



Australian Agricultural Company Limited
ABN 15 010 892 270

AAco Annual General Meeting – Managing Director/Chief Executive Officer's Presentation

ASX Announcement : 14/2012

16 March 2012

Attached is the Managing Director/Chief Executive Officer's presentation for the Annual General Meeting of the Australian Agricultural Company Limited ('AAco') to be held today.

Issued by:

Bruce Bennett
Company Secretary

www.aaco.com.au



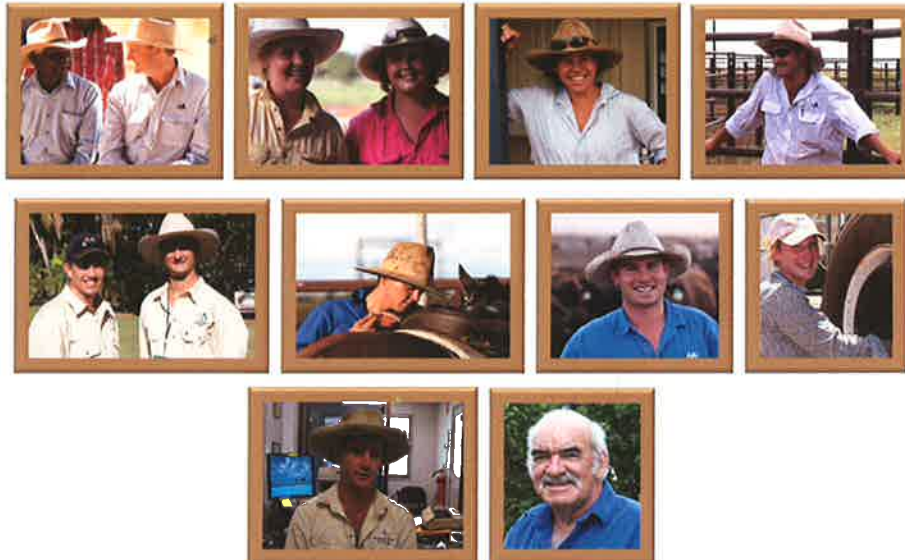
Managing Director's Address

Thank you Donald and good morning everyone.

As Donald has outlined, 2011 was a successful transitional year for AAco. We achieved a great deal in what was the second year of our planned three year turnaround.



Staff Thank You



Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

13

Therefore – while it is traditional for a chief executive to thank staff at the end of an Annual General Meeting address – I am going to be a little unconventional and express my appreciation at the start.

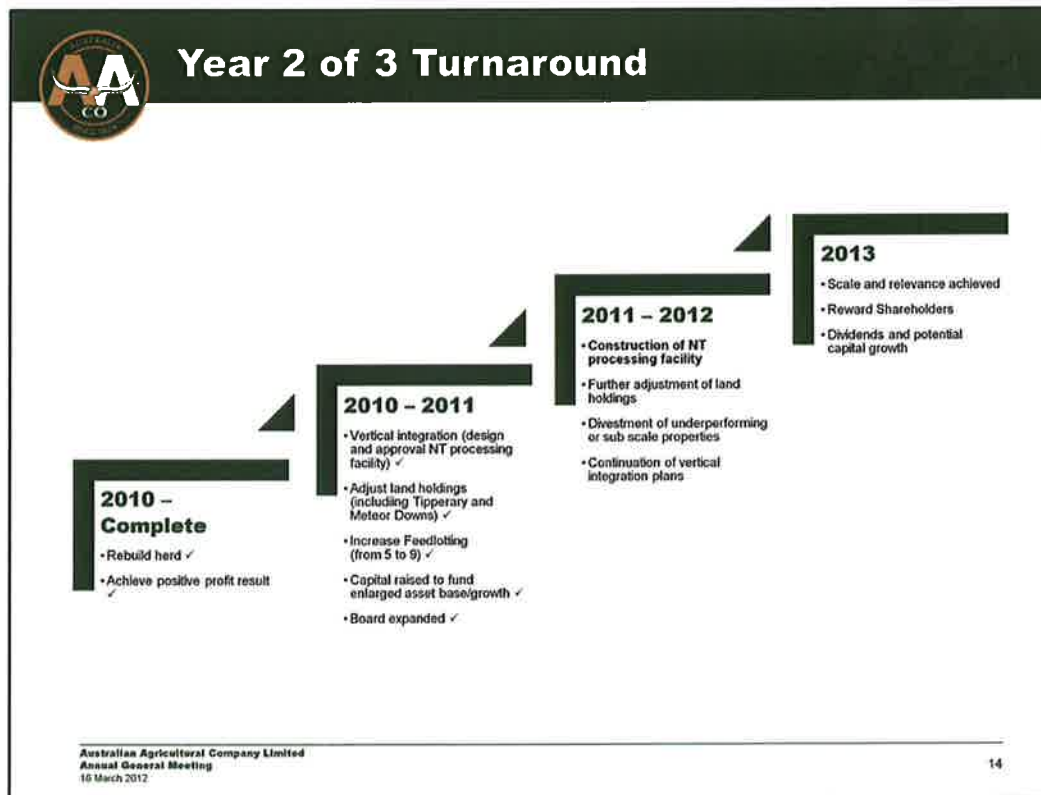
The faces that you see on this page are representative of the 450 team members who collectively make AAco the business that it is today.

It is their exceptional commitment to making our Company the best that it can be that has allowed us to make great progress over the last two years. They've been delivering day in day out.

Whether it's the work we are doing to improve the quality and size of our herd, to increase throughput from our feedlot assets, to optimise land utilisation through increased farming, or planning for the Darwin processing facility – it's our dedicated team that's striving for excellence.

And they've had to deal with a few unexpected challenges.

Nine months ago there was a disruption in the live cattle trade with Indonesia. Once again it's the diligence and hard work of our team that means that – following the conclusion of the live export ban – we have been able to regain some lost ground with very substantial sales to Indonesia. And we are selling only to exporters whose supply chains are in full compliance with the Australian Government's SCAS regime.



The Chairman has already spoken at length about our achievements during the year under review – and the focus of my address today is going to be on our positioning for 2012 and beyond.

However, before we turn to the future, I think it is helpful context to take a moment to recap on the turnaround strategy that we first outlined in 2010.

This is a slide that many of you will have seen before. What it shows is the progress that has been made to date on our three year journey to build scale and relevance and achieve greater vertical integration.

