Nannup Truffle Growers Co-operative Limited

ABN 79 315 285 843

Information Memorandum
Truffle Co-operative Investors

Signed by:

David James Somerville
Director

Graeme Michael Goff
Director

IMPORTANT NOTICE:

This document is not a product disclosure statement or prospectus and should not be read and construed as a disclosure document under the Corporations Act. This document is an Information Memorandum which is provided on a personal invitation basis and should be read in conjunction with the Disclosure Statement for a Distributing Co-operative registered on 24 April 2018 under the Co-operatives Act 2009 (WA) as appended.

This Information Memorandum was issued in Perth, Western Australia on 22 May 2018

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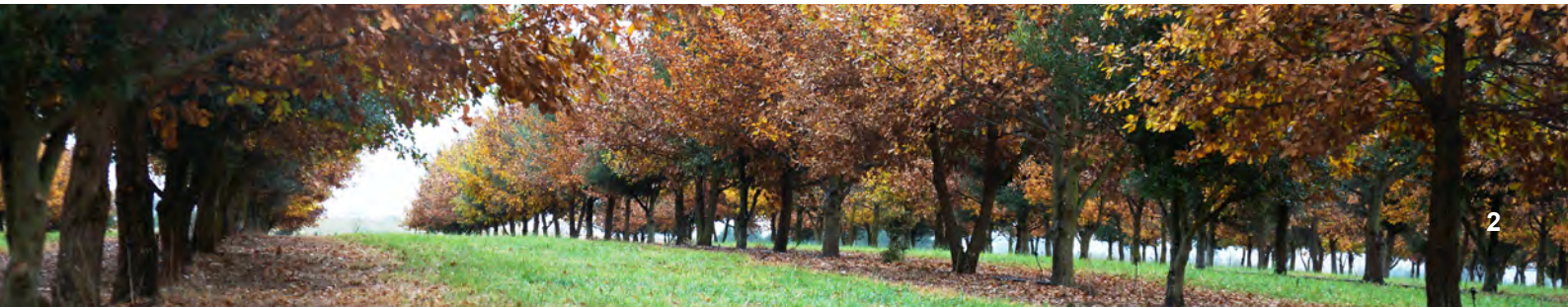


1 INFORMATION MEMORANDUM

Nannup Truffle Growers Co-operative Limited (Nannup Truffles or the Co-operative), ABN 79 315 285 843, was registered as a Distributing Co-operative by the Government of Western Australia, Department of Commerce on 19th May 2016.

The Co-operative has issued a Disclosure Statement under the Co-operatives Act 2009 (WA) for an offer of Shares in Western Australia, with the specific purpose of development of a Truffière in the South West of Western Australia, which is appended to this Information Memorandum.

This Information Memorandum is issued in support of the Disclosure Statement, however is not a Product Disclosure Statement or Prospectus and should not be read and construed as a Disclosure document under the Corporations Act.

This Information Memorandum relates solely to the offer of Shares in the Co-operative. It is provided to persons/ entities who meet the requisite requirements for membership of Nannup Truffle Growers Co-operative Limited under the Disclosure Statement for a distributing Co-operative registered under the Co-operatives Act 2009 (WA), and registered by the Government of Western Australia Department of Commerce on 24 April 2018.

The Co-operative makes no representation or warranty (express or implied) as to the accuracy, reliability or completeness of the information contained in this Information Memorandum. The Co-operative and its respective directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (express or implied) arising out of, contained in or derived from, or for any omissions from the Information Memorandum, except liability under statute that cannot be excluded.

The Information Memorandum contains reference to certain intentions, expectations and plans of the Co-operative. Those intentions, expectations and plans may or may not be achieved. They are based on certain assumptions that may not be met or on which views may differ. The performance and operations of the Co-operative may be influenced by a number of factors, many of which are outside the control of the Co-operative.

The Information Memorandum does not purport to cover all relevant information about any potential investment in the Co-operative or its underlying business.

It is not intended to be a complete or accurate statement of material information. Except where stated, the information disclosed relates to the proposed business of the Co-operative at the date of this Information Memorandum. No responsibility is accepted to advise of any change. The Co-operative reserves the right to reject any expression of interest and to withdraw this Information Memorandum at any time without giving notice.

Recipients must make their own independent assessment of the offer and should not rely on any statement contained in this Information Memorandum as to the significance, adequacy or accuracy of any matter described in this document.

An investment in the Co-operative should be considered speculative because of the nature of the Co-operative's business. This section identifies the major areas of risk associated with an investment in the Co-operative, but should not be taken as an exhaustive list of the risk factors to which the Co-operative and its Shareholders are exposed.

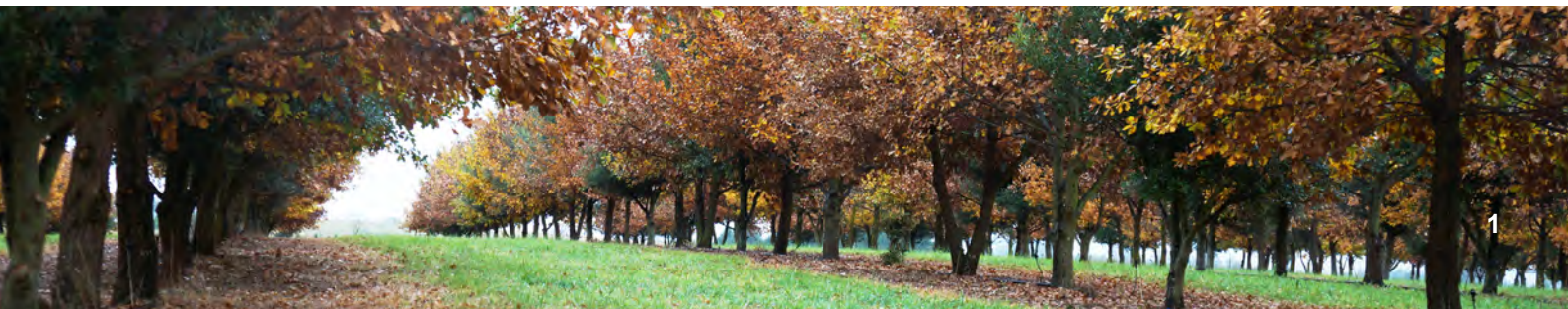
Agriculture:	Any investment in agriculture carries inherent risks in primary production due to matters beyond the control of the Co-operative.
Hail, Storm and Fire:	Risks from hail, storm and fire can arise in agricultural pursuits. The Truffière will be insured against hail and fire, and storm damage may damage the trees but is unlikely to destroy them.
Truffle Yields:	Truffle production can be unreliable and spasmodic, however recent improvements in management techniques have improved Truffle production, particularly in Western Australia.
Truffle Prices:	The price of Truffles is subject to market forces and may not be achieved for the life of the project.
Economic Risks:	A more comprehensive statement of risks are incorporated at Clause 9.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Co-operative and cannot be mitigated. Accordingly, an investment in the Co-operative carries no guarantee with respect to the payment of dividends or return of capital.

Investors should be aware that there is a risk that Truffles will not be produced in the quantities or timeframe as estimated in this Information Memorandum. Accordingly, Investors should be aware that an investment in Nannup Truffles is considered a speculative investment.

Potential Investors should read the entire Information Memorandum and Disclosure Statement and consult their professional advisers before deciding whether to apply for Shares.

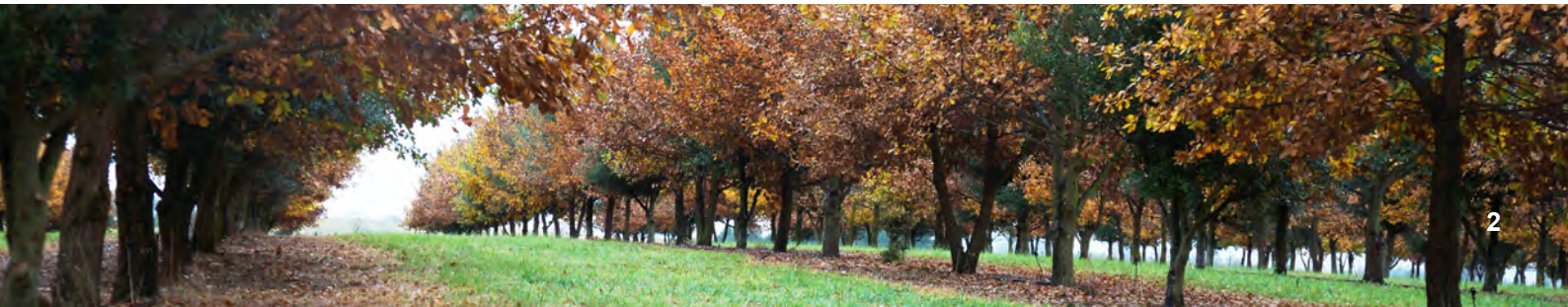
Applications for the Shares may be made on the Application Form contained within this Disclosure Document or on the Application Form on the wesbite at nannuptruffles.com.au.



2 EXECUTIVE SUMMARY

NANNUP TRUFFLE GROWERS CO-OPERATIVE LIMITED

- This Information Memorandum and Disclosure Statement offers an investment opportunity to participate in a Co-operative with the purpose of establishing a Truffière in Nannup in the South West of Western Australia.
- Western Australia is becoming a substantial producer of "French Black Truffles", with increasing development and production over the last 11 years.
- "French Black Truffles" are a highly prized and highly priced food! Held in highest esteem in European cooking since the 1700's, Truffles and Truffle products are being widely sought after across all Western countries, and now recently in Asia. Black Truffles will fetch a price of **$1,000** per kg in season, and Italian White Truffles known to fetch over $3,000 per kg.
- Nannup Truffle Farm Pty Ltd (Share Farmer) has agreed to a Share Farming Agreement with the Co-operative and will develop the Truffière of tree orchards providing a balance of Deciduous Oaks and Evergreen Oaks and seeking to produce French Black Truffles (Tuber melanosporum), and Italian White Truffles (Tuber magnatum).
- The Share Farmer has dual inoculated four different tree species, located in three different soil types and grades as well as controlled variations to the types of fertiliser and moisture content with a view of identifying the optimum growing conditions and stimulants for the production of the Black and White truffles.
- Italian White Truffles are highly sought after and are the most valuable in the market place. Nannup Truffle Farm Pty Ltd is conducting trials on what combination of environmental and agricultural conditions will enable the Italian White Truffles to be produced in a commercial Truffière.
- The Share Farmer will retain ownership of the trees until minimum subscription has been achieved. The risk of damage or death of the planted trees will remain with the Share Farmer until ownership passes to the Co-operative. This means the Co-operative will only be purchasing healthy inoculated trees that have achieved 3 years growth.
- 6,000 trees have been inoculated with a combination of Black and White Truffle spores and were planted on the Farm in November 2017.
- Great Southern Truffles Pty Ltd (Great Southern Truffles or GST) has been engaged as the Truffière Manager and Marketing Manager to the Co-operative. Whilst working with the share farmer during the establishment phase the appointment of GST will not commence until the Co-op finalises the purchase of the trees. GST and its Principal Director, Mr Adam Wilson, have been associated with the commercialisation of two WA Truffières, including marketing of Western Australian Truffles to the international market.
- A Share in the Co-operative will cost $1,500 per share.
- A Share in the Co-operative provides an equivalent ownership of 6 oak trees in the Truffière and also membership benefits including:
  - 15% Discount on Truffle Products from Great Southern Truffles.
    - Organic Truffle Butter
    - Truffle Infused Extra Virgin Olive Oil
    - Organic Truffle Honey
    - Mushroom and Eggplant Truffle Salsa
    - Truffle Salt
    - Truffle Cheeses
  - An invitation to Truffle Degustation Dinners, and seasonal Truffle functions.
  - Invitations to join the Annual Truffle Hunt.
  - Early bird discount on accommodation in intended future Truffle Chalets!!
  - The right to keep your produced Truffles or sell them to GST at Farm Gate Prices (GST have offered a take-out contract for all produce).



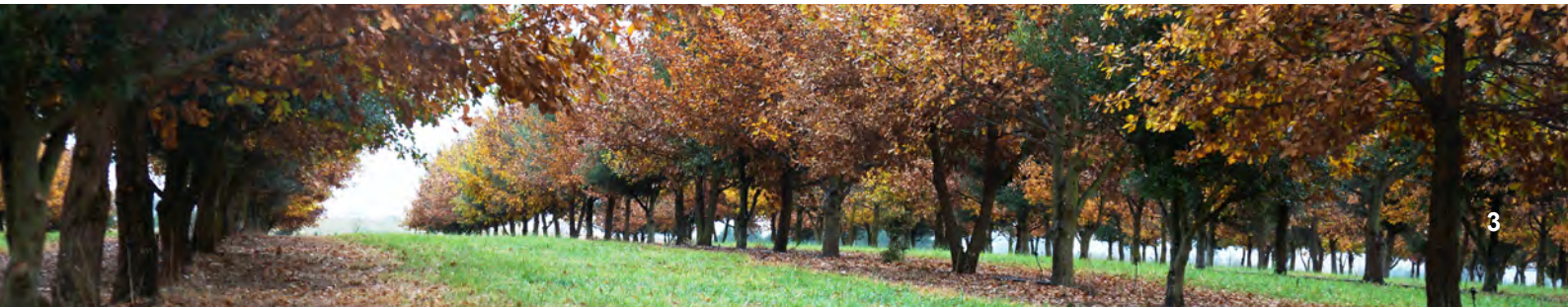
2 EXECUTIVE SUMMARY

- Truffières generally take approximately 6 years to reach full production stage - with some varieties earlier and some later, and is highly dependent upon the local conditions. The South West of WA has had excellent results in production and early production with some Truffières achieving extraordinarily high and early yields.
- The Australian Truffle Growers Association reports "Growers have been consistently getting Truffles after 4 to 5 years with the new technology being employed".
- Some Truffières in Australia have had poor production yields but WA has had very high yields, some purportedly as high as 1kg per tree or 400kg per hectare. European and US reports suggest 100kg to 120kg per hectare is achievable.
- The Co-operative has forecast yields from maturity of approximately 220g per tree or 100kg per hectare. Based upon these yields, forecast returns to Co-operative members could **exceed 20%** per annum after tax. (Although there is no guarantee of these yields).
- The conservative forecast yields can be demonstrated as follows:

PRODUCTION YIELDS AT FULL PRODUCTION		
	Yield Per Hectare	**Yield Per Tree**
Purported Yields - WA	400kg	1kg
Reported Yields - WA	100-200kg	220-330g
Reported Yields - USA	100kg	220g
Reported Yields - EU	150kg	330g
Adopted Base Case - NTC	100kg	220g
High Yield Case - NTC	150kg	330g

- Forecast Returns to Investors (but not guaranteed).

