assumed that approximately 0.9 million Shares (approximately 0.22% of the total Shares on issue at the date of this Offer Document) are owned by Ineligible Shareholders. These Shares will be subscribed for by the Nominee and are therefore excluded from any Shortfall

that Ms Boventi Faroni or the Underwriters may be required to underwrite. The actual number of Shares held by Ineligible Shareholders may vary at the Record Date.

Note 1: Represents the number of shares in which Ms Boventi Faroni/Underwriter and its associates have a relevant interest (subject to rounding).

Note 2: Represents the voting power of Ms Boventi Faroni/Underwriter and its associates as a percentage (%).

Note 3: Ms Boventi Faroni, the partner of the Company's CEO and Managing Director, is a related party of the Company. However, the issue of shares to Ms Boventi Faroni pursuant to her underwriting agreement will not require shareholder approval pursuant to Listing Rule 10.11 as exception 2 of Listing Rule 10.12 will apply.

The following tables show the number of Shares and approximate voting power of the Underwriters and Ms Boventi Faroni after completion of the Entitlement Offer and conversion of all Convertible Notes, assuming different levels of acceptances in the Entitlement Offer by Eligible Shareholders and that no Eligible Shareholders or other investors apply for additional shares under the Shortfall Offer.

Entitlement Offer is fully subscribed (no Shortfall)

Underwriter	Date of Offer Document		As at Record Date (ie, following Placement)		Entitlement Offer is fully subscribed (no Shortfall)	
	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²
Fulida	69,940,999	17.49%	84,940,999	19.99%	106,176,249	16.95%
Heytesbury	37,925,741	9.48%	37,925,741	8.92%	47,407,177	7.57%
Black Crane	12,040,856	3.01%	12,040,856	2.83%	40,289,165	6.43%
Tradeinvest	-	-	7,500,000	1.76%	76,041,667	12.14%
Giovanna Boventi Faroni (includes Shares held by WGH CLT which is an associate)³	80,000,001	20.00%	80,000,001	18.82%	100,000,002	15.96%

Entitlement Offer is not fully subscribed (various levels of Shortfall)

Underwriter	75% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlements*		50% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlements*		0% acceptance of non-Underwriter Entitlements (including WGH CLT) and 100% acceptance of Underwriter Entitlements*	
	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²	Number of Shares ¹	Voting Power (%) ²
Fulida	113,739,910	18.16%	124,060,330	19.80%	145,187,656	23.17%
Heytesbury	49,928,397	7.97%	53,368,537	8.52%	60,410,979	9.64%
Black Crane	40,919,470	6.53%	41,779,505	6.67%	43,540,116	6.95%
Tradeinvest	77,932,582	12.44%	80,512,687	12.85%	85,794,518	13.69%
Giovanna Boventi Faroni (includes Shares held by WGH CLT which is an associate)³	100,000,002	15.96%	95,405,407	15.23%	85,405,406	13.63%

*In calculating the potential outcomes above, the Company has assumed that 0.9 million Shares (approximately 0.22% of the total Shares on issue at the date of this Offer Document) are owned by Ineligible Shareholders. These Shares will be subscribed for by the Nominee and are therefore excluded from any Shortfall that Ms Boventi Faroni or the Underwriters may be required to underwrite. The actual number of Shares held by Ineligible Shareholders may vary at the Record Date.

Note 1: Represents the number of shares in which Ms Boventi Faroni/Underwriter and its associates have a relevant interest (subject to rounding).

Note 2: Represents the voting power of Ms Boventi Faroni/Underwriter and its associates as a percentage (%)

Note 3: Ms Boventi Faroni, the partner of the Company's CEO and Managing Director, is a related party of the Company. However, the issue of shares to Ms Boventi Faroni pursuant to her underwriting agreement will not require shareholder approval pursuant to Listing Rule 10.11 as exception 2 of Listing Rule 10.12 will apply.

If Eligible Shareholders and investors (other than the Underwriters and Ms Boventi Faroni) take up Shortfall Shares under the Shortfall Offer, the proportion of New Shares that the Underwriters will hold will decrease by the proportion of Shortfall Shares applied for under the Shortfall Offer.

If one or more Underwriters terminate their Underwriting Agreements, the remaining Underwriters will have the option to assume the obligations of the Terminating Underwriters which would result in them taking up additional New Shares and potentially increasing their voting power to a percentage greater than shown in the table above. Refer to Section 2.6 for further details.

No Shareholder or Underwriter (other than Fulida) may obtain a relevant interest above 19.9% of the Shares on issue as a result of the Offers.

The information above assumes that none of Fulida, Black Crane, Heytesbury or Ms Boventi Faroni acquires or disposes of a relevant interest in any Shares after the date of this Offer Document but before the Record Date, except for under the Placement or as otherwise provided for in this Offer Document.

2.9 Directors' interests and participation

The relevant interest of each Director in Shares as at the date of this Offer Document, together with their respective Entitlements, is detailed in the table below:

Director	Shares held	Entitlement (Number of New Shares)
David Griffiths	100,000	25,000
Mauro Balzarini	80,000,001	20,000,001
Philip Clausius	-	-
Greg Wheeler	960,000	240,000
John Klepec	350,000	87,500

Mr Balzarini does not hold any Shares in his own name, however he has a relevant interest in the 80 million Shares held by WGH CLT and one Share held by Camuna Pte Ltd. WGH CLT has indicated that it will not be taking up its Entitlement, however Mr Balzarini's partner, Ms Boventi Faroni, is taking up an underwriting position, indicating the Balzarini family's commitment to the Company and to the Fundraising.

As at the date of this Offer Document, each of the other Directors who have a relevant interest in Shares have indicated that they intend to take up their Entitlements either in part or in full.

Ms Boventi Faroni, the partner of the Company's CEO and Managing Director and therefore a related party of the Company, has agreed to underwrite the Boventi Underwritten Shares pursuant to the Boventi Underwriting Agreement. The issue of New Shares to Ms Boventi Faroni pursuant to the Boventi Underwriting Agreement will not require Shareholder approval pursuant to Listing Rule 10.11 as exception 2 of Listing Rule 10.12 will apply.

2.10 Ineligible Shareholders

No Offer will be made to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore or Italy (**Ineligible Shareholders**).

The Company is of the view that it is unreasonable to make the Offers to Shareholders outside Australia, New Zealand, Hong Kong, Singapore or Italy due to a small number of such Shareholders and the number and value of New Shares these Shareholders would be offered, the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand, Hong Kong, Singapore or Italy and the administrative burden that will place on the Company in making the Offers available to Shareholders outside Australia, New Zealand, Hong Kong, Singapore or Italy.

This Offer Document and the Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In order for Eligible Shareholders to be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Entitlement Offer and for the Underwriters to underwrite the Entitlement Offer to the extent agreed, even if to do so would result in such persons acquiring a relevant interest exceeding 20% of the issued share capital of the Company (on a post Entitlement Offer basis), the Company must comply with section 615 of the Corporations Act. In order to comply with section 615 of the Corporations Act, the Company will appoint a nominee approve by ASIC (**Nominee**) to subscribe for the New Shares that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will, at the issue price of \$0.185, issue to the Nominee, the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Shares**);
- (b) the Nominee will then sell the Nominee Shares at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. The Company and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Shares at any particular price or the timing of such sale.

2.11 Opening and closing dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Eligible Shareholders from the Opening Date until 5.00pm

(Sydney time) on the Closing Date or such other date as the Directors (subject to the agreement of the Underwriters) shall determine, subject to the Listing Rules.

Payment made by BPAY® must be received no later than 5.00pm (Sydney time) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their BPAY® payments are received by the Company on or before the Closing Date.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors reserve the right (subject to the agreement of the Underwriters) to extend the date that the Shortfall Offer closes by up to three months after the Closing Date, without prior notice.

2.12 Issue and Dispatch

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

The expected dates for issue of New Shares and dispatch of holding statements are expected to occur on the dates specified in the Indicative Timetable.

As detailed in Section 2.5, if there are remaining Shortfall Shares due to a default under or termination of any of the Underwriting Agreements or the Boventi Underwriting Agreement, the Company reserves the right (subject to the terms of the remaining Underwriting Agreements) to proceed to allocate New Shares under the Offers (including to the Underwriters and Ms Boventi Faroni as applicable) and to issue the remaining Shortfall Shares within three months after the Closing Date at its absolute discretion.

2.13 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Document until the New Shares are issued. All Application Monies will be returned without interest in accordance with the Corporations Act if the New Shares are not issued.

2.14 Application Forms and BPAY® payments

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Application Form as valid and how to construe, amend or complete the Application Form is final.

2.15 Rights and liabilities attaching to New Shares

The New Shares will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Certain of the Company's financing documents restrict the Company from declaring and/or paying a dividend if an event of default, potential event of default or review

event is subsisting under the relevant financing. Under the terms of the Convertible Notes, the Company has to meet a minimum net-profit after tax (NPAT) hurdle before paying a dividend, and the dividend cannot be more than 40% of the applicable NPAT). In any event, the Company does not intend to declare or pay any dividends in the immediately foreseeable future.

2.16 ASX quotation

Application will be made to ASX no later than seven days after the date of this Offer Document for Official Quotation of the New Shares. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Offer Document (or such period as the ASX allows), no New Shares will be issued or allotted under the Offers and the Company will return all Application Monies without interest in accordance with the Corporations Act.

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

2.17 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.18 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange.

Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.wellard.com.au or the ASX website www.asx.com.au.

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the websites of the Company and ASX.

