



ASX Release
Date: 8 December 2016

Dear Sir or Madam:

Australian Whisky Holdings Limited announces its intention to make offer to purchase share in Lark Distillery Pty Ltd

Australian Whisky Holdings Limited (ASX:AWY) (“AWY”) is pleased to announce its intention to make an offer (“**the Offer**”) to acquire all of the ordinary shares in Lark Distillery Pty Ltd (“**Lark**”) that it does not currently own. AWY currently holds approximately 38.49% of the shares in Lark.

The Offer

1. Scrip for Scrip Offer

It is proposed that as consideration for the Offer, Lark shareholders shall receive 310,000 AWY shares for every Lark share. On 30 November 2016, AWY Shareholders approved the consolidation of AWY shares on a 30 for 1 basis. Accordingly, subject to the completion of the consolidation of AWY shares, Lark shareholders shall receive 10,333 AWY shares (post – consolidation) for every Lark Share noting that their shareholding percentage in AWY post - consolidation remains unchanged.

Since AWY has a 38.49% interest in Lark, it will only need to acquire an additional 5,165 shares (representing approximately 12.5% of the issued shares) from Lark shareholders to acquire a 51% interest in the capital of Lark, and 25,393 shares (representing approximately 61.5% of the issued shares) from Lark shareholders to acquire a 100% interest in the capital of Lark.

2. Offer Price

The offer of 10,333 AWY shares (post-consolidation) per Lark share represents a premium based upon Lark’s latest issue price of \$305. In particular:





- (a) The offer represents a value of \$419 per Lark share based on the 30 trading days VWAP of AWY shares at the closing date of 7 December 2016 of \$0.040566606, which results in a premium of approximately 38%;
- (b) The offer represents a value of \$405 per Lark share based on the 90 days VWAP of AWY shares at the closing date of 7 December 2016 of \$0.039195226, which results in a premium of approximately 33%; and
- (c) The offer represents a value of \$444 per Lark share based on AWY most recent closing price of \$0.043 on 7 December 2016, which results in a premium of approximately 46%.

This is an increase as compared to the latest issue price of Lark share price of \$305 based upon Lark's latest internal capital raising conducted in August 2016 which AWY participated for its entitlement plus application for its proportion allocation of shortfall shares. In particular, AWY took up its 1 for 3 entitlement of 3,187 shares at \$305 plus additional shortfall shares of 323 shares at \$305 per share giving AWY total of 13,070 shares. In October 2016, AWY opted to exercise all of the options under the Option Agreements with various Lark shareholders (further details were disclosed under the Notice of Annual General Meeting of Shareholders dated 28 October 2016). Subsequent to the exercise of the options under the Option Agreements, AWY currently holds 15,888 fully paid ordinary shares in Lark which represents approximately 38.49%.

3. AWY shares to be issued under the Offer

If all Lark shareholders accept the offer and subject to shareholders approval under Listing Rule 7.1, AWY will issue 262,394,333 shares (post-consolidation) to relevant vendors representing a shareholding percentage of approximately 35.1% total of shares in AWY subject to the issue of shares as approved at the Annual General Meeting of Shareholders as held on 30 November 2016.

AWY does not propose a minimum acceptance condition on Lark shareholders given AWY's existing 38.49% holding. Therefore, until





acceptances are known, AWY will not know the level of ownership it will achieve via the Offer.

4. Offer Conditions

The Offer will be subject to a number of conditions, including:

- AWY obtaining all requisite regulatory and shareholder approvals, including the shareholder approvals required for and the acquisition in accordance with Listing Rule 11.1.2 and any other applicable Listing Rules the issue of the consideration shares;
- No prescribed occurrence;
- No specified events occurring in respect of Lark's business;
- No material acquisitions, disposals or commitments;
- No regulatory action;
- No material adverse change; and
- other customary conditions.

With respect to the shareholder approval condition as noted above, AWY intends to hold a general meeting of shareholders around mid to late January 2017 for shareholders to approve the acquisition and issue of the consideration shares. Further details of the general meeting will be disclosed by AWY at a later stage.

