



Notice of Extraordinary General Meeting

Wednesday, 17 March 2021
3.00pm NZDT
1.00pm AEDT

Happy Valley Nutrition Limited
ARBN 636 597 101

This Notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.



Tuesday, 02 March 2021

Dear Shareholder,

On behalf of the Directors of Happy Valley Nutrition Limited (**Happy Valley or Company**), I am pleased to invite you to attend an Extraordinary General Meeting (**EGM or Meeting**) of the Company. Enclosed is the Notice of Meeting that sets out the business of the EGM.

Happy Valley's EGM will be held on Wednesday, 17 March 2021 commencing at 3.00pm New Zealand Daylight Savings Time (**NZDT**) and 1.00pm Australian Eastern Daylight Savings time (**AEDT**).

Due to the restrictions imposed by the New Zealand, Australian and State Governments as a result of the COVID-19 pandemic, the meeting will be held as a virtual-only meeting. Happy Valley's board's goal is to ensure investor engagement and encourage investor participation in our EGM and technology will enable this.

All Happy Valley investors can participate in the EGM through the online platform at <https://agmlive.link/HVM21>. Further details on how to participate in the EGM online are set out in the attached Notice of Meeting and in the Online Platform Guide. The Online Platform Guide provides details about how to ensure your browser is compatible with the online platform, as well as a step by step guide to successfully log in and navigate the site. The Online Platform Guide will be released to the ASX and is also available on our website at www.hvn.co.nz (under Investors).

I encourage you to complete and return your Proxy Form no later than 3.00pm (NZDT) / 1.00pm (AEDT) on Monday, 15 March 2021 in one of the ways specified in the Notice of Meeting and on the Proxy Form.

Please read the enclosed Notice of Meeting (including the Explanatory Notes) and the Proxy Form and consider how to vote on each Resolution by marking either the "For" box, the "Against" box or the "Abstain" box on the Voting Form. Subject to the abstentions noted in the Explanatory Notes, the Directors of Happy Valley unanimously recommend that Shareholders vote in favour of all Resolutions.

Shareholders participating in the EGM through the online platform will have the opportunity to submit questions to the Board during the Meeting. If you would like to ask a question prior to the EGM, please do so through our Investor Centre (login via www.linkmarketservices.com.au).

Thank you for your support of Happy Valley. I look forward to the opportunity to engage with you at our EGM.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Ivan Hammerschlag'.

Ivan Hammerschlag
Chair

HAPPY VALLEY NUTRITION LIMITED
ARBN 636 597 101

NOTICE OF GENERAL MEETING
(Notice)

Notice is hereby given that an Extraordinary General Meeting (**EGM**) of Shareholders of Happy Valley Nutrition Limited (**Happy Valley** or the **Company**) will be held as a virtual-only meeting, due to the restrictions imposed by the New Zealand, Australian and State Governments, on Wednesday, 17 March 2021 at 3.00pm (NZDT) / 1.00pm (AEDT) (**Meeting**).

The Explanatory Notes accompanying this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Notes, Voting Procedures and the Proxy Form comprise part of this Notice.

Terms and abbreviations used in this Notice of Meeting and the Explanatory Notes are defined in the Glossary.

BUSINESS OF THE MEETING

Resolution 1: Entry into the Facility Agreement and related Finance Documents with the Senior Secured Lender and the issue of Convertible Notes under the Convertible Note Raising

To consider, and if thought fit, pass the following resolution as a **special resolution**:

"That, for the purposes of section 129(1) of the New Zealand Companies Act 1993 (to the extent that they each or together constitute a major transaction) and for all other purposes, the Shareholders approve:

- (a) the Company and the Subsidiary entering into the Facility Agreement and the related Finance Documents; and*
- (b) the Company issuing up to 35,000,000 Convertible Notes each with a face value of A\$0.20 to the Noteholders in connection with the Convertible Note Raising and the issue and allotment of Shares on conversion of those Convertible Notes,
on the basis set out in the Explanatory Notes to this Notice of Meeting."*

Resolution 2: Approval of the issue of Convertible Notes to the Noteholders in connection with the Convertible Note Raising

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolution 1, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of up to 35,000,000 Convertible Notes each with a face value of A\$0.20 to the Noteholders in connection with the Convertible Note Raising and the issue and allotment of Shares on conversion of those Convertible Notes, on the terms and conditions outlined in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this Resolution (see the voting exclusion statement in the following notes).

Resolution 3: Approval of the issue of Convertible Notes to Non-Executive Chairman, Mr Ivan Hammerschlag (or his nominee)

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of up to 750,000 Convertible Notes each with a face value of A\$0.20 to Mr Ivan Hammerschlag (or his nominee), the Non-Executive Chairman of the Company, in connection with the Convertible Note Raising and the issue and allotment of Shares on conversion of those Convertible Notes, on the terms and conditions set out in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this Resolution (see the voting exclusion statement in the following notes).

Resolution 4: Approval of the issue of Convertible Notes to Non-Executive Director, Mr Randolph van der Burgh (or his nominee)

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of up to 500,000 Convertible Notes each with a face value of A\$0.20 to Mr Randolph van der Burgh (or his nominee), a Non-Executive Director of the Company, in connection with the Convertible Note Raising and the issue and allotment of Shares on conversion of those Convertible Notes, on the terms and conditions set out in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this Resolution (see the voting exclusion statement in the following notes).

NOTES AND VOTING PROCEDURES AT THE EGM

All Resolutions will be by Poll

In accordance with clause 15.7 of the Company's Constitution (**Constitution**), the Chair intends to demand a poll on each of the Resolutions proposed at the Meeting. Each Resolution considered at the Meeting will therefore be conducted by a poll.

Entitlement to Vote

The Directors have determined that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7.00pm (AEDT) on Monday, 15 March 2021 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

Voting Exclusion Statements

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of:

1. Resolution 2 ('Approval of the issue of Convertible Notes to the Noteholders in connection with the Convertible Note Raising') by or on behalf of:
 - (a) the Noteholders;
 - (b) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or
 - (c) any of their respective associates.

However, the above voting exclusion does not apply to a vote cast in favour of Resolution 2 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as a Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
2. Resolution 3 ('Approval of the issue of Convertible Notes to Non-Executive Chairman, Mr Ivan Hammerschlag (or his nominee') by or on behalf of:
- (a) Mr Ivan Hammerschlag (or his relevant nominee);
 - (b) any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder); or
 - (c) any of their respective associates.
- However, the above voting exclusion does not apply to a vote cast in favour of Resolution 3 by:
- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
 - (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as a Chair decides; or
 - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
3. Resolution 4 ('Approval of the issue of Convertible Notes to Non-Executive Director, Mr Randolph van der Burgh (or his nominee') by or on behalf of:
- (a) Mr Randolph van der Burgh (or his relevant nominee);
 - (d) any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder); or
 - (b) any of their respective associates.