2.19 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.20 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the risks applicable to the Company detailed in Section 5, Eligible Shareholders should be aware that an investment in the New Shares should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Offer Document in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

2.21 Withdrawal

The Directors may at any time decide to withdraw this Offer Document and the Offers, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

2.22 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be

charged for access. Access requests must be made in writing to the Company's registered office.

2.23 Cleansing Statement

The Company lodged a Cleansing Statement with ASX on 3 April 2017. The Cleansing Statement may be reviewed on the websites of the Company and ASX.

2.24 Enquiries concerning Offer Document or Entitlement and Acceptance Form

If you have any questions in relation to this Offer Document or the Entitlement and Acceptance Form, please contact the Wellard Limited Offer Information Line on 1300 135 403 (within Australia) and +61 1300 135 403 (from outside Australia), from 8.30am to 5.30pm (Sydney time) on Monday to Friday.

3. Company update

3.1 Outlook

Overview

This Section provides an update on the Company's outlook and supersedes any and all previous forward-looking statements and forecasts provided by the Company in relation to the matters included in this Section.

Trading conditions currently remain difficult. Whilst Australian cattle prices have reduced from their recent historical highs they remain above long term averages, making Australian cattle less attractive to customers in our traditional markets and also slowing the development of new market opportunities.

The cattle buy and sell markets are predominantly spot markets with limited long term contracts, and by nature are difficult to predict. The Company's margins and working capital position remains under pressure, with expectations that improvements will be seen in line with somewhat better Australian supply conditions.

Despite a projected increase in vessel utilisation in the 4th quarter of the current financial year, the Company is now not expected to return to net profit in the final quarter of FY 2017. Sales into new markets and operating cost reductions are helping the Company restructure and diversify however, a return to historical profit levels in FY 2018 remains dependent on improved margins and volumes in its traditional markets.

The Company has maintained volume and market share in its traditional markets. However, the shortage of Australian cattle at competitive prices has led to an excess of shipping capacity across the industry resulting in lower margins, and hence reduced profitability across the industry. Absorption of this excess shipping capacity is expected to occur as cattle supply builds and prices start to reduce. The Company also believes there has been a reduction in the number of competitors in the market with long term charters which may result in stabilisation of selling prices of cattle as these competitors are less likely to bid for cattle to ameliorate their fixed charter costs by undertaking loss making shipments. The Company continues to explore opportunities beyond its traditional supply and demand markets, however these alternative markets do not yet offer the same level of stability as established markets and hence offer a less favourable risk/reward profile.

The Company believes that Australian cattle prices will react to the herd size rebuild. The herd rebuild will vary across regions and is susceptible to factors such as weather and other supply and demand dynamics. Whilst demand from traditional markets has eased due to higher price pressure, the Company believes volumes can return to historic levels with price reductions in Australia. The Company also believes that easing prices in Australia will increase demand in all our markets.

China

The Company is closely watching the progress of the first shipment of slaughter weight cattle from Australia to China, shipped by a competitor in February 2017. Overall, the China market is proving slower to develop than had been anticipated. There will continue to be challenges working in a newly developing market and within the current protocols. Future developments in health protocols could lead to import of feeder cattle into China. Growth in demand from China has the potential to significantly increase utilisation of the Company's fleet given the length of voyage is

longer and average weights are currently higher compared to traditional markets. The Company believes that its fleet is well suited for the China trade given the flexibility the Company offers in terms of size, speed and our high standards of animal welfare.

The Company has marketing experience in China and is negotiating its first shipment of slaughter cattle which is expected to occur in calendar year 2017 if Australian cattle prices ease in this period. It is possible that early shipments will carry smaller loads in line with the first shipment in February 2017 of approximately 1,200 head. However, shipment sizes will likely build over time, in response to market demand.

Shipment of sheep to Gulf

The Company has shipped sheep as a freight contractor to the Gulf this year, re-entering a market that has been inactive for some time and which may produce demand for the Company in the future.

Sourcing of cattle from alternative producing countries

The Company is continuing to source cattle from alternative producing countries, such as Brazil and Uruguay, for supply to new and traditional demand markets, including in the eastern Mediterranean in circumstances where Australian cattle are not competitive due to price and voyage length.

Ongoing cost rationalisation and efficiency program

The Company continues with its cost rationalisation and efficiency program to better allocate resources including bringing ship management in-house in Singapore.

Financing facilities - financial covenants

The Company has incurred trading losses for the first half of 2017 which has resulted in the breach of several financial covenants on working capital and ship financing facilities. As previously reported, those breaches either have been waived or are in the process of being waived, reflecting the Company's positive working relationship with its banks and finance providers. Given the nature of the Company's financial covenants which are based on historical earnings, it is envisaged that those covenants will continue to be breached at times during this financial year and the next, and, if so, the Company will continue to rely on waivers from its bankers.

Intesa Facility Agreement

Refer to Section 3.3 for details of recent amendments to the Intesa Facility Agreement. The varied agreement includes new mandatory prepayment events which may be triggered in circumstances set out in Section 3.3. The Company has determined to continue to work with Intesa to structure the Intesa Facility Agreement in such a way as to mitigate or avoid the potential impact of the Intesa Prepayment Events and, in so doing, provide the Company with flexibility better suited to a public company. As an alternative, the Company may ultimately refinance the Intesa Facility Agreement.

MV Ocean Kelpie

The Company has commissioned the building of a new specialised vessel, the MV Ocean Kelpie which is being built in Croatia by shipbuilding company Uljanik d.d (**Builder**). The total build cost is expected to be US\$62.1 million (subject to EUR/USD exchange rate fluctuations). To date, the Company has paid approximately US\$9.5 million in progressive payments to the Builder and the balance to be paid pursuant to the contract is approximately US\$52.6 million. Management is working with various

potential financiers exploring diverse funding options for this project, which has previously been done for all other vessels within its fleet. If the Company is unable to secure sufficient funding for the MV Ocean Kelpie, and cannot proceed or chooses not to proceed with the build contract, the Company could forfeit its equity contributions, and be liable for the Builder's losses, possibly including a reasonable profit claim, to the extent that the Builder was not able to recoup such losses on the contract.

Wellao China

Wellao is a 50-50 joint venture with major shareholder Fulida, and is a feedlot and abattoir development project based in China. The Company has an agreement to acquire Fulida's 50% interest in Wellao post the Fundraising and become the 100% owner of the project. Fulida will continue to participate in the Wellao project indirectly, through its increased equity investment in the Company, and will continue to assist with the operation of Wellao. Wellao currently plans to build two state of the art feedlots and an abattoir to process imported Australian cattle. The Wellao project has commenced, and Wellao already holds land and leases where this infrastructure will be built, has the designs required for the construction of the facilities and has commenced preparatory site works. Progress of this project has been slowed due in part to high Australian cattle prices, although as planning and development has progressed, the project can recommence when the Company determines market conditions are favourable, and suitable finance, logistics and marketing arrangements are in place.

The total investment for the construction of these facilities is dependent upon the market opportunities. The Company will not progress this project until market conditions are right and financing has been secured, potentially via a combination of equity partnership/s and debt.

The Company's investment in the China feedlot and slaughter market via Wellao will provide vertical integration along the supply chain from Australian producers through to Chinese consumers. Currently, arrangements with China allow for the importation of slaughter cattle, however the Company will be positioned to take advantage of any changes in the China import protocols allowing for the importation of feeder cattle.

Victorian PEQ Facility

The Company has recently acquired property in Victoria to develop a Pre-Export Quarantine facility which will eventually be dedicated to support its China trade. The Company expects the first phase of conversion and licensing of this facility to suitable standards to cost in the range of \$2 million, to be invested over time.

Northern Territory PEQ Facility

The Company has slowed the development of the proposed Pre-Export Quarantine facility at Livingstone near Darwin whilst it considers the suitability of alternative facilities in the region. Major construction works will not be completed before commencement of the next Northern Australian wet season in the second quarter of FY 2018, potentially delaying completion of the facility until FY 2019.

Shipping Fleet

The Company continues to assess the size and composition of its fleet to ensure it is right sized for its future requirements. The Company has received preliminary non-binding expressions of interest to acquire one or two of its older vessels and is evaluating the opportunity of replacing them with newer more efficient vessels like the Ocean Kelpie which is currently on order. The Company may choose to sell older

assets at lower than book value if it believes the cash-realisation and efficiencies to be gained from modernising the fleet outweigh any capital loss.

Ownership of a range of vessels suitable for different trading environments remains an important differentiator for the Company in a market where our competitors generally utilise charter vessels. The Company utilises capacity on its vessels with its own trade, however it will accept third-party charters if an economic opportunity presents and capacity allows.

Going concern outlook

In the current environment, it is difficult for the Company to gain maximum leverage from its current level of working capital and this Fundraising is an important step in its plans to strengthen its financial position. The Company's FY2017 Half-Year results contain the following statement by the Company's Auditors:

'We draw attention to Note 1 (c) in the financial report, which comments on the consolidated entity being in net current asset deficiency of \$134.8 million as at 31 December 2016. The note comments on the ability of the Group to continue as a going concern being dependent on the Group having sufficient funds available to continue normal business operations and remedy banking covenant breaches. These conditions, along with other matters as set forth in Note 1 (c) indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.'

If this Fundraising did not proceed, a material uncertainty exists as to whether the Company will be able to continue as a going concern and whether it will be able to realise its assets and extinguish its liabilities in the normal course of business. However, the Directors believe there are reasonable grounds to believe that the Company will be able to raise sufficient funding through debt or equity issues or asset sales to continue as a going concern.