BASE CASE YIELD						HIGH CASE YIELD
YEAR	**4**	**5**	**6**	**7**	**8+**	**8+**
Yield Per Tree	0.01g	0.04g	0.11g	0.16g	0.22g	0.33g
Return to Investors - Dividend Per Annum	**3%**	**6%**	**11%**	**18%**	**25%**	**38%**



3 THE OFFER

SECURITIES TO BE ISSUED

Shares in Nannup Truffle Growers Co-operative Limited.

Each Share is issued on the following terms:

Payable on Application		$1,500
Being:	Nominal Share Value	$50
	Premium per Share	$1,450
		$1,500

ISSUER

Nannup Truffle Growers Co-operative Limited (the Co-operative).

INVESTMENT TERM

The term of the Co-operative will be 20 years from the date of planting and will subsequently be wound up. In the event economic returns are not received within 10 years of the date of this Information Memorandum the Co-operative will be wound up.

SHARE ISSUE PRICE

Payable on application $1,500 (One Thousand Five Hundred Dollars per Share).

MINIMUM APPLICATION AMOUNT

1 Share.

TARGET SUBSCRIPTION

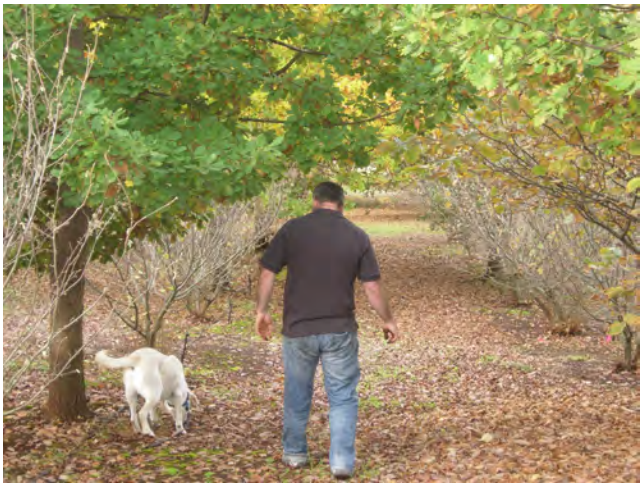
1000 Shares however the Co-operative may accept subscriptions over 1000 Shares.

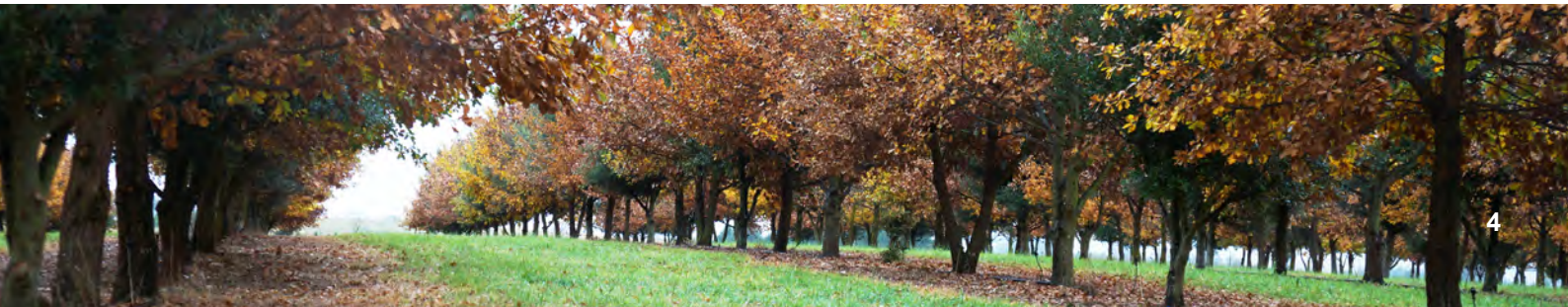
MINIMUM SUBSCRIPTION

500 shares, however the Co-operative may determine to amend the minimum.

APPLICABLE FEES

There are no entry, exit, rollover or management fees.





4 BUSINESS STRUCTURE

Nannup Truffle Growers Co-operative Limited has been established for the specific purpose of establishing a Truffière in Nannup in the South West of Western Australia.

STRUCTURE

A Co-operative was chosen as an appropriate structure to implement the establishment of the Truffière as it provides for each member to participate equally in the operations and voting rights, and eliminates the possibility of a corporate take over of the Co-operative or parties seeking to direct the intentions and activities of the Co-operative from its agreed purpose and objectives.

MEMBERS

Members of the Co-operative are encouraged to participate in the activities of the Co-operative now and in the future.

Immediately, all members have access to Great Southern Truffle products at a 15% discount, and are invited to attend Truffle Dinners which are conducted throughout the Truffle season.

Once the establishment of the Truffière is complete, members will be invited to join the Annual Truffle Hunt and the Land Owner's intent is to establish chalets on the property available as accommodation to members.

OBJECTIVE

The objective of the Co-operative is to establish a Truffière of Deciduous and Evergreen Oaks which have been inoculated with the spores of Truffles. The intent of the Co-operative is to produce Black Truffles, and White Truffles.

Truffles have established markets throughout the world and the Truffière Manager has extensive experience in marketing and producing Truffle products. The Manager has entered into a contract to acquire all Truffles produced - at Farm Gate Prices.

CONTRACTUAL ARRANGEMENTS

The Board of Nannup Truffle Growers Co-operative Limited has established the following contracts.

SHARE FARMING AGREEMENT

A Share Farming Agreement has been agreed between the Co-operative and the Share Farmer. Under this agreement the Share Farmer provides the following services:

- Land, cleared and prepared for planting.
- Trees, inoculated and planted.
- Water.
- Farm Insurance.

Under the Share Farming Agreement, the Share Farmer will prepare and plant the Truffière, and manage the Truffière for the first three years. The Co-operative has agreed to acquire the established trees upon conclusion of the first three years. The Co-operative will provide deposits on trees in proportion to subscriptions received.

From Years 3 to 5 of the establishment years, services will be provided on a reimbursed cost basis, which from Year 6 converts to a 25% share in the Net Farm Profit. The Share Farmer will also provide corporate services (executive services) as required.

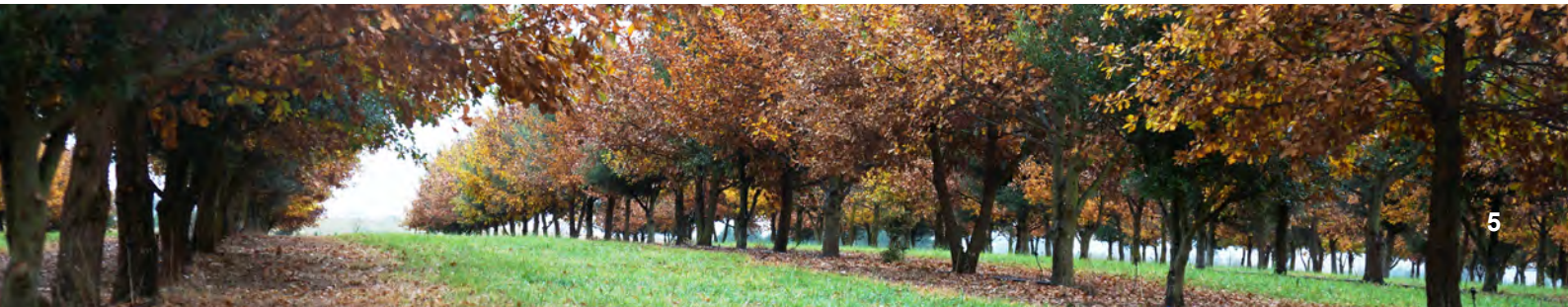
SERVICE AGREEMENT

A Service Agreement has been agreed between the Co-operative and the Truffière Manager. Under this agreement, the Truffière Manager provides the following management services:

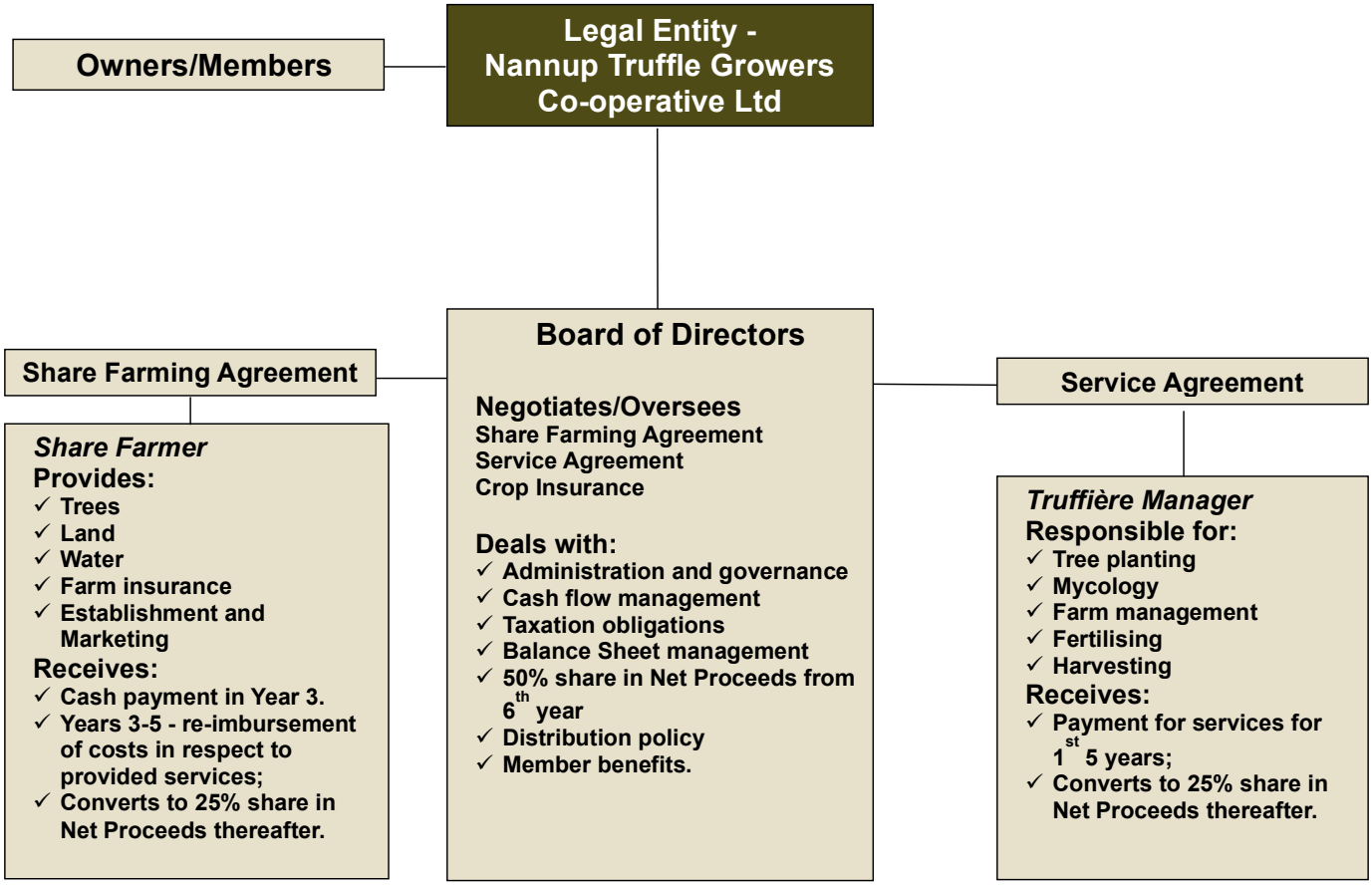
- Mycology.
- Tree planting.
- Farm management.
- Fertilising.
- Harvesting.

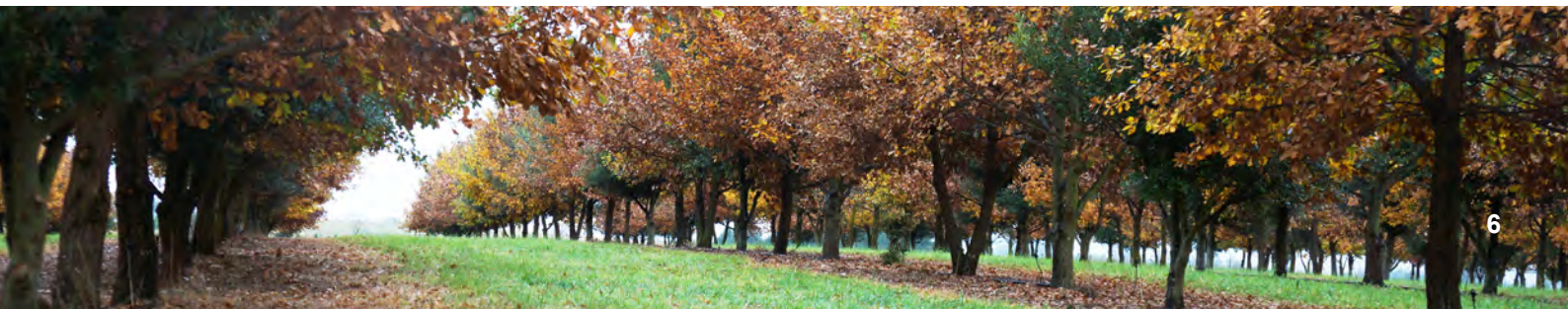
The Truffière Manager has guaranteed to purchase all Truffles produced at Farm Gate Prices.