However, the above voting exclusion does not apply to a vote cast in favour of Resolution 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as a Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Virtual EGM

The health and wellbeing of our Shareholders and employees is of paramount importance. Given the continuing coronavirus (COVID-19) situation and public health concerns, the Company will be holding the Meeting as a virtual meeting. There will not be a physical venue for Shareholders to attend.

Shareholders have the opportunity to participate in the Meeting virtually through the online platform at <https://agmlive.link/HVM21>. This platform will enable Shareholders to view the Meeting live, lodge a vote in real time and ask questions online.

Shareholders may also cast their votes in advance of the Meeting by appointing a proxy (preferably the Chair of the Meeting). Further details are outlined below.

How to Vote

Voting at the EGM using the Online Platform

Shareholders using the online platform (at <https://agmlive.link/HVM21>) will be able to vote through the online platform **at any time between the commencement of the EGM (3.00pm NZDT / 1.00pm AEDT on Wednesday, 17 March 2021) and the closure of voting as announced by the Chair during the EGM.**

More information about how to use the online platform (including how to vote and ask questions online during the EGM) is available in the Online Platform Guide, which has been lodged with the ASX and is available at our website at www.hvn.co.nz (under Investors). If you intend to use the online platform, then before the EGM we recommend that you ensure the online platform works on your device. Further instructions are provided in the Online Platform Guide.

Appointment of Proxy

A Shareholder who is entitled to vote at this Meeting is entitled to appoint not more than two proxies to vote in place of the Shareholder.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy

may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to each Resolution (see the Explanatory Notes below):

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines; and
- If a Shareholder appoints the Chair of the Meeting as proxy and does not direct the Chair how to vote on an item of business, the Chair will vote in accordance with his voting intention as stated in this Notice of Meeting.

Proxy Voting by the Chair

Due to COVID-19, the Company strongly encourages you to appoint the Chair as your proxy and to actively direct your proxy how to vote on each Item by marking the appropriate boxes on the Proxy Form.

For each Resolution where the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote on the Resolution, the Shareholder is directing the Chair to vote in accordance with the Chair's voting intentions for these Resolutions.

The Chair intends to vote all undirected proxies in favour of all the Resolutions in the Notice of Meeting.

Submitting your Proxy Form prior to the EGM

For your proxy to be effective, your completed Proxy Form must be received by the Company's share registry, Link Market Services, no later than 3.00pm (NZDT) / 1.00pm (AEDT) on Monday, 15 March 2021 (**Proxy Deadline**). After this time, you will still be able to lodge your direct vote during the EGM by using the online platform.

Proxy forms may be submitted in one of the following ways:

Online: Via the Company's Share Registry Investor Centre at www.linkmarketservices.com.au. Please refer to the Proxy Form for more information. You will need your Securityholder Reference Number (**SRN**) or Holding Identification Number (**HIN**).

Mobile device: Using a mobile device by scanning the QR code on the back of the Voting Form. To scan the QR code you will need a QR code reader application that can be

downloaded for free on your mobile device. You will also need your SRN or HIN and postcode for your shareholding.

By post: Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235. Please allow sufficient time so that it reaches Link Market Services Limited by the Proxy Deadline;

By fax: (02) 9287 0309 (within Australia), +61 2 9287 0309 (from outside Australia);

By hand delivery: Link Market Services Limited at 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

Power of Attorney

A proxy appointment and the original power of attorney (if any) under which the proxy appointment is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than the Proxy Deadline.

Questions from Shareholders

Shareholders who would like to register questions in advance of the EGM can do this via our Investor Centre.

Questions will be collated and, during the EGM, the Chair and/or CEO will seek to address as many of the more frequently raised topics as possible. Please note that individual response will not be sent to Shareholders.

Conduct of the Meeting

The Company is committed to ensuring that its Shareholder meetings are conducted in a manner which provides Shareholders who participate in the EGM with the opportunity to participate in the business of the EGM in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about the Company generally.

The Chair of the Meeting will exercise his powers as the Chair to ensure that the Meeting is conducted in an orderly and timely fashion, in the interests of Shareholders who are participating in the Meeting.

BY ORDER OF THE BOARD



Leanne Ralph
Company Secretary
02 March 2021

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the information of Shareholders of the Company in relation to the business to be conducted the Company's EGM to be held on Wednesday, 17 March 2021.

The purpose of these Explanatory Notes is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote on the Resolutions. These Explanatory Notes forms part of, and should be read in conjunction with, the Notice of Meeting. The Board recommends that Shareholders read these Explanatory Notes in full before making any decision in relation to the Resolutions.

The Board also recommends that Shareholders read in full the ASX announcement dated 19 February 2021 in respect of the Facility Agreement and the Convertible Note Raising (including the accompanying Investor Presentation) released by the Company before making any decisions in relation to the Resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chair of the Meeting intends to vote all available undirected proxies in favour of each Resolution.

Resolution 1 is a special resolution meaning it requires at least 75% of votes cast by Shareholders entitled to vote on that Resolution to be in favour of the Resolution for it to pass. Resolutions 2, 3 and 4 are ordinary resolutions, which require a simple majority of votes cast by Shareholders entitled to vote on the relevant Resolution.

Terms and abbreviations used in this Notice of Meeting and Explanatory Notes are defined in the Glossary contained in these Explanatory Notes.

1 OVERVIEW OF THE FACILITY AGREEMENT AND THE CONVERTIBLE NOTE RAISING

1.1 Background

(a) Debt funding package

On 19 February 2021, the Company announced it had secured approximately NZ\$20 million¹ (A\$19 million) primarily to fund the acquisition of strategic farmland and the completion of further earthworks.

The funding package is made up of a NZ\$12.7 million senior secured debt facility from the Senior Secured Lender, being MC HVN Pty Ltd (ACN 647 698 431) (a subsidiary of Merricks Capital Pty Ltd (ACN 126 528 005)) as trustee for the MC HVN Fund, in accordance with the Facility Agreement and related Finance Documents ("Finance Transaction"), and NZ\$7.4 million (A\$7 million) from a private placement of secured convertible notes ("Convertible Notes") to existing and new institutional and sophisticated investors ("Noteholders") (subject to receipt of subscription monies) ("Convertible Note Raising").

Summaries of the material terms of the Facility Agreement and the Convertible Notes are set out in sections 1.2 and 1.3 of these Explanatory Notes. In particular, the Facility Agreement and the Convertible Notes are subject to certain Shareholder approvals and other conditions precedent (including various Shareholder approvals the subject of this Notice of Meeting).