The greatest challenge that we face in the coming year is to finalise government infrastructure funding for the Northern Territory processing facility, and to continue to shape our portfolio of land holdings, and our herd, to position the company for long term success.

And while this is a journey – you can be sure that your board and management will not be satisfied until shareholders have been rewarded through value creation and – potentially – dividends.



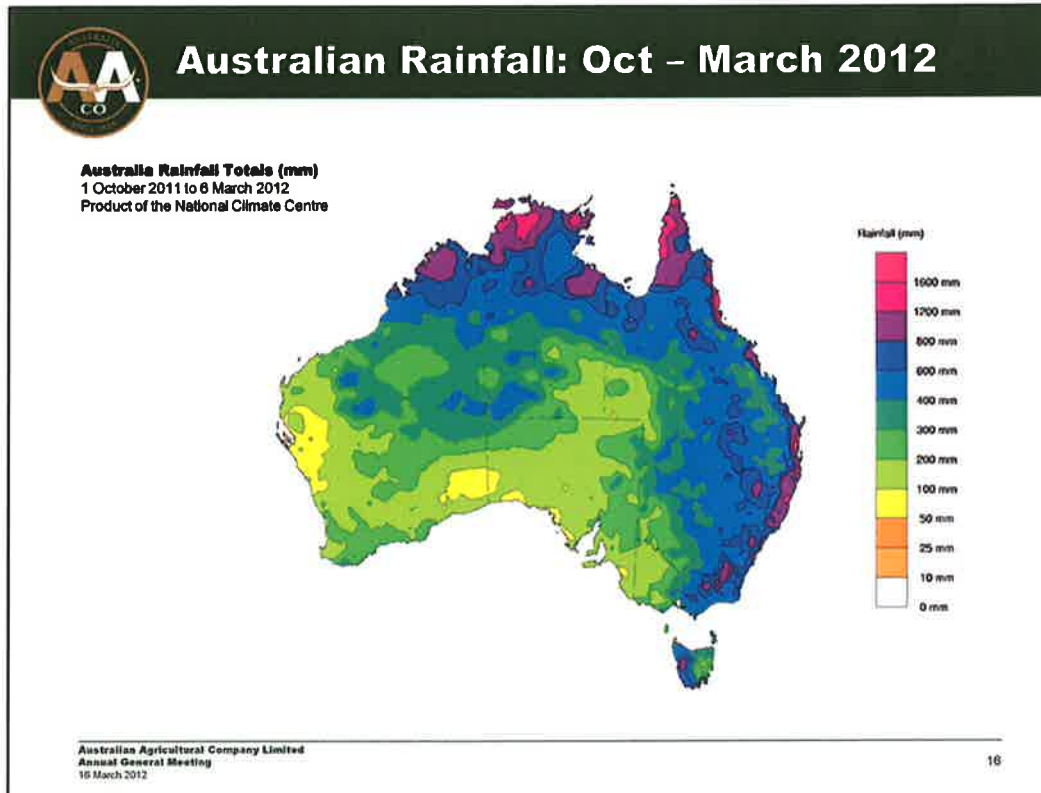
The Landscape in 2012

- Rainfall ✓
- Beef price ✓
- Herd mix and planned herd movements ✓
- Cost of production ✓
- Alternative income production and risk diversification ✓

Holding our annual general meeting in mid-March is good timing for providing an overview of how the calendar year is likely to play out. This also demonstrates how much tighter the Company is being run.

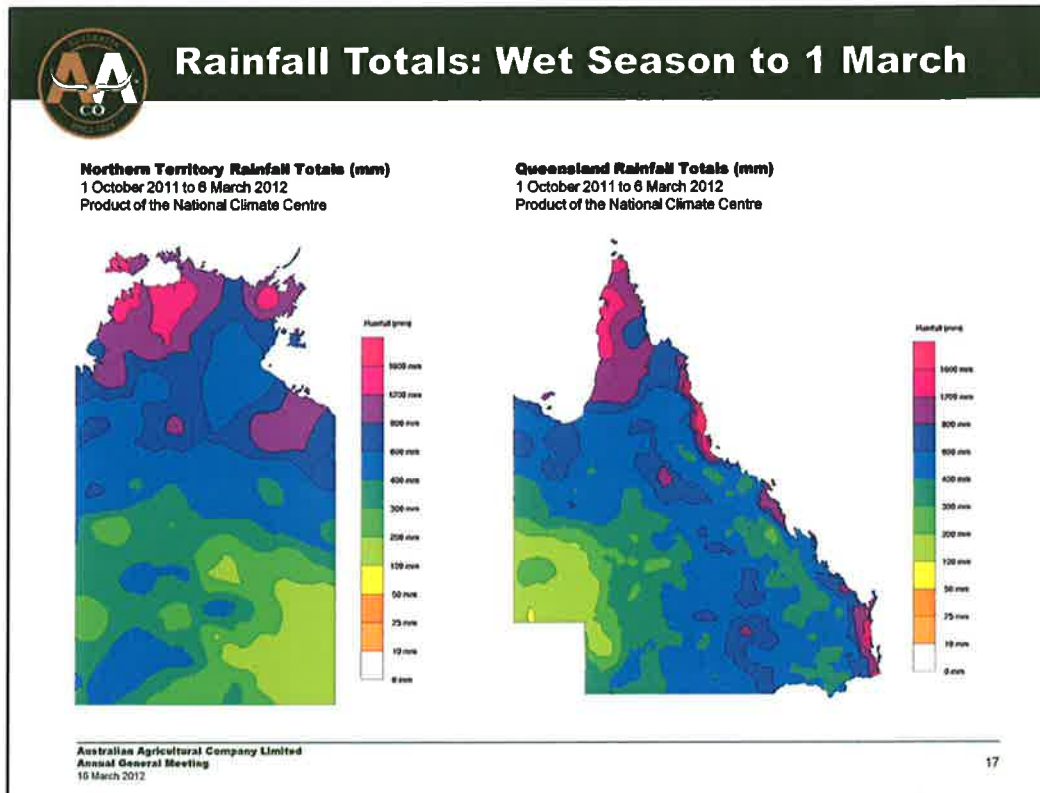
With the wet season drawing to a close, one of the key variables that drives AAco's performance for coming months is now clear and understood. We've also completed our herd planning for the year.

The focus of my address today is around how AAco is positioned for 2012 – I'll be talking through the major factors that will drive our performance this year. Those factors are shown on the slide behind me.



