

**From:** Keith Batt [Keith@nant.com.au](mailto:Keith@nant.com.au)  
**Subject:** Re: AWH deal  
**Date:** March 9, 2017 at 7:35 PM  
**To:** Mark Gillespie [mark@whiskycast.com](mailto:mark@whiskycast.com)



Hi Mark,

I have been asked by the director of Nant, Margaret Batt to return a comment to your email.

I think this letter by a barrel investor to the ABC pretty well sums up most of our concerns. Nant is wanting to set the record straight and will be doing so over the coming days.

Hi Will,

I read with interest your article yesterday on the Nant barrel investor scheme. Quite a sensational headline - I'm sure it generated lots of interest.

I hold a number of barrels with Nant, and I've attached a copy of one of the Nant barrel agreements so that you can get a better understanding of it (and hopefully report more accurately). This agreement was originally published on the Nant website and made publicly accessible, so I don't believe that there is any legal restriction in me providing you with a copy of it.

The terms and conditions are on pages 13 and 14, and I draw your attention to:

Clause 7.1 "The barrel filling date will be dictated by the production schedule of the Nant Distillery as decided by Nant"

Clauses 3.1 and 3.2 - buy back terms - "On the four year anniversary from purchase date Nant will offer to buy the whisky back from the Buyer." .... clause 3.2 goes into more details about the compound, and concludes with "To ensure clarity, the return does not start to compound from the date the barrel has been filled with spirit."

It's pretty clear that investors were not purchasing a filled barrel of whisky - the barrels would be filled by Nant when it fitted into their production schedule - but that any delay in filling the barrel would not disadvantage the investor since compounding starts at purchase date (and not the filling date).

I received the email from Chris Malcolm on 2 March (addressed to all barrel investors), but does he have authority to send that email? Per the letter from Nant (published on their facebook page) the barrel management agreement had been terminated, so it doesn't look like Mr Malcolm should be sending out emails stating:

AWY also entered into an ongoing management agreement with NAW Estate Pty Ltd and NAW Barrel Holdings Pty Ltd pursuant to which AWY has the right to acquire mature barrels that have been distilled pursuant to the barrel investment scheme operated by NAW Barrel Holdings Pty Ltd.

My understanding of the agreement that I've entered into with Nant is that I don't have the right to sell my barrels to another entity (including AWH). So even if AWH want to buy them from me, I can't sell them to AWH. This is actually expressed with greater clarity in an earlier barrel agreement (sorry - don't have an electronic copy - let me know if you want a scan); clause 1.4 of which states:

"The buyer acknowledges that no item contained in or forming part of the offer is transferable or available for resale and agrees not to on sell any item in or part of the Offer than to Nant and otherwise agrees that the Whisky is for private consumption only if it is retained."

I also find Mr Malcolms claims around the quality of the whisky hard to believe. The Nant Distillery, under Keith Batt, produced award winning whisky. It took years to achieve that, and the barrel agreements makes it quite clear that the filling, maturation, and quality control of the whisky is under the direction of Nant - and I'm happy with that. They've got a good track record in producing whisky, and if there are barrels with a lower ABV than other barrels I'm sure Nant management have a good reason for it. The final product is what counts, and on that score Mr Batt surely scores more highly than Mr Malcolm.

I'd be very interested to see some quality investigative journalism into Australian Whisky Holdings Limited. It is not a new company; indeed, per ASX records the entity used to be called 'Montec International Limited'. It changed its name on 15 December 2015. Its prior business, per the 2013 annual return, was "the marketing and licensing of monounsaturated dairy technology and identifying and assessing potential new investment opportunities and financing activities" (refer here<<http://www.asx.com.au/asxpdf/20131028/pdf/42kcmrldxbjryt.pdf>>). In 2013, MTI had negative equity of (106,027) - in other words, they had lost more than the \$20.8 million in equity contributed by investors!

In the 2014 annual report (here<<http://www.asx.com.au/asxpdf/20141021/pdf/42t1zjz40zr46t.pdf>>), the principal activities of MTI had changed to "identifying and assessing potential new investment opportunities for the Company's future growth prospects" - and they had purchased an interest in the Lark distillery. That was the start of the whisky interest... but it is interesting to note that Bellamy's floated in August 2014 and clearly had great success with their dairy based business over the next few years. Bellamy's succeeded where MTI didn't... that doesn't give me great hope in the MTI (now Aust. Whisky Holdings) ability to make their whisky investments a success.

Oh - and MTI raised a further \$2.8 million from investors in FY14, so they had positive equity at 30 June 2014. They lost \$414,218

MTI and MTI raised a further \$2.0 million from investors in FY14, so they had positive equity at 30 June 2014. They lost \$717,210 during that year, and 2015 was much kinder to them - they only lost \$267,060 then (refer here<<http://www.asx.com.au/asxpdf/20151030/pdf/432m82jxh5tzlg.pdf>>). Of course, they raised more than that from investors during that period (\$366,045); so it was a good year for them.

MTI (now AWY) returned to fine losing form in FY16, and lost \$563,063 (refer here<<http://www.asx.com.au/asxpdf/20161028/pdf/43cf1yct4k391r.pdf>>).

So we have a company (AWY) that has a history of losing millions of dollars of investors funds (\$22,252,33 by 30 June 2016), and yet your news report mentions none of this, whilst pointing out that 'The Nant Distillery is connected to the family of businessman Keith Batt, who in December 2016 filed for bankruptcy, owing millions on a separate failed business'. It would have been nice if you also pointed out that MTI/AWY has lots millions of investors funds as well.

I believe that barrel investors have more to worry about with Aust Whisky Holdings than they do with Nant. It seems that AWH's strategy has been to get management control (as announced by AWY on 17 October here<<http://www.asx.com.au/asxpdf/20161017/pdf/43c1cg49bn2276.pdf>>), and then run the business into the ground so that they can buy it at the liquidators fire sale...

Kind Regards,

Michael Kennett

Kind regards

Keith Batt on behalf of Margaret Batt, The Director of Nant.

On 10 Mar 2017, at 6:48 am, Mark Gillespie <[mark@whiskycast.com](mailto:mark@whiskycast.com)> wrote:

Keith:

Since your colleagues have yet to return any of my emails to [admin@nant.com.au](mailto:admin@nant.com.au), I'm hoping this email address still works.

I've been trying for a week now to get your side of the AWH situation, and Chris Malcolm has been very willing to tell me his company's side. I've seen his letter to the Nant barrel investors stating that more than 700 barrels were sold but never actually filled...and many more were emptied and refilled without notification or payment to the investors who owned those barrels.

I'd love to get you on the phone for an interview to explain your side of the story. Please let me know when and what number I can reach you on.

Regards,

Mark Gillespie

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