(b) Use of debt funding

The Company is in the process of developing a state-of-the-art nutritional grade processing plant ("Facility") that will manufacture infant milk formula and specialty dairy ingredients at its strategically located site in Otorohanga, in the Waikato Region New Zealand.

As announced in CY2020, the Company entered into conditional purchase agreements for the acquisition of strategic farmland for the purpose of wastewater irrigation from the Facility. The conditional purchase agreements were subject to consent under the New Zealand Overseas Investment Act 2005, which was granted on 13 October 2020. Proceeds from the funding package allow the Company to settle the purchase of Woolly Farm, Waipa Meadows and Lot 2, 5 Redlands Road during CY2021.

¹ Foreign exchange rate used for converting NZD to AUD is NZ\$1.06 = A\$1.00

In December 2020, the Company had also commenced the preliminary earthworks for the Facility and associated road realignment works. Proceeds from the funding package allows the Company to continue these works during CY2021 in preparation for the commencement of construction of the Facility.

(c) Director participation in the Convertible Note Raising

It is proposed that the Company's Chairman, Ivan Hammerschlag, and Non-Executive Director, Randolph van der Burgh (or their nominees) will subscribe for up to A\$150,000 and A\$100,000 of the Convertible Notes respectively (subject to the Company obtaining Shareholder approval as contemplated by Resolutions 3 and 4).

1.2 Facility Agreement

(a) Summary

In conjunction with the Convertible Note Raising described in section 1.3 of these Explanatory Notes (and the subject of Resolutions 1 and 2), pursuant to the Facility Agreement, the Company's wholly owned subsidiary, Five Redland Road Limited (New Zealand Company Number 8084521) ("Subsidiary"), is securing debt funding of NZ\$12.7 million² (A\$12 million) from the Senior Secured Lender, being MC HVN Pty Ltd (ACN 647 698 431) (a subsidiary of Merricks Capital Pty Ltd (ACN 126 528 005)) as trustee for the MC HVN Fund.

The Company is entering into the Facility Agreement as the guarantor and the Subsidiary is entering into the Facility Agreement as the borrower. The obligations of the Company and Subsidiary under the Facility Agreement will be secured in favour of the Senior Secured Lender by the first ranking Senior General Security Deed and the Mortgage.

(b) Material terms of the Facility Agreement

The following is a summary of the material terms of the Facility Agreement:

Lender:	The Senior Secured Lender (being, MC HVN Pty Ltd (ACN 647 698 431) (a subsidiary of Merricks Capital Pty Ltd (ACN 126 528 005)) as trustee for the MC HVN Fund).
Borrower and Guarantor:	The Subsidiary (being, Five Redland Road Limited (New Zealand Company Number 8084521)) as the borrower. The Company is entering into the Facility Agreement as the guarantor.
Facility:	NZ\$12.7 million including capitalised finance costs of up to NZ\$700,000, split into two tranches of NZ\$8.25 million (including capitalised finance costs of up to NZ\$700,000), and NZ\$3.75 million each. The drawdown of the second tranche is dependent on: <ul style="list-style-type: none"> - the Senior Secured Lender obtaining an updated "as if complete" valuation of the assets of the Company and the Subsidiary that is acceptable to the Senior Secured Lender following completion of earthworks during late summer/autumn of CY2021; and - approval by the Senior Secured Lender's credit committee.
Term:	12 months.
Interest Rate:	9.75% p.a. on funds drawn down.
Line Fee:	2.50% p.a., plus 2.50% establishment costs.

² Foreign exchange rate used for converting NZD to AUD is NZ\$1.06 = A\$1.00

Security:	First ranking Senior General Security Deed and registered Mortgage over the assets of the Company and the Subsidiary.
Conditions precedent:	<p>The debt facility under the Facility Agreement is subject to the Company's Shareholders approving the facility as required by section 129 of the New Zealand Companies Act 1993 (as the facility is likely to amount to a major transaction).</p> <p>The Company must complement the Facility Agreement with additional funds by way of Convertible Notes issued to a minimum value of NZ\$5 million ("Convertible Note Condition Precedent"), which condition is proposed to be satisfied via the Convertible Note Raising the subject of Resolutions 1 and 2.</p> <p>Any drawdown of the debt facility for the payment of development costs is conditional on completion of the purchases of the Waipa Meadows, Woolly Farms and Lot 2, 5 Redlands Road properties. First ranking mortgages are to be registered over those properties in favour of the Senior Secured Lender from completion.</p> <p>One of the vendors of the Waipa Meadows property is required to provide vendor finance of NZ\$1.5 million for the purchase of the property, which is to be secured by a second ranking mortgage over the property that must be subordinated to the debt and security of Senior Secured Lender. The Company has not yet decided whether it will utilise the vendor finance.</p> <p>Drawdown under the Facility Agreement is subject to other conditions precedent typical for a facility of this nature.</p>

1.3 Convertible Note Raising

(a) Summary

The Company also announced on 19 February 2021 that it had entered into a Convertible Note Deed and received commitments to raise up to A\$7 million (NZ\$7.4 million) from a private placement of up to 35,000,000 Convertible Notes each with a face value of A\$0.20 to Noteholders.

Applications for the Convertible Notes have been received from a range of new investors and existing shareholders, and the Board is very happy to welcome the support of high calibre investors and have them join it on the Company's journey.

The Convertible Notes will be subordinated to the debt funding being provided by the Senior Secured Lender in accordance with the terms of the Convertible Note Deed, and an Intercreditor Deed which has been signed by the Company with the Security Trustee and the Senior Secured Lender. The Convertible Notes will be secured by a second ranking Subordinated General Security Deed over all the assets (other than land) of the Company and the Subsidiary.

The funds to be raised pursuant to the Convertible Note Raising will not be available to the Company, nor will the Convertible Notes be issued, until Shareholder approval has been obtained as proposed by Resolutions 1 and 2 (as explained in more detail below).

(b) Material terms of the Convertible Notes

The following is a summary of the material terms of the Convertible Notes:

Face value of Convertible Notes:	A\$0.20 per Convertible Note.
Number of Convertible Notes to be issued:	Up to 35,000,000.