The Truffière Manager will receive payments for services for the first 5 years, being the establishment phase, which then converts to a 25% share of the Net Farm Profit.



4 BUSINESS STRUCTURE





5 DETAILS OF THE OFFER

5.1 THE LAND

The South-West region of Western Australia has demonstrated extraordinary results in cultivating “French Black Truffles”.

A number of Truffle producers have been established in the immediate surrounding localities of Manjimup, Pemberton and Donnybrook.

White truffles have not before been cultivated in Western Australia, and are not on the Western Australian Organism List, and therefore grown White Truffles cannot be imported into WA, and the inoculation of the trees with Black and White Truffle spores will be a first in Western Australia

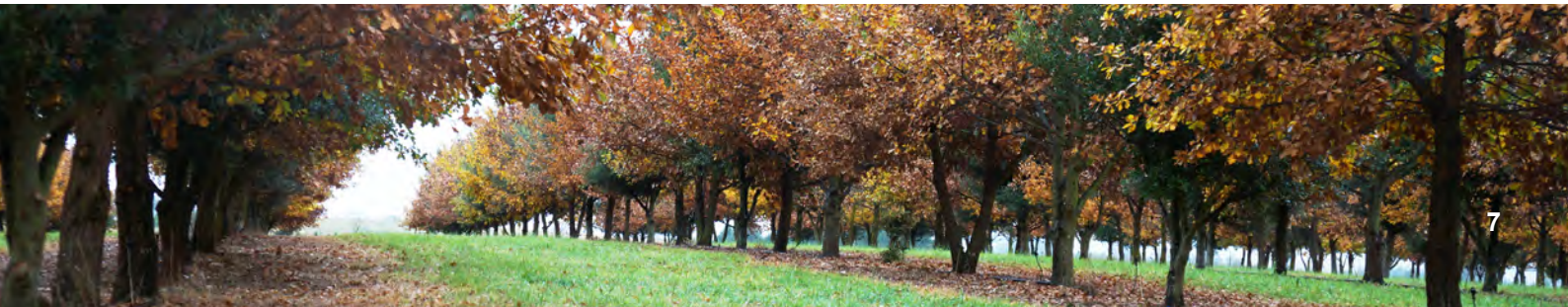
The site - Lot 11 White Road, Cundinup - is located in between the existing producing localities.

The site is extremely well suited to growing Truffles - with perfect climatic conditions (frosts in Winter) and topographically (well drained soil on hilly banks).

The site is an existing farm which has been cleared and 6,000 English and French Oak trees inoculated with Black and White Truffle spores have been planted. The plantings are fully reticulated with water supplied from a 160,000 cubic litre dam covering over 10 acres on the property.

Located approximately 280 kilometres from Perth, Cundinup is a rural community located closely to the tourism towns of Nannup and Balingup.

Extensive soil reports have been undertaken including Electromagnetic Induction and Ground Penetrating Radar and has determined high quality suitable soils over 160 acres.



5 DETAILS OF THE OFFER

5.2 PLANTING

Nannup Truffle Growers Co-operative Limited has established the Truffière on the property comprising 6,000 trees providing a balance of Deciduous Oaks and Evergreen Oaks and seeking to produce Black Truffles (Tuber melanosporum), and trialling White Truffles (Tuber magnatum).

PLANTINGS

- Under the Share Farming Agreement, the Land Owner has planted 6,000 dual inoculated trees on the farm in November 2017, making the Truffière one of the largest in Australia. The planting of the trees required 30km of reticulation piping, 6,000 weed mats, tree guards and sprinklers. Nannup Truffles expects to commence supply of Australian Truffles in 4 to 5 years.

PROJECT MANAGEMENT

- The project is under the direction of Mr Adam Wilson of Great Southern Truffles and Federico Paci, an experienced Italian mycologist having worked in the industry since 2008 in Australia and Italy.

YIELDS

- Yields from Truffières around the world vary considerably from no production to extremely high yields, particularly in the South-West of WA, with some purportedly as high as 1kg per tree.

- A Thesis submitted by H.E. Alvis to Oregon State University claims yields of 100kg per hectare in Oregon, USA. Truffle Trees in France maintain Truffle plantations and project 120kg per hectare in Year 6, Garland Truffles in North Carolina 125kg per hectare, and New World Truffles 88-250kg per hectare. In WA, Five Acre Nursery forecasts 100kg to 200kg per hectare by Year 10 of production.

- Whilst there is no guarantee of production, the Co-operative has forecast modest yields from maturity of 220g per tree on Black Truffles, averaging 100kg per hectare. White Truffles have never been produced agriculturally, no yields are forecast.

5.3 THE MANAGER

Great Southern Truffles has been sourcing premium Australian grown Truffles for the past six harvests. Strong relationships established with growers in The Great Southern Regions of Western Australia, NSW and Tasmania now guarantee supply of the finest grade Australian Tuber Melanosporum Truffle for GST's market and products.

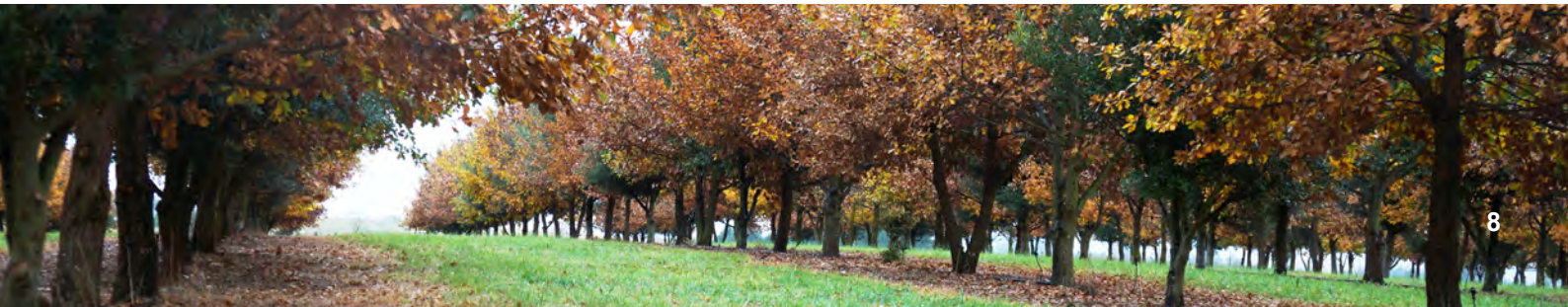
Australian Truffles are a new ingredient to old-world Truffle gourmet lovers and the world's best chefs. Australian production in commercial quantities has only recently become available. During the four month annual season (June - September) different Truffière's in Western Australia, Tasmania, Victoria, Canberra and NSW all produce subtle flavour differences at varying times during the season.

GST offers a complete searching, grading, and handling service and guarantee a delivery of the best Truffles Australia offers.

GST is one of Australia's pioneers in hunting and grading Truffles, with over 15 years' experience in hunting harvesting and grading Truffles throughout Europe and Australia.

GST produces quality Truffle products including Truffle Infused Extra Virgin Olive Oil, Organic Truffle Honey, Black Truffle Mustard, the very best Fresh Truffle butter, and our famously rich Mushroom and Eggplant Truffle Salsa.

GREAT SOUTHERN TRUFFLES



5 DETAILS OF THE OFFER

5.4 GREAT SOUTHERN TRUFFLES PRODUCTS

Great Southern Truffles has been sourcing premium locally grown Australian Truffles for the past six harvests.

Great Southern Truffles exports Australian Truffles into the European, Asian and US markets, in the traditionally “off season” market. (Australian Truffles are harvested in the Australian winter - European summer).

Great Southern Truffles produces quality Australian Truffle products including:

Truffle Aioli Mayonnaise
Truffle Aioli Mayonnaise has that very distinctive Truffle and garlic flavour. One thing is for sure, though, when you taste our aioli, you’re going to get a creamy oil emulsion spread

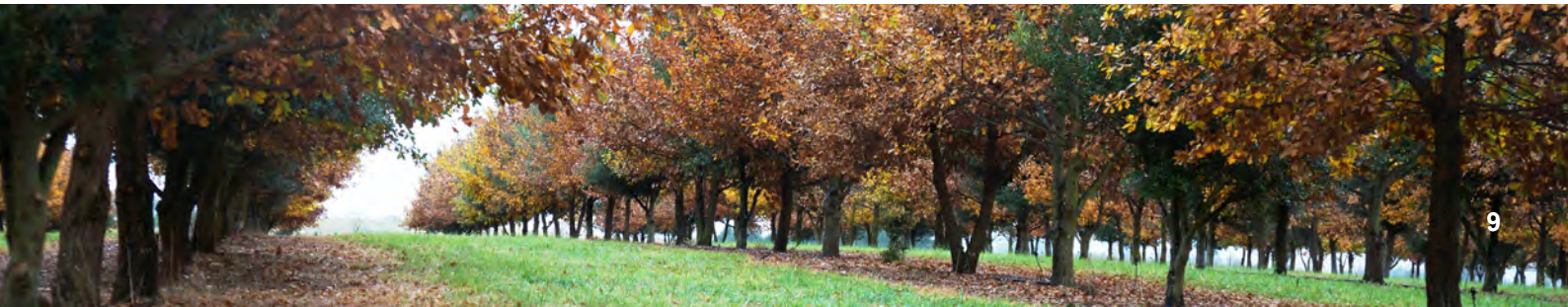
Organic Truffle Oil
This is the magical elixir that makes all the beautiful earthy and pungent aromas of the Truffle available all year round! Produced using 100% Western Australia Organic Extra Virgin Olive Oil, Truffle and Truffle Aroma.

Truffle Oil
A touch of Truffle oil can turn the ordinary to something exceptional! Produced using 100% Western Australia Extra Virgin Olive Oil and Truffle Aroma.

Black Truffle Mustard
The flavours of traditional Dijon mustard unite to create a one-of-a-kind taste. Produced using French Dijon Mustard, Tuber Melanosporum Truffle infused and Black & White Truffle aroma.

Black Truffle Salsa
A rustic blend of Truffles, eggplant and mushrooms. Produced using fresh West Australian vegetables, Tuber Melanosporum Vitt. Truffles and Truffle aroma.

Organic Truffle Honey
Black Australian Truffle aroma infused into premium amber-coloured West Australian Organic honey to create a beautiful, sweet Truffle indulgence. Produced using fresh West Australian Organic Honey infused with Truffle aroma.



6 ABOUT TRUFFLES

WHAT ARE TRUFFLES?

The Truffle is an edible fungus that grows underground through a symbiotic relationship with the roots of specific host trees. When the tree and the fungal filaments reach maturity, usually after about five years, the fruiting body or Truffle is produced and occurs seasonally thereafter.

Truffles can be described as 'gourmet mushrooms'. They have a pungent, intense, earthy fragrance and lend a unique flavour and aroma to food. The Truffle is used in extremely small quantities and yet its flavour and aroma turn a standard offering of soup, chicken, meat or game into a gourmet experience.

WHERE DO THEY OCCUR?

Truffles occur naturally in the northern hemisphere where there are over 70 species that have been taxonomically described. The Black Truffle or Tuber Melanosporum, also known as the Perigord Truffle, grows mainly in France and Italy and is the variety most commonly cultivated in a Truffle orchard or Truffière. With a unique scent, they are sniffed out by trained pigs and dogs.

Truffles in Europe occur under their native woodland trees of oak, poplar, willow and hazelnut. In the regions of France and Italy where Truffles occur naturally the Truffle harvests are decreasing over time. It is thought that this is due to urbanisation, climate change and pollution. For example, prior to 1914 some 1800 tonnes of Truffles were harvested annually in the Perigord area alone. Now the whole of France produces less than 50 tonnes. In 1998 annual production was reported to be only 8 tonnes.

In the 1970's a major initiative began in France to cultivate Truffles. There are now also established Truffières in Spain and Italy. However productivity from these orchards is relatively small compared to that collected in the natural forests.

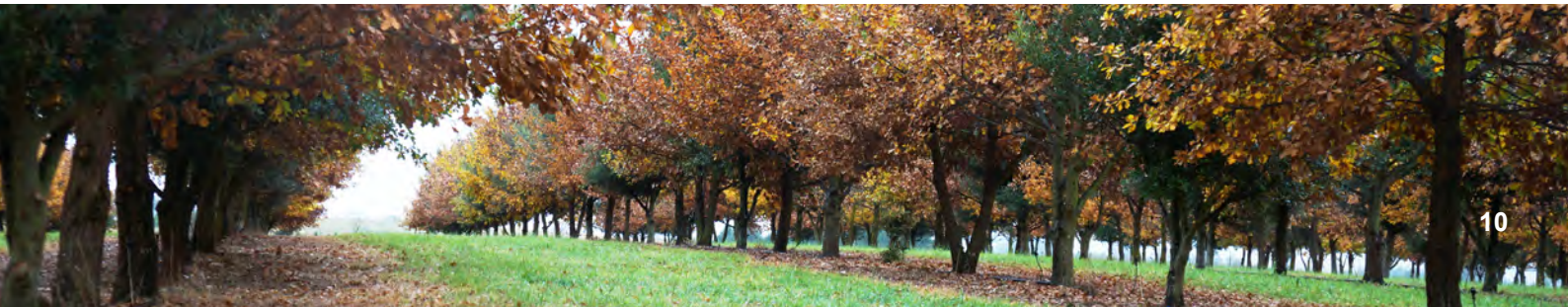
Outside of Europe, the first Black Truffles were produced in 1991 on specially inoculated oak trees in Oregon, USA. There have now been substantial plantings in the USA including a 70-hectare Truffière established near Houston Texas in 1991.