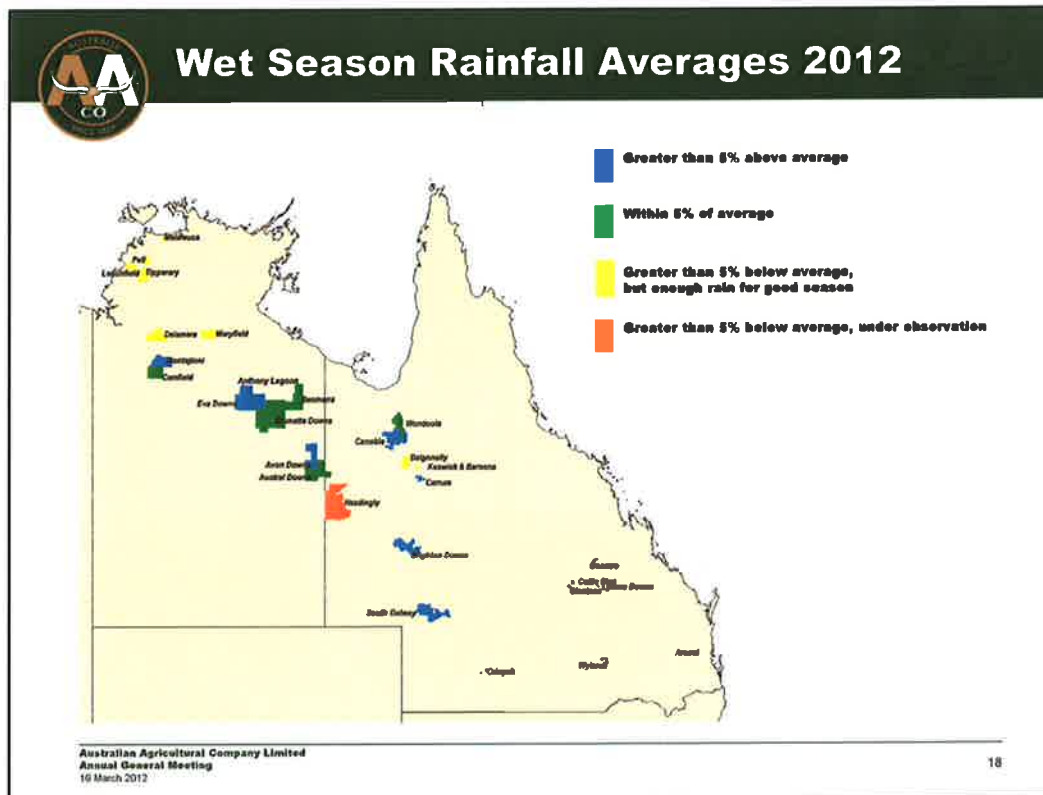
Turning to the first key driver of AAco's performance in 2012 – rainfall.
The wet season for most of our properties runs from October through March.

With the season now close to finishing, its really pleasing to be able to report that most of our properties have had their third consecutive wet season in succession. However, for many of our properties we only received the rain we needed towards the end of the season this year.



We regard anything above 400mm of rain as being sufficient to ensure that there is enough water to deliver on our plans for the year – and the charts show that all of the top end – and indeed almost all of Queensland as well– have received at least this level of rainfall this wet season.

Nobody in the agriculture industry in Australia can ever afford to be complacent about the availability of water – and we are no different. That's why we manage the stock levels on our properties very carefully – avoiding overstocking – and this year we will be focused on harvesting substantial amounts of hay to ensure that we are well prepared for drier years when they come.



Now moving on to focus more specifically on AAco, this chart provides a more detailed breakdown of how the current wet season compares with the average at our stations.

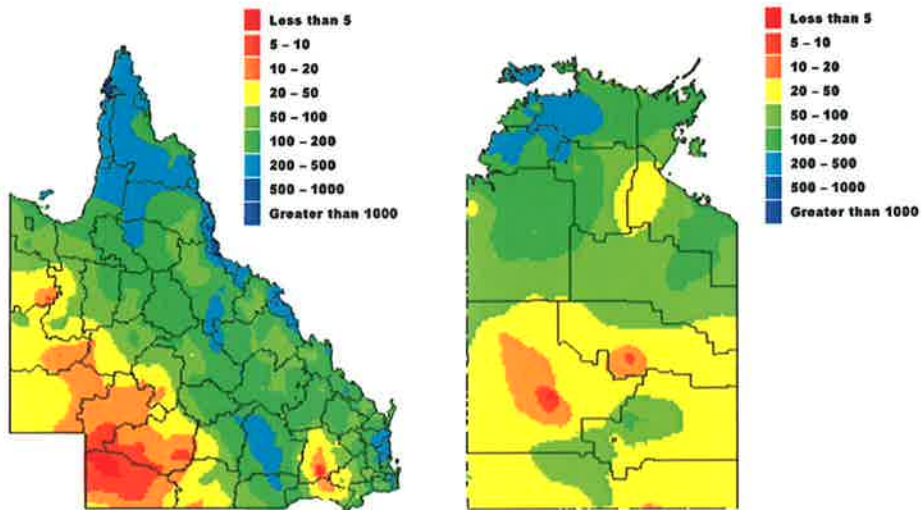
The blue and green areas are clearly above average – and it's great to see so many properties in this category this year.

In the north of the Northern Territory rainfall has been slightly below average – but the averages in this part of the country are very high - and there's still been adequate rain to support a good season.

As you can see, Healdsburg Station, which is situated on the NT / Queensland border is marked in orange, indicating it has received the least about of rainfall this wet season.