Amount Raised:	Up to NZ\$7.4 million (A\$7.0 million) ³ (before associated costs).
Noteholders:	Certain existing and new institutional and sophisticated investors. Refer to section 3.4 of these Explanatory Notes for further information.
Interest Rate:	11% per annum (gross before withholding tax if applicable), capitalized every 6 months in arrears. Such interest will either be converted into Shares or paid in cash as described below. Default interest is charged at a rate of 13% per annum if the Company defaults in the payment of any monies due under the Convertible Notes.
Conversion:	<p>Each Convertible Note can be converted by the relevant Noteholder in accordance with the terms of the Convertible Note.</p> <p>Convertible Notes can be converted prior to the anticipated main capital raise of the Company to fund the construction of the Facility ("Main Capital Raise") on the terms of the Convertible Note Deed by a Noteholder giving notice to convert their Convertible Notes (including any capitalised interest and any accrued but uncapitalised interest) at the face value per Share.</p> <p>Each Convertible Note entitles the relevant Noteholder to convert the Convertible Note and any capitalised interest and any accrued but uncapitalised interest at the then applicable conversion price into Shares. However, a Noteholder may only exercise its conversion rights if such conversion is for all Convertible Notes held by that Noteholder.</p> <p>The conversion price for the Convertible Notes is variable, being:</p> <ul style="list-style-type: none"> - A\$0.20 at any time; or - at the completion of the Main Capital Raise (if nominated at the commencement of the Main Capital Raise), at the lower of A\$0.20, and a 20% discount to the issue price of Shares under the Main Capital Raise. <p>Accordingly, as there is no floor price on the conversion price, the Convertible Note Raising could be highly dilutive to existing security holders if the market price of the Company's Shares falls substantially over the period from when the Convertible Notes are issued to when they are converted.</p> <p>The Shares to be issued on conversion of a Convertible Note will be issued to the relevant Noteholder.</p> <p>Specifically, if converted into Shares, each Convertible Note entitles the relevant Noteholder to such number of Shares calculated in accordance with the following formula:</p> $N = \frac{FV}{C}$ <p>where:</p> <ul style="list-style-type: none"> - N = the number of Shares to be issued by the Company (rounded down to the nearest whole number); - FV = the aggregate outstanding face value of the Convertible Notes and any capitalised interest and any

³ Foreign exchange rate used for converting NZD to AUD is NZ\$1.06 = A\$1.00.

	<p>accrued but uncapitalised interest to be converted on the applicable conversion date; and</p> <ul style="list-style-type: none"> - C = the relevant conversion price for the Convertible Notes, being the lower of A\$0.20, and a 20% discount to the issue price of Shares under the Main Capital Raise. <p>Refer to section 3.5 of these Explanatory Notes for various worked examples showing how the formula will operate in practice under different assumptions as the conversion price at which the Convertible Notes convert is not fixed at all times but determined by reference to the above formula.</p>
Maturity Date:	36 months from issue of the Convertible Notes.
Redemption:	<p>Where the Main Capital Raise occurs prior to the Maturity Date: Once the Company has confirmed the terms of the Main Capital Raise (in its absolute discretion), each Noteholder is required to nominate whether it wishes to convert all Convertible Notes held by that Noteholder (including all capitalised and accrued but uncapitalised interest) at completion of the Main Capital Raise into Shares at the applicable conversion price or to be redeemed for cash out of the proceeds of the Main Capital Raise. Where a Noteholder elects for their Convertible Notes to be redeemed for cash out of the proceeds of the Main Capital Raise, the redemption amount payable to that Noteholder will be equal to a 10% premium to the aggregate face value of the applicable Convertible Notes plus all capitalised interest and all accrued but uncapitalised interest on the Convertible Notes, provided that a minimum amount of 12 months interest must be paid. If no nomination is received from a Noteholder, the Company is entitled to decide whether the Convertible Notes (including any capitalised interest and any accrued but uncapitalised interest) will be converted into Shares or redeemed for cash as per above.</p> <p>Where the Main Capital Raise does not occur prior to the Maturity Date: If the Company has not confirmed the terms of the Main Capital Raise by the Maturity Date, the Company must redeem for cash all Convertible Notes that have not been converted at their face value plus any capitalised interest and any accrued but uncapitalised interest.</p> <p>Change of Control Event: If a 'Change of Control Event' occurs before the Company has confirmed the terms of the Main Capital Raise, the Company may decide (in its absolute discretion) by notice to the Noteholders that either of the following is to occur in respect of all of the Convertible Notes:</p> <ul style="list-style-type: none"> - the Convertible Notes (including any capitalised interest and any accrued but uncapitalised interest) are to be converted into Shares at A\$0.20 per Share; or - the Convertible Notes (including any capitalised interest and any accrued but uncapitalised interest) are to be redeemed for a redemption amount equal to a 10% premium to the aggregate face value of the applicable Convertible Notes plus any capitalised interest and any accrued but uncapitalised interest on the Convertible Notes, provided that a minimum amount of 12 months interest must be paid. <p>A 'Change of Control Event' means any event, including a merger, acquisition, sale, change of voting control of the Company, takeover bid or scheme or arrangement pursuant to which any person, or persons acting together, acquire at least 50% of the issued ordinary share capital of the Company, or the</p>

	<p>sale of all, or substantially all, of the Company's assets other than to a subsidiary.</p> <p>Events of Default: Certain standard 'Events of Default' apply which, if they occur, entitle Noteholders whose outstanding amounts owing under the Convertible Notes aggregate to at least 66% of the total outstanding amounts owing under the Convertible Notes of all Noteholders, to elect to require the Company immediately to repay all outstanding amounts owing under the Convertible Notes. An 'Event of Default' includes an unremedied breach of a material obligation of, or a representation or warranty provided by, the Company, or an insolvency event occurring in respect of the Company.</p>
Security and Priority:	<p>The Convertible Notes will be secured under the Subordinated General Security Deed, a second ranking security over all of the non-land assets of the Company and the Subsidiary, subject to the Security Trust Deed with the Security Trustee. The Convertible Notes and the Subordinated General Security Deed will be fully sub-ordinated to, and rank behind, the Facility Agreement and related first-ranking Senior General Security Deed in accordance with the Intercreditor Deed put in place with the Senior Secured Lender.</p> <p>The Convertible Notes will rank pari passu among themselves.</p>
Other:	<p>Voting rights: None, although once converted the Convertible Notes will have all the rights attached to Shares.</p> <p>Restrictions on the Company: While the Convertible Notes remain on issue, the Company must not:</p> <ul style="list-style-type: none"> - increase its debt (except under the Main Capital Raise or by extending the Facility Agreement with the Senior Secured Lender); and - declare any dividends or return of capital to Shareholders. <p>Quotation and transferability: The Convertible Notes will not be quoted on the ASX. The Convertible Notes are not transferable, except as may be agreed by the Company in its absolute discretion (and only if such transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place and otherwise). The Company will apply for quotation on the ASX of each Share issued on conversion of a Convertible Note.</p> <p>Limitations on conversion: A Noteholder may not be issued any Shares on conversion of a Convertible Note if, as a consequence of the issue:</p> <ul style="list-style-type: none"> - the Noteholder and its associates would acquire more than 20% of the 'voting rights' in the Company as determined in accordance with the New Zealand Takeovers Code; or - the Noteholder and its associates would acquire 'a more than 25% ownership or control interest' in the Company as determined in accordance with the New Zealand Overseas Investment Act 2005. <p>Any Convertible Notes that are prohibited from being converted into Shares due to the above limitation are to be redeemed in accordance with the terms of the Convertible Notes.</p> <p>Reorganisation of share capital: Subject to the requirements of ASX Listing Rule 7.23, if there is a reorganisation (including a consolidation, subdivision, reduction and/or return) of the</p>

