



Australian Dairy Farms Group

26 October 2016

ASX Code: AHF

- **Release of Notice of Annual General Meeting**
- **Retirement of Director Mr Keith Jackson**

The Annual General Meeting (**AGM**) for Australian Dairy Farms Group (the '**Group**') will be held at the Williamstown Yacht Club, 260 Nelson Place, Williamstown, VIC 2888 on Friday 25th November 2016, commencing at 11:00am (AEDT).

Car parking is available at the venue for attendees; please refer to the Australian Dairy Farms Group website prior to the meeting for details of how to arrange parking.

The Notice of Meeting (**NOM**) for the Group is released to the ASX and paper copies will be dispatched to all Securityholders by the Group's registry, Link Market Services Limited. Additionally, a letter will be sent without meeting papers to the last known address of lost holders as required by legislation.

The AGM will deal with matters that are generally considered standard for AGMs as set out in the Agenda.

At each AGM at least one third of directors must retire by rotation and may seek to be re-elected for a further term.

Mr. Keith Jackson, who became a director in September 2014, retires by rotation at the AGM and has advised he is not seeking re-election to the Board. Consequently, Mr Jackson's retirement will be taken to have occurred at the commencement of the AGM. The Board thanks Mr. Jackson for his contribution to the Group in the time he has served as a director.

The Board encourages Securityholders to attend the meeting at which a presentation will be made regarding the status of the Group and a summary of some of the exciting projects being worked on by the Group.

Yours faithfully,

AUSTRALIAN DAIRY FARMS GROUP

Jerome Jones

CFO and Company Secretary

Further Details

For additional company information or media matters please contacts

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About Australian Dairy Farms Group

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

In April 2016 the Group completed the acquisition of Camperdown Dairy Company Pty Ltd - ACN 140 640 606 (CDC) – see announcement on <http://www.adfl.com.au/announcements>.

CDC is a wholly owned subsidiary of AHF. The Group is now a vertically integrated milk producer, processor and product distributor in Australia and for export.

Australian Dairy Farms Group is listed as a stapled security comprising one fully paid share in **Australian Dairy Farms Limited** (the Company) and one fully paid unit in **Australian Dairy Farms Trust** (the Trust). Within the structure, the Company is the operator and manager of the dairy farm properties, which are leased from the Trust as the registered owner.

Disclaimer

This announcement may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on AHF's current expectation, estimates and projections about the industry in which it operates, and beliefs and assumptions. Forward Looking Statements may include indications of, and guidance on, future earnings or distributions and financial position and performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AHF, and its officers, employees, agents, or associates, that may cause actual results to differ materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and AHF assumes no obligation to update such information.



Australian Dairy Farms Group

ASX Code: AHF

Notice of Annual General Meeting Australian Dairy Farms Group

The Annual General Meeting of the shareholders of Australian Dairy Farms Limited (ACN 057 046 607) and the Annual General Meeting of unit holders of the Australian Dairy Farms Trust (ARSN 600 601 689) will be held at:

Venue: Williamstown Yacht Club, 260 Nelson Place, Williamstown VIC 2888

Date: Friday 25 November 2016

Time: 11:00AM (AEDT).

This notice of annual general meeting should be read in its entirety. If Security Holders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on +61 7 3020 3020 or shareholders@adfl.com.au if you wish to discuss any matter concerning the Meeting.

Australian Dairy Farms Limited and Australian Dairy Farms Trust (together the "Group")

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the shareholders of Australian Dairy Farms Limited (Company) will be held in conjunction with the annual general meeting of unit holders of the Australian Dairy Farms Trust (together the Australian Dairy Farms Group). The Meeting will be held at the Williamstown Yacht Club, 260 Nelson Place, Williamstown VIC 2888 on Friday 25 November 2016 at 11:00am (AEDT)(Melbourne time) (Meeting).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Security Holders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 11:00am AEDT on Wednesday, 23 November 2016.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

Agenda

ANNUAL REPORT

To receive and consider the financial statements of the Company and the reports of the Directors and Auditors for the financial year ended 30 June 2016.

RESOLUTION 1 REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, Security holders adopt the Remuneration Report set out in the Directors' Report for the year ending 2016."

A voting exclusion statement is set out below.