In the southern hemisphere, the winter of 1993 saw the first production of commercial Truffles in New Zealand, and in 1999 Black Truffles were produced in Tasmania to further confirm their production feasibility in the southern hemisphere.

The first Truffles produced in the Manjimup region occurred in August 2003.

The Black Truffle is not sought after because of its appearance! While it is generally round in shape, it can have many differently shaped "knobs" and "crevices". The size can range from that of a marble, to almost the size of a soccer ball. The most desired Truffles are those that range from a golf ball to tennis ball size. This would translate to between 25 and 200 grams weight. "Icon" sized Truffles (more than 500 grams) are highly sought after and premium prices are paid for top quality specimens.

The ripe Truffle, when cut, exhibits a dense black interior that is streaked with white veins. The Truffle is firm and resembles the texture of a potato. The outside has a fairly tough, scaly skin that can withstand the conditions in which the Truffle grows.



6 ABOUT TRUFFLES

ABOUT BLACK TRUFFLES

WHAT DOES A BLACK TRUFFLE SMELL OR TASTE LIKE?

It is not easy to describe the flavour and aroma of the Black Truffle. It is appealing and earthy.

Some descriptions of the flavour and smell are: -

- The floor of the forest.
- Scallops and seafood.
- A mixture of chocolate and earth.
- Old over-used socks!
- A rugby locker room after a match!

Some adjectives are: -

- Erotic
- Earthy
- Exquisite
- Smouldering
- Sexy

In the end, you must find a quality restaurant and chef and try these for yourself.

WHITE TRUFFLES

White Truffles are found in the Piedmont region of Northern Italy, and to date have not been cultivated in commercial Truffières. White Truffles are yet to be cultivated in Australia.

White Truffles are not on the Western Australian Organism list and therefore can not be imported into the State for personal or commercial consumption.

Called the 'Diamond of the Kitchen' by 18th Century Epicurean Jean Anthelme Brillat-Savarin, the White Truffle, with its distinct aroma and intense earthy flavour, can transform pasta, egg dishes and rice into gourmet masterpieces. The White Truffle is almost never cooked, with the power of this flavour being in their strong aroma and cooking then will destroy that. The heat of the food releases th aroma.

In Europe, White Truffles are highly sought after and a successful commercial product. Cultivation of the White Truffle in Western Australia will be a first for the State and will provide local chefs and restaurants the first opportunity for them to incorporate them as part of their recipes

CULTIVATING TRUFFLES: HOW DO THEY GROW?

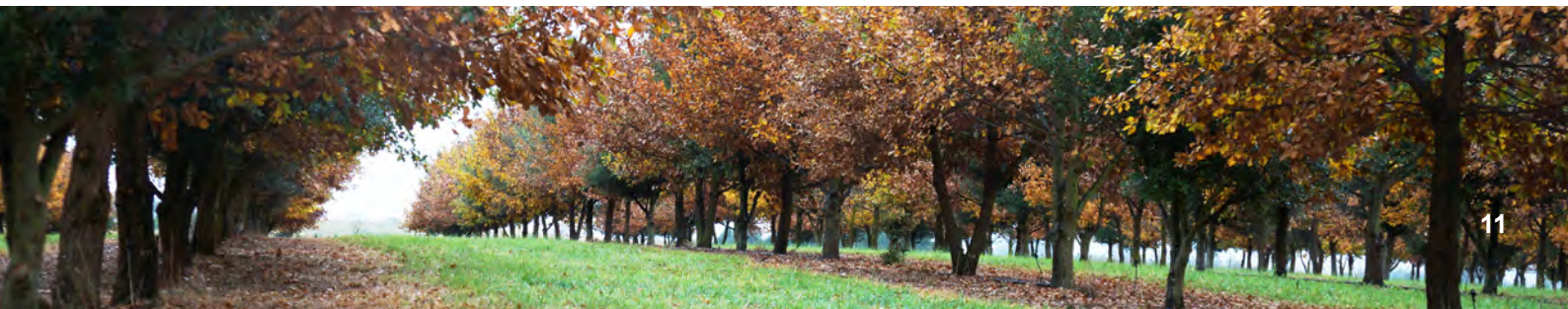
The fungus attaches to the fine roots of oak and hazelnut trees and has a very fine root structure of its own called "mycelium". The fungus and the tree live in what is called a "symbiotic relationship" where they assist each other to survive and prosper.

The tree will provide necessary carbohydrate (sugars) for the fungus while the fungus will give back essential micro nutrients, which it extracts from the soil that the tree cannot access.

The Truffle is the fruit body of the fungus. The Truffle is "seeded" in spring and will increase in size through summer and autumn and then ripen when the chill of winter sets in.

HARVESTING TRUFFLES:

Truffles ripen and are harvested during the winter months. In the southern hemisphere, this is during the months of June, July and August.



6 ABOUT TRUFFLES

WHAT DOES A BLACK TRUFFLE SMELL OR TASTE LIKE?

It is not easy to describe the flavour and aroma of the Black Truffle. It is appealing and earthy.

Some descriptions of the flavour and smell are: -

- The floor of the forest.
- Scallops and seafood.
- A mixture of chocolate and earth.
- Old over-used socks!
- A rugby locker room after a match!

Some adjectives are: -

- Erotic
- Earthy
- Exquisite
- Smouldering
- Sexy

In the end, you must find a quality restaurant and chef and try these for yourself.

CULTIVATING TRUFFLES: HOW DO THEY GROW?

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HARVESTING TRUFFLES:

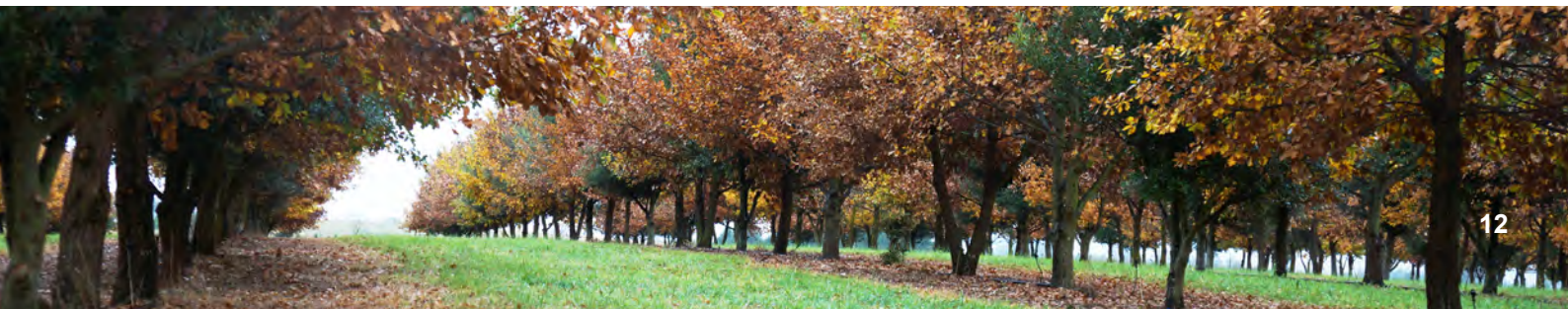
Truffles ripen and are harvested during the winter months. In the southern hemisphere, this is during the months of June, July and August.

Finding the ripe Truffle is a specialist job that has evolved from pigs that would root them out to eat, to highly trained dogs. The dogs locate the subterranean prize with their heightened sense of smell, mark the spot with a scratch of their paw, and then sit to receive their reward. It is an amazing experience to see the dogs pick up the scent of a ripe Truffle some 30 metres away, and then focus in on the prize find.

Once a Truffle is located, the spot is marked and the hunt continues. After about an hour, the dog becomes tired and is rested while the dog handler retraces the hunt path and excavates the located Truffles.

The Truffles are then washed, sorted, and graded. Grading will account for factors such as smell, size, shape, and feel of the Truffle. During the grading process, the Truffle will be “nicked” or a small amount removed to allow the interior to be observed for colour. This also allows the buyer to see the Truffle.

Once sorted and cleaned, the Truffles are then packed to order and prepared for shipment in specially designed and insulated containers with refrigerated cooling blocks.



6 ABOUT TRUFFLES

PACKING AND TRANSPORT:

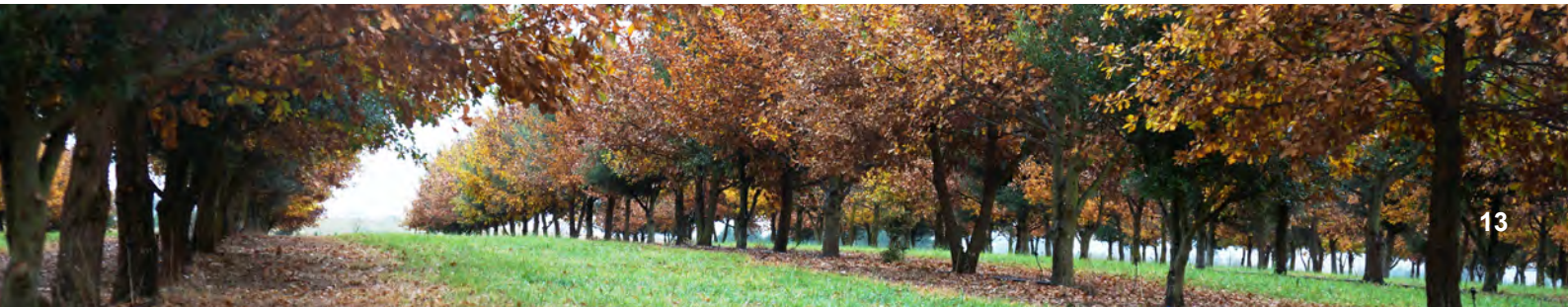
At harvest, the Truffles are graded into three classes according to European standards, Extra class (premium), 1st and 2nd Class. Once harvested the Truffles are carefully cleaned, washed and sealed with an Argon/Nitrogen gas mix. (This gas mix reduces oxidation and breakdown of the Truffle, packed with ice packs and shipped in an icebox directly to your customs agent anywhere in the world.
The packed Truffles, should reach any airport around the world within 36 hours of leaving the farm gate, ensuring your Truffles are the freshest possible upon arrival.

STORING FRESH TRUFFLES:

Enjoying Truffles within 5-7 days of unearthing them is the very best way to experience Truffles.

To help keep them longer, they can be gently wrapped in absorbent paper and stored in a dry, airtight glass or plastic container in the crisper compartment (not the cold part) of the refrigerator.

The absorbent paper should be changed daily and the container must be kept dry. Bear in mind that the strong aroma of Truffles will impregnate other foods, this can be advantageous, but to avoid this ensure that the Truffles are stored in their own container. In cooler months the Truffle can be stored out of the refrigerator in its container out of sunlight. The ideal temperature for storing Truffles is between 4 and 8 °C.



7 THE PEOPLE

The project brings together a team of experienced and proven experts in the fields of Business, Mycology and International Marketing in the Truffle Industry.

David Somerville - Director
David is an Accountant by background, with over 30 years experience in business development. David is currently Executive Chairman of the ASX Listed Questus Limited, a Funds Manager and Property Asset Manager and Developer. David is also Chairman of the ASX Listed CI Resources Ltd, a phosphate mining company located on Christmas Island with plantation investments in Malaysia.

Graeme Goff - Director
Graeme is a qualified accountant with over 30 years experience in Public Practice and Commerce with a strong focus on compliance, management systems, year end financial reporting and taxation.

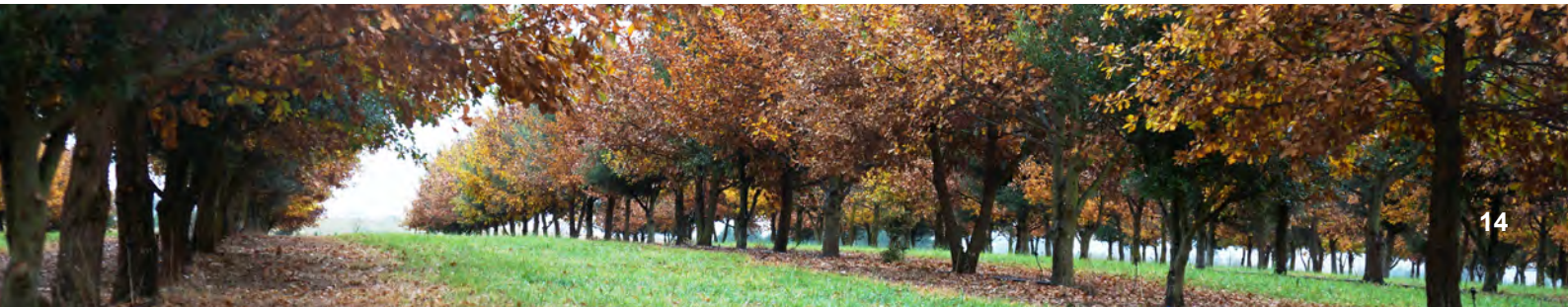
During this period Graeme provided professional services to a number of primary producers across a broad range of farming sectors.

He commenced his professional career in 1986 with PriceWaterhouseCoopers where he rose to the position of Director. Graeme has worked in a variety of roles as a Chief Financial Officer, Company Secretary and Director.

