



Australian Agricultural Company Limited
ABN 15 010 892 270

Acquisition of Tipperary - Update

ASX Announcement No. 25/2009

10 March 2009

- AAco to seek shareholder approval of Tipperary purchase at EGM.
- Board and Management unanimously recommend the purchase subject to independent expert's report.
- Major shareholders have advised AAco of their in-principle support for the proposed acquisition.

AAco announced today its intention to convene an Extraordinary General Meeting (EGM) on or before 28 April 2009 in order to seek shareholder approval for the purchase of two Northern Territory cattle stations from Dunkeld Pastoral Group for \$105 million.

This proposed transaction, which is subject to various consents from Government and funding, was previously announced to the market on 16 February 2009. The two stations to be acquired from Dunkeld Pastoral Group are Tipperary and Litchfield. These stations comprise 343,442 hectares and include 60,000 cattle.

AAco sought a ruling from the ASX regarding the possible application of Listing Rule 10.1 to the transaction. In response to AAco's request the ASX has decided AAco should obtain shareholder approval of the transaction. AAco therefore intends to convene an Extraordinary General Meeting. It is expected the Notice of Meeting will be issued within the next fortnight.

AAco will provide shareholders with an Independent Expert's Report to be prepared by accounting firm BDO Kendalls. This material will be forwarded with the Notice of Meeting.

The AAco Board unanimously supports the transaction and will be advising shareholders to vote in favour of the resolution subject to the Independent Expert concluding that the transaction is fair and reasonable to AAco shareholders.

AAco and its management enjoys the support of its major shareholders for the proposed transaction, subject to review of the transaction details with independent expert reports supported by independent valuations and recommendations from Directors and management.

In commenting on the proposed transaction CEO Stephen Toms said “the acquisition of these two properties is a unique opportunity for AAco and will deliver a very important strategic asset to AAco’s portfolio and cattle business.”

Mr Toms said the acquisition has strategic value for AAco in the following key areas:

1. Superior geographic access to the Port of Darwin and associated infrastructure;
2. A property that enjoys reliable and relatively high rainfall which will be a critical cornerstone in the company’s climate change response plans;
3. An ideal staging post for fattening cattle as pre-delivery to the live export market;
4. A property with significant development potential under a sustainable farmland planning regime;
5. A property that lends itself to lower cost grass fed production that will target the lower priced meat market that is emerging from the current economic environment; and
6. Revenue and cost synergies can be expected to be realised in the future once the two properties are integrated into the AAco portfolio and production system.

AAco sees the Northern Territory as the emerging centre point to conduct the beef protein business with increasing demand for protein in markets stretching from Asia west to Africa. Accordingly the company looks forward to increasing its activities in the region.

For further information:

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