Dear Shareholders,

I enclose with this letter, a Notice of Meeting convening a Meeting of Members of Australian Whisky Holdings Limited (**AWY** or, the **Company**), to be held at **12:00 NOON AEST on 21 May 2019** at the Royal Automobile Club of Australia of 89 Macquarie Street SYDNEY NSW 2000.

AWY has received a Notice pursuant to section 249D of the Corporations Act from Quality Life Pty Ltd (**Requisitioning Shareholder**), requesting the Directors call a general meeting of AWY members at which resolutions will be moved to replace four of the five current directors of AWY (being all directors other than Mr Bill Lark), with two directors nominated by the Requisitioning Shareholder, Geoff Bainbridge and David Dearie. If the resolutions are approved, control of the Board (and therefore the Company) will effectively transfer to the Requisitioning Shareholder.

AWY's Directors unanimously recommend that you vote AGAINST ALL RESOLUTIONS proposed in the Notice of Meeting

Our recommendation is based on three reasons:

1. The proposal is opportunistic – it seeks control of AWH, without premium, on the basis of the Requisitioning Shareholder owning only 9.4% of voting shares;
2. It is accompanied by no plan for the future different from our current strategy; and
3. It does not substantiate a case for change, especially given the existing Board's knowledge, experience, understanding of the business, achievements and established strategy.

Our recommendation is strengthened given your Board sought a reasonable compromise with the Requisitioning Shareholder which has been rejected. The details of the proposed compromise which was rejected by the Requisitioning Shareholder are outlined in the Explanatory Statement of the Notice of Meeting.

As at the time the Board was required to release this Notice of Meeting, the Directors believe that Mr Dearie's prior professional experience and skillset would complement the Board's current constitution. As such, the Board remains open to the appointment of Mr Dearie to the AWY Board in conjunction with the resignation of one (but not four) of the current AWY Directors.

The current Board has a clear plan for the continued expansion of the Company in the immediate future

I note the following achievements by the currently constituted Board in the last 24 months:

- the Board's successful acquisitions (which transformed AWY into the company it is today) of the:
    - Nant Distillery Business and Nant Estate in July 2017; and

- Lark Distillery in June 2018;
- the successful completion of placements of \$7.85 million in March 2018 and \$11.9 million in November 2018;
- the repayment of \$4.81 million of loans connected with the Nant acquisition and the retirement of debt through the conversion of notes in May 2018;
- Distribution Agreements entered into with:
  - Spirits Platform in October 2018 and Proof and Company in November 2018, for the distribution of AWY products across mainland Australia;
  - Ace Cosmo, for the marketing and distribution of AWY's brands in Hong Kong;
- completion of the following infrastructure projects in 2018:
  - a capacity expansion at the Nant Bothwell site, increasing production of new make spirit from 800 to 1400 litres per week;
  - an extension to the Lark Distillery in Cambridge enabling Overeem Whisky to be relocated to this site; and
  - an upgrade of the gin still at Cambridge increasing gin distilling capacity from 200 litres per week to 5,500 litres per week;
- the strategic appointments of former Lark Distillery CEO, Mr Bill Lark and US businessman and lawyer, Mr Stuart Grant, to the Board of AWY in February 2019, to advance the Company's current strategy for further expansion; and
- significantly advancing other distribution initiatives yet to be finalised.

Effects of the Requisition

The Requisition Notice has had the effect of:

- delaying the appointment of a new CEO to AWY;
- jeopardising the stability of the recently negotiated Distribution Agreements; and
- compromising the Board's ability to negotiate and finalise the further distribution initiatives.

The Board therefore looks forward to resolving this matter as soon as possible.

On behalf of the Board, I thank you for your continued support of AWY and its Board.

Terry Cuthbertson

Chairman, Australian Whisky Holdings Limited 11 April, 2019