Total Rainfall: February



Source: www.longpaddock.qld.gov.au

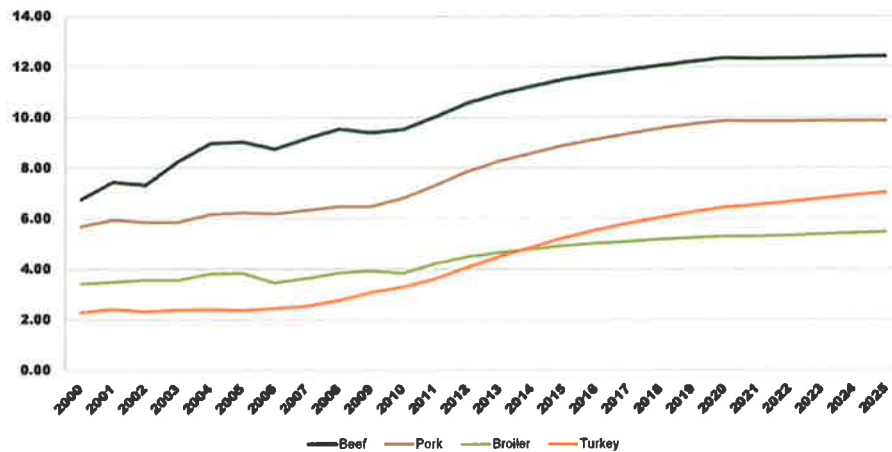
Australian Agricultural Company Limited
Annual General Meeting
10 March 2012

19



Protein Price

Meat Protein Prices Rising USD/kg



Source: Food & Agricultural Policy Research Institute

Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

20

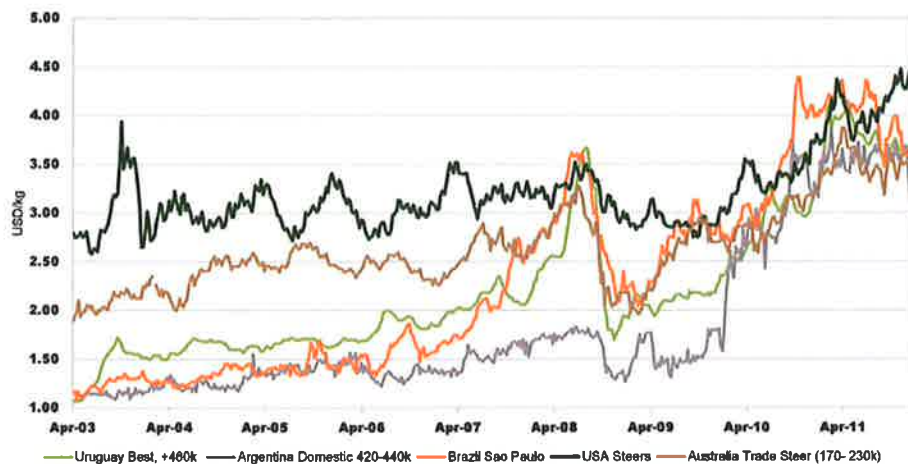
In his chairman's address, Donald has already touched upon the really supportive dynamics in global protein markets – driven by growing populations and incomes across developing countries, including our Asian neighbours.

This trend has been evident in generally increasing meat protein prices for the last decade.



World Steer Prices

Global Manufacturing Prices 2003 - 2012



Source: AAco

Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

21

Drill down into the protein price data a little deeper – and while there is more volatility in the price of steers produced in certain countries – the longer term trend is consistent with other protein markets – with prices over the last twelve months materially higher than was the case three, five or ten years ago.

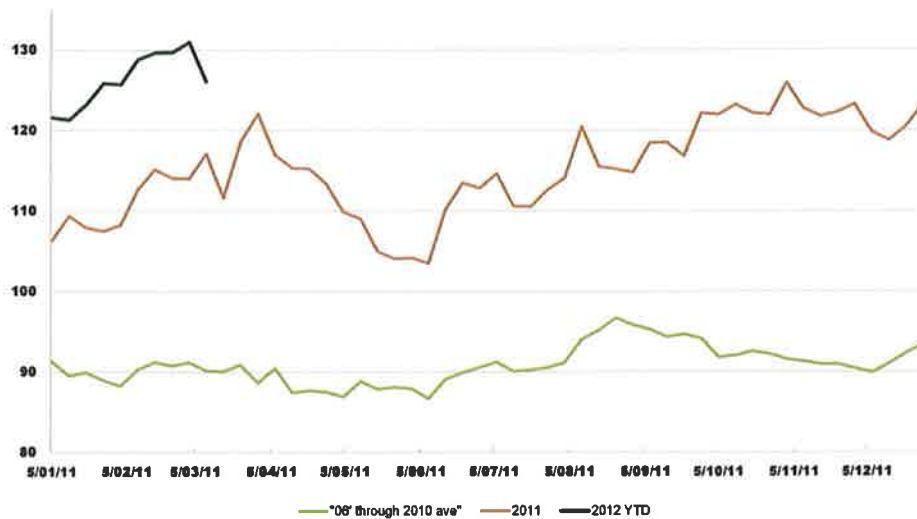
This trend was reflected in beef prices in 2011 being generally higher than in the previous year. That's despite significant destocking that took place in several beef-producing states of the United States .

The level of beef supply coming from the United States is not sustainable over the medium term, and is expected to fall away in mid-to-late 2012.

Generally – we expect beef pricing to be slightly stronger in US Dollar terms this year than last.