	<p>issued capital of the Company which impacts on the conversion entitlement of a Noteholder, the entitlement of the Noteholder to convert any Convertible Notes will be reorganised in the same proportion as the issued capital of the Company is reorganised and in a manner that will result in an equivalent benefit being conferred on the Noteholder to that conferred on the Company's Shareholders. For the purposes of ASX Listing Rule 7.23, if a reorganisation occurs in respect of the Company, the Convertible Notes must be treated in accordance with the ASX Listing Rules.</p> <p>Amendments: The Company may make any minor amendments to the terms of the Convertible Notes required to correct any error or to ensure compliance with any law or the ASX Listing Rules (subject in certain prescribed circumstances to the written consent of the Senior Secured Lender).</p>
Conditions precedent:	<p>The issue of the Convertible Notes is conditional on the Company entering into the Facility Agreement and related Finance Documents with the Senior Secured Lender, and the Company receiving applications for subscriptions for Convertible Notes of at least A\$5,200,000.</p> <p>The issue of the Convertible Notes is also subject to certain other conditions precedent, including the Company's Shareholders approving the Facility Agreement and related Finance Documents (as proposed by Resolution 1) and the issue of the Convertible Notes, including for the purposes of section 129 of the New Zealand Companies Act 1993 (as the issue of the Convertible Notes is likely to amount to a major transaction) and ASX Listing Rule 7.1 (as proposed by Resolutions 1 and 2 respectively).</p> <p>In addition, the Company's Shareholders will be asked to approve the proposed issue of up to A\$150,000 of the Convertible Notes to the Company's Chairman, Ivan Hammerschlag (or his nominee), and up to A\$100,000 of the Convertible Notes to Non-Executive Director, Randolph van der Burgh (or his nominee), for the purposes of ASX Listing Rule 10.11 ("Director Convertible Note Issue"). If such Shareholder approval for the Director Convertible Note Issue is not obtained, then the Company will not accept the applications for the Director Convertible Note Issue and the Company will waive satisfaction of the relevant conditions in the Convertible Note Deed but will otherwise proceed with the issue of the Convertible Notes subject to satisfaction of the other conditions.</p> <p>If the above conditions are not satisfied (or waived to the extent possible) by 31 March 2021, the issue of Convertible Notes will not proceed, and the subscription monies will be refunded.</p>

(c) **ASX waiver in respect of the Director Convertible Note Issue**

The ASX has granted the Company a waiver from ASX Listing Rule 10.1 to the extent necessary to permit the Company to grant the second ranking Subordinated General Security Deed over its assets and undertakings (other than land) in favour of the Company's Chairman, Ivan Hammerschlag and Non-Executive Director, Randolph van der Burgh ("Lenders"), to secure the Company's obligations under the Convertible Note Raising for an amount of up to A\$250,000⁴ and A\$100,000 respectively (which is to be held by the Security Trustee in accordance with the

⁴ Although it is noted that the Company's Chairman, Ivan Hammerschlag, is only proposed to subscribe for up to A\$150,000 of the Convertible Notes (subject to Shareholder approval).

Security Trust Deed), provided to those Lenders without obtaining Shareholder approval on the following conditions:

ASX condition:	Summary of Company response:
The material terms of the transaction and of the waiver are announcement to the market.	This condition has been satisfied by the Company's ASX announcement on 19 February 2021 and with the information included in this Notice.
The announcement includes a description of the reasons why the Company has chosen to obtain the financing from the ASX Listing Rule 10.1 party rather than a lender that is not an ASX Listing Rule 10.1 party and the steps the board of the Company has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the Company's Shareholders.	<p>The funds to be raised under the Convertible Note is from existing and new institutional and sophisticated investors selected by the joint lead managers to the Convertible Note Raising through a bookbuild process in consultation with the Company.</p> <p>The Company chose to allow the proposed subscription for Convertible Notes by Mr Hammerschlag and Mr van der Burgh as such demonstrated their support for the Convertible Note Raising and was encouraged by the Senior Secured Lender and certain Noteholders as part of the debt raising.</p> <p>The Board is comfortable that the proposed participation of Mr Hammerschlag and Mr van der Burgh in the Convertible Note Raising is entered into on arm's length terms and is fair and reasonable from the perspective of the Company's Shareholders on the basis that Mr Hammerschlag and Mr van der Burgh are subscribing for their respective Convertible Notes on the same terms and conditions as all other Noteholders, and such is ultimately subject to Shareholder approval.</p>
<p>The security documents expressly provide that:</p> <ul style="list-style-type: none"> - the Security is limited to the funds due under the Convertible Notes; - the Security will be discharged when the funds due under the Convertible Notes have been repaid in full; - in the event the Security is enforced, the assets can only be disposed of to the ASX Listing Rule 10.1 party or an associate of the Listing Rule 10.1 party if the disposal is first approved by the Company's Shareholders under ASX Listing Rule 10.1; and - otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the ASX Listing Rule 10.1 party in accordance with their legal entitlements. 	<p>The Subordinated General Security Deed expressly provides that:</p> <ul style="list-style-type: none"> - the Security is limited to the funds due under the Convertible Notes; - the Security will be discharged when the funds due under the Convertible Notes have been repaid in full; and - in the event the Security is enforced, the assets cannot be disposed of to the ASX Listing Rule 10.1 party or an associate of the Listing Rule 10.1 party.
<p>Any variation to the terms of the financial accommodation or the Subordinated General Security Deed which:</p> <ul style="list-style-type: none"> - advantages the Lenders in a material respect; - disadvantages the Company in a material respect; or - is inconsistent with the terms of the waiver, <p>must be subject to security holder approval under ASX Listing Rule 10.1.</p>	Noted.
For each year while they remain on foot, a summary of the material terms of the Convertible Notes and the General Security Deed and the Security Trust Deed is included in the related party disclosures in the Company's audited annual accounts.	Noted.