3.2 Board composition

As announced on 3 April 2017, following completion of the Entitlement Offer, Fulida will have the right to nominate an appropriately qualified person to join the Board (subject to Fulida providing the Company with a signed consent from that person to act as a director of the Company). Fulida has nominated Mr Kanda Lu.

Mr Lu is the co-founder and General Manager of the Company's Wellao business as described in Section 3.4. He is also the Assistant President at one of China's largest textile conglomerates, Fulida Group.

Mr Lu has a substantial capital markets background and has extensive experience in client relations. Before joining Fulida, he served at one of China's top financial institutions. His former positions include Head of Sales of Morgan Stanley Huaxin, Vice President (Institutional Client) of Ping An Securities and Senior Manager (Institutional Asset Management) of Dacheng Fund. Mr Lu graduated from Macquarie University, obtained a Master's degree in International Relations with a Master's degree in International Trade and Commerce Law, and a Bachelor's degree in Commerce.

Mr Greg Wheeler, non-executive director, has agreed to retire from the Board at the time that Mr Lu is appointed.

To further strengthen the Board, in consultation with major shareholders, the Company will also conduct a search for an additional non-executive Director who will not be associated with any major Shareholder and will likely be considered

independent, with appropriate expertise and experience (having regard to the nature of the Company and the current composition of the Board), including in the context of a listed public company.

The Company will continue to monitor the skills and expertise set required by the Board in accordance with Company's governance policies, including planning for the succession of the Chairman.

3.3 Intesa Facility Agreement

It is a review event (**Intesa Review Event**) under the facility agreement dated 26 May 2016, between, among others, Ocean Shearer Pte. Ltd, the Company and Intesa in relation to the Company's ship finance in respect of the MV Ocean Shearer (**Intesa Facility Agreement**) if shares in the Company cease to be at least 19.9% directly or indirectly owned by entities that are directly or indirectly controlled by Mauro Balzarini, Giovanna Boventi Faroni (his partner), and/or Marite Balzarini, Roberto Balzarini and Valentina Balzarini (his children) (**Balzarini Family Members**).

The parties to the Intesa Facility Agreement have agreed to vary that agreement to amend the Intesa Review Event, so that it now applies if shares in the Company cease to be at least 12.50% directly or indirectly owned by Balzarini Family Members and/or entities that are directly or indirectly controlled by Balzarini Family Members.

They have also agreed to include additional mandatory prepayment events in the Intesa Facility Agreement. These are:

- (a) the Shares cease to be at least 12.50% directly owned by WGH CLT, or indirectly owned by WGH Holdings Pty Ltd, Balzarini Family Members and/or entities that are directly or indirectly controlled by Balzarini Family Members;
- (b) the shares of WGH Holdings Pty Ltd cease to be at least 78.50% directly or indirectly owned by Balzarini Family Members and/or by entities that are directly or indirectly owned or controlled by Balzarini Family Members; or
- (c) Mauro Balzarini ceases to hold the position of Chief Executive Officer and Managing Director of the Company,

(each an **Intesa Prepayment Event**).

If an Intesa Prepayment Event occurs, Ocean Shearer Pte. Ltd. (as borrower) and the Company and Wellard Ships (as guarantors) must repay the MV Ocean Shearer financing in full. There is no remedy period or negotiation period, and the repayment must be made on the occurrence of the Intesa Prepayment Event. If Ocean Shearer Pte. Ltd., Wellard Ships and the Company do not repay the MV Ocean Shearer financing as required, this would constitute an event of default under the Intesa Facility Agreement which would allow Intesa to enforce its security. It would also constitute a cross default under the Company's other bank facilities, allowing the Company's other financiers to accelerate and take enforcement action under their own finance facilities and security.

The Intesa Prepayment Events described in (a) and (b) above cover similar (but not identical) ground to the Intesa Review Event, and are each a **Balzarini Family Shareholding Condition**.

Certain parties also hold options and/or security over some of WGH CLT's Shares (**WGH Options**). Ensuring that Ms Boventi Faroni (or a company she controls) subscribes for New Shares pursuant to the Boventi Underwriting Agreement if WGH CLT does not take up sufficient of its Entitlement will assist to mitigate the risk that

the Balzarini Family Shareholding Condition is triggered post conversion of the Convertible Notes, even if the WGH Options are exercised. Refer to Section 2.6 for further details of the Boventi Underwriting Agreement.

Upon conversion of the Convertible Notes (irrespective of whether the WGH Options have been exercised) or if WGH CLT otherwise sells down its Shares, there is a possibility that one of Intesa Prepayment Events may be triggered. To mitigate the risk of this, the terms of the Convertible Notes provide that, should the Intesa Review Event remain in place, for a period of 18 months from the date of issue of the Tranche 1 Convertible Notes, the Convertible Notes may not be converted. In addition, if a Convertible Note holder gives the Company a notice to convert the Convertible Notes, the Company may cash settle instead of issuing Shares, to the extent that to issue Shares would cause an Intesa Review Event. The Company also has rights to redeem the Convertible Notes early, after 18 months, in certain circumstances. Please refer to Section 1.4 for a summary of the terms of the Convertible Notes and Section 5.2(b) for further details as to the risks and consequences of the Intesa Prepayment Events being triggered.

The Company and Mr Balzarini have strengthened Mr Balzarini's contractual arrangements in respect of his positions as Chief Executive Officer and Managing Director of the Company to mitigate the risk that Mr Balzarini ceases to hold those positions and thereby would trigger an Intesa Prepayment Event.

As detailed in Section 3.1, the Company has determined to continue to work with Intesa to structure the Intesa Facility Agreement in such a way as to mitigate or avoid the potential impact of the Intesa Prepayment Events and, in so doing, provide the Company with flexibility better suited to a public company. As an alternative, the Company may ultimately refinance the Intesa Facility Agreement.

3.4 Wellao

Approximately \$2,775,000¹ of the proceeds raised from the Placement and the Offers will be used to purchase Fulida's 50% equity interest in Wellao. The Company has entered into an Equity Transfer Agreement (**ETA**) to facilitate the purchase. The purchase price is broadly equivalent to Fulida's previous contributions to the Wellao joint venture.

The transfer of shares under the ETA will be conditional on a number of key matters, including:

- (a) PRC legal and regulatory processes and approvals to effect the transaction;
- (b) appropriate action being taken to change Wellao from joint venture status to a wholly owned foreign entity;
- (c) standard warranties and undertakings as to the good standing of the Wellao joint venture; and
- (d) Fulida entering into and funding its commitment to the Placement and the Entitlement Offer.

On completion of the acquisition, the Company will own 100% of Wellao. This acquisition means that the Company will have full control of the Wellao operating company, including flexibility regarding the progress of construction, and the

¹ Based on USD/ AUD exchange rate of 0.76.

opportunity to find new business and joint venture partners with specialised industry experience and access to capital, supply chains and end markets in China.

Mr Kanda Lu will remain as the General Manager of the Wellao business and will also be appointed as to the Board of the Company. The SPA contains an obligation that whilst he is an officer or Director of the Company, Fulida will not compete against the Company's or Wellao's business in China.

Fulida has indicated that it will continue its involvement in Wellao through its increased shareholding in the Company, and will continue to provide practical and strategic assistance to the Company in relation to the Chinese market.

3.5 Recent financial performance

The Company announced its financial results for the six months ended 31 December 2016 on 28 February 2017. These financial results are available on the websites of the Company and ASX.

4. Action Required by Applicants

4.1 Eligible Shareholders

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Shares which Eligible Shareholders are entitled to is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document.

If you do not accept your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may:

- accept all of your Entitlement (refer to Section 4.1(a));
- accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares (refer to Section 4.1(b));
- accept part of your Entitlement and allow balance to lapse (refer to Section 4.1(c));
- allow all of your Entitlement to lapse (refer to Section 4.1(d)).

(a) Acceptance of ALL of your Entitlement under the Entitlement Offer

If you wish to accept your Entitlement in full, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.185 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 4.2, to the Share Registry so that it is received at the following address by no later than 5.00pm (Sydney time) on the Closing Date.

Mailing Address

Wellard Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery Address

Wellard Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(b) Acceptance of all of your Entitlement and applying for Shortfall Shares

If you wish to accept your Entitlement in full and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.185 per New Share accepted under the Entitlement Offer and applied for under the Shortfall Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 4.2, to the Share Registry so that it is received at the following address by no later than 5.00pm (Sydney time) on the Closing Date.

Mailing Address

Wellard Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery Address

Wellard Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(c) Acceptance of PART of your Entitlement and allowing the balance to lapse

If you wish to accept part of your Entitlement and allow the balance to lapse, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.185 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 4.4, to the Share Registry so that it is received at the following address by no later than 5.00pm (Sydney time) on the Closing Date.

Mailing Address

Wellard Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery Address

Wellard Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(d) Allow all of your Entitlement to lapse

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept or sell any part of your Entitlement, however, your percentage holding in the Company will be diluted.

(e) Enquiries concerning your Entitlement

If you have any queries concerning your Entitlement, please contact the Wellard Limited Offer Information Line on 1300 135 403 (within Australia) and +61 1300 135 403 (from outside Australia), from 8.30am to 5.30pm (Sydney time) on Monday to Friday.

4.2 Ineligible Shareholders

If you are an Ineligible Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. Refer to Section 2.10 for treatment of Ineligible Shareholders.

4.3 Applications for Shortfall Shares under the Shortfall Offer

If you are not an Eligible Shareholder and wish to apply for Shortfall Shares under the Shortfall Offer, you must complete the relevant sections on the Shortfall Application

Form, in accordance with the instructions contained in this Offer Document and detailed on the Shortfall Application Form, including the number of Shortfall Shares you wish to apply for under the Shortfall Offer and the total Application Monies (calculated at \$0.185 per New Share applied for under the Shortfall Offer). Please read the instructions carefully.