CME Live Cattle Futures – Spot USD/Lb

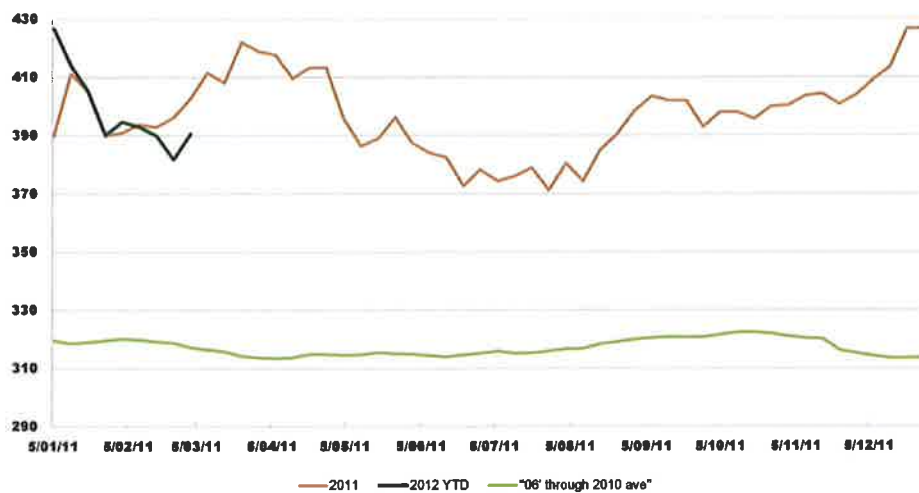


Australian Agricultural Company Limited
Annual General Meeting
10 March 2012

22



Eastern Young Cattle Indicator AUD/kg DW

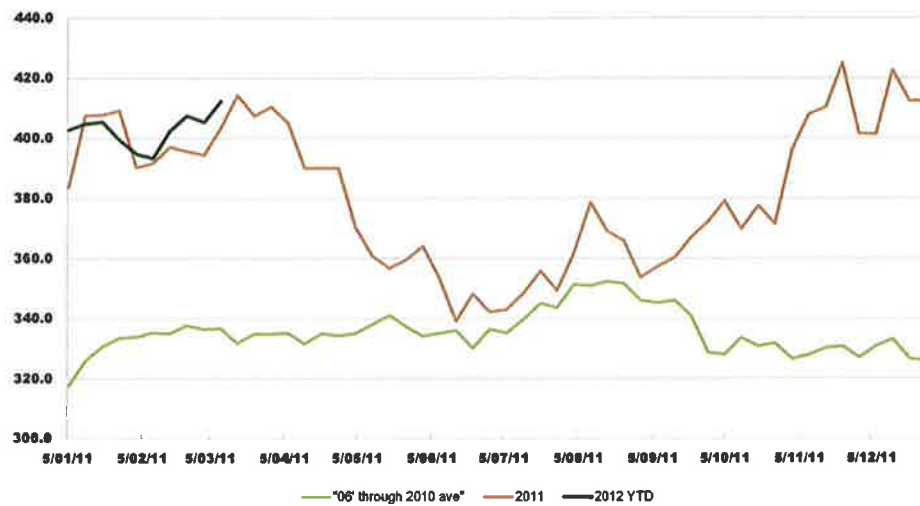


Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

23



Aust. 90CL Cow Export to USAc/kg

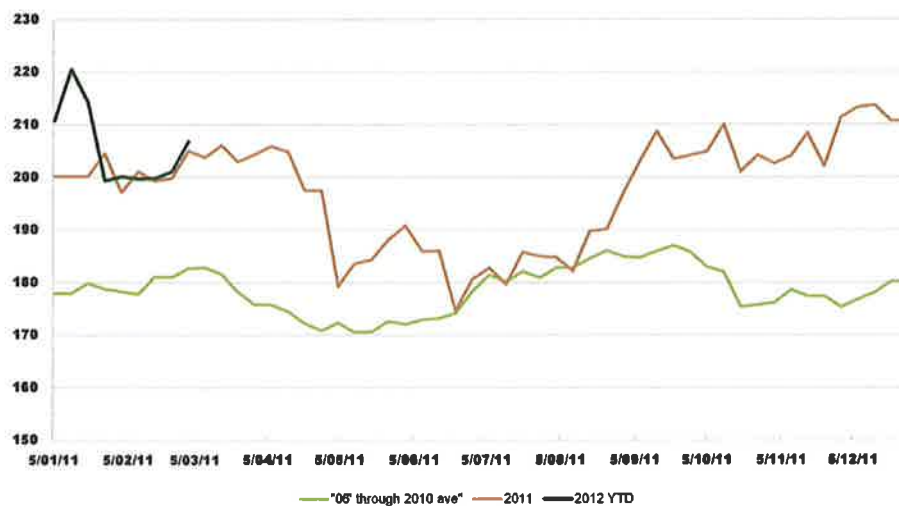


Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

24



Queensland Cattle Market Indicator (QCMI)



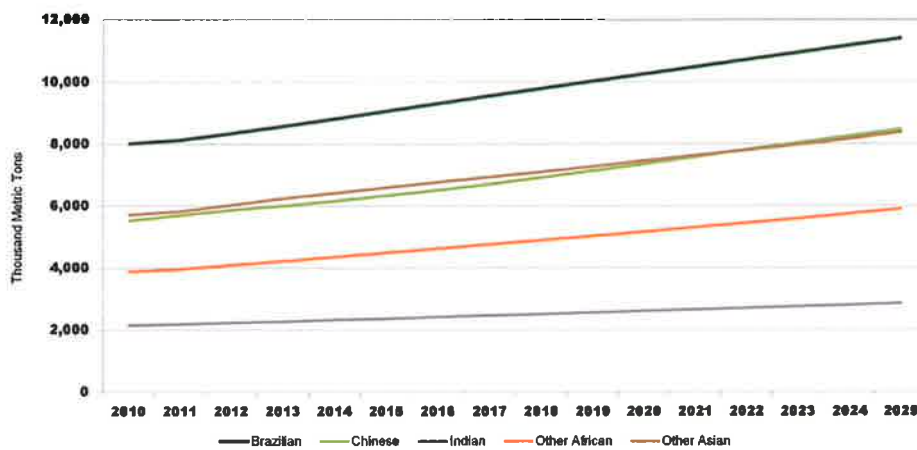
Australian Agricultural Company Limited
Annual General Meeting
10 March 2012

25



Increased Beef Consumption

Developing Countries Beef consumption (Including veal)



Source: Food & Agricultural Policy Research Institute

Australian Agricultural Company Limited
Annual General Meeting
10 March 2012

26

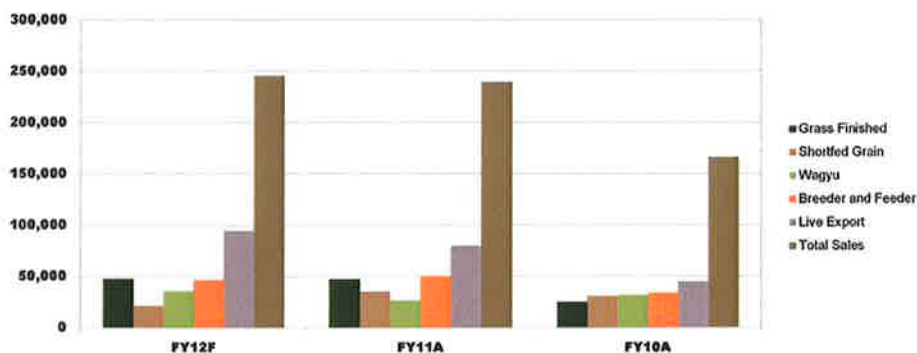
Look out over the medium term – and there is good reason to think that recent price trends for beef will continue.

In many Asian countries, beef consumption is expected to increase by around 50% between now and 2025.



Cattle Value Drivers

- Budget forecasts indicate total cattle sales in 2012 will be marginally higher than 2011
- Closing herd to be in-line with December 2011
- Significant increase in Wagyu sales



Australian Agricultural Company Limited
Annual General Meeting
10 March 2012

27

Turning now to our plans for 2012 cattle sales, and our herd is well positioned following the advances made during 2011.