2 RESOLUTION 1: ENTRY INTO THE FACILITY AGREEMENT WITH THE SENIOR SECURED LENDER AND THE ISSUE OF CONVERTIBLE NOTES UNDER THE CONVERTIBLE NOTE RAISING

2.1 Background

Resolution 1 seeks Shareholder approval pursuant to section 129 of the New Zealand Companies Act 1993 for the entry by the Company into the Finance Documents and the Finance Transaction and for the issue of the Convertible Notes under the Convertible Note Raising, of which further detail is set out above in section 1 of these Explanatory Notes. Without limitation, summaries of the material terms of the Facility Agreement and the Convertible Notes are set out in sections 1.2 and 1.3 of these Explanatory Notes.

The Company is seeking Shareholder approval for Resolution 1 for the purposes of section 129 of the New Zealand Companies Act 1993 and to satisfy the relevant conditions precedent under the Facility Agreement and the Convertible Note Deed (as described above in sections 1.2 and 1.3 of these Explanatory Notes). The Company will only receive the debt funding under the Facility Agreement and the Convertible Notes if these conditions precedent under the Facility Agreement and the Convertible Note Deed are satisfied (or waived, if applicable).

2.2 Section 129 of the New Zealand Companies Act 1993

Section 129 of the New Zealand Companies Act 1993 requires Shareholders of a company to approve a company's entry into a 'major transaction' by special resolution (being at least 75% of votes cast by Shareholders entitled to vote on the resolution). A 'major transaction' is where a company purchases or sells assets or incurs obligations that have a value of greater than half of the company's existing assets (including contingent assets).

The Board of the Company has assessed that the value of the loan obligations being incurred under each of the Finance Transaction and the Convertible Note Raising amount to approximately greater than 50% of the assets of the Company immediately prior to the Finance Transaction and the Convertible Note Raising being entered into. The entry by the Company into the Finance Documents and the Finance Transaction, and the entry by the Company into the Convertible Note Deed and the Convertible Note Raising, will each constitute a 'major transaction' for the purposes of section 129 of the New Zealand Companies Act 1993 and therefore require the approval of the Shareholders of the Company by special resolution, as proposed by Resolution 1. The Company therefore seeks the approval of the Shareholders of the Company under Resolution 1 to the Finance Transaction and for the issue of the Convertible Notes under the Convertible Note Raising for the purposes of section 129 of the New Zealand Companies Act 1993, and in order to satisfy the conditions precedent under the Facility Agreement and the Convertible Note Deed (as described above in sections 1.2 and 1.3 of these Explanatory Notes).

2.3 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution 1. The Chairman intends to vote undirected proxies in favour of Resolution 1.

3 RESOLUTION 2 – APPROVAL OF THE ISSUE OF CONVERTIBLE NOTES TO THE NOTEHOLDERS IN CONNECTION WITH THE CONVERTIBLE NOTE RAISING

3.1 Background

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 35,000,000 Convertible Notes to the Noteholders in connection with the Convertible Note Raising, of which further detail is set out above in section 1 of these Explanatory Notes. Without limitation, a summary of the material terms of the Convertible Notes is set out in section 1.3 of these Explanatory Notes.

The Company is seeking Shareholder approval for Resolution 2 for the purposes of ASX Listing Rule 7.1 and in order to satisfy the Convertible Note Condition Precedent under the Facility Agreement and the Shareholder approval condition precedent under the Convertible Note Deed (as described above in sections 1.2 and 1.3 of these Explanatory Notes). The Company will only issue the Convertible Notes if all conditions precedent under the Convertible Note Deed are satisfied or waived in accordance with the terms and conditions of the Convertible Note Deed.

The Company notes that the funds to be raised pursuant to the Convertible Note Raising will not be available to the Company, nor will the Convertible Notes be issued, until Shareholder approval has been obtained for the purposes of ASX Listing Rule 7.1 as proposed by Resolution 2.

3.2 ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of equity securities that a listed company can issue or agree to issue without approval of its Shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Convertible Notes does not fall within any of these exceptions and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1. In addition, Shareholder approval for the issue of the Convertible Notes is required in order to satisfy the Convertible Note Condition Precedent under the Facility Agreement and the Shareholder approval condition precedent under the Convertible Note Deed (as described above in sections 1.2 and 1.3 of these Explanatory Notes).

Resolution 2 seeks the required Shareholder approval to the issue of the Convertible Notes under and for the purposes of ASX Listing Rule 7.1.

If Resolution 2 is passed:

- the Company will be able to proceed with the issue of the Convertible Notes, which will also satisfy the Convertible Note Condition Precedent under the Facility Agreement;
- the issue of the Convertible Notes will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1; and
- the Company can rely on ASX Listing Rule 7.2 exception 9 to issue any Shares on conversion of the Convertible Notes and no further approvals of Shareholders under ASX Listing Rule 7.1 will be required no matter when conversion of the Convertible Notes occurs.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Convertible Notes and accordingly the Convertible Note Raising and the Finance Transaction will not complete. Shareholder approval for the issue of the Convertible Notes is required in order to satisfy the Convertible Note Condition Precedent and the Shareholder approval condition precedent under the Convertible Note Deed (as described above in 1.2 and 1.3 of these Explanatory Notes).

3.3 Relationship between this Resolution 2 and Resolution 1

Resolution 2 will only be put to vote if Shareholders pass Resolution 1.

If Resolution 1 is not passed, the Company will not proceed with the Finance Transaction and the Convertible Note Raising. This is because the approval of Shareholders of Resolution 1 is required for the Company to proceed with the Finance Transaction and the Convertible Note Raising (as described above in section 1.3 of these Explanatory Notes).

If Resolution 2 is not passed, the Company will not proceed with the Finance Transaction. This is because the approval of Shareholders of Resolution 2 is required for the Company to proceed with the Finance Transaction as the Facility Agreement includes a condition precedent that the Company must complement the Finance Transaction with additional funds by way of Convertible Notes issued to a minimum value of NZ\$5 million.

