ASX Release
Date: 6 November 2018

$11.946 million Private Placement and Hong Kong Distribution Agreement

Australian Whisky Holdings Limited (ASX: AWY) (*the Company*) is pleased to advise that it has accepted applications from sophisticated and professional investors to raise $11,946,049 (*Placement*), including $5 million from a Hong Kong-based investor, Ace Cosmo Developments Limited (*Ace Cosmo*). The funds will be raised by a placement of 291,367,057 fully paid ordinary shares. The shares will be issued at $0.041 per share (4.1 cents per share) representing a discount of 6.8% to the last closing price as at 1 November 2018 of $0.044. This also represents a discount of approximately 6.2% percent to the 10 day VWAP of $0.0437.

Hong Kong Distribution Agreement

The Company has also entered into a distribution agreement with Ace Cosmo. The distribution agreement is an exclusive agreement for the marketing and distribution of the Company's brand and its Lark Distillery, Overeem Whisky, Nant Distilling Company and Forty Spotted Gin products in Hong Kong, for an initial term of 1 year, with an option for a further 2 years.

Ace Cosmo Developments is an investment company which invests in food and beverage companies. They seek to invest into companies that will benefit from the consumption growth in Asia and China, particularly premium food and beverage products.

They have several investments in food and beverage including; Food and Beverage Distribution in Hong Kong and Asia; premium restaurants, in Hong Kong, Macau and Sydney and Sake brewery in Japan. Their goal is to add value to investments through partnering with them to grow their distribution in Asia. The distribution for Hong Kong, noted above will provide access for all of Australian Whisky Holdings products to the on and off premise outlets in Hong Kong.

Under the arrangement between the Company and Ace Cosmo, the Company has granted to Ace Cosmo, so long as it holds 121,951,219 shares in the Company, the right to nominate a person to be appointed as an additional non-executive director to the Company's Board. The nomination must be made between 1 July 2019 and 15 October 2019, unless, at any time prior to 15 October 2019, Ace Cosmo acquires further shares so that it holds a 15% or more interest in the Company, at which time it will immediately become entitled to appoint a nominated non-executive director.

Chairman of Australian Whisky Holdings, Terry Cuthberston welcomed the investment of Ace Cosmo into the company and the Distribution Agreement for Hong Kong saying "It is exciting for Australian Whisky to have an investment from Ace Cosmo and the signing of the distribution agreement in Hong Kong is another positive step forward for our Company."

The funds raised will be utilised for:

- continuation of whisky buy-back programme through to June 2019;
- repayment of debt;
- second stage of infrastructure (Stage 1 – 8 barrels to 14 barrels/day – initial Stage 2 works on new bond stores and planning for new distillery); and
- funding an increase in inventory and general working capital.

Issue of shares under Placement

As the Placement is being completed in conjunction with the Hong Kong distribution agreement and $5 million of the funds raised are invested by the Hong Kong distributor, the Company intends that the shares to be issued in respect of the Placement on settlement of the distribution agreement, at which time an Appendix 3B will be released.

Of the shares issued under the Placement, 158,429,599 will be issued pursuant to ASX Listing Rule 7.1 and 132,937,458 will be issued pursuant to Listing Rule 7.1A. The Company obtained approval from shareholders for the additional 10% placement capacity available under Listing Rule 7.1A on 28 November 2017. In accordance with Listing Rule 3.10.5A, the Company provides the following information on the issue of shares to be made under Listing Rule 7.1A:

(a) The dilutive effect of the Placement on existing shareholders is as follows:

	Number of securities issued	**% of post-Placement issued share capital**
Placement shares issued under Listing Rule 7.1	158,429,599	9.72%
Placement shares issued under Listing Rule 7.1A	132,937,458	8.15%
Total	291,367,057	17.87%

Of the Placement shares issued under Listing Rule 7.1A, 121,951,219 shares were issued to non-existing shareholders, resulting in a dilutive effect on existing shareholders of approximately 7.48%.

(b) The Company issued the shares to sophisticated and professional investors as it was considered the most efficient and expedient method for raising funds to increase the Company's working capital and meet the Company's objectives.

(c) No underwriting arrangements were in place for the Placement.

(d) A management fee of 1% plus a fee of 4% for funds raised by Bell Potter Securities Limited is payable.

The Lead Manager and Bookrunner to the Placement is Bell Potter Securities Limited. The Company was advised by its solicitors GrilloHiggins Lawyers.

For further information, please contact Gary Stewart, Company Secretary.

Yours sincerely,

Company Secretary
Gary Stewart