A highlight of 2011 was the acquisition of 53,531 branded cattle from Tipperary Group for a total consideration of \$26.1 million. The herd acquired included high-quality Brahman cattle and complements the other activities underway in our business to optimise the herd.

We've focused substantial effort in the age profile of both breeding cows and bulls, retiring older bulls and improving the profile of breeding females. More than half of our breeding bulls are now aged five or younger, while we have also achieved great progress in reducing the proportion of breeding females aged over eight.

This has led to significant improvement in calf production, due in part to a rising cycle of nutrition supported by pasture management and appropriate feed supplementation.

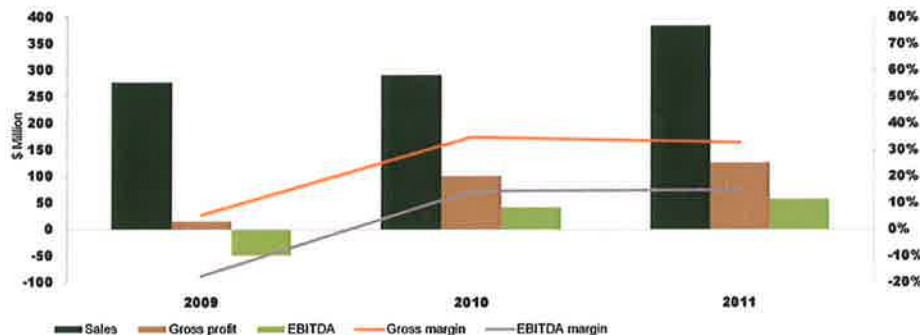
During 2011 a total of 156,282 calves were branded which represents a 74% branding rate of the numbers of cows joined and a 23% increase from the previous year.

Looking to 2012, and the work that we have done to improve herd composition will flow through to the composition of our sales for the year. In particular, increased high-value Wagyu production will be a feature of the year.



Efficiency Drives Profitability

- Sales growth of \$93.4 million and EBITDA growth of \$16.8 million
- Dramatic improvement in margin during 2010 maintained in 2011
- Driven by efficiency and innovation
 - Upgrade IT and communications system
 - Focus on energy efficiency – reduce diesel usage and implement solar
 - DNA technology to track and manage cattle bloodlines



Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

28

In 2011, AAco saw sales growth of \$93.4m (32.1%), which was accompanied by EBITDA growth of 16.8 million (40.7%).

We were pleased with these results, but what I would like to focus here is the margin that we achieved. There was a dramatic improvement in margin from 2009 to 2010, and we have maintained that margin in the past 12 months.

We have achieved this through a focus on efficiency and innovation across the business, which is underpinning AAco's competitiveness in the global market. I would like to give you a few examples of the initiatives that we have undertaken.

We have completed an upgrade of IT and communications systems, allowing high speed communication and data transfer. This allows better transfer of information including cattle movements and consumer trends, supporting production improvements and reducing production costs.

We are focused on energy efficiency, in particular, the reduction of on-station diesel usage. We are also investigating the introduction of solar technology, which should deliver fuel efficiencies and mitigate future fuel price increases.

We have recently introduced aerial surveying and spatial mapping technology, which has enabled development of precision flood protection at two properties, Wondoola and Canobie, where we will build embankments allowing cattle to retreat from rising floodwaters.

Lastly, AAco's innovative cattle genetics programme is providing a critical advantage across the AAco herd. DNA samples that we collect and store enable cattle bloodlines to be traced through the production process. We have recently starting using this DNA technology for identifying superior animals for breeding and beef meat production.

There is a growing consumer trend, especially at the premium end of the market, for consumers to equate knowing the origin of the food they are eating with quality. Being able to provide this information gives our product a competitive edge.



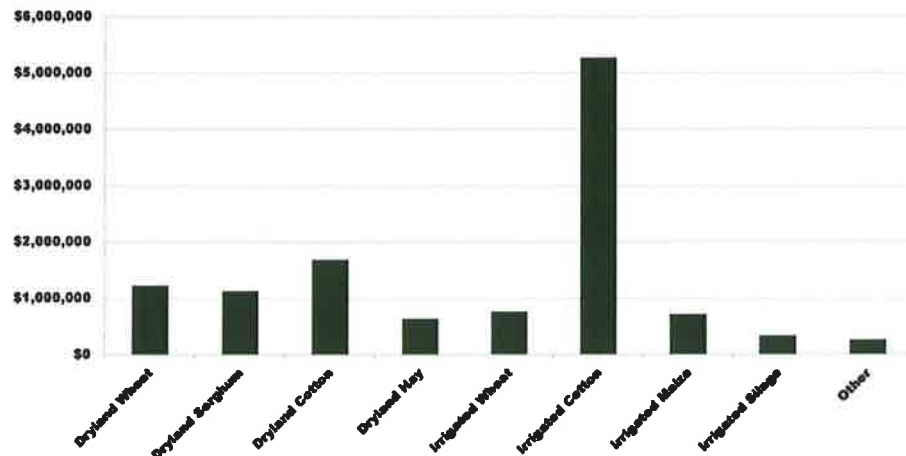
Alternative Incomes

- Farming operations maximise utilisation of assets
- Dryland and irrigated cotton delivered crop yields above expectation
- Potential to increase area under cotton in 2012
- Wheat also a very strong performer



Alternative Incomes

2011 Crop Income



Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

30

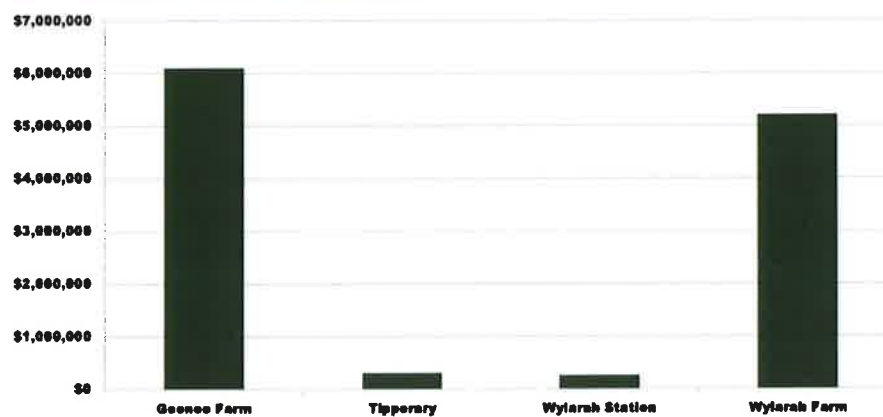
A key element of the corporate strategy in the past few years has been to ensure utilisation of our assets is maximised, improving return on assets.