3.4 Information required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders:

The names of the persons to whom the Company will issue the securities or the basis upon which those persons were or will be identified or selected	<p>The Convertible Notes will be issued to the Noteholders, who comprise of both existing and new institutional and sophisticated investors.</p> <p>The Noteholders were selected by the joint lead managers to the Convertible Note Raising (being Bell Potter Securities Limited, Aitken Murray Capital Partners Pty Ltd, Gleneagle Securities (Aust) Pty Limited and Shaw and Partners Limited) through a bookbuild process in consultation with the Company.</p>
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The number and class of securities the Company will issue	Up to 35,000,000 Convertible Notes.
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities	<p>The material terms of the Convertible Notes are summarised above at section 1.3 of these Explanatory Notes.</p> <p>As there is no floor price on the conversion price, the Convertible Note Raising could be highly dilutive to existing security holders if the market price of the Company's Shares falls substantially over the period from when the Convertible Notes are issued to when they are converted.</p>
The date or dates on which the Company will issue the securities	If Shareholders approve Resolutions 1 and 2, the Company expects to issue the Convertible Notes on completion of the Convertible Note Raising, which the Company expects to occur during the first half of March 2021, but in any event by no later than 31 March 2021.
The price or other consideration the Company will receive for the securities	Up to A\$7 million (NZ\$7.4 million) in aggregate (with each Convertible Note issued with a face value of A\$0.20).
The purpose of the issue, including the intended use of any funds raised by the issue	The purpose of the Convertible Note Raising is to fund progression of the Facility, particularly by funding land settlement and related earthworks for the construction of the Facility.
If the securities are being issued under an agreement, a summary of any other material terms of the agreement	Refer to section 1.3 of these Explanatory Notes.

A voting exclusion statement is included in the Notice of Meeting.

3.5 Dilution and examples

As there is no floor price on the conversion price, the Convertible Note Raising could be highly dilutive to existing security holders if the market price of the Company's Shares falls substantially over the period from when the Convertible Notes are issued to when they are converted.

Assuming (for illustrative purposes only) that the conversion price is A\$0.20, the maximum number of Shares that can be issued on conversion of the Convertible Notes is 35,000,000 Shares⁵.

For illustrative purposes only, the following table shows the Company's fully diluted share capital where all the Convertible Notes are converted at an assumed conversion price of A\$0.20:

Securities	Number ⁶	Percentage
Fully diluted Share capital including all existing options granted by the Company but excluding any Shares issued on conversion of the Convertible Notes	283,356,698	89.01%
Maximum number of Shares issued on conversion of the Convertible Notes (assuming a conversion price of A\$0.20)	35,000,000	10.99%
Fully diluted share capital after the issue of the maximum number of Shares that can be issued on conversion of the Convertible Notes (assuming a conversion price of A\$0.20)	318,356,698	100%

⁵ Excluding any Shares that may be issued on conversion of any capitalised interest and any accrued but uncapitalised interest in respect of the Convertible Notes.

⁶ Excluding any Shares that may be issued on conversion of any capitalised interest and any accrued but uncapitalised interest in respect of the Convertible Notes.

However, as the conversion price at which the Convertible Notes convert is not fixed at all times but determined by reference to the formula set out in section 1.3(b) of these Explanatory Notes, the following are some worked examples showing how the formula will operate in practice under different assumptions based on the maximum amount raised under the Convertible Note Raising of A\$7 million:

Conversion price	Example of conversion into Shares ⁷
Assuming the issue price of Shares under the Main Capital Raise is A\$0.16, the conversion price is A\$0.128	54,687,500 Shares
Assuming the issue price of Shares under the Main Capital Raise is A\$0.32, the conversion price is A\$0.20	35,000,000 Shares
Assuming the issue price of Shares under the Main Capital Raise is A\$0.08, the conversion price is A\$0.064	109,375,000 Shares
Assuming the issue price of Shares under the Main Capital Raise is A\$1.00, the conversion price is A\$0.20	35,000,000 Shares
Assuming the issue price of Shares under the Main Capital Raise is A\$0.20, the conversion price is A\$0.16	43,750,000 Shares

*The examples in the table above are provided for illustrative purposes only and have been simplified for this purpose. To the extent of any inconsistency, the terms of the Convertible Notes prevail.

3.6 Board Recommendation

It is the view of the Directors that the Convertible Note Raising and the Facility Agreement are in the best interests of Shareholders and the Directors unanimously recommend that Shareholders vote in favour of Resolution 2. In forming that view, the Directors are satisfied that the consideration for the issue of the Convertible Notes and the consideration for the conversion of any Convertible Notes in Shares are fair and reasonable to the Company and the existing Shareholders for the purpose of section 49(1) of the New Zealand Companies Act 1993. All Directors have signed the relevant certificate required by section 49(2) of this Act.

The Chairman intends to vote undirected proxies in favour of Resolution 2.

4 RESOLUTIONS 3 AND 4: APPROVAL OF THE ISSUE OF CONVERTIBLE NOTES TO RELATED PARTIES, MR IVAN HAMMERSCHLAG AND MR RANDOLPH VAN DER BURGH (OR THEIR NOMINEES)

4.1 Background

The Company is proposing, subject to Shareholder approval, to issue up to 750,000 Convertible Notes to Mr Ivan Hammerschlag, the Non-Executive Chairman of the Company, and up to 500,000 Convertible Notes to Mr Randolph van der Burgh, a Non-Executive Director of the Company (or their respective nominees) in connection with the Convertible Note Raising on the same terms and conditions as other Noteholders.

The terms and conditions of the Convertible Notes are described above in section 1.3 of these Explanatory Notes.

4.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

⁷ Assumes that all Noteholders elect to convert their Convertible Notes into Shares, no Convertible Notes have previously been converted and excludes any Shares that may be issued on conversion of any capitalised interest and any accrued but uncapitalised interest.

- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,
unless it obtains the approval of its shareholders.

The issue of Convertible Notes to Mr Ivan Hammerschlag and Mr Randolph van der Burgh (or their nominees) falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.11. Mr Ivan Hammerschlag and Mr Randolph van der Burgh are both 'related parties' of the Company for the purposes of ASX Listing Rule 10.11.1 given their respective positions as directors of the Company.

Resolutions 3 and 4 seek the required Shareholder approval to the issue of Convertible Notes to Mr Ivan Hammerschlag and Mr Randolph van der Burgh (or their nominees) for the purposes of ASX Listing Rule 10.11.

If Resolution 3 is passed, the Company will be able to proceed with the issue of up to 750,000 Convertible Notes to Mr Ivan Hammerschlag (or his nominee). If Resolution 3 is not passed, but Shareholders pass Resolutions 1 and 2, the Company will not be able to proceed with such issue of Convertible Notes to Mr Ivan Hammerschlag (or his nominee) but will still proceed with the Convertible Note Raising and the issue of the Convertible Notes (except that no Convertible Notes will be issued to Mr Ivan Hammerschlag (or his nominee)).

If Resolution 4 is passed, the Company will be able to proceed with the issue of up to 500,000 Convertible Notes to Mr Randolph van der Burgh (or his nominee). If Resolution 4 is not passed, but Shareholders pass Resolutions 1 and 2, the Company will not be able to proceed with such issue of Convertible Notes to Mr Randolph van der Burgh (or his nominee) but will still proceed with the Convertible Note Raising and the issue of the Convertible Notes (except that no Convertible Notes will be issued to Mr Randolph van der Burgh (or his nominee)).

