

## Wingara AG Limited signs Memorandum of Understanding to acquire a controlling stake in Pyrenees Hay Processing Co-Operative Ltd

### Highlights

- Post-acquisition Wingara expect to increase in production capacity from 50,000 Metric Tonnes (MT) per annum to over 90,000 MT per annum
- Anticipated increased target sales volumes for 2016/2017 season of 37,000 – 42,000 MT
- Improved security of supply
- Target volume capacity over 110,000 MT per annum by December 2018
- Increase in EBITDA

### Thursday 7 July 2016, Melbourne, Australia

International agricultural product exporter Wingara Ag Limited (ASX:WNR) has executed a Memorandum of Understanding (MoU) with the Board of Directors of Pyrenees Hay Processing Co-Operative Ltd (PHPC) and its associated entities to acquire a controlling stake.

### About PHPC

PHPC specialises in growing, processing and exporting premium quality Australian Oaten Hay. PHPC is located in Avoca Victoria, strategically located approximately 100km South West of Wingara Ag Ltd's (Wingara) existing facility in Bendigo, (Epsom), Victoria. The proposed acquisition will add up to 40,000 Metric Tonnes (MT) per annum capacity to Wingara's existing capability of up to 50,000 MT with sufficient land space to further increase capacity.

### Wingara Post Proposed Acquisition

The proposed acquisition will expand Wingara's reach of high quality Oaten hay across Northern and Western Victoria. Wingara expects to produce 12,500 – 15,000 MT at PHPC in the coming 2016/2017 season. Combined, Wingara will target sales volume of 37,000 – 42,000 MT in the 2016/2017 season, delivering increased group EBITDA.

The proposed acquisition is subject to final due diligence and proper execution of relevant legal documents.

Wingara is targeting completion of the transaction by third quarter 2016. It is expected the overall investment in PHPC and associated entities will be \$5.5 million. The investment will acquire assets and inventory with additional capital expenditure set aside for plant improvement and storage upgrade.

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The funding is planned to be sourced via a combination of new equity, existing cash and external debt.

The proposed acquisition of PHPC will also deliver an additional 40,000 MT of high quality oaten hay to its supply database that can be economically produced at either Avoca or Bendigo (Epsom) delivering improved security of supply.

The acquisition will broaden Wingara's product base by adding large bale size to its product line, improving product diversification and further increasing its ability to grow its customer base. In addition, the Avoca site has existing site infrastructure in place to support the purchase and installation of new machinery that will increase the site's overall production capacity to 60,000 MT per annum and assist Wingara's strategy to grow its hay export volume capacity to 110,000 MT by 30 December 2018.

For and on behalf of the Board;



Gavin Xing  
Executive Chairman

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**About Wingara Ag Limited:**

Wingara Ag Limited aims to be the leader in the sale of agricultural products to the domestic and international markets, particularly focusing on the export of hay products to Asia. By adhering to the highest standards of production we ensure a reliable source of hay to our clients, enabling them to meet their business demands confident in the quality of our product.

We are also dedicated to supporting local producers and our commitment to providing an equitable relationship with Australian farmers allows us to source the best product available. Wingara is committed to ensuring we uphold the highest standards of integrity throughout the organisation, ensuring that we create an environment in which individuals continue to strive to meet our goals.

**Forward-Looking Statements:**

Certain statements made in this release are forward-looking statements and are based on Wingara's current expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. Although Wingara believes the forward-looking statements are based on reasonable assumptions, they are subject to certain risks and uncertainties, some of which are beyond Wingara's control. As a result, actual results could materially differ from those expressed or forecasted in the forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Wingara will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.