With this aim, we have invested in cropping on a number of properties, but particularly Goonoo Farm in Central Queensland and Wylarah Farm in Western Downs in Queensland. These farming operations have been delivered significant income of approximately \$12 million in the period. We see these activities as a really important part of our business – providing something of a hedge in the event of poor conditions in beef markets.



Alternative Incomes

2011 Cropping Income by Station



Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

31

With \$7 million of revenue, cotton was the most significant crop and AAco produced 11,946 bales during the period, at yields above expectations. Dryland cotton yielded 3.26 bales per hectare and \$1.7 million of revenue, and irrigated cotton yielded 12.45 bales per hectare and \$5.3 million of revenue.

AAco proposes to marginally expand the area planted under cotton in the next season, assuming adequate rainfall and water allocations.

Other strong performers were wheat and sorghum, which both yielded well above average yields per hectare, primarily as a result of correct nutrient and water management programs, and excellent seasonal conditions.



Proposed NT Meat Processing Facility

Proposed Location

- 360 Stuart Highway, Livingstone Valley, about 50km south of Darwin
- 600 hectare block – four hectares for food processing facility
- 14 hectares waste recycling infrastructure



LEGEND
Yellow box: Proposed site
Pink box: Proposed site

Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

32

Turning now to our plans for the Northern Territory Meat Processing Facility – and it seems incredible to think that once constructed this will be the only beef export processing facility operating in the Northern Territory.

This new facility will allow cattle to be processed locally, reducing transport and freight costs, as well as carcass weight loss for northern producers who currently need to truck live cattle large distances to southern processing plants.

The image that you see on this slide shows the South-West view of the proposed facility.

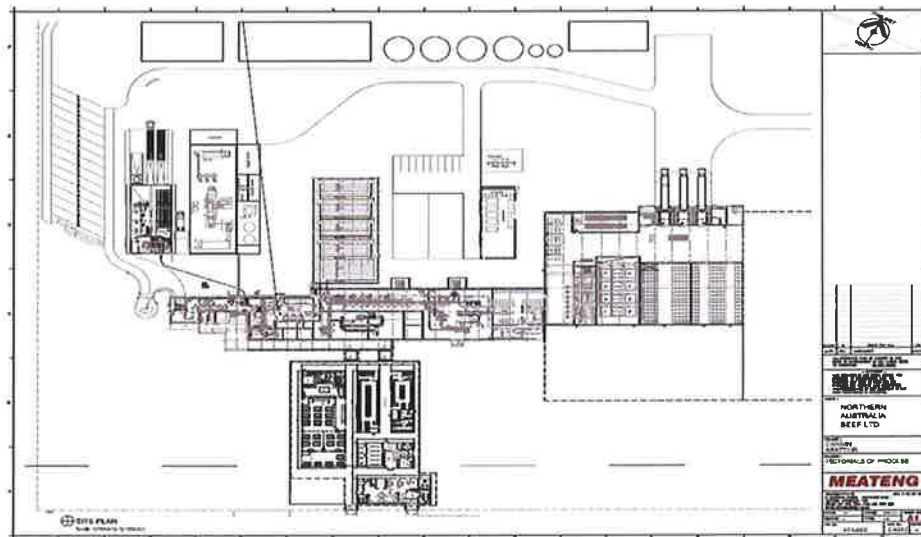
Of course this facility is currently in the planning stages – and no final commitment will be made to proceed until the financial case, including an appropriate level of Government support, has been finalized. We anticipate that it will cost around \$80 million to construct the facility, and we are looking to Government to contribute funds required for public infrastructure.

The facility will have capacity to process more than 1000 head of cattle a day, producing export beef products, hides and rendered products for export markets in global export markets, particularly Asia.

It will also be the closest Australian meat processing facility to this fast growing region.



Proposed Processing Facility



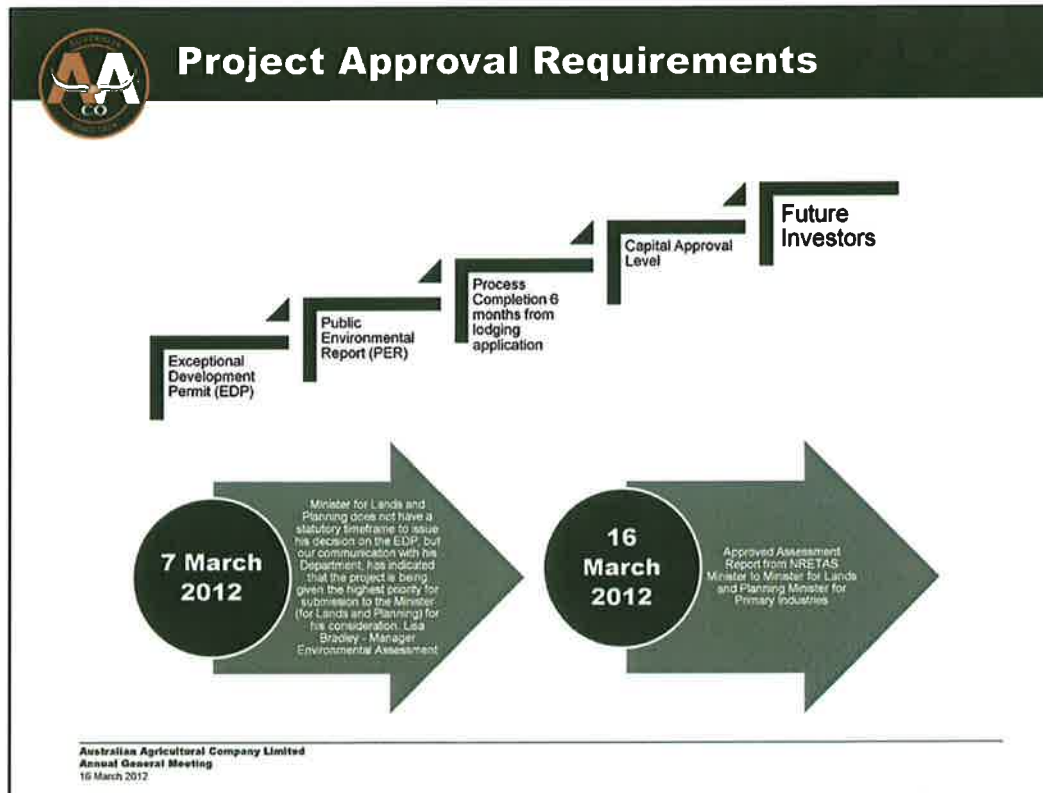
Australian Agricultural Company Limited
Annual General Meeting
10 March 2012