RESOLUTION 2 RE-ELECTION OF DIRECTOR - ADRIAN ROWLEY

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That Adrian Rowley, who retires by rotation in accordance with clause 49 of the Company’s Constitution and for all other purposes, and offers himself for re-election, be re-elected as a Director.”

RESOLUTION 3 RE-ELECTION OF DIRECTOR - PETER SKENE

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That Peter Skene, who was appointed as a Director by the Board on 01 July 2016 retires in accordance with section 201H(3) of the Corporations Act 2001 (Cth) and for all other purposes, and offers himself for re-election, be re-elected as a Director.”

RESOLUTION 4 APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Security holders approve the issue of Equity Securities up to 10% of the issued capital of the Group (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 5 APPROVAL OF FINANCIAL ASSISTANCE FOR CDC TRANSACTION

To consider, and if through fit, to pass with or without amendment the following as a special resolution:

“For the purposes of sections 260A and 260B(2) of the Corporations Act 2001 (Cth), approval is given for Camperdown Dairy Company Pty Ltd ACN 140 640 606 and its subsidiaries (in respect of which the Company is the listed holding company), to give financial assistance from time to time in connection with the CDC Transaction, as described in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Corporations Act

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by any of the following persons:

Resolution	Persons Excluded from Voting
Resolution 1 Remuneration Report (Non-Binding)	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:</p> <ul style="list-style-type: none">(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or(b) a Closely Related Party of such member. <p>However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none">(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or(b) the voter is the chair of the meeting and the appointment of the chair as proxy:<ul style="list-style-type: none">(i) does not specify the way the proxy is to vote on this Resolution; and(ii) expressly authorises the chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Listing Rule 14.11

Under Listing Rule 14.11, the Group will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 4 - Approval of 10% Placement Facility; and Resolution 5 - Approval for financial assistance for CDC Transaction	Persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and an associate of that person.

However, the Group need not disregard a vote if:

- (b) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (c) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors

Jerome Jones

Company Secretary and CFO

Australian Dairy Farms Group

26 October 2016

Australian Dairy Farms Group

Explanatory Memorandum

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Security Holders in connection with the business to be conducted at the Meeting to be held at Williamstown Yacht Club, 260 Nelson Place, Williamstown VIC 2888 on Friday 25 November 2016 at 11:00am (AEDT). The purpose of this Explanatory Memorandum is to provide information to Security Holders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of Explanatory Memorandum.

Please contact the Company Secretary on +61 7 3020 3020 or shareholders@adfl.com.au if you wish to discuss any matter concerning the Meeting.

1 ACTION TO BE TAKEN BY SECURITY HOLDERS

Security Holders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.1 Proxies

All Security Holders are invited and encouraged to attend the Meeting. If a Security Holder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Group in accordance with the instructions on the Proxy Form. The Group encourages Security Holders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 11:00am (AEDT) on Wednesday, 23 November 2016. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

Online	www.linkmarketservices.com.au
By Mail	C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 1235
By Facsimile	+61 2 92870309
By Hand	Link Market Services Limited Level 12, 680 George Street, Sydney NSW 2000

Security Holders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

1.2 Corporate representatives

Security Holders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Group and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Group's securities registry (www.linkmarketservices.com.au).

1.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Security Holders are those persons who are the registered holders of Stapled Securities at 7.00pm (AEDT) on Wednesday, 23 November 2016.

2 ANNUAL REPORT

There is no requirement for Security Holders to approve the Annual Report.

Security Holders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended 30 June 2016 which is available on the ASX platform at www.asx.com.au; and
- (b) ask questions about or make comment on the management of the Company and the Group.

The chair of the Meeting will allow reasonable opportunity for the Security Holders as a whole at the Meeting to ask the auditor or the auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- (a) the content of the auditor's report to be considered at the Meeting; and
- (b) the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Group's registered office.

3 RESOLUTION 1 REMUNERATION REPORT

The Remuneration Report is in the Directors' Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 2016.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Security Holders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Chairman will give Security Holders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Security Holders will be required to vote at the second of those annual

general meetings on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

4 RESOLUTION 2 RE-ELECTION OF DIRECTOR - ADRIAN ROWLEY

4.1 Introduction

The Company's Constitution requires that one-third of the Directors retire by rotation at each annual general meeting and that Directors appointed by the Board hold office until the next annual general meeting.