Please return the completed Shortfall Application Form, together with the Application Monies (in full) in accordance with Section 4.4, to the Share Registry so that it is received at the following address by no later than 5.00pm (Sydney time) on the Closing Date.

Mailing Address	Hand Delivery Address
Wellard Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	Wellard Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

4.4 Payment

The offer price of New Shares under the Offers is \$0.185 per New Share.

Application Monies must be received by the Company by 5.00pm (Sydney time) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Wellard Limited' and crossed 'Not Negotiable'.

Eligible Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY® must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement (as applicable) upon receipt of the BPAY® payment by the Company.

If paying via BPAY®, Eligible Shareholders 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 Eligible Shareholders to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® payment.

4.5 Representations by Applicants

By completing and returning an Application Form or paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Offer Document and the Application Form, you:

- (a) if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Offer Document and an accompanying Application Form, and read them both in their entirety;

- (c) agree to be bound by the terms of the Offers, the provisions of this Offer Document and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form at the issue price of \$0.185 per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) if participating in the Entitlement Offer, declare that you were the registered holder at 7.00pm (Sydney time) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 7.00pm (Sydney time) on the Record Date;
- (k) acknowledge the statement of risks in Section 5 and that an investment in the Company is subject to risk;
- (l) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Entitlement Offer, that you are eligible to do so;
- (m) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (n) understand and acknowledge that neither the Entitlement or New Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand, Hong Kong, Singapore or Italy and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (o) agree not to send this Offer Document, an Application Form or any other material relating to the Offers to any person in the United States or that is a person in the United States, or is acting for the account or benefit of a person in the United States; and
- (p) agree that if in the future you decide to sell or otherwise transfer your New Shares you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been

pre-arranged with, or that the purchaser is, in the United States or a person in the United States.

4.6 Brokerage

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

5. RISKS

5.1 Introduction

The New Shares are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Offer Document, before deciding whether to accept their Entitlement or otherwise apply for New Shares.

The following list of risks ought not to be taken as an exhaustive list of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

5.2 Risks associated with the Company's finance facilities

(a) General Default Risks

The Company and its subsidiaries have various financing facilities in place, including a revolving facility, ship loan facilities and ship sale and leaseback arrangements. Pursuant to certain of these facilities, the Company has provided the lenders with security interests over the assets of the Wellard group, including by first ranking mortgages, and fixed and floating charges. These facilities also include financial and non-financial covenants which could limit the Company's future financial flexibility and ability to continue to operate. They also include usual cross-default terms. This means that if there is an event of default or review event under one facility, it may also constitute an event of default under all other facilities, even if the financier under the first facility does not take any action to enforce its facility. Where the borrower under a facility is a subsidiary of the Company, the Company and, on occasion, other subsidiaries provide guarantees in favour of the financier.

Depending on the Company's operating results, the Company may be unable to meet its repayment obligations or the financial covenants governing its indebtedness. Separately, the Company or its subsidiaries may breach non-financial undertakings under the facilities. The Company has in the past breached various financial and non-financial covenants under its facilities. The Company has from time to time agreed waivers and amendments with its financiers, and the Company is currently in the process of agreeing amendments with one of its financiers to address some current breaches. Based on its current performance, the Company expects that it will breach certain covenants at 31 March 2017 and 30 June 2017, and that these breaches will require waivers and/or amendments from the applicable financiers. There is also the possibility that waivers may be required for periods beyond those dates. There is no certainty that any financier will agree to any amendment or waiver requested by the Company. If a financier does not agree to a waiver or amendment, or if any other event of default or review event occurs under a facility, this would entitle the relevant financier immediately (or in the case of a review event, after a specified period of negotiation) to demand repayment of all or any part of its facility, and to enforce any security.

There is no assurance that the Company's financiers would not exercise their acceleration and enforcement rights, nor that they would defer or delay the enforcement of such rights. Such events would be likely to have a material adverse effect on the Company's financial position. There is no certainty that the Company would be able to meet any such demand for repayment. If the Company were unable to meet such a demand for repayment, this may result in the Company becoming subject to insolvency proceedings.

(b) Intesa Facility Agreement - Intesa Prepayment Events

As detailed in Section 3.3, the Intesa Facility Agreement includes the Intesa Prepayment Events.

Upon conversion of the Convertible Notes (irrespective of whether the WGH Options have been exercised) or if WGH CLT otherwise sells down its Shares, there is a possibility that financial covenants under the Intesa Facility Agreement may be separately breached by the Company.

If an Intesa Prepayment Event is triggered, Ocean Shearer Pte. Ltd. (as borrower) and the Company and Wellard Ships (as guarantors) must repay the MV Ocean Shearer financing in full. It may also allow the Company's other financiers to accelerate and take enforcement action under their own finance facilities because of the effect of the cross-default clauses. If Ocean Shearer Pte. Ltd., Wellard Ships and the Company are unable to meet such a demand for repayment, this may result in the Company becoming subject to insolvency proceedings.

Financing for MV Ocean Kelpie

There is a risk the Company may be unable to obtain finance for a new vessel called Ocean Kelpie on terms suitable to the Company in time to meet the payment schedule, or at all. This is likely to result in a damages claim by the ship builder and/or delayed delivery of the Ocean Kelpie to the Company.

(c) Failure to Extend/Replace CBA Debt Facility

As announced by the Company on 26 May 2016, the Company's \$50 million debt facility with CBA is due to mature in December 2017. If the Company and CBA cannot agree to extend the maturity date of the facility then all monies outstanding under the facility will become due and payable on maturity.

There is a risk that the Company will not be able extend the maturity date of the CBA debt facility, or find alternative financing on suitable terms. There is a risk that an extension of the facility with CBA may include terms which are less favourable to the Company. Such events would be likely to have a material adverse effect on the Company's financial position. There is no certainty that the Company would be able to meet any such demand for repayment. If the Company were unable to meet such a demand for repayment, this may result in the Company becoming subject to insolvency proceedings.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial commitments as and when they fall due. This includes the risk that the Company will not have sufficient funds to redeem the Convertible Notes, should the need arise, and in particular to manage the Balzarini

Family Shareholding Condition (as set out in Section 3.3). The impact of breaching the Balzarini Family Shareholding Condition would be to trigger the Intesa Review Event and trigger a mandatory prepayment event, also as set out in Section 3.3. If an Intesa Prepayment Event is triggered, Ocean Shearer Pte. Ltd. (as borrower) and the Company and Wellard Ships (as guarantors) must immediately repay the MV Ocean Shearer financing in full. If Ocean Shearer Pte. Ltd. (as borrower) and the Company and Wellard Ships (as guarantors) do not repay the financing as required, this will be an event of default under the Intesa Facility Agreement, and will also cause cross defaults under the Company's other bank facilities, which may also allow the Company's other financiers to accelerate and take enforcement action under their own finance facilities and security.

(e) Going concern

The Fundraising will assist with the Company's liquidity, but the Company's ongoing breaches of banking covenants may mean that there is still a risk regarding the Company's ability to remain as a going concern.

5.3 Risk associated with key personnel

The Company's success to date has depended to a significant extent on its key personnel, in particular the senior management team led by Mauro Balzarini. The loss of key members of senior management may adversely affect the Company's ability to develop or implement its business strategies and may adversely affect its future financial performance.

There is also a risk that changes could occur that adversely affect the Company's ability to retain key personnel or impede its ability to recruit or retain replacement or additional personnel, which could materially impact the Company's business, operational results and financial performance.

It is a mandatory prepayment event under the Intesa Facility Agreement if Mauro Balzarini ceases to hold the positions of Chief Executive Officer and Managing Director of the Company. Refer to Section 3.3 for further details. If an Intesa Prepayment Event is triggered, Ocean Shearer Pte. Ltd. (as borrower) and the Company and Wellard Ships (as guarantors) must immediately repay the MV Ocean Shearer financing in full. If Ocean Shearer Pte. Ltd. (as borrower) and the Company and Wellard Ships (as guarantors) do not repay the financing as required, this will be an event of default under the Intesa Facility Agreement, and will also cause cross defaults under the Company's other bank facilities, which may also allow the Company's other financiers to accelerate and take enforcement action under their own finance facilities and security.

5.4 Risks associated with the Company's marketing and export activities

(a) Loss of major customers or reduction in demand for the Company's products

Although the Company has a diverse range of customers, a number of the Company's material customers have no long term contract. There is a risk that the Company may not continue to transact with one or more of its major customers or that the level of sales to the Company's customers could decrease. The loss (wholly or partially) of a material customer could negatively impact the Company's financial performance if the Company were not able to replace any such customer. The Company seeks to mitigate the impact of this risk by having a range of customers in numerous countries, the flexibility to change the destination of shipments by controlling its supply

chain, strong customer relationship practices and a successful track record of maintaining and growing its customer base.

There is a related risk that a change in economic conditions could cause consumers to reduce their consumption of meat and / or dairy products as they 'trade down' to cheaper sources of proteins. Changes in consumer dietary preferences or sentiment towards the Company's products could also result in lower demand for livestock, meat and dairy products. Such lower demand could reduce the Company's revenue and profitability.