Adrian Gurgone - Director
Adrian is an experienced MBA Chartered Accountant with significant experience in advertising organisations across a variety of industries globally. His expertise encompasses financial, economic and business analysis, risk management and corporate governance. Adrian has also assisted several boards both in Australia and overseas in improving organisational performance and in capital allocation decision-making.

Adam Wilson - Great Southern Truffles - Project Manager and Marketing Manager
Adam is an accomplished international marketer, importer and exporter of fine foods. With over a decade of experience living in Italy and a decade of Australian experience in the establishment, planting, growing, marketing and management of Olive Oil and Truffles, Adam is well qualified to lead the team.

Federico Paci - Great Southern Truffles - Operations Manager
Federico has a Masters Degree in Mycology from the University of Bologna. Having worked in the industry since 2008 and gaining experience with one of the world's biggest Truffle companies, Federico joined Great Southern Truffles as Operations Manager in 2013, and is a valuable team member for quality control and mycological experience.



8 FINANCIAL PROJECTIONS

Nannup Truffle Growers Co-operative Limited is a Co-operative incorporated on 19th May 2016 with the specific purpose of development of a Truffière in the South West of Western Australia. The Co-operative has planted 6,000 trees inoculated for the production of Black Truffles and White Truffles.

Although the plants have been dually inoculated with Black and White Truffles, the White Truffles are part of a trial and Research and Development project and as such, the successful cultivation of White Truffles is not known at this stage.

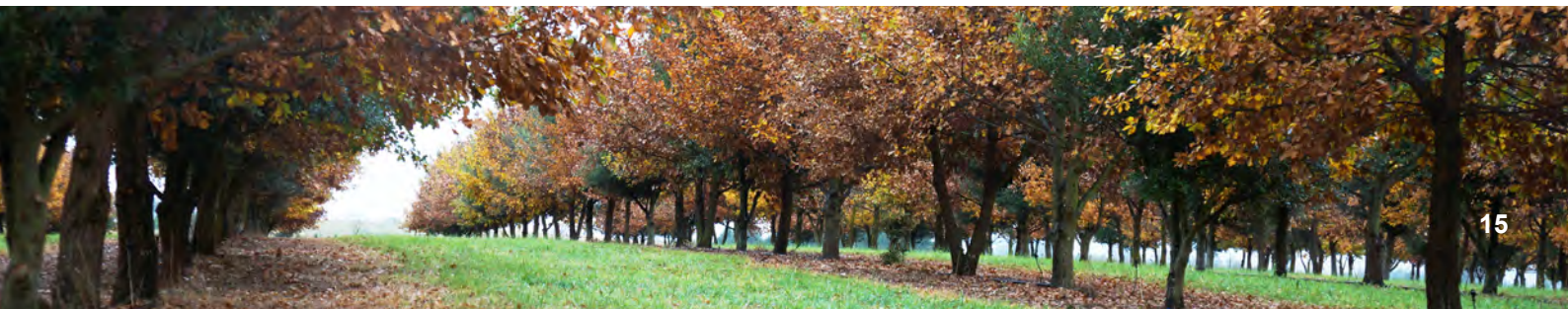
Accordingly, the financial projections below are based on the production of Black Truffles only and exclude any potential revenue from the cultivation of the White Truffle.

PRO FORMA - BALANCE SHEET

The pro-forma Balance Sheet below shows the forecasted financial position of the Co-operative after the completion of the following events.

- The issue of 1,000 Co-operative Shares paid to $1,500 each issued under this Information Memorandum.
- The progressive purchase of 6,000 inoculated trees.
- Establishment and Marketing Costs.

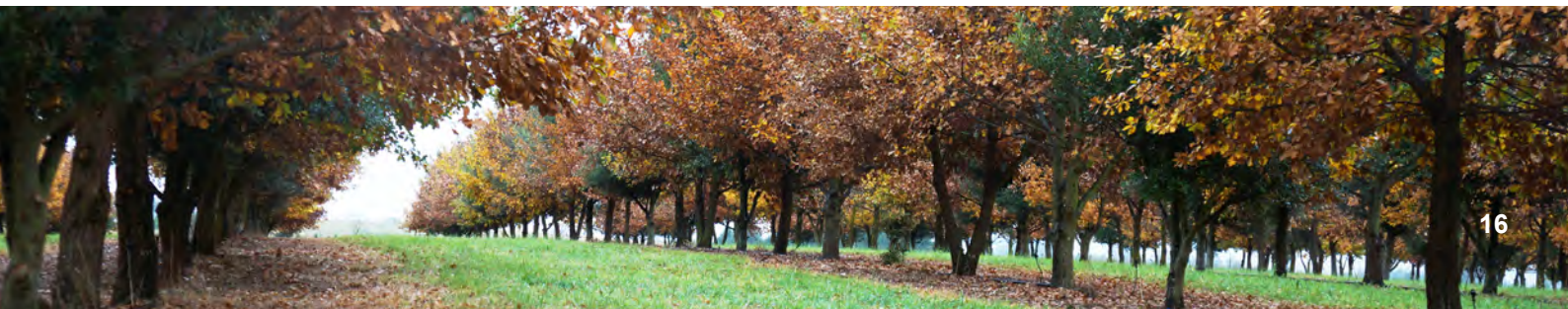
	Pro –Forma Balance Sheet $
Current Assets	
Cash or cash Equivalents	685,465
	685,465
Non Current Assets	
Inoculated Trees	440,000
Plant & Equipment	312,035
Establishment Costs	62,500
	814,535
Total Assets	**1,500,000**
Current Liabilities	-
Total Liabilities	**-**
Net Assets	**$1,500,000**
Shareholder equity	
Co-operative Shares	50,000
Share Premium	1,450,000
	$1,500,000



8 FINANCIAL PROJECTIONS

Nannup Truffle Growers Co-operative Limited
10 Year Forecast - 3 Way Budget
Years 2017 to 2026

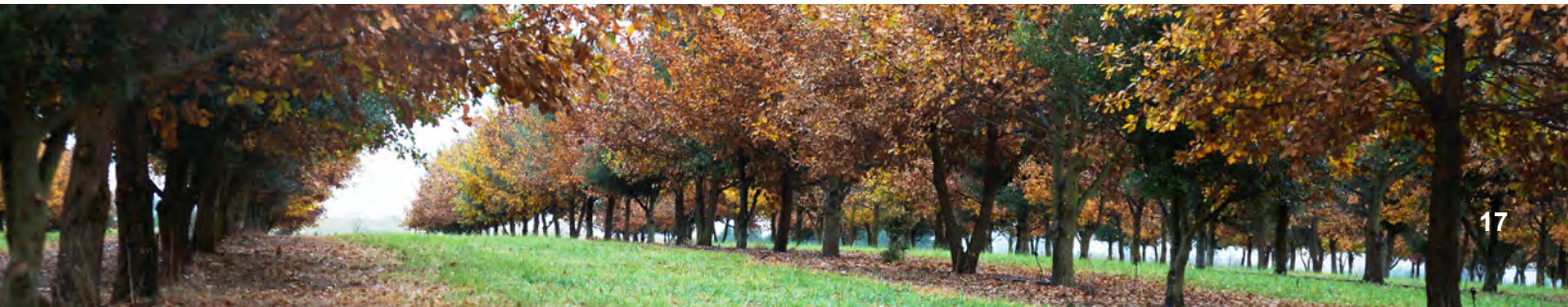
	Notes	Actual Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Year 6 2022	Year 7 2023	Year 8 2024	Year 9 2025	Year 10 2026
Production Black Winter Truffles											
Number of Inoculated Trees Planted		**6000**	**6000**	**6000**	**6000**	**6000**	**6000**	**6000**	**6000**	**6000**	**6000**
Yield per Tree (Kilograms)		**0.000**	**0.000**	**0.000**	**0.015**	**0.045**	**0.110**	**0.160**	**0.220**	**0.220**	**0.220**
Yield per Annum (Kilograms)		**0**	**0**	**0**	**90**	**270**	**660**	**960**	**1320**	**1320**	**1320**
Projected Statement of Income											
Other Inflows											
Member Subscriptions		165,000	187,500	400,000	747,500						
		165,000	**187,500**	**400,000**	**747,500**	**-**	**-**	**-**	**-**	**-**	**-**
Revenue											
Sale of Truffles - at Farm Gate	**Farm Gate price per Kg**										
Black Winter Truffles	$ 1,000.00	-	-	-	90,000	270,000	660,000	960,000	1,320,000	1,320,000	1,320,000
		-	**-**	**-**	**90,000**	**270,000**	**660,000**	**960,000**	**1,320,000**	**1,320,000**	**1,320,000**
Total Revenue		**-**	**-**	**-**	**90,000**	**270,000**	**660,000**	**960,000**	**1,320,000**	**1,320,000**	**1,320,000**
Expenses											
Accounting and Audit		-	3,000	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Administration Fees		5,639	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Amortisation of Trees		-	-		75,000	75,000	75,000	75,000	75,000	75,000	75,000
Amortisation of Formation expenses		6,034	6,034	6,034	6,034	6,032					
Corporate Expenses		-	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Marketing Expenses		25,109	15,000	15,000	15,000						
Farm Operating Costs											
Tree Maintenance			-		30,000	30,000	30,000	40,000	40,000	42,000	42,000
Fertilisers, Pesticides and Herbicides			-		20,000	20,000	20,000	20,000	20,000	21,000	21,000
Insurance, Electricity and Farm Maintenance			-		10,000	10,000	20,000	20,000	20,000	21,000	21,000
Farm Management			-		20,000	30,000	40,000	40,000	40,000	42,000	42,000
Harvest Costs											
Harvest Hands and Truffle Cleaners		-	-	-	7,500	15,000	25,000	40,000	50,000	50,000	50,000
Dogs & Dog Handlers		-	-	-	6,000	12,000	20,000	32,000	40,000	40,000	40,000
Packaging & Freight		-	-	-	-	-	20,000	32,000	40,000	40,000	40,000
Harvest Management		-	-	-	-	-	25,000	40,000	50,000	50,000	50,000
Sundry		-	-	-	-	-	5,000	8,000	10,000	10,000	10,000
Truffiere Manager			-		50,000	50,000	-				
		36,782	29,034	47,534	266,034	274,532	306,500	373,500	411,500	417,500	417,500
Gross Farm Profit		**(36,782)**	**(29,034)**	**(47,534)**	**(176,034)**	**(4,532)**	**353,500**	**586,500**	**908,500**	**902,500**	**902,500**
Truffle Management and Expertise							88,375	146,625	227,125	225,625	225,625
Share Farming Landowner Lease							88,375	146,625	227,125	225,625	225,625
Operating Profit		(36,782)	(29,034)	(47,534)	(176,034)	(4,532)	176,750	293,250	454,250	451,250	451,250
Income Tax		(11,034)	(8,130)	(13,310)	(49,290)	(1,269)	49,490	82,110	127,190	126,350	126,350
Net operating Profit after Tax		(25,748)	(20,904)	(34,224)	(126,744)	(3,263)	127,260	211,140	327,060	324,900	324,900
Dividend Paid					37,500	75,000	127,260	211,140	327,060	324,900	324,900
Yield					**5%**	**5%**	**8%**	**14%**	**22%**	**22%**	**22%**



8 FINANCIAL PROJECTIONS

Nannup Truffle Growers Co-operative Limited
10 Year Forecast - 3 Way Budget
Years 2017 to 2026

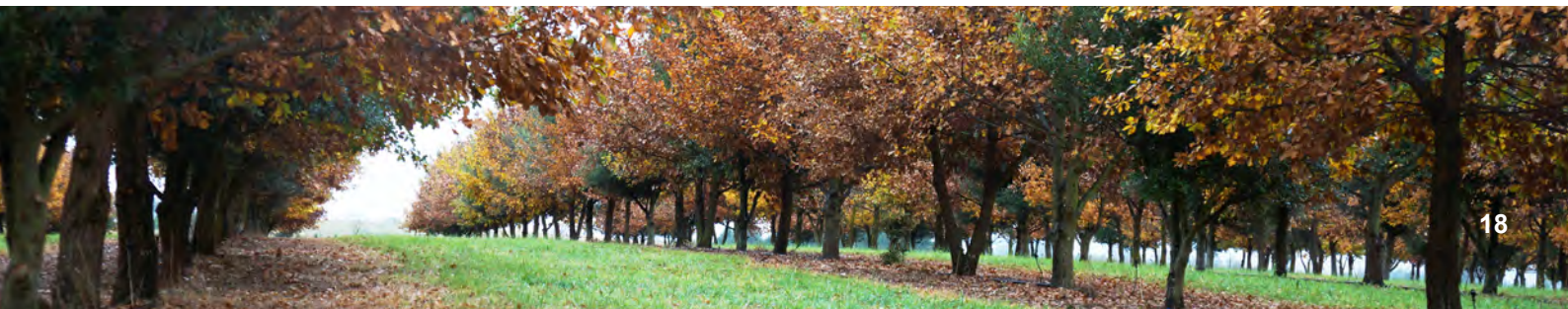
	Notes	Actual Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020	Year 6 2021	Year 7 2022	Year 8 2023	Year 9 2024	Year 10 2025
Projected Statement of Cashflows											
Net operating Profit after Pax		**(25,748)**	**(20,904)**	**(34,224)**	**(126,744)**	**(3,263)**	**127,260**	**211,140**	**327,060**	**324,900**	**324,900**
Amortisation of Trees			-	-	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Amortisation of Formation Expenses		6,034	6,034	6,034	6,034	6,032	-	-	-	-	-
Deposit on Inoculated Trees		-	(200,000)	(200,000)	(400,000)	(200,000)	(200,000)	(200,000)	(100,000)		
(Increase) / Decrease in Tax Provision		(11,034)	(8,130)	(13,310)	(49,290)	(1,269)	49,490	82,110	127,190	126,350	126,350
GST Paid		(5,157)	5,157								
Income Tax Paid				-						(175,758)	(119,651)
Net Cash Flow from Operations		(35,905)	(217,843)	(241,500)	(495,000)	(123,500)	51,750	168,250	429,250	350,492	406,599
Net Cash Flow from Financing Activities											
Subscription of Co-operative Shares		165,000	187,500	400,000	747,500						
Dividend Co-operative Shares					-	(37,500)	(75,000)	(127,260)	(211,140)	(327,060)	(324,900)
		165,000	187,500	400,000	747,500	(37,500)	(75,000)	(127,260)	(211,140)	(327,060)	(324,900)
Net Cash Flow from Investing Activities											
Purchase of Property Plant & Equipment		-			-						
Formation Expenses		(30,168)		-	-						
		(30,168)	-	-	-	-	-	-	-	-	-
Net Cash Flow		**98,927**	**(30,343)**	**158,500**	**252,500**	**(161,000)**	**(23,250)**	**40,990**	**218,110**	**23,432**	**81,699**
Opening Bank Balance		-	98,927	68,584	227,084	479,584	318,584	295,334	336,324	554,434	577,866
Closing Bank Balance		**98,927**	**68,584**	**227,084**	**479,584**	**318,584**	**295,334**	**336,324**	**554,434**	**577,866**	**659,565**