In accordance with the Constitution, Adrian Rowley retires from office at this Meeting and offers himself for re-election.

Details of Mr Rowley's qualifications and experience are set out in the Company's 2016 Annual Report.

4.2 Directors' recommendation

The Board (excluding Mr Rowley) recommends that Security Holders vote in favour of Resolution 2.

5 RESOLUTION 3 RE-ELECTION OF DIRECTOR - PETER SKENE

5.1 Introduction

As Peter Skene was appointed by the board as a Director, Section 201H(3) of the Corporations Act 2001 (Cth) requires Peter Skene to retire and offer himself for re-election by Security holders at the next Annual General Meeting.

In accordance with the Corporations Act, Peter Skene retires from office at this Meeting and offers himself for re-election.

Details of Mr Skene's qualifications and experience are set out in the Company's 2016 Annual Report.

5.2 Directors' recommendation

The Board (excluding Mr Skene) recommends that Security Holders vote in favour of Resolution 3.

6 RESOLUTION 4 APPROVAL OF 10% PLACEMENT FACILITY

6.1 General

The Group seeks Security Holder approval to issue Equity Securities up to 10% of its issued securities capital through placements over a 12 month period following Security Holder approval (10% Placement Facility).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 5.3(a) below).

The calculations in the examples below

6.2 Directors' recommendation

The Board unanimously recommends that Security Holders vote in favour of Resolution 3. This will allow the Group to issue securities and raise funds whilst preserving the Group's 15% annual limit permitted by Listing Rule 7.1.

6.3 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued securities capital through placements over a 12 month period following security holder's approval by way of a special resolution. The 10% Placement Facility is in addition to the Group's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1.A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Group is an eligible entity.

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

"A" the number of securities on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid securities issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid securities that become fully paid in the 12 months;
- (C) plus the number of fully paid securities issued in the 12 months with approval of holders of securities under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid securities under the entity's 15% placement capacity without security holder approval;
- (D) less the number of fully paid securities cancelled in the 12 months.

"D" is 10%

"E" is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue

or agreement to issue that are not issued with the approval of Security Holders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1

As the date of this Notice of Meeting, the Group has on issue 183,005,330 Stapled Securities. The holders of 235 Convertible Notes on issue have given notice to the Group that they seek to convert the notes when due on 23 October 2016. This will result in an additional 12,785,637 Stapled Securities being issued following the conversion. For the purpose of this resolution it has been assumed that 195,790,997 Stapled Securities are on issue.

As a result, the Group has a capacity to issue:

- (i) 29,368,644 Equity Securities under Listing Rule 7.1; and
- (ii) 19,579,096 Equity Securities under Listing Rule 7.1A.

(b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

6.4 Specific information by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Group's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) There is a risk of economic and voting dilution to existing Security Holders in approving the 10% Placement Facility, including the risks that:

- (i) the market price for the Group's Equity Securities may be significantly lower of the date of the issue of the Equity Securities than when Security Holders approval the 10% Placement Facility; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Group's Equity Securities on the issue date, or issued for non-cash consideration for the acquisition of a new asset.

Following is a table that sets out the potential dilution of existing Security Holders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.10	\$0.20	\$0.40
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A	10% Voting Dilution	19,579,097	19,579,097	19,579,097
		Stapled Securities	Stapled Securities	Stapled Securities
195,790,967	Funds Raised	\$1,957,910	\$3,915,819	\$7,831,639
50% increase in current Variable A	10% Voting Dilution	29,368,645	29,368,645	29,368,645
		Stapled Securities	Stapled Securities	Stapled Securities
293,686,449	Funds Raised	\$2,936,864	\$5,873,729	\$11,747,458
100% increase in current Variable A	10% Voting Dilution	39,158,193	39,158,193	39,158,193
		Stapled Securities	Stapled Securities	Stapled Securities
391,581,932	Funds Raised	\$3,915,819	\$7,831,639	\$15,663,277

The table has been prepared on the following assumptions:

- (iii) The 12,785,637 Stapled Securities to be issued following the conversion of the Convertible Notes on issue, have been issued prior to any placement being made in accordance with this Resolution.
- (iv) The Group issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (v) The 10% voting dilution reflects the aggregate percentage dilution against the issued security capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Securities.

- (vii) The issue price is \$0.20 being the price of the Stapled Securities issued under the offer document lodged by the Group on 20 August 2015.

