



Australian Agricultural Company Limited
ABN 15 010 892 270

AAco purchases two neighbouring NT cattle stations

ASX Announcement No. 07/2009

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- AAco announces the acquisition of two neighbouring Northern Territory cattle stations for \$105m inclusive of 60,000 head of cattle and plant and equipment
- Transaction subject to consents from Government and funding
- Purchase to be funded by proposed sale of three other AAco properties announced earlier today
- Balance of the sale proceeds to be used to reduce debt and release working capital to re-stock and make use of extensive Barkly feed pools following good rainfall

Following on from its announcement earlier today in relation to the proposed sale of three of its seven Gulf properties, Australian Agricultural Company (ASX: AAC) announced the purchase of two Northern Territory cattle stations from Dunkeld Pastoral Group for \$105 million.

The two stations to be acquired in the Northern Territory are Tipperary and Litchfield. These stations comprise 343,442 hectares and have a carrying capacity of over 70,000 cattle. They are perpetual pastoral leases. They also carry facilities for quarantine yards for live export, intensive feeding, cropping for feed supplies and, due to the high rainfall, have potential for alternate agriculture.

AAco CEO Stephen Toms said the company, by purchasing Tipperary and Litchfield, was acquiring a valuable and unique aggregation in the Northern Territory with unlimited tenure, excellent access to the Port of Darwin, reliable high rainfall patterns and a substantial infrastructure base. "We have been conducting due diligence on the aggregation, off and on, over the past two years," he said.

The current economic environment has caused the company to reflect on its diversification plans which include geographic spread and mitigation of weather risk. In these circumstances, a first access to capital is best achieved through the company's own balance sheet as debt and equity markets are severely constrained.

Mr Toms said "The likely trend, over the short to medium term, in consumer sentiment to beef will be toward lower cost products. AAco needs to respond to that and stratify its sales and production programs for the changing market. Accordingly the business will adapt its flexible pathway system to be weighted toward less costly grass fed production. The addition of the Tipperary aggregation greatly assists the extension of our northern pathway to market and particularly the buoyant live export market. With its dominant 30% share of the premium Wagyu market, AAco will still maintain a strong program in the high end grain fed sector through its closed loop production and marketing chains from

paddock to supermarkets in Australia, Korea and Japan and selected food services in the USA. We are also developing new markets in China, Middle East, India and Europe.”

The strategy will also complement the current joint venture proposition with Primary Holdings as two of the stations Primary plans to add to the venture, adjoin Tipperary.

AAco is a responsible corporate citizen with a rich heritage over 185 years of managing its agricultural enterprises in a sustainable and environmentally responsible manner. Furthermore, with the background of the current global economic turmoil AAco, as the largest single corporate producer of beef in the world, now has an opportunity to develop further lower cost pathways in beef production in order to provide protein to nations who are in short supply.

Despite the restrained global environment, Mr Toms said “I am convinced that our company with its ethical standing and responsible attitude to food production will continue to be able to attract funds from those who appreciate the global food crisis dilemma. AAco’s vision is to become the Agricultural powerhouse of our region. We can realise that goal with like minded investors securing scarce arable land resources that produces food staples with low long term risk.”

The purchase is conditional on receiving Government approval as well as funding.

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