

## Freedom Nutritional Products Limited

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### ASX ANNOUNCEMENT

21 May 2010

#### A2 Corporation Limited and Freedom Nutritional Products Limited

##### Sale and Subscription Implementation Agreement

Further to Freedom Nutritional Products Limited's (ASX:FNP) (**FNP**) announcement on 4 May 2010, FNP has today announced it has entered into a Sale and Subscription Implementation Agreement (**SSIA**) with A2 Corporation Limited (NZAX:ATM) (**A2C**), under which it will sell its 50% interest in A2 Dairy Products Australia Pty Limited (ACN 125 331 213) (**A2DP**) (being 2,700,000 fully paid ordinary shares) to A2C in consideration for 120,376,950 fully paid ordinary shares in A2C, being 25% of the enlarged A2C (**Transaction**).

A2DP has the exclusive rights for the production and sale of a2 milk™ products in Australia and Japan in association with A2C.

A2C is listed on the alternative market of the New Zealand Stock Exchange. A2C owns and commercialises intellectual property relating to a2 Milk™.

FNP Chairman Perry Gunner stated "FNP and A2C have developed a productive relationship over the past 3 years. The proposed Transaction will build on our success in Australia, create an integrated business model with reduced complexity and enable FNP to share in A2C's growth opportunities in global markets."

#### Conditions

The Transaction is subject to a number of conditions, including:

- A2C shareholders approving the Transaction;
- no A2C prescribed occurrence occurring, which includes changes in capital structure, dividends and capital returns, material changes to the constitution, creation of material encumbrances, material litigation and insolvency events;
- no A2DP prescribed occurrence occurring, which includes material litigation, insolvency events and creation of material encumbrances without A2DP Board approval;
- no A2C and A2DP material adverse change which includes events which could result in a material diminution in A2C or A2DP's assets or EBITDA; and
- regulatory approvals required to implement the Transaction.

## **A2C Board recommendation**

The directors of A2C have agreed to recommend the Transaction to A2C shareholders, subject to a satisfactory independent expert's report being obtained and fulfilment of their statutory and fiduciary duties.

## **Option**

Under the SSIA, FNP has the right to increase its shareholding in A2C to 27.5% at any time within 12 months from completion of the Transaction with an exercise price of A\$0.11 per share. As with the Transaction, the granting of this option is subject to A2C shareholder approval.

## **Board appointments**

On completion of the SSIA, Perry Gunner, Geoffrey Babidge and one FNP nominee will be appointed to the board of A2C and Mr Gunner will assume the role of Deputy Chairman.

It is the intention of the parties that Mr Babidge, FNP's current managing director, will be appointed as managing director of A2C with effect from no later than the 2010 annual general meeting of A2C. Mr Babidge is in discussions with A2C regarding the terms of his engagement.

## **Timetable**

The parties currently expect that the A2C shareholders meeting will be held in late July 2010.

For further information, please contact:

## **Freedom Nutritional Products**

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