5. Rationale of the Offer

Lark

Established in 1992, Lark Distillery is one of Australia's leading distilleries, producing high quality, premium spirits using traditional time honoured methods. The Distillery is located in Tasmania and runs an 1800 litre copper pot still along with a 500 litre spirit still. The range of distilled products includes the flagship Lark Single Malt Whisky and Forty Spotted Rare Tasmanian Gin. Lark also owns outright the Overeem Distillery, a producer of premium single malt Tasmanian whisky.





Lark is a private company with approximately 35 shareholders and 41,281 fully paid ordinary shares on issue. As noted above, AWY currently holds 15,888 fully paid ordinary shares in Lark which represents 38.49%.

Rationale for the Acquisition of Lark

As previously announced, AWY's business strategy is to pursue partnerships with selected distilleries in the Australian craft whisky industry. Apart from its shareholding in Lark, it also has a 12% shareholding in Tasmanian Whisky producer Redlands Estate Pty Ltd and recently purchased 32 x 100 litre barrels of new make whisky from Archie Rose Distilling Co. In addition, as announced on 17 October 2016, AWY is currently conducting due diligence for the acquisition of the Nant Distillery and the Nant Estate.

The vision of AWY is to have equity holdings, if not ownership, in a number of premium single malt whisky producers in Australia focussing in particular on Tasmania. AWY proposes to accelerate growth in the craft whisky industry ahead of competitors and take a leadership position in the industry. In doing so, AWY intends to lead the structuring and development of, and be instrumental in, defining the final shape of the craft whisky industry in Australia and maintaining Tasmania's leadership position in this industry.

AWY believes that by doing this, it will provide current craft producers a platform to increase volume and it will give each brand an ability to increase profits and distribution into the higher margin markets in Asia.

AWY does not intend to interfere with the production of whisky and consolidate distilleries as it believes each distillery and distiller is unique in its production methods.

AWY is well positioned for its shareholders to benefit in the growth of this emerging industry through its unique combination of being an ASX listed company and an early stage investor in Australian craft whisky.

Currently there is no proposal or intention to change AWY's board composition as the result of the completion of the Offer. AWY refers to its ASX Announcement on 17 October 2016 regarding acquisition of the Nant Distillery and the Nant Estate that subject to the completion of the Nant acquisition, it is the intention of





AWY that Mr Chris Malcolm (current Chairman of Lark) will join AWY in an executive capacity.

Mr Chris Malcolm has indicated that he (and his associate who is currently a Lark shareholder) will accept the Offer. If the acquisition of Nant is completed prior to the completion of the Offer and Mr Malcolm is appointed as a Director of AWY, shareholder approval for the purpose of Listing Rule 10.1 must be obtained.

6. Offer Timeline

AWY expects its Offer to Purchase document, which will contain further information about the Offer, will be despatched to Lark shareholders in mid-December 2016. The Offer will be open for acceptances around that time and will be open for a period ending one (1) business day subsequent to the conclusion of AWY's general meeting of shareholders which currently is expected to be held in mid-January 2017. Completion of the Offer will, however, be conditional upon shareholder approval by AWY shareholders at the general meeting.

The offer period is subject to change at the discretion of the AWY's Board.

7. ASX Requirements

AWY has provided various information with respect to the proposed Offer to ASX to seek their advice on whether the proposed acquisition will result in a significant change to the nature or scale of the company's activities such as Listing Rule 11.1.3 applies.

ASX has advised that AWY is not required to comply with Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. ASX has determined that AWY is required to obtain shareholder approval with respect to the proposed Offer in accordance with Listing Rule 11.1.2.

Advisers

AWY's advisers are Odyssey Capital as financial adviser and GrilloHiggins Lawyers as legal adviser.





Further Information

For further information, please contact Kenneth Lee, Company Secretary.

Yours sincerely,

Company Secretary
Kenneth Lee



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