4.3 Relationship between these Resolutions 3 and 4, and Resolutions 1 and 2

Resolutions 3 and 4 will only be put to vote if Shareholders pass Resolutions 1 and 2.

If Resolutions 3 and 4 are passed, up to 750,000 Convertible Notes will be issued to Mr Ivan Hammerschlag (or his nominee) and up to 500,000 Convertible Notes will be issued to Mr Randolph van der Burgh (or his nominee).

However, assuming Shareholders pass Resolutions 1 and 2:

- if Resolution 3 is not passed, the Company will still proceed with the Convertible Note Raising and the issue of the Convertible Notes except that no Convertible Notes will be issued to Mr Ivan Hammerschlag (or his nominee); and/or
- if Resolution 4 is not passed, the Company will still proceed with the Convertible Note Raising and the issue of the Convertible Notes except that no Convertible Notes will be issued to Mr Randolph van der Burgh (or his nominee).

4.4 ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in respect of a "related party":

The name of the person	Mr Ivan Hammerschlag and Mr Randolph van der Burgh (or their respective nominees).
Which category in rules 10.11.1 – 10.11.5 the person falls into and why	Related party given Mr Ivan Hammerschlag and Mr Randolph van der Burgh's respective positions as directors of the Company (ASX Listing Rule 10.11.1).
The number and class of securities to be issued to the person	Up to 750,000 Convertible Notes will be issued to Mr Ivan Hammerschlag (or his nominee). Up to 500,000 Convertible Notes will be issued to Mr Randolph van der Burgh (or his nominee).

If the securities are not fully paid ordinary securities, a summary of the material terms of the securities	The material terms of the Convertible Notes are summarised above in section 1.3 of these Explanatory Notes.
The date or dates on or by which the Company will issue the securities, which must not be more than 1 month after the date of the meeting	If Shareholders approve Resolutions 1 and 2, the Company expects to issue the Convertible Notes on completion of the Convertible Note Raising, which the Company expects to occur during the first half of March 2021, but in any event by no later than 1 month after the date of the Meeting.
The price or other consideration the Company will receive for the issue	Up to A\$150,000 from Mr Ivan Hammerschlag (or his nominee). Up to A\$100,000 from Mr Randolph van der Burgh (or his nominee).
The purpose of the issue, including the intended use of any funds raised by the issue	The purpose of the Convertible Note Raising is to fund progression of the Facility, particularly by funding land settlement and related earthworks for the construction of the Facility.
If the securities are issued under an agreement, a summary of any other material terms of the agreement	Refer to section 1.3 of these Explanatory Notes.

A voting exclusion statement is included in the Notice of Meeting.

4.5 Board Recommendation

It is the view of the Directors that the Convertible Note Raising and the Finance Transaction are the best interests of Shareholders, and the Directors (excluding Mr Ivan Hammerschlag and Mr Randolph van der Burgh due to their proposed involvement in the Convertible Note Raising) unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4.

The Chairman intends to vote undirected proxies in favour of Resolutions 3 and 4.

GLOSSARY

A\$ means Australian Dollars.

AEDT means Australian Eastern Daylight Time as observed in Sydney, Australia.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the official Listing Rules and requirements of the ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX.

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

Company means Happy Valley Nutrition Limited (ARBN 636 597 101)

Constitution means the Company's Constitution.

Convertible Note Condition Precedent has the meaning given to that term in section 1.2(b) of the Explanatory Notes.

Convertible Notes mean the secured convertible notes issued on the terms of the Convertible Note Deed.

Convertible Note Deed means the convertible note deed entered into by the Company, as described in this Notice.

Convertible Note Raising means the private placement of Convertible Notes to the Noteholders pursuant to the Convertible Note Deed.

Director Convertible Notes Issue has the meaning given to that term in section 1.3(a) of the Explanatory Notes.

Directors mean the directors of the Company from time to time.

Entitlement Time means 7.00pm AEDT Monday, 15 March 2021.

Explanatory Notes means the Explanatory Notes accompanying this Notice.

Extraordinary General Meeting, EGM or Meeting means the meeting convened by the Notice.

Facility has the meaning given to that term in section 1.1(b) of the Explanatory Notes.

Facility Agreement means the facility agreement between the Company and the Senior Secured Lender, as described in this Notice.

Finance Documents mean:

- (a) the Facility Agreement;
- (b) the Intercreditor Deed;
- (c) the Senior General Security Deed;
- (d) the Mortgage; and
- (e) any 'Finance Document' under the Facility Agreement any other document which the Company and the Senior Secured Lender agree is a 'Finance Document'.

Finance Transaction has the meaning given to that term in section 1.1 of the Explanatory Notes.

Intercreditor Deed means the intercreditor deed between the Company, the Security Trustee and the Senior Secured Lender in connection with the Facility Agreement and the Convertible Note Deed.

Lenders has the meaning given to that term in section 1.3(c) of the Explanatory Notes.

Main Capital Raise has the meaning given to that term in section 1.3(b) of the Explanatory Notes.

Mortgage means the mortgage between the Senior Secured Lender, the Company and the Subsidiary in connection with the Facility Agreement.

Noteholders mean the institutional and sophisticated investors to whom the Convertible Notes will be issued under the Convertible Note Raising.

Notice or Notice of Meeting or Notice of Extraordinary General Meaning means this notice of extraordinary general meaning and the Explanatory Notes accompanying the Notice and the Proxy Form.

NZ\$ means New Zealand dollars.

NZDT means New Zealand Daylight Savings Time.

Proxy Deadline means 3.00pm (NZDT) / 1.00pm (AEDT) on Monday, 15 March 2021.

Proxy Form means the proxy form accompanying this Notice.

Resolutions mean the resolutions set out in this Notice, or any one of them, as the context requires.

Security Trust Deed means the deed between the Security Trustee, the Company and the Subsidiary in connection with the Convertible Note Deed.

Security Trustee means Gleneagle Securities Nominees Pty Limited ACN 150 259 877.

Senior General Security Deed means the general security deed between the Senior Secured Lender, the Company and the Subsidiary in connection with the Facility Agreement.

Senior Secured Lender means MC HVN Pty Ltd (ACN 647 698 431) (a subsidiary of Merricks Capital Pty Ltd (ACN 126 528 005)), as trustee for the MC HVN Fund.

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

Share Registry means Link Market Services Limited.

Shareholder means a holder of a Share.

Subordinated General Security Deed means the general security agreement granted by the Company and the Subsidiary in favour of the Security Trustee in connection with the Convertible Note Deed.

Subsidiary means Five Redland Road Limited (New Zealand Company Number 8084521), which is a wholly owned subsidiary of the Company.