8 FINANCIAL PROJECTIONS

Nannup Truffle Growers Co-operative Limited
10 Year Forecast - 3 Way Budget
Years 2017 to 2026

	Opening Balance	Actual Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020	Year 6 2021	Year 7 2022	Year 8 2023	Year 9 2024	Year 10 2025
Projected Balance Sheet											
Current Assets											
Cash	-	98,927	68,584	227,084	479,584	318,584	295,334	336,324	554,434	577,866	659,565
Receivables		86,407	-	-	-	-	-	-	-	-	-
Prepayments											
	-	185,334	68,584	227,084	479,584	318,584	295,334	336,324	554,434	577,866	659,565
Non Current Assets											
Property Plant & Equipment											
Inoculated Trees		-	200,000	400,000	800,000	1,000,000	1,200,000	1,400,000	1,500,000	1,500,000	1,500,000
Amortisation of Trees			-	-	(75,000)	(150,000)	(225,000)	(300,000)	(375,000)	(450,000)	(525,000)
	-	-	200,000	400,000	725,000	850,000	975,000	1,100,000	1,125,000	1,050,000	975,000
Formation Expenses		30,168	30,168	30,168	30,168	30,168	30,168	30,168	30,168	30,168	30,168
Accumulated Amortisation		(6,034)	(12,068)	(18,102)	(24,136)	(30,168)	(30,168)	(30,168)	(30,168)	(30,168)	(30,168)
		24,134	18,100	12,066	6,032	-	-	-	-	-	-
Property Plant & Equipment		-	-	-	-	-	-	-	-	-	-
Less Accumulated Depreciation											
	-	-	-	-	-	-	-	-	-	-	-
Total Property Plant & Equipment	-	24,134	218,100	412,066	731,032	850,000	975,000	1,100,000	1,125,000	1,050,000	975,000
Future Tax Benefits		11,034	19,164	32,473	81,763	83,032	33,542	-	-	-	-
Total Non Current Assets	-	35,168	237,264	444,539	812,795	933,032	1,008,542	1,100,000	1,125,000	1,050,000	975,000
Total Assets	**-**	**220,502**	**305,848**	**671,623**	**1,292,379**	**1,251,616**	**1,303,876**	**1,436,324**	**1,679,434**	**1,627,866**	**1,634,565**
Current Liabilities											
Amounts Owed for Inoculated Trees	-	-	-	-	-	-	-	-	-	-	-
Provision for Income tax	-	-	-	-	-	-	-	48,568	175,758	126,350	133,049
Dividend		-	-	-	37,500	75,000	127,260	211,140	327,060	324,900	324,900
	-	-	-	-	37,500	75,000	127,260	259,708	502,818	451,250	457,949
Non Currrent Liabilities											
	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**	**37,500**	**75,000**	**127,260**	**259,708**	**502,818**	**451,250**	**457,949**
Net Assets	**-**	**220,502**	**305,848**	**671,623**	**1,254,879**	**1,176,616**	**1,176,616**	**1,176,616**	**1,176,616**	**1,176,616**	**1,176,616**
Equity											
Issued Shares											
Subscription of Co-operative Shares		246,250	352,500	752,500	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Retained Earnings		(25,748)	(46,652)	(80,877)	(207,621)	(210,884)	(83,624)	127,516	454,576	779,476	1,104,376
Dividends Paid (Cumulative)		-	-	-	(37,500)	(112,500)	(239,760)	(450,900)	(777,960)	(1,102,860)	(1,427,760)
	-	**220,502**	**305,848**	**671,623**	**1,254,879**	**1,176,616**	**1,176,616**	**1,176,616**	**1,176,616**	**1,176,616**	**1,176,616**



8 FINANCIAL PROJECTIONS

NOTES TO PROJECTIONS

The financial projections have been prepared on the basis that $1.25 million is successfully raised under this Information Memorandum. The forecast period represents the 5 year period for the establishment of the Truffière, with only minimal income being received from the farming and sale of the Truffles. The maturation of the Truffle production is expected to substantially increase in Year 6 and gradually grow to maximum yields by Year 10.

All applicable revenue and costs are stated net of GST.

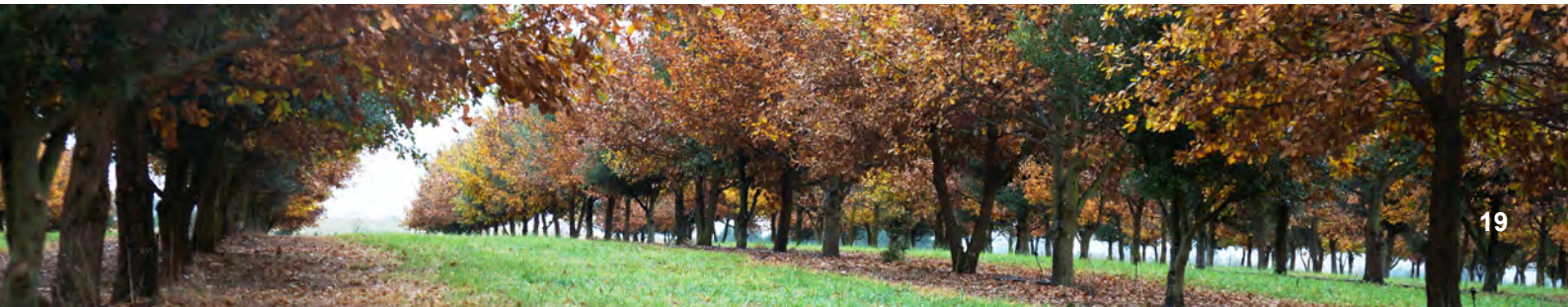
1. Sale price of Truffles - "at Farm Gate"

- Black Truffles - $1,000 per kg

This is based upon current Truffle prices being received by producers at wholesale or "Farm Gate Prices" in 2017.

2. Peak Production

	Hectares	Yields (kg per Ha)	Yield Per Tree	Full Production
Black Truffles	12	87.5	0.22	1056



9 RISK FACTORS

Investors are encouraged to obtain independent legal, accounting and/or financial planning advice in relation to this Offer.

Set out below is a summary of some of the risk factors associated with this type of investment.

Please note that there may be other risk factors in addition to the ones set out below, however, the Co-operative believes these to be the major risk factors:

Economic Factors
The performance of the investment could be affected by domestic and/or international factors. Should either the world or Australian economies experience a downturn, this could in turn impact on distribution sales and other economic factors outside of the Co-operative's control.

The Federal Government's fiscal and monetary policies may also impact on the general economic environment.

Changes in Taxation and Other Laws
The forecast returns to Investors set out in this Information Memorandum are based on the current taxation law. The forecast returns may be affected by future changes to the law.

Liquidity
Unlike other securities such as Shares listed on a stock exchange, the Shares may not be tradeable.

Income Risk
The Co-operative is subject to industry fluctuations, so that demand may vary depending on, but not limited to, exchange rates, global oil prices and other variables outside the control of the Company.

Managerial
The ability of the Co-operative and other relevant parties to meet their obligations.

Material Agreements
Any default by relevant parties to the material agreements may affect completion dates and projected sales revenues.

Agricultural Risks
Any investment in agriculture carries inherent risks in primary production due to matters beyond the control of the Co-operative. The following agricultural risks have been mitigated to the best ability of the Company.

Drought Risks
A dam with a capacity of 160,000 cubit litres already exists on the land, this is more than adequate as a water supply for the Truffière.

Water Availability
The project will be irrigated with water from the established dam which is located on the site and provides water all year round.

Water Salinity
There are no salinity issues which arise from the use of water from the dam.

Flood
Flood is considered a low risk factor for the property. The topographical plan reveals that the property has a significant valley that drains the entire property.

Frost
Frost is not a risk for the project.

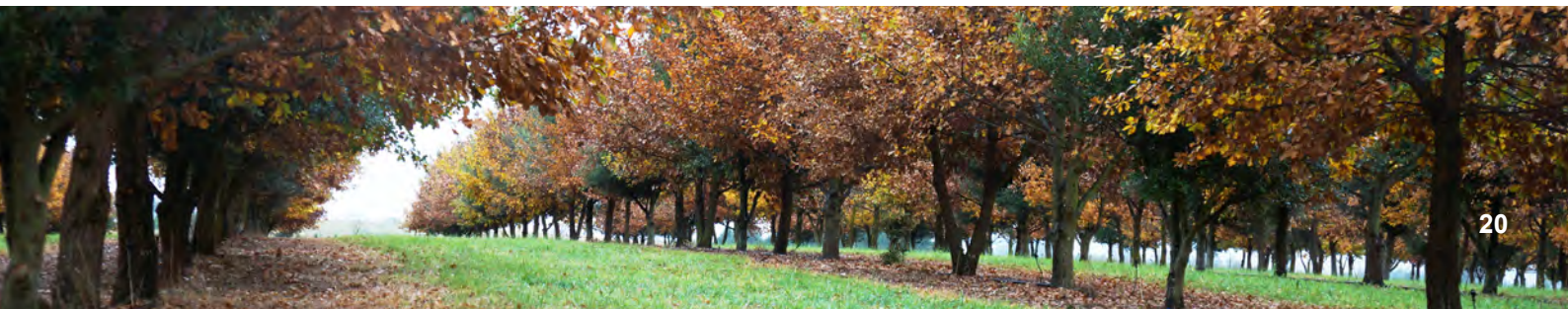
Oak trees are native to areas that experience extreme frosts and in fact, are a critical selection criteria being a requirement for frost and extreme cold in the ripening process for Truffles.

Hail, Storm and Fire Risks
Risks from hail, storm and fire are real. Hail can damage the host trees but is unlikely to destroy them.

The Truffière is insured against hail.

Leaf and branch damage is possible, however this type of damage will have a negligible effect on Truffle production.

Storm damage can completely remove trees and therefore is a real risk The property itself is adjacent to state forests. These trees are very large and will work as a shelter for the trees of the Truffière. These natural wind breaks will assist to reduce the potential for damage.



9 RISK FACTORS

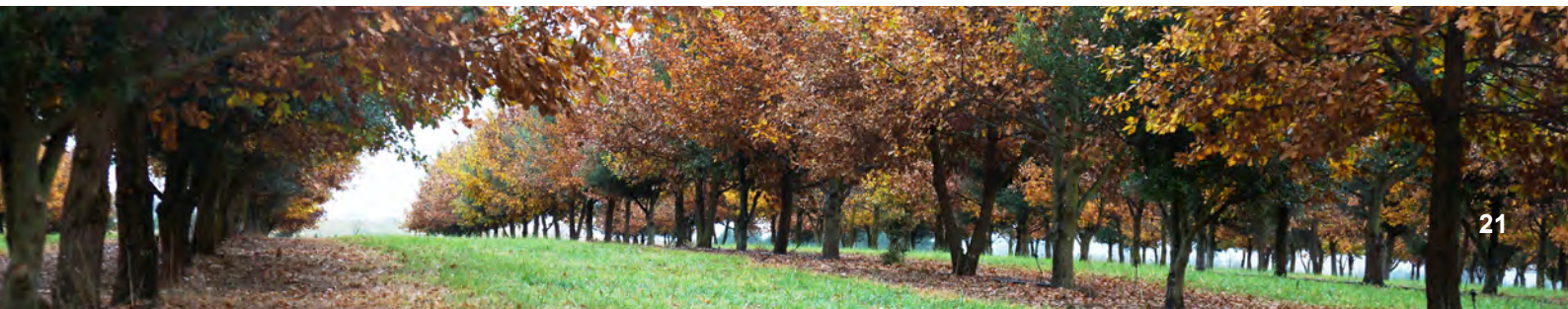
Fire is a real risk to the Truffière. Potential fire damage will be managed by the provision of fire breaks and maintaining the Truffière in a clean and manicured condition. The Truffière will be fully irrigated, and insured.

Pests and Disease Damage
The potential for disease risk to the Oak trees is considered low. There are no known diseases that could cause significant tree fatalities.

Truffle Yields
Truffle production in the natural habitat is notorious for being unreliable and spasmodic.

Investors should be aware there is a risk that Truffles will not be produced in the quantities or timeframe as estimated in this Information Memorandum.

Secondary Market
Whilst Shares are transferable, Shares in the Company are currently, and will remain, illiquid because there is no secondary or public market. Shareholders will generally only be able to dispose of their Shares by means of private arrangement and negotiation.