(b) Political risk relating to animal welfare issues

The high level of public sensitivity to animal welfare issues means public pressure could lead to changes to applicable laws and regulations, and the Company could be subject to increasing animal welfare responsibility and liability. Should any animal welfare issues in Australian or overseas feedlots or abattoirs come to light in the future, there is a possibility that new laws and regulations, stricter enforcement of existing laws, or imposition of new remediation requirements could require the Company to incur material costs or become the basis for new or increased liabilities that will adversely affect the Company's financial performance. Further, there is a possibility that the Australian federal government may temporarily or permanently suspend livestock exports to a country where the Company's customers are located. Any such ban on exports could have a material adverse effect on the Company's business and financial performance.

It is possible that animal rights activists could target the Company or the live export industry in general with negative sentiments regarding animal husbandry practices or target the Company's customers (for example in the livestock export market). These activities could potentially impact regulations or customers' willingness to do business with the Company or be involved in the live export industry at all. Activist groups could impede, interfere with or sabotage the Company's sites or operations. This could have a detrimental effect in term of costs of defending such actions or re-diverting sales to other markets. This risk is mitigated through high security at Company operations.

The Company seeks to mitigate the impact of these risks to the extent it is able to do so by its strong commitment to animal welfare in its business. Compliance with some of these practices depends in part however, on the preparedness of the Company's customers to comply with contractual and statutory requirements.

(c) Change in Regulations

The Company operates around the world, including in jurisdictions that are politically unstable. Any material adverse changes in government policies, legislation or sudden shifts in political attitude in those jurisdictions in which the Company operates may affect the viability of a project or the Company.

No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's operating activities.

Livestock movements between various countries are regulated by various animal health, food, safety and other import and export protocols that are in place in various jurisdictions from time to time. These protocols are designed to control disease and to ensure certain health standards and are normally

bilateral between countries. There is a risk that a country from which or into which the Company exports livestock may at any time, temporarily, or permanently, suspend or change these protocols, either because of outbreak of disease or for political or other reasons. If this occurs, the movement of livestock (including meat) between such countries may become more expensive, and/or may be slowed or stopped. If protocols between countries where the Company sources livestock and countries where the Company exports livestock are changed or suspended, this may lead to restrictions or prohibitions on the Company moving livestock, or a greater cost of compliance and therefore higher expenses related to doing business in such jurisdictions.

(d) Livestock Market

The price at which livestock (including cattle and sheep) is available to the Company is dependent on a number of factors, most outside the control of the Company.

There is a risk that livestock prices will increase and the supply of livestock will remain tight. Prolonged periods of high prices place considerable strain on the Company's operating profits and financial performance.

For example, when producers who have sold cattle to the Company look to restock, these producers may buy in competition with the Company for the limited cattle supplies on offer from other vendors. There are many other factors, such as adverse weather, graziers' input costs, and freight and logistics costs which contribute to the overall cost of livestock in the market.

If for any reason the supply of livestock remains limited, livestock prices do not ease and the Company cannot reduce its operating costs to sufficient levels to make operating profits then this could result in the Company's business being unsustainable.

(e) Insufficient supply of livestock

There is a risk that the Company may not be able to acquire sufficient quantities of livestock to meet the requirements of its customer base or to fully utilise its vessels and other assets. This risk might arise due to:

- (i) the price at which such livestock can be acquired by the Company (refer to Section 5.4(c));
- (ii) the outbreak of disease or pests (refer to Section 5.7(a));
- (iii) seasonal or environmental conditions (refer to Section 5.4(f));
- (iv) lack of access to working capital by the Company or its suppliers; or
- (v) changes in health protocols or other regulations,

amongst other factors. If the Company is unable to source and acquire sufficient livestock to meet its customers' requirements this could materially negatively impact the Company's customer relationships, fleet utilisation and operational and financial performance. The Company sources a majority of its livestock from Australia, however it has diversified supply sources and stock delivery locations within Australia and is pursuing a strategy to diversify its supply markets, particularly to South America.

(f) Seasonal and environmental conditions

As a marketer and exporter of livestock and meat products, there is a risk that the Company's markets and areas of operation could be exposed to a number of natural events such as droughts, floods, storms, fire and other adverse environmental conditions which negatively impact the Company's suppliers' operations and the Company's own operations. Most of these events are beyond the Company's mitigation or control. The occurrence of unforeseen natural events may adversely affect the Company's business and results of operations, resulting in reduced revenue. This risk is somewhat mitigated by the geographical distribution of the Company's activities.

The Company is exposed to the various effects of seasonal weather cycles in the markets in which it operates, and in particular in the Australian market. Seasonal changes in the north of Australia influence the Company's operations, and extended wet or dry seasons, or the failure of rain in the wet season, or extended dry season conditions all effect the annual operations of the Company. In circumstances where there are extended rains, it is difficult to operate in the north of Australia, and cattle prices tend to increase in such circumstances, as they gain weight.

In addition to short term weather events, long term climate change is also a factor that could negatively impact livestock suppliers and in turn negatively impact the supply of livestock to the Company. These impacts may include changes in the productivity of rain-fed crops and forage, reduced water availability and more widespread water shortages, and changing severity and distribution of livestock and crop diseases. Climate change has the potential to impact livestock systems as a whole and any disruption caused to major livestock systems will negatively impact the Company's trade.

(g) Trade restrictions and offshore operations

The Company exports livestock and meat to, and conducts operations in, a number of countries, each of which has separate regulatory regimes. These regimes often include factors such as quota systems and other compliance issues, the imposition of tariffs and free trade agreements which impact the Company's international competitiveness and its access to key markets. A significant change in any of these may have an adverse effect on the Company's business.

In addition, the Company may also face challenges with regards to the political relations between Australia and foreign countries. Trade sanctions, or changes to existing trade policies may contribute to further changes to the Company's export markets and may contribute to uncertainty in future sales.

Other risks that come with operating in foreign jurisdictions include:

- (i) unexpected irregular changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;
- (ii) less sophisticated regulatory and technology standards;
- (iii) political instability; and
- (iv) the possibility of bribery and corruption – in this regard, the Company has adopted a Code of Conduct and a Fraud and Corruption Control Plan which are directed at mitigating the impact of this risk.

(h) Regulatory risk

The Company is required to comply with a range of laws and regulations and requires a number of licenses to operate its business. Regulatory areas which are of particular significance to the Company include the International Maritime Organisation's rules, ISM Code and Australian Maritime Safety Authority Marine Orders and Exporter Supply Chain Assurance System, animal welfare and quarantining, environment, employment, occupational health and safety, customs, and tariff and taxation laws. In addition, as the Company is considered to be foreign owned, Australian foreign investment rules and policies may impact its operations and access to capital (see further details below).

There is a risk that non-compliance with such regulations, changes in the interpretation of current regulations, loss or failure to secure renewal of permits, licences, awards or incentives, or the introduction of new laws or regulations may occur, which could lead to fines imposed on the Company by the relevant regulatory authority or governmental body, revocation of permits/licences/awards/incentives, increased liabilities and compliance costs, or damage to the Company's reputation. These events could cause a material adverse effect on the Company's liabilities, costs, business model and competitive environment and therefore its future financial performance and position.

In addition, the Company must renew the appropriate permits and licences required to operate its business. The Company is subject to regular inspections, examinations and audits by governmental authorities to renew the various licences and permits. The Company is also subject to periodic and spot inspections conducted by government authorities in order to maintain its operating licences. If serious or repeated findings of non-compliance did occur, there is a risk this would have a negative impact on the Company's ability to renew its licences and have a materially adverse impact on its business operations and financial performance.

In addition, there is a risk that future changes to laws, policy and regulations which apply to the Company (both Australian and internationally) may increase the cost of operations or adversely affect the Company's ability to conduct operations.

The Company's shipping operations have been granted the Maritime Sector Incentive - Approved International Shipping Enterprise (**MSI-AIS**) Award in Singapore, which provides the Company with a Singapore tax exemption on qualifying shipping income for an initial period of 10 years. This initial 10 year period ends in April 2019 at which time an application to renew the award for a further period of 10 years can be made. Ship operators that meet certain qualifying conditions are eligible to apply for the MSI-AIS Award. While the Company expects the MSI-AIS Award will be renewed, non-renewal or loss of the MSI-AIS Award would increase the amount of tax paid by the Company and have a material adverse impact on the Company's financial performance. The Company considers that its consistent and good performance, together with the continued policy of the Singapore Government, will likely result in the renewal of the Company's MSI-AIS Award when it expires.

(i) Price risk

There is a risk that variations in domestic and international livestock prices and exchange rates between currencies of the markets in which the Company operates, which are outside the Company's control, or a mismatch between the price at which the Company is able to sell its products to customers and its costs to deliver those products, will result in losses or reduced profitability on individual shipments and on the Company's overall financial performance.

The Company seeks to mitigate these risks through a combination of factors, including the terms of its contracts with customers which may permit some change in prices, its market knowledge and structure of its business model which has minimal time between contracting to supply and purchasing livestock. The Company also hedges its exchange rate risk and may also implement financial and physical hedges for the cost of fuel for its ships.

5.5 Key shipping and logistics risks

(a) Shipping delays and other scheduling risk

Weather events, industrial action at ports, port congestion and other factors, including political and regulatory factors, may impact the Company's ability to transport livestock via ships in a timely manner or to fully utilise capacity. Delays may cause the Company to incur additional costs in the form of animal feed and other holding costs which reduces profitability and / or may result in damage to customer relationships which may materially adversely impact current and future financial performance and position.

(b) Damage to or breakdowns by ships

The operation of an ocean-going vessel carries inherent risks. The Company's vessels and their cargoes will be at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, grounding, fire, explosions, collisions, human error, war, terrorism, piracy, mining of waterways, latent defects, force majeure and other circumstances or events. For example, in December 2015 the MV Ocean Outback and the Ocean Swagman experienced engine malfunctions.