The table does not show an example of dilution that may be caused to a particular Security Holder by reason of placements under the 10% Placement Facility, based on that Security Holder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (c) The latest date by which Equity Securities may be issued is 12 months after the Meeting. Approval for the issue of Equity Securities under the 10% Placement Facility will cease to be valid in the event that Security Holders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Equity Securities may be issued for the following purposes:
 - (i) to raise funds, in which case the Group intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), and expenditure on the Group's current assets and/or general working capital; or
 - (ii) in consideration of the acquisition of new assets and investments, in which case the Group will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Group will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Group is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Group's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
 - (i) The fundraising methods available to the Group, including but not limited to, rights issue or other issue which may minimise dilution to Security Holders.
 - (ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition.
 - (iii) The effect of the issue of the Equity Securities on the control of the Group.
 - (iv) The financial situation and solvency of the Group.

(v) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include vendors (in the case of any issue for non-cash consideration), existing substantial Security Holders and/or new Security Holders who are not related parties or associates of a related party of the Group.

- (f) The Group obtained Security Holder approval under Listing Rule 7.1A. at its 2015 annual general meeting and will have issued 39,664,750 fully paid securities (includes the Securities to be issued on conversion of the Convertible Notes in October 2016) in the 12 months preceding the date of the Meeting to be held on 25 November 2016. This represents 25.4% of the total number of fully paid stapled securities on issue at the commencement of that 12 month period. One million Stapled Securities were issued to each of Peter Skene and Christian Melville, KMP in the Group under the ESS. Loyalty Options listed below are the number exercised pursuant to the Offer Document dated 17 November 2014 and lodged with ASIC on that date.

Date	Number	Issue Price	Basis of issue	Discount to Market	Cash Raised
14/01/2016	5,890,286	\$0.25	Loyalty Options	Nil	\$1,472,571.50
4/02/2016	4,168,325	\$0.25	Loyalty Options	Nil	\$1,042,081.25
26/02/2016	4,528,927	\$0.25	Loyalty Options	Nil	\$1,132,231.75
1/04/2016	4,641,721	\$0.25	Loyalty Options	NIL	\$1,160,430.25
1/04/2016	50,000	\$0.25	Loyalty Options	Nil	\$12,500
14/04/2016	5,599,854	\$0.25	Loyalty Options	Nil	\$1,399,963.50
19/09/2016	2,000,000	\$0.00	Performance Rights	\$0.18	Nil
30/10/2016	12,785,637	\$18.38	Convertible Note	Nil	Debt Repaid \$2,350,000
TOTAL	39,664,750				\$6,219,778.25

- (g) The funds raised through this period were used to assist to the extent of approximately \$3,500,000, in the acquisition of the shares in Camperdown Dairy Company Pty Ltd which the Company contracted to purchase for \$11,000,000 on 22 December 2015 as announced to ASX, subject to settlement adjustments and which purchase was completed on 15 April 2016. The balance is being used as working capital for the expanded group activities and for farm development work and livestock purchases.
- (h) The securities issued on 19/09/2016 for no cash consideration were issued as a result of the vesting and exercise of Performance Rights referred to in paragraph (f) allotted in consideration of the two KMP referred to extending

their employment contracts on the same terms for three years for 1 July 2016 as announced to ASX on 19/09/2016. The value of these contracts remains to be evidenced during the course of their terms in improved sales and profitability of the Group. No value has been assigned to the contracts in the accounts.

- (i) A voting exclusion statement is included in the Notice.
- (j) At the date of the Notice, the Group has not approached any particular existing Security Holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities, and no existing Security Holder's votes will be excluded under the voting exclusion in the Notice.

7 RESOLUTION 5 APPROVAL OF FINANCIAL ASSISTANCE FOR CDC TRANSACTION

7.1 Introduction

This resolution was included in the agenda for the EGM held on 29 July 2016, which resolution was passed by Securityholders. Because of an error in the subsequent lodgement of forms with ASIC following the resolution, legal advice to the CBA was that the approval of financial assistance by Securityholders was not perfected as required by the Corporations Act.

For this reason the same resolution has been included in this agenda for consideration by Securityholders at the 2016 AGM.