10 CONDITIONS OF ISSUE

CONDITIONS OF THE ISSUE

The terms and conditions of the Shares issue are as follows:

1. Co-operatives Act

Shares issued in accordance with these conditions are Shares issued under the Co-operatives Act, and as such applicants for the issue of Shares must meet the requisite requirements for membership of the Co-operative and agree to comply with the Registered Rules of Nannup Truffle Growers Co-operative Limited, as described in the attached Disclosure Statement for a proposed distributing Co-operative registered under the Co-operatives Act 2009 (WA).

2. Undertakings

The Co-operative must:

(a) business: carry on and conduct its business in a proper and efficient manner; and

(b) insurance:

(i) insure and keep insured the parts of its property and assets which are of an insurable nature against damage and destruction; and

(ii) take out and keep in force workers' compensation, public risk and business interruption insurance.

3. Transfer

(a) Every Shareholder is entitled to transfer the Shares or any part of them by an instrument in writing in the usual common form or in such other form as the Co-operative approves.

(b) The transferor is deemed to remain the owner of such Shares until the name of the transferee is entered in the Register.

(c) No fee is to be charged on the registration of any transfer of Shares.

GENERAL

1. Notices

Any notice or other communication in connection with these Conditions or the Shares:

(a) must be in writing addressed to the address specified by the recipient to the sender by notice from time to time and in the case of notice to a Shareholder to that Shareholder's Registered Address;

(b) must be signed by an officer or under the common seal of the sender;

(c) is deemed to be given by the sender and received by the addressee:

(i) if by post, three days after it is posted; or

(ii) if by facsimile transmission or other electronic means, when received by the addressee.

but if delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is deemed to be duly given on the succeeding Business Day;

(d) can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.

2. Exercise of Rights; Non-Waiver; Cumulative Remedies

(a) No failure on the part of a Shareholder, no deal in exercising, and no course of dealing with respect to any right, power or privilege hereunder operates as a waiver thereof.

(b) No single or partial exercise of any right or power hereunder and no waiver of any right, power or privilege hereunder is effective unless made in writing.

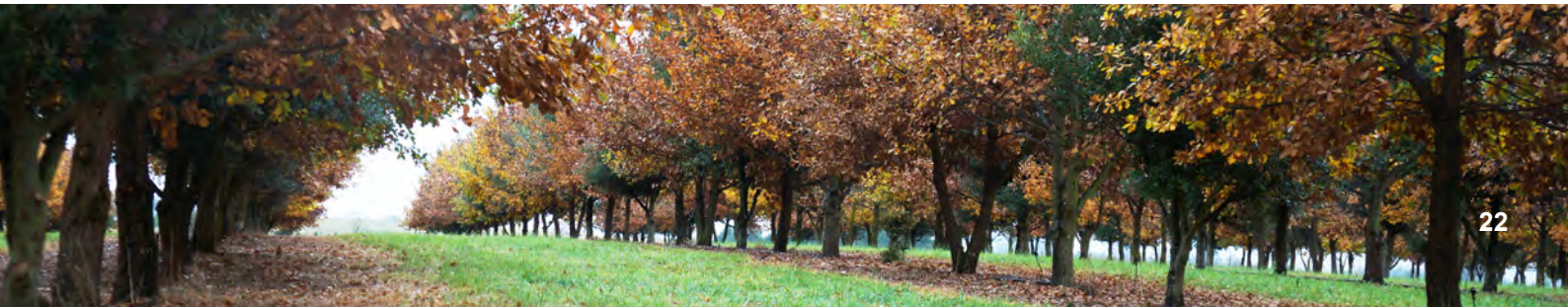
(c) The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

3. Governing Law and Jurisdiction

These Conditions are governed by and construed in accordance with the laws of Western Australia and the applicable laws of the Commonwealth of Australia in force from time to time.

4. Severability of Provisions

Any provision of these Conditions which is prohibited or unenforceable in any jurisdiction is, as to that jurisdiction, ineffective to the extent only of that prohibition or unenforceability without invalidating the remaining provisions of these Conditions or affecting the validity or enforceability of that provision in any other jurisdiction.



10 CONDITIONS OF ISSUE

INTERPRETATIONS

Unless the contrary intention appears in the Conditions:

(a) words importing the singular include the plural and vice versa;

(b) words importing a gender include any gender;

(c) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meaning.

DEFINITIONS

Application
Means the application for membership of the Co-operative as appended to this Information Memorandum.

Business Day
Means a day on which trading banks are open for business in Perth, Western Australia.

Certificate
Means a certificate in a form approved by the Co-operative from time to time.

Company or Co-operative
Means Nannup Truffle Growers Co-operative Limited.

Conditions
Means the conditions of issue.

Co-operatives Act
Means the Co-operatives Act 2009 (WA).

Corporations Act
Means the Corporations Act 2001 (Cth).

Disclosure Statement
Means the Disclosure Statement appended at Appendix A as approved by the Government of Western Australia, Department of Trade and Commerce on the 19th May, 2016.

Farm Gate Price
Means the wholesale price for the purchase price of Truffles in the South West of WA.

Information Memorandum
Means this document.

Investors
Means the person/entity who has completed the Application Form contained in this Information Memorandum, for membership within the Co-operative.

Issue Price
Means the face value of the Share being $1,500.

Issue Date
Means the date on which the Company issues the Shares.

Share Farmer
Means Nannup Truffle Farm Pty.

Net Farm Profit
Means the profit derived from the activities of the Co-operative before the service fee attributable to the Truffière Manager and the Share Farming arrangement.

Register
Means the register of Shareholders kept by the Company in accordance with section 230 of the Co-operatives Act.

Registered Address
Means the address of the Shareholder recorded in the Register.

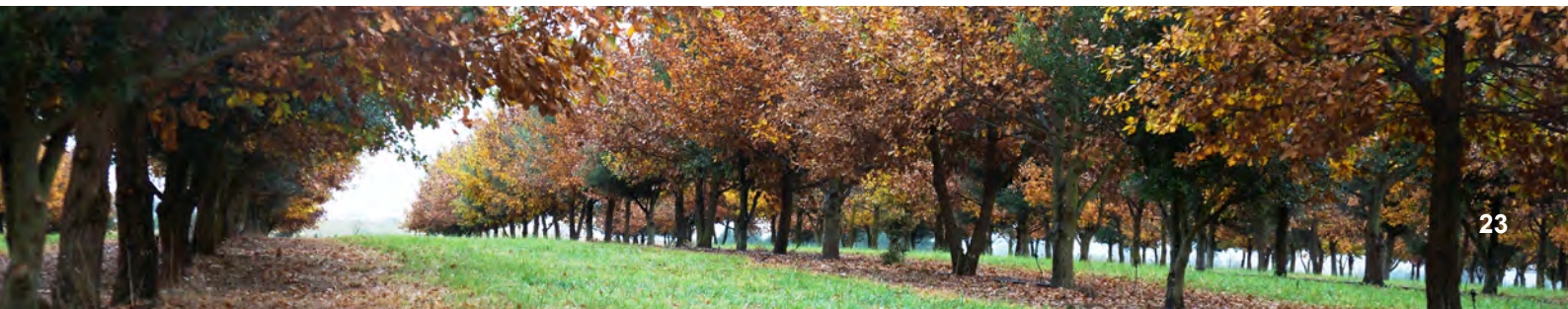
Service Agreement
Means an agreement entered into between the Co-operative and the Truffière Manager.

Share
Means a Share having a face value of $1,500 and issued in accordance with these Conditions.

Share Farming Agreement
Means an agreement entered in to between the Co-operative and the Share Farmer.

Shareholder
Means a person/entity who is the holder of Shares.

Truffière Manager
Means Great Southern Truffles Pty Ltd.



11 APPENDIX A - DISCLOSURE STATEMENT

DISCLOSURE STATEMENT

Nannup Truffle Growers Co-operative Limited

(ABN 79 315 285 843)

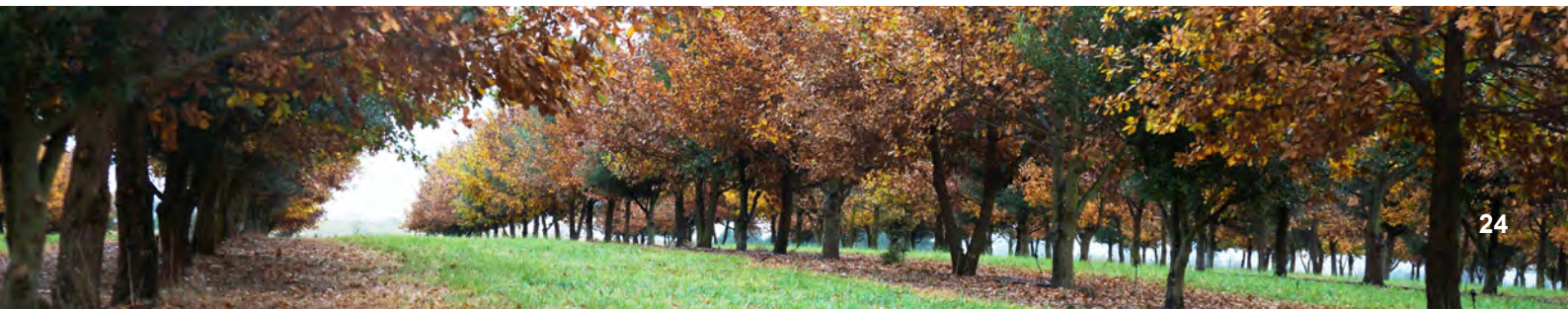
A DISTRIBUTING CO-OPERATIVE REGISTERED
UNDER THE CO-OPERATIVES ACT 2009 (WA)

(Department of Commerce Registration Reference No. C2000066Y)

CONTENTS

- EXPLANATION OF THIS STATEMENT
- ACTIVE MEMBERSHIP PROVISIONS
- RIGHTS AND LIABILITIES ATTACHING TO SHARES
- ANNEXURE A: OPERATING STRUCTURE

DATE OF LODGEMENT WITH REGISTRAR: 19 April 2018
DATE OF APPROVAL: 24 April 2018



11 APPENDIX A - DISCLOSURE STATEMENT

DISCLOSURE STATEMENT

1 EXPLANATION OF THIS STATEMENT

This is a Disclosure Statement lodged in accordance with the *Co-operatives Act 2009 (WA)* (the Act) Section 137A requirement that a registered Co-operative maintain a current disclosure statement.

2 ACTIVE MEMBERSHIP PROVISIONS

2.1 The Nannup Truffle Growers Co-operative Ltd (the Co-operative) active membership rule identifies the Co-operative's basic reason for existence as being:

(a) establishing and managing a *truffière*; and

(b) facilitating member activities associated with the production and harvesting of truffles, and to maintain their membership of the Co-operative, a member shall:

(a) meet their financial obligations under the rules; and

(b) attend, or be represented at, at least one meeting convened by the board in any triennium; and

(c) maintain a current distribution declaration at all times.

2.2 A co-operative may also have objects in addition to primary activities.

The objects of the Co-operative are to:

(a) be an agricultural production entity that provides a cost effective Share-Farming arrangement for individuals interested in the production and harvesting of truffles;

(b) provide Members with an option to receive distributions in-specie or from the proceeds of sale of truffles to an approved truffle product producer; and

(c) provide ancillary Member benefits relating to truffle production and promotion.

The Co-operative intends pursuing its objects in the manner set out in Annexure A: Operating Structure and intending Members should consider the need to carry out due diligence prior to applying for membership as the establishment of a *truffière* is a medium- to longer-term venture. Truffles are a fungus that grows under the ground as a result of a symbiotic relationship with the roots of particular trees, typically not occurring until approximately 6 years after tree planting, as such truffle production volumes and timing is uncertain.

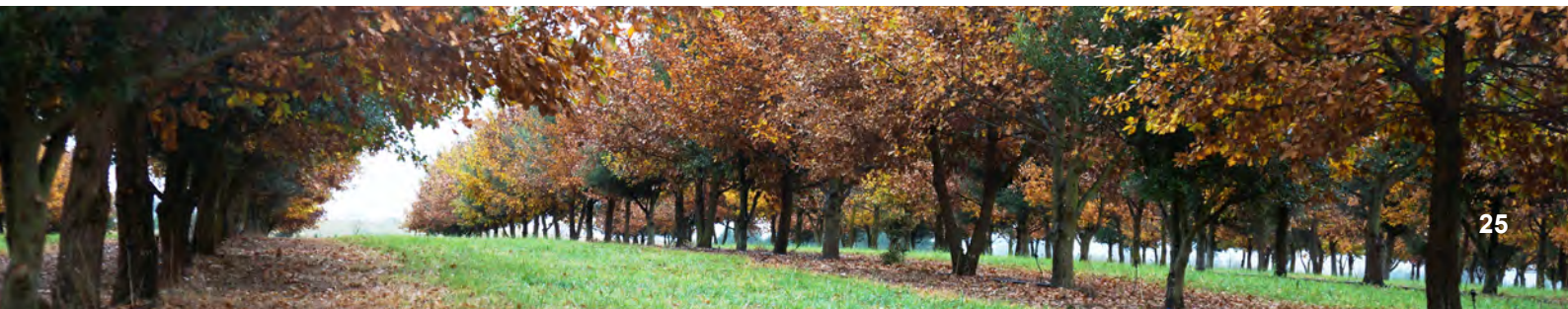
Nannup Truffle Farms Pty Ltd will provide the land and initial planting services under a Share Farming Agreement. The Share Farming Agreement provides for the arrangements between the Nannup Truffle Farm Pty Ltd and Nannup Truffle Growers Co-operative Limited, wherein Nannup Truffle Farm Pty Ltd will establish the truffière, and provide farm related services for the initial 6 years, after which the consideration will convert to a 25% share in the net proceeds from harvested truffles..

The proposed total term of the Share Farming Agreement will be for 20 years, however, in the event that commercial yields are not achieved by the truffiere within 10 years, the Share Farming Agreement shall terminate. At the end of the lease all improvements on leased land will vest in the landowner.