If the Company's vessels suffer damage, they may need to be repaired. The costs and timing of repairs may be substantial, partially due to their scale and need for specialised repair infrastructure. The Company may have to pay repair costs that insurance does not cover in full. The loss of revenues while these vessels are being repaired, as well as the actual cost of these repairs, may adversely affect the Company's business and financial condition and performance.

The Company seeks to mitigate this risk by taking out relevant insurance policies and in-house management control of vessel maintenance. However, the Company's insurance policies may not cover the full extent of any loss sustained by the Company from a vessel breakdown, including loss of profits.

(c) Ship sale and leaseback arrangements

Under the Company's sale and leaseback arrangements, the Company has certain rights and obligations to buy back the relevant vessels. There is a risk that if the counterparty to those arrangements became subject to some form of external administration, for example due to insolvency, that the Company's

ability to buy back the relevant vessel could be restricted or removed due to the application of local insolvency and reconstruction law. This could have a material adverse effect on the Company's financial position, operations and prospects.

(d) Fuel and energy prices

Fuel is a material operating expense for the Company and is used across the business by:

- (i) transporting livestock from suppliers to the feeding lots, procuring sites or ports;
- (ii) transporting livestock from Australia to overseas markets; and
- (iii) transporting livestock to the processing plants both in Australia and overseas.

The price and supply of fuel is unpredictable and fluctuates based on events outside the Company's control, including geopolitical developments, supply and demand for oil and gas, actions by the Organisation of the Petroleum Exporting Organisation and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. There is a risk that there could be significant increases to fuel or energy prices. Such increases could significantly increase the Company's cost of operations, including third party freight costs. These cost increases may not be able to be passed on to customers and may have a material adverse effect on the Company's financial performance. The Company has access to both financial and physical fuel price hedges and primarily contracts on a spot or short term basis to mitigate this risk.

(e) The Company may fail to adequately maintain its fleet

If the Company fails to adequately maintain its fleet of vessels, this may result in mechanical problems or failure to comply with safety regulation and Port State Control or loss of its Class Certificate, causing disruptions to business operations, higher operating costs or deterioration in the Company's ability to provide transport to a standard which complies with relevant regulations to enable the movement of livestock commodities. These circumstances may materially and adversely affect the Company's reputation, profitability and growth.

The Company seeks to mitigate this risk by in-house management control of vessel maintenance.

(f) Construction risk

The Company currently has a new vessel being constructed, delivery of which is expected to occur in Q2 FY2019. Any delays in delivery of this vessel (for example due to construction delays, poor construction techniques, shipbuilder insolvency or other issues) will result in a loss of potential additional earnings from its use for the period of any delay and may result in unrecoverable additional costs.

(g) Customs risks

International marketing and export is subject to various security and customs inspection and related procedures in countries of origin and destination and

transshipment points. Inspection procedures can result in the seizure of the cargo and/or vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties. There is a risk that personnel on the Company's vessels could smuggle drugs or other contraband and this could lead to claims against the Company or delays and consequential costs as a result of vessel impoundment by customs. The Company seeks to mitigate this risk by applying a high level of scrutiny to crew performance and strict security on access to ships while in port. Furthermore, changes to inspection procedures could also impose additional costs and obligations on the Company and its customers and may, in certain cases, render the shipment of livestock uneconomical or impractical. Any such changes or developments may have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

- (h) Risk of selling assets below net book value.

There is a risk in assessing the suitability of the Company's fleet, it may choose to dispose, modify, replace any of its vessels at lower than book value. It may do so for various reasons, including if it believes the cash-realisation and efficiencies to be gained from modernising the fleet outweigh any capital loss.

There would be a recognition of such a loss recorded in the Company's financial statements. A large loss could have an adverse impact on the calculation of the Company's financial covenants under its banking facilities.

5.6 Finance risks

- (a) Exposure to foreign exchange rates

The Company's financial reports are prepared in Australian dollars. However, a substantial proportion of the Company's sales revenue, expenditures and cashflows are generated in various other currencies, including United States dollars. Further, as the Company expands its operations it is expected that it will be exposed to additional currencies. Any adverse exchange rate fluctuations or volatility in the currencies in which the Company generates its revenues and cash flows, and incurs its costs, could have an adverse effect on its future financial performance and position. The Company has extensive hedging arrangements in place to mitigate the impact of this risk.

The Company's operations are primarily exposed to foreign currency risk through the purchase of livestock in Australia in Australian dollars and the sale of these livestock to foreign customers in foreign currency. To hedge this risk the Company typically enters into short term foreign exchange contracts at the time of fixing the sale contract for the length of the period until payment is received from the customer.

The depreciation or appreciation of the Australian dollar to other currencies could result in a translation gain or loss, meaning the value of the Company's debt facilities express in Australian dollars may rise or fall, which directly impacts net profit.

- (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is

exposed to some counterparty credit risk arising from its operating activities, primarily from trade receivables.

The risk of non-payment by customers is an inherent risk of the Company's business, due to sales typically involving individual high value shipments. The Company seeks to mitigate the impact of this risk by building long-term relationships with its customers, obtaining partial payment before shipment in some cases and requiring letters of credit to partially secure payment in a number of jurisdictions.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial asset or financial liability will change as a result of changes in market interest rates.

The Company's exposure to market interest rate risk relates primarily to its borrowings, the majority of which are denominated in United States dollars.

Changes to interest rates will affect borrowings which bear interest at a floating rate. Any increase in interest rates will affect the Company's cost of servicing these borrowings which may adversely affect its financial position.

5.7 Other specific risks

(a) Disease and pests

Under certain circumstances, diseases and pests and may affect livestock and the impact of pests and disease may result in reduced prices for the livestock and even export bans with, in the extreme, Australia losing its reputation for producing quality livestock. This could materially adversely impact the Company's business and its financial performance. For Australian-sourced livestock, which is currently the source of most of the Company's products, disease is mitigated by the isolation and distance of Australia from other countries, aided by Australia's strict biosecurity and quarantine regime, which reduces the risk of cross-border infections.

There is also a risk that diseases and pests may affect livestock sourced from other countries. In the extreme, this could lead to a ban on the importation of animals originating from a country where there is a disease or pest outbreak. This risk is the rationale for the Company maintaining supply centres in a number of different countries across multiple continents.

(b) Wellao Joint Venture

As detailed in Section 3.4, the Company intends to acquire the 50% of the Wellao joint venture in China which it does not already own.

Although the Company is experienced in exporting cattle and operating feedlots and process facilities and operates and abattoir in Western Australia, the livestock and meat processing industry in China is a new line of business for the Company. There are risks in entering new markets, including that the Company may not secure strategic business partners to assist in this endeavour, that its development of feedlot and abattoir facilities, staff and markets is impeded or not realised profitably, together with the risk of entering into the Chinese market at a time when it is relatively immature and underdeveloped in terms of regulations, logistics, supply chain reliability, and customer demand related to the import of Australian cattle.

There is also a risk that the Company may be unable to find suitable joint venture or business partners in respect of Wellao, which would result in the Company sole funding this business. This may materially impact the Company's business, operational results and financial performance.

There is a risk that if the Company decides not to complete the Wellao project, it will be subject to legal claims from suppliers or government parties for losses or failure to complete the project.

The health protocol for the export slaughter cattle from Australia to China is a recent development. Some of the local regulations and policy settings in China are still being formulated and may continue to be refined, which has the potential to add unexpected delays and costs to the business. Chinese regulatory intervention, potentially in the form of increasing quarantine requirements, restrictions on the type of livestock that may be imported, increasing health protocol requirements or the implementation of any other regulation may add significant costs or make the project unviable.

There is a possibility that an increase in the supply of chilled and frozen beef imported into China could negatively impact on the slaughter market. This could impact the financial performance of the business.

(c) The Company's competitive position may deteriorate

The Company operates in competitive sectors where competitors comprise a number of national and international providers of similar and competing products and services. Competition is typically based on a range of factors including price, service capabilities, equipment and fleet availability, ability to comply with certain safety and operational standards, animal welfare standards, and overall service quality. Increased competition, including the actions of existing competitors or the entry of new competitors, could result in reduced rates and revenues, contract losses, under-utilisation of personnel or equipment, reduced operating margins and cash flows and decreased market share and may materially and adversely impact the Company's business, operating and financial performance.

(d) Potential legal claims and regulatory intervention

The Company may be exposed to potential legal claims or actions relating to, amongst other things, the decline in the Share price since its initial listing on the ASX in December 2015 by Shareholders or regulatory bodies (such as ASIC or ASX).

Any such disputes may require the Company to incur costs associated with defending or settling such disputes. Further, any dispute, if proven, may adversely impact the Company's operations, financial performance and financial position. The Company is not currently engaged in litigation of this nature.

(e) Failure to comply with Australian or international safety regulations

If the Company fails to comply with Australian work health and safety or international safety laws and regulations, the Company may be subject to liability, which may adversely affect insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of the Company's vessels is affected, amongst other things, by the requirements set by the International Maritime Organisation which

includes Safety of Life At Sea and Maritime Pollution pertinent for its vessels and the trading areas. Other rules include the International Safety Management Code (**ISM Code**) for the safe operation and pollution prevention. The ISM Code requires shipowners, ship managers and bareboat charterers to develop and maintain a working 'Safety Management System' that includes the adoption of safety and environmental protection policies setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. If the Company fails to comply with the ISM Code, the Company may be subject to increased liability or the Company's existing insurance coverage may be invalidated or decreased for any affected vessels. Such failure may also result in a denial of access to, or detention in, certain ports.