On 29 December 2015, the Group announced the acquisition of Camperdown Dairy Company Pty Limited (CDC), an established dairy processing business operating from a leased factory premises at Camperdown in South West Victoria. CDC's plant has capacity to process 36 million litres of raw milk per annum into fresh pasteurised bottled milk, yoghurt, butter and cream packaged ready for supermarket shelves or export.

The Acquisition completed on 15 April 2016 and was funded by a combination of the Group's cash reserves and an increase of the Group's existing funding arrangements with its banker Commonwealth Bank (CBA Facility). The CBA Facility has a term of 3 years and, as is typical with these types of funding arrangements, is secured by, amongst other things, guarantees and general security interests provided by the Company, the Trust and SW Dairy Farms Limited (the entity that owns the Group's livestock and operating farm assets other than land). To date, CDC has not guaranteed the CBA Facility.

7.2 Why Securityholder approval is required?

Although CDC has not as yet provided a guarantee or security interest, CBA has, as a condition of the CBA Facility required the Group to obtain all necessary shareholder approvals under section 260B of the Corporations Act.

Section 260A of the Corporations Act provides that any financial assistance provided by a company to acquire shares in itself must be approved by special resolution passed in accordance with section 260B at a general meeting of the company's shareholders. Furthermore if immediately after the acquisition a company will be a subsidiary of an Australian listed company then the financial assistance must also be approved by special resolution passed under section 260B(2) of the Corporations Act at a general meeting of that listed company's shareholders.

The Company is seeking shareholder approval for the CBA Facility to comply with the terms of the CBA Facility and, to the extent that CDC may at some time in the future give a financial benefit with respect the Company's acquisition of CDC, section 260A of the Corporations Act.

7.3 Reasons for giving financial assistance

The key reasons for the CBA Facility are:

- (a) The CBA Facility provided funds for the Company to complete the purchase of CDC.

The purchase has allowed the Group to transform from a milk producer to value added dairy processer.

- (b) Without shareholder approval, the Group may be unable to use the assets of CDC as security for CBA facilities, is likely to pay an increased margin on its borrowings under the CBA Facility, and may not be able to comply with any request by CBA in the future for a guarantee or security interest from CDC to secure the CBA Facility.

7.4 Directors' recommendation.

The Directors recommend that Securityholders vote in favour of Resolution 1. The Chairman intends to cast and directed proxies in favour of this resolution

8 DEFINITIONS

In this Notice and Explanatory Memorandum:

10% Placement Facility	has the meaning given in section 5.1 of this Explanatory Memorandum.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Annual Report	means the 2016 annual report of the Company.
Board	means the board of Directors.
Chairman	means the Chairman of the Group.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; company the member controls; or a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company	means Australian Dairy Farms Limited (ACN 057 046 607).
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Memorandum	means this explanatory memorandum.
Group	means the Company and the Trust.
Key Management Personnel or KMP	has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Loyalty Option	means the unlisted options to subscribe for a Stapled Security in the Group currently on issue and not exercised

	at the date of the Meeting issued pursuant to the .
Listing Rule	means the listing rules of the ASX.
Meeting	means the annual general meeting of the shareholders of the Company which will be held in conjunctions with the annual general meeting of unit holders of the Trust (as adjourned from time to time).
Notice	means this notice of meeting.
Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice.
Security Holder	means a holder of Stapled Securities.
Stapled Security	means a fully paid ordinary share in the capital of the Company stapled to a fully paid ordinary unit in the Trust.
Trading Days	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
Trust	means the Australian Dairy Farms Trust (ARSN 600 601 689).
VWAP	means volume weighted average price.
AEDT	means Australian Eastern Daylight Time (Daylight Saving Time).



Australian Dairy Farms Group

Australian Dairy Farms Limited ABN 36 057 046 607 and
Trustees Australia Limited ABN 42 010 653 862 AFSL 260 033
as Responsible Entity for the
Australian Dairy Farms Trust ARSN 600 601 689

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Australian Dairy Farms Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Australian Dairy Farms Group and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (AEDT) on Friday, 25 November 2016 at Williamstown Yacht Club, 260 Nelson Place, Williamstown VIC 2888 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of Financial Assistance for CDC Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Adrian Rowley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Re-election of Director – Peter Skene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, all securityholders must sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

AHF PRX1602C



HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (AEDT) on Wednesday, 23 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Australian Dairy Farms Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**