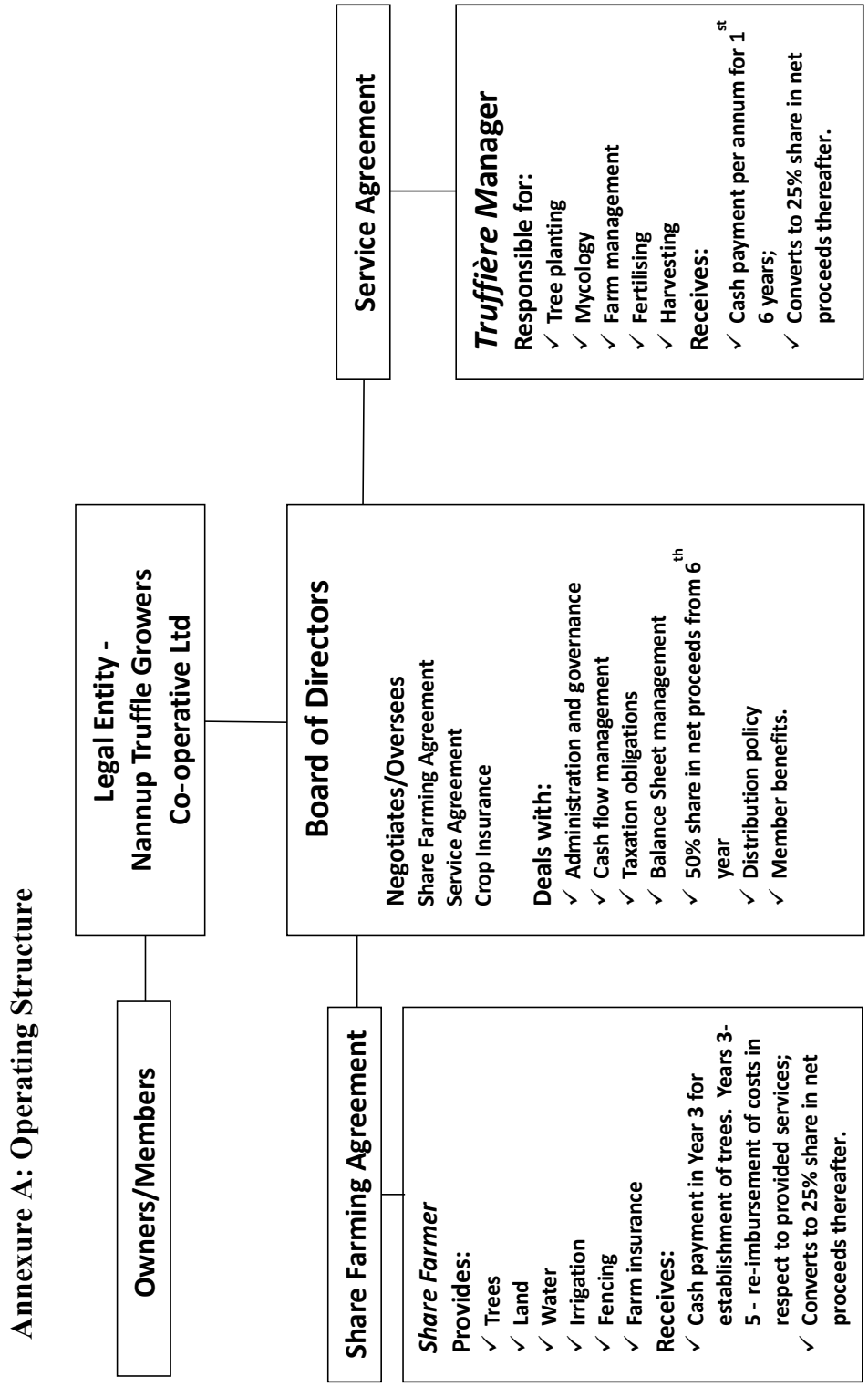
3 RIGHTS AND LIABILITIES ATTACHING TO SHARES

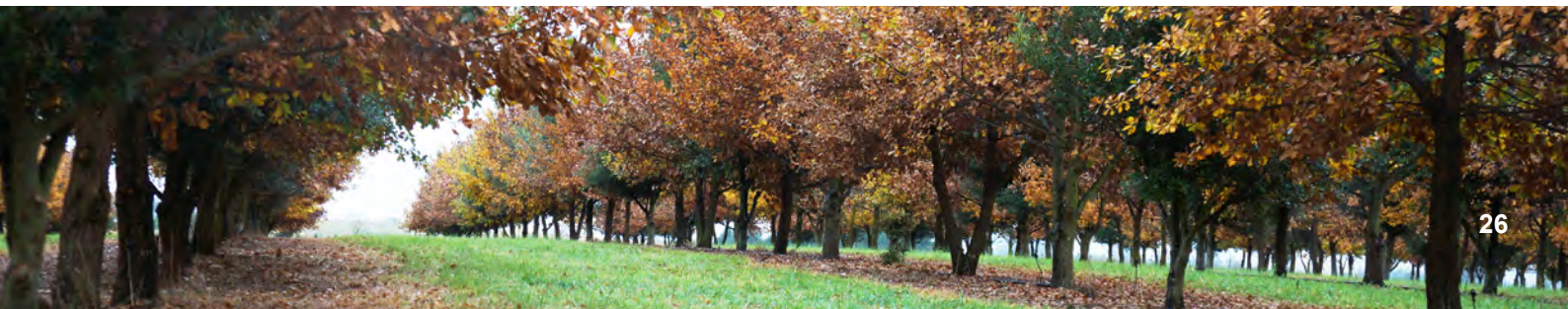
3.1	Share Capital cost per member	$1,500.00 minimum (1 share @ $50.00 nominal value plus $1,450 premium per share payable in full on application)
3.2	Membership target	200 members
3.3	Annual Subscriptions Levies (if any)	$nil

3.4 Rights attaching to shares are an entitlement to a share of operating surpluses, if any, as distributed by the board in accordance with the rules, and to the return of paid-up share capital to a maximum of the nominal value per share on exiting the Co-operative.



11 APPENDIX A - DISCLOSURE STATEMENT





12 APPENDIX B - INSTRUCTIONS TO APPLICANTS & APPLICATION FORM

Please complete all relevant sections of the Application Form using **BLOCK LETTERS**. These instructions are cross-referenced to each section of the Application Form. Further particulars and the correct forms of registrable names to be used in the Application Form are contained in the table over the page.

A Enter the **AMOUNT** of the Shares you wish to apply for. A cheque or secured payment for the **AMOUNT** must accompany this application.

B Enter the **FULL NAME** and **TITLE** of the person or entity to be recorded as the registered holder(s).

C Enter the **POSTAL ADDRESS** for all communications. Only one address can be recorded.

D Enter **TELEPHONE NUMBERS** and an E-mail address for a contact person to speak to if they have any queries regarding this application.

G Before signing the Application Form the Applicant should read the Offer to which the application relates.

The Applicant agrees that this application is for Shares issued by Nannup Truffle Growers Co-operative Limited upon and subject to the terms of the offer, and agree to take any investment amount less than the amount indicated in Box A that may be allotted to the Applicant pursuant to the offer and declare that all details and statements made are complete and accurate.

LODGING YOUR APPLICATION

You may choose to complete your Application and payment of application money on the website nannuptruffles.com.au or please return your completed application form along with your application money to:

Mail to:

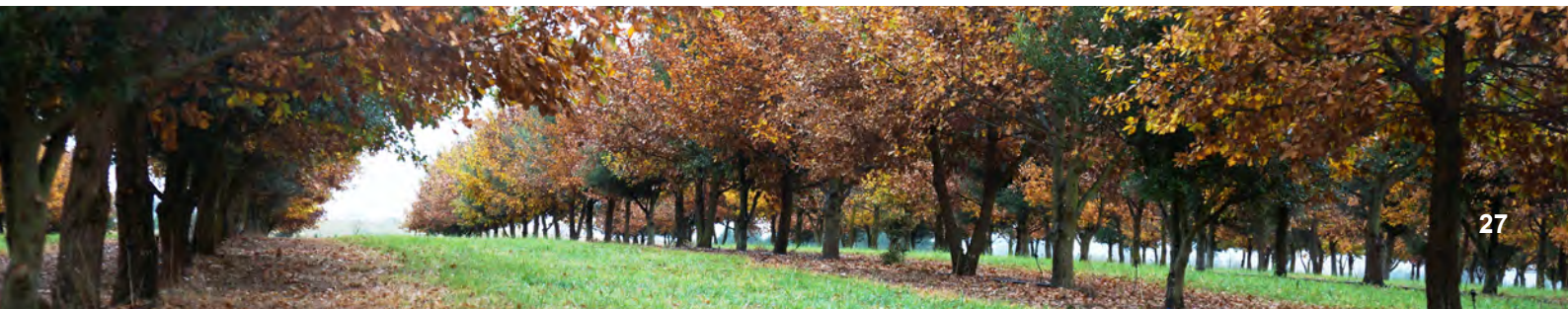
Nannup Truffle Growers Co-operative Limited
105 Railway Road
Subiaco
WA 6008

Deliver to:

Nannup Truffle Growers Co-operative Limited
105 Railway Road
Subiaco
WA 6008

PRIVACY POLICY

Nannup Truffle Growers Co-operative Limited complies with the Privacy Act and the National Privacy Principles in respect of all information you provide in making an application for investment. You have a right to know the information the Co-operative) holds and to require Nannup Truffle Growers Co-operative Limited to correct any errors. You can call Nannup Truffle Growers Co-operative Limited or write to them to obtain details about the information they hold for you.



12 APPENDIX B - INSTRUCTIONS TO APPLICANTS & APPLICATION FORM

BEFORE COMPLETING THIS APPLICATION FORM, PLEASE ENSURE YOU HAVE READ AND UNDERSTOOD THE OFFER TO WHICH THIS APPLICATION RELATES, AND READ THE "INSTRUCTIONS TO APPLICANTS"

MEMBERSHIP APPLICATION

To: Nannup Truffle Growers Co-operative Limited (Registered under Co-operatives Act 2009 (WA) (the "Co-operative"), 105 Railway Road, Subiaco WA 6008.

Details of Applicant

Full Legal Name of Applicant		
ABN		
Mailing Address		
Phone	Landline:	Mobile:
Email		

Application and Acknowledgements

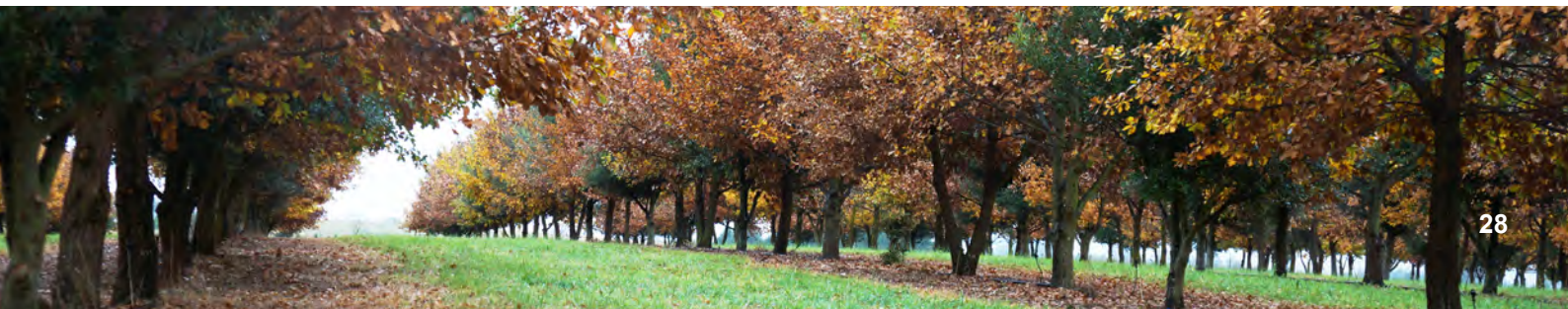
I hereby apply for Membership of the Co-operative and acknowledge and warrant that:

1. If accepted as a member of the Co-operative I will be bound by contract to the Co-operative's Rules.
2. I had the right to request to either inspect at the Co-operative's office, or be sent -
   a) a consolidated copy of the rules of the Co-operatives; and
   b) a copy of all special resolutions applicable to members and passed at a members meeting since the last AGM of the Co-operative, except special resolutions providing for an alteration to the rules of the Co-operative; and
   c) a copy of the most recent financial information reported to Members under the Co-operatives Act 2009 (WA) as amended.
3. I meet the prerequisite requirements for membership of the Co-operative.
4. I am required to subscribe for at least one ordinary share in the capital of the Co-operative.
5. Subscription fee for one ordinary share is $1,500 comprised of $50.00 nominal value plus $1,450.00 share premium.
6. The Co-operative makes no warranty or representation regarding the benefits of membership.
7. This application is based on my own assessment of benefits expected to be derive from Co-operative membership.
8. The above email address is provided for the purpose of receiving communication from the Co-operative.
9. If accepted as a Member I will ensure the Co-operative has a current email address for member communications.
10. Co-operative is not required to give any reason should this application be declined.
11. If this application is not accepted for any reason a full refund will be made without interest and without deduction.

I hereby apply for the following shares and attach a **cheque/or receipt from the secured payment facility on the nannuptruffles.com.au website** for the Total Payable on Application i.e. D multiplied by E:

A Nominal Value Per Share	B Premium Per Share	C Total Cost Per Share	D Ordinary Shares Applied For (insert No.)	E Total Payable on Application C multiplied by D
$50.00	$1,450.00	$1,500.00		$

Applicant to Sign Here **Date**



Nannup Truffle Growers Co-operative Limited

ABN 79 315 285 843