In addition, the Company's activities, like many other industrial activities, inherently involve a significant risk of harm to employees and contractors particularly where they involve managing livestock. The occurrence of personal injury to employees or contractors, particularly if due to failure to comply with Australian and overseas work health and safety requirements, could result in significant reputational damage and liabilities to the Company.

(f) Brand and reputation calamity

There is a risk that an incident whether within or beyond the control of the Company could occur which would have the effect of reducing customer confidence or preferences for livestock commodities generally or the Company products specifically. Such incidents could include:

- (i) mistreatment of livestock or poor animal welfare practices by the Company, its charter operators or customers; or
- (ii) a widespread loss of consumer confidence in the animal welfare practices in the livestock commodities industry as a whole.

The consequences of such an incident could be very significant for the Company, with impacts potentially including reduced revenues.

(g) Food safety and sanitation

The Company operates an abattoir in Australia, and proposes to operate a meat processing business in China as part of the Wellao business. As with all food producers, the Company will be exposed to the risk of product contamination and product recalls. Such products may also be subject to processing and production defaults against specification. There is also a risk that a Company product could cause a serious food poisoning incident as a result of an operational lapse in food safety or sanitation procedures or malicious tampering. The occurrence of a serious food poisoning incident could have significant reputational and financial consequences for the Company.

There is also the risk that actions of the Company's wholesale customers could compromise the hygiene and safety of the Company products after they have left the Company's processing facility. Contamination caused by a wholesale customer would not result in the closure of the Company facilities or require a fine/compensation to be paid by the Company; however, the potential for brand damage to the Company remains.

(h) Dividends may not be franked or attach conduit foreign income

To the extent that the Company pays any dividends, the Company may not have sufficient franking credits in the future to frank dividends or sufficient conduit foreign income in the future to declare an unfranked dividend (or the unfranked portion of a partially franked dividend) to be conduit foreign income. Alternatively, the franking system and / or the conduit foreign income system may be subject to review or reform.

The extent to which a dividend can be franked will depend on the Company's franking account balance and its level of distributable profits. The Company's franking account balance will depend on the amount of Australian income tax paid by the Company. A large part of the Company's operations are outside of Australia, which may reduce the Company's ability to frank dividends.

The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on the Company's conduit foreign income balance and its level of distributable profits. The Company's conduit foreign income balance will depend, amongst other things, on the amount of dividends received by the Company from its non-Australian subsidiaries.

The value and / or availability of franking credits and conduit foreign income to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

No assurances can be given by any person, including the Directors, about payment of any dividend and the level of franking or conduit foreign income on any such dividend. In any event, the Company does not intend to declare or pay any dividends in the immediately foreseeable future.

5.8 General investment risks

(a) Price of Shares

The Shares are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the Shares will increase in the future, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include:

- (i) fluctuations in the domestic and international markets for listed stocks;
- (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;
- (iii) fiscal, monetary or regulatory policies, legislation or regulation;
- (iv) inclusion in or removal from market indices;

- (v) the nature of the markets in which the Company operates;
- (vi) general operational and business risks;
- (vii) variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- (viii) initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX.

(b) Tax law and application

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities (refer below) and stamp duty), or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries in which the Company operates) and / or any changes in tax rules and tax arrangements (again in Australia or other countries in which the Company operates) may increase the amount of tax paid or payable by the Company, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Shareholder returns. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(c) Force majeure events

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to the Company's financial performance, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

(d) Accounting standards

Australian Accounting Standards (**AAS**) are adopted by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation

of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(e) Shareholder dilution

In the future, the Company may elect to issue further Shares (in addition to any Shares that will be issued on conversion of the Convertible Notes) to be in connection with fundraisings, including to raise proceeds for acquisitions. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(f) Future acquisitions and joint ventures

From time to time the Company may undertake acquisitions or enter into joint ventures consistent with its stated growth strategy. The successful implementation of acquisitions or joint ventures will depend on a range of factors including funding arrangements, cultural compatibility and integration. To the extent acquisitions are not successfully integrated with the Company's business, the financial performance or prospects of the Company could be negatively affected. Depending on a range of factors at the time of any future acquisition or entry into a joint venture, including the Share price, the Company's financial position and performance and the nature of the acquisition, the Company may decide that it is in the best interests of the Company and Shareholders to fund the acquisition through the issue of further Shares. If this were to occur, Shareholders may be diluted.

The Australian Competition and Consumer Commission is responsible for administering Australia's competition laws. Equivalent regulators exist in many foreign jurisdictions in which the Company has operations or material customers or suppliers. Potential acquisitions may be restricted if they would have, or would be likely to have, the effect of substantially lessening competition in a market. This may constrain the Company's growth strategy, from time to time.

Acquisitions, joint ventures or partnerships may have a significant impact on capital and operating expenditure, particularly in establishment or expansion phases. There may be a delay until any anticipated revenue for the acquisition or expansion impacts the Company's financial input, so that expenditure has an adverse impact on results in the interim.

(g) Expected future events may not occur

Certain statements in this Offer Document constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective investors should not place undue reliance on such forward looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this Offer Document, that a particular outcome or future event is guaranteed.

(h) Trading in Shares may not be liquid

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market or the Shares become illiquid, the Shareholders will be unable to realise their investment in the Company.

(i) General economic and financial market conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for the Company's products and negatively impact the Company's financial performance, financial position, cash flows, dividends, growth prospects and Share price.

(j) Global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors that have led to this situation have been outside the control of the Company and may continue for some time, resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debts to achieve its objectives, if required.

5.9 Investment highly speculative

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares.

6. GLOSSARY

In this Offer Document, unless the context otherwise requires:

\$ means Australian dollars.

AAS has the meaning given to that term in Section 5.8(d).

AASB means the Australian Accounting Standards Board.

Applicant means a person who submits Application Form.

Application means a valid acceptance of New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or a valid application for Shortfall Shares under the Shortfall Offer made pursuant to an Entitlement and Acceptance Form or a Shortfall Application Form (as applicable).

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities & Investments Commission.

Associates has the meaning given to that term in section 9 of the Corporations Act.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

Balzarini Family Members has the meaning given to that term in Section 3.3.

Balzarini Family Shareholding Condition has the meaning given to that term in Section 3.3.

Black Crane has the meaning given to that term in Section 1.3.

Board means the board of Directors.

Boventi Shortfall Shares has the meaning given to that term in Section 2.6.

Boventi Underwritten Shares has the meaning given to that term in Section 2.6.

Boventi Underwriting Agreement has the meaning given to that term in Section 2.6.

Business Day means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

CBA means Commonwealth Bank of Australia.

CHES means ASX Clearing House Electronic Subregistry System.

Cleansing Statement means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means the date referred to as such in the Indicative Timetable.

Company or **Wellard** means Wellard Limited ACN 607 708 190.

Constitution means the constitution of the Company as at the date of this Offer Document.

Convertible Notes has the meaning given to that term in Section 1.4.

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

Director means a director of the Company.

Eligible Shareholder means a person who:

- (a) is a Shareholder at 7.00pm (Sydney time) on the Record Date; and
- (b) has a registered address in Australia, New Zealand, Hong Kong, Singapore or Italy as recorded with the Share Registry as at the Record Date.

Entitlement means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

Entitlement Offer has the meaning given to that term in Section 1.2 (and, for the avoidance of doubt, includes the New Shares to be issued to the Nominee).

Entitlement and Acceptance Form means the entitlement and acceptance form attached to, or accompanying this Offer Document, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Offers.

ETA has the meaning given to that term in Section 3.4.

Fulida has the meaning given to that term in Section 1.3.

Fundraising means the Placement, the Offers and the issue of the Convertible Notes.

Heytesbury means Heytesbury Pty Ltd ACN 008 666 966.

Indicative Timetable means the indicative timetable on page 6 of this Offer Document.

Ineligible Shareholder has the meaning given to that term in Section 2.10.

Innovation Bloom has meaning given to that term in Section 1.3.

Intesa means Intesa Sanpaolo S.p.A., Singapore Branch.

Intesa Facility Agreement has the meaning given to that term in Section 3.3.

Intesa Prepayment Event has the meaning given to that term in Section 3.3.

Intesa Review Event has the meaning given to that term in Section 3.3.

ISM Code has the meaning given to that term in Section 5.7(e).

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the official listing rules of ASX.

MSI-AIS has the meaning given to that term in Section 5.4(h).

New Share means a Share offered pursuant to this Offer Document.

Nominee has the meaning given to that term in Section 2.10.

Nominee Shares has the meaning given to that term in Section 2.10.

Noteholder has the meaning given to that term in Section 1.4.

Offer Document means this offer document dated 3 April 2017.

Offers means the Entitlement Offer and Shortfall Offer.

Official Quotation means quotation of Shares on the official list of ASX.

Opening Date means the date referred to as such in the Indicative Timetable.

Penta has meaning given to that term in Section 1.3.

Placement has the meaning given to that term in Section 1.3.

Record Date means the date referred to as such in the Indicative Timetable.

Schedule means the schedule to this Offer Document.

Section means a section of this Offer Document.

Settlement Date means 12 May 2017 or as may be extended by an Underwriter providing notice to the Company to a date no later than 19 May 2017.

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

Shareholder means a registered holder of Shares.

Share Registry means Link Market Services Limited.

Shortfall means the New Shares not applied for under the Entitlement Offer before the Closing Date.

Shortfall Application Form means the application form attached to, or accompanying this Offer Document, to be used for the purposes of applying for Shortfall Shares under the Shortfall Offer.

Shortfall Offer has the meaning given to that term in Section 2.4.

Shortfall Shares means the New Shares constituting the Shortfall.