33



Proposed Processing Facility



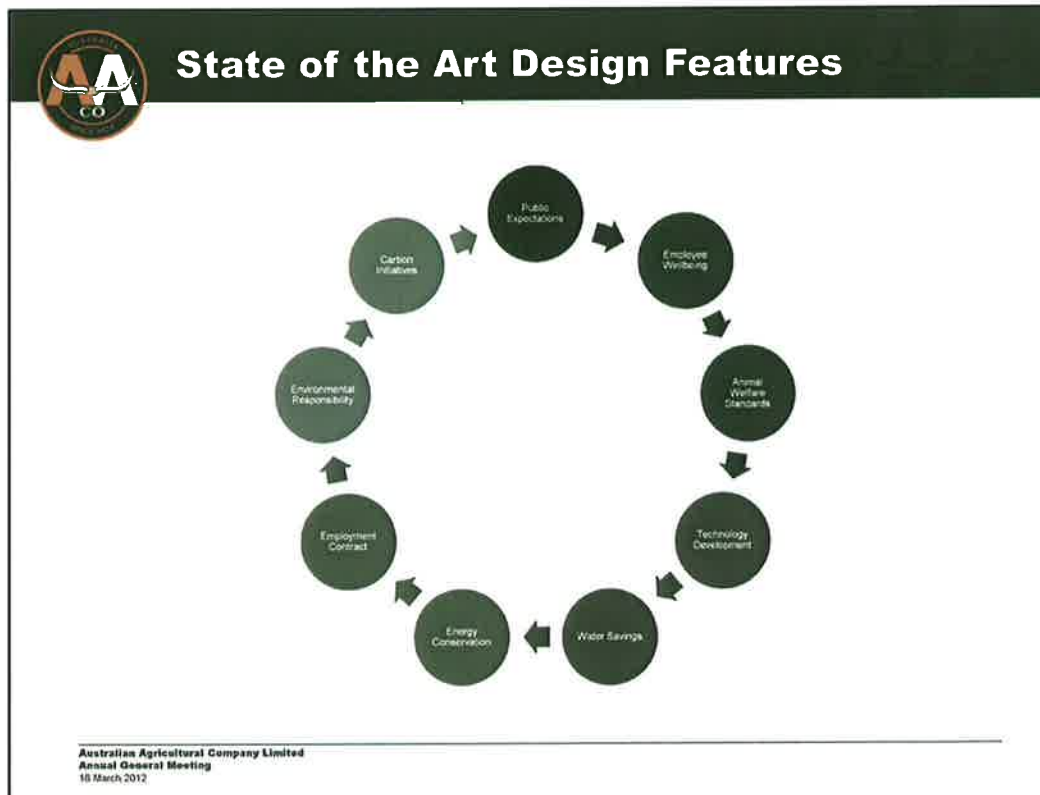


For AAco, the processing facility will be a profit centre in its own right. But the economic benefits to AAco extend beyond simply taking the margin that usually accrues to a processing facility operator. The savings associated with not having to freight cattle south, as well as having the opportunity to market the by-products of beef production, are quite substantial.

As things stand - AAco has received verbal assurances of support from both the Territory and Federal Governments, but we are yet to receive formal public funding commitments for the essential public infrastructure that is required. This includes power, water and gas connections to the site as well as road, rail and port upgrades.

We have also received significant support from industry and welfare organisations.

While we are yet to achieve a commitment from Government to support development of the facility, we remain confident that the project's merits justify support.



From an environment perspective, the project is attractive. Our facility will use the latest technology and modern innovation to minimise environmental impact. Project planning has taken into consideration environmental aspects of carbon, water, electricity, gas and waste within the site. All processing matter will be treated and contained within the site boundaries.

The economic and social benefits to the Northern Territory would be significant - generating employment and creating opportunities for local companies. The facility would be the largest employer in the rural area of Darwin, employing 270 people working two shifts five days a week initially with the potential to increase to 300. Economic analysis suggests that every job created at the facility would lead to creation of a further five roles outside - in related industries and the broader economy.

The facility will support 230 assembly jobs during construction, with up to 270 operational jobs being created as processing levels increase. This could expand if further development of the facility is undertaken.

AAco has a firm commitment to training staff with a view to employing a diverse range of local people to work at the facility.

Plans for the facility also include a proposed community centre, which may include day care, medical and allied health services as well as training facilities.

Turning now to the location of the facility – and many of you would know that we have identified a site about 50km south of Darwin – as the preferred site for the processing facility.

However, until Government support is confirmed and a final investment decision made, we cannot move forward.



In Closing

AAco is well positioned

- Right herd
- Favourable growth conditions
- Well positioned within market and global thematic
- Skilled and motivated staff base
- Disciplined and skilled board of governance

Australian Agricultural Company Limited
Annual General Meeting
16 March 2012

AAco is well positioned – we have the right herd, favourable growth conditions, are well positioned within market and global thematic; have a skilled and motivated staff base and Disciplined and skilled board of governance



DISCLAIMER

While every care has been taken in the preparation of this presentation, Australian Agricultural Company Limited (“**AAco**”) and each of their respective related bodies corporate and associated entities and each of their respective officers, employees, associates, agents, independent contractors and advisers, do not make any representation, guarantee or warranty, express or implied, as to the accuracy, completeness, currency or reliability (including as to auditing or independent verification) of any information contained in this presentation and do not accept, to the maximum extent permitted by law:

- (a) any responsibility arising in any way for any errors in or omissions from any information or for any lack of accuracy, completeness, currency or reliability of any such information made available;
- (b) any responsibility to provide any other information or notification of matters arising or coming to their notice which may affect any information provided;
- (c) any liability for any loss or damage (whether under statute, in contract or tort for negligence or otherwise) suffered or incurred by any person as a result of or in connection with a person or persons using, disclosing, acting on or placing reliance on any information contained in this presentation, whether the loss or damage arises in connection with any negligence, default or lack of care or from any misrepresentation or any other cause.

No representation, guarantee or warranty is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or forward-looking statements contained in this presentation.

You acknowledge and agree that you will rely only on your own independent assessment of any information, statements or representations contained in this presentation and such reliance will be entirely at your own risk.