Terminating Underwriter(s) has the meaning given to that term in Section 2.6.

Tradeinvest has meaning given to that term in Section 1.3.

Tranche 1 Convertible Notes has the meaning given to that term in Section 1.4.

Tranche 2 Convertible Notes has the meaning given to that term in Section 1.4.

Underwriters has the meaning given to that term in Section 2.6.

Underwriting Agreements has the meaning given to that term in Section 2.6.

Wellao has the meaning given to that term in Section 1.5.

Wellard Ships means Wellard Ships Pte. Ltd.

WGH Options has the meaning given to that term in Section 3.3.

WGH CLT means WGH Commodities, Land and Transport Pty Ltd.

WRE has the meaning given to that term in Section 1.4.

Schedule 1 - Underwriter Termination Events

1. Unqualified termination events

An Underwriter may at any time by notice given to the Company immediately, without cost or liability to itself, terminate its Underwriting Agreement so that it is relieved of all its obligations under its Underwriting Agreement if, in the reasonable opinion of the Underwriter, any of the following events occurs before Completion:

- (a) **(ASX market fall)** The S&P/ASX 200 Index of ASX closes at a level that is 10% or more below the level at market close on the Business Day immediately preceding the date of the Underwriting Agreement:
 - (i) on five consecutive trading days; or
 - (ii) on the trading day immediately prior to the Settlement Date.
- (b) **(Transaction Documents)** The Transaction Documents contain (whether by omission or otherwise) any statement which is false, misleading or deceptive or they otherwise do not comply with the Corporations Act or any other applicable law.
- (c) **(Cleansing Notice)** Any Cleansing Notice is or becomes defective (as that term is defined in section 708AA(11)), or any amendment or update to a Cleansing Notice is issued or is required to be issued under the Corporations Act and, in each case, that defective Cleansing Notice or amendment or update to a Cleansing Notice is adverse from the point of view of an investor.
- (d) **(ASIC action)** ASIC:
 - (i) applies for an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer or the Transaction Documents;
 - (ii) holds or commences, or gives notice of intention to hold or commence, a hearing or investigation in relation to the Entitlement Offer or any Transaction Document under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth); or
 - (iii) (A) prosecutes or gives notice of an intention to prosecute; or
(B) commences proceedings against, or gives notice of an intention to commence proceedings against,
the Company or any of its officers, employees or agents in relation to the Entitlement Offer or the Transaction Documents.
- (e) **(unable to issue New Shares)** The Company is prevented from allotting and issuing the New Shares (including the Shortfall Shares) in accordance with the Underwriting Agreement.
- (f) **(quotation)** ASX indicates to the Company or the Underwriter that it will not approve the granting of official quotation to the New Shares or that it will impose conditions which are not acceptable to the Underwriter, acting reasonably, by 5.00pm on the Business Day immediately preceding the Settlement Date;

- (g) **(listing)** The Company ceases to be admitted to the official list of ASX or the Shares are non-voluntarily suspended from trading on, or cease to be quoted on, ASX.
- (h) **(Timetable)** Any event specified in the Indicative Timetable is delayed for more than three Business Days without the prior written approval of the Underwriter.
- (i) **(Insolvency)** Any Group Member is insolvent or there is an act or omission which is likely to result in a Group Member becoming insolvent.
- (j) **(withdrawal)** The Company withdraws the Entitlement Offer.
- (k) **(Certificate)** The Company fails to deliver a Certificate when required to under the Underwriting Agreement.
- (l) **(Director)** A Director:
 - (i) is charged with an indictable offence or any regulatory body commences any public action against the Director in his or her capacity as a director of the Company or announces that it intends to take any such action; or
 - (ii) is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act.
- (m) **(misleading or deceptive conduct)** Civil or criminal proceedings are brought against the Company or any Director or other officer of the Company in relation to any fraudulent, misleading or deceptive conduct by or on behalf of the Company (whether or not in connection with the Entitlement Offer).
- (n) **(due diligence)** The Underwriter forms the view (acting reasonably) that the results of the Company's due diligence investigations are misleading or deceptive or likely to mislead or deceive whether by omission or otherwise.
- (o) **(debt facilities)**
 - (i) Prior to the Settlement Date, the Company commits any new breach, or has any new default under, any provision, undertaking covenant or ratio of any of a material loan or financing arrangement or any related documentation to which that Company is a party which has or is likely to have a material adverse effect on the Company or the Group, other than an Intesa Review Event or a CBA DSCR Breach.
 - (ii) Prior to the Settlement Date, a new event of default, potential event of default or new review event which gives a lender or financier the right to accelerate or require repayment of the loan or financing or similar event occurs under any material loan or financing arrangement or any related documentation to which that Company is a party, and which has or is likely to have a material adverse effect on the Company or the Group, other than an Intesa Review Event or a CBA DSCR Breach.
 - (iii) Prior to the Settlement Date, Intesa exercises, or notifies the Company of its intention to exercise, any of its rights to accelerate or otherwise require repayment of any amounts owing under the

Intesa Facility Agreement due to the occurrence of an Intesa Review Event.

- (iv) Prior to the Settlement Date, any of the Company's lenders or financiers taken any action to accelerate or otherwise require payment of amounts owing by the Company which has or is likely to have a material adverse effect on the Company or Group.

2. Qualified termination events

An Underwriter may at any time by notice given to the Company immediately, without cost or liability to itself, terminate its Underwriting Agreement so that it is relieved of all its obligations under its Underwriting Agreement if, in the reasonable opinion of the Underwriter, any of the events specified occurs before Completion, when, in the reasonable opinion of the Underwriter, the event:

- (a) has had or is likely to have a material adverse effect on:
 - (i) the success of the Entitlement Offer;
 - (ii) the willingness of persons to apply for, or settle obligations to subscribe for, New Shares under the Entitlement Offer; or
 - (iii) the price or likely price at which Shares are likely to trade on ASX; or
- (b) has given or is likely to give rise to:
 - (i) a contravention by the Underwriter of, or the Underwriter being involved in a contravention of, the Corporations Act or any other applicable law; or
 - (ii) a liability for the Underwriter.

The effect of any of the above events will be determined by assessing or considering the likely effect of the event on a decision of an investor to invest in New Shares as if that decision to invest was made after the occurrence of that event and not by considering only the number and extent of valid applications received before the occurrence of that event.

- (a) **(misrepresentation)** A representation or warranty made or given, or deemed to have been made or given, by the Company under the Underwriting Agreement proves to be, has been or becomes, untrue or incorrect.
- (b) **(breach)** The Company fails to perform or observe any of its obligations under the Underwriting Agreement.
- (c) **(future matters)** Any statement or estimate in any Transaction Documents which relates to a future matter is or becomes incapable of being met.
- (d) **(adverse change)** There is an adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of the Company or the Group, including any adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of the Company or the Group from those disclosed to ASX in accordance with the Listing Rules prior to the date of the Underwriting Agreement or in the Transaction Documents.

- (e) **(change in law)** There is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law of the Commonwealth of Australia or any State or Territory of Australia, or a government agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a government agency that such a law or regulation will be introduced or policy adopted (as the case may be), other than any law, regulation or policy which has been publicly announced by the Government of the Commonwealth of Australia or any State or Territory of Australia or any government agency prior to the date of the Underwriting Agreement.
- (f) **(hostilities)** Hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United Kingdom, the United States of America, Canada, any member state of the European Union, Japan, Russia, Israel, the People's Republic of China, Israel, Brazil, North Korea or South Korea or a national emergency is declared by any of those countries, or a significant terrorist act is perpetrated anywhere in the world.
- (g) **(disruption in financial markets)**
 - (i) A general moratorium on commercial banking activities in Australia, the United States of America, Hong Kong, the People's Republic of China or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries.
 - (ii) Trading in all securities quoted or listed on ASX, the Stock Exchange of Hong Kong, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect.
 - (iii) There is:
 - (A) any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States of America, Hong Kong, the People's Republic of China or the United Kingdom; or
 - (B) any adverse change, or development involving a prospective adverse change, in any of those conditions or markets.
- (h) **(change in management)** A change in the board of Directors is announced or occurs, or any of Mauro Balzarini (CEO) or John Stevenson (CFO) cease to be employed by the Group other than as disclosed to the Underwriter in writing before the date of the Underwriting Agreement.

3. Glossary

In this Schedule, unless the context otherwise requires:

- (a) **CBA DSCR Breach** means a breach of the debt service cover ratio under the facility agreement dated 8 December 2015 between, among others, the Company and Commonwealth Bank of Australia.

- (b) **Certificate** means a certificate from the Company confirming that to the best of the Company's knowledge, each condition precedent, obligation, representation and warranty under the Underwriting Agreement has been fulfilled and that no termination event has occurred.
- (c) **Cleansing Notice** means a valid notice in respect of the Entitlement Offer in accordance with sections 708AA(2)(f) and 708AA(7) of the Corporations Act.
- (d) **Completion** occurs when all of the New Shares have been allotted by the Company in accordance with the Entitlement Offer.
- (e) **Group** means the Company and its Related Bodies Corporate (which has the meaning given to Related Body Corporate in the Corporations Act), and each of them is a **Group Member**.
- (f) **Transaction Documents** means:
 - (i) the ASX announcement by the Company regarding the launch of the Entitlement Offer;
 - (ii) the Entitlement and Acceptance Forms;
 - (iii) the Cleansing Notice;
 - (iv) this Offer Document and any supplementary Offer Document; and
 - (v) all other communications with Shareholders, nominees and other parties approved or authorised by or on behalf of the Company in connection with the Entitlement Offer.