ASX RELEASE

Wednesday 21 October 2015

AACo Market Update

The Australian Agricultural Company today announced its transformation program from a pastoral company to a vertically integrated beef producer would result in a significant and positive uplift in operating earnings for the six months to September 30, 2015. Managing Director, Mr. Jason Strong will provide an update to the market on operations and earnings at a call scheduled for 9.30am (AEDT) today where he will discuss the accompanying Market Update presentation.

AACo expects an improvement in Operating EBITDA[1] in the range of $8 million to $12 million for the half year.

This compares to a loss of $8.2 million in Operating EBITDA for the previous corresponding period.

Statutory EBITDA is expected to be in the range of $90 million to $100 million, helped by the rise in cattle prices and the impact on the herd valuation.

Statutory EBITDA for the previous corresponding period was a loss of $4.5 million.

The results are subject to review by AACo's auditors and Board approval.

AACo's half-year results will be released on November 25, 2015. A full market update will be provided at that time.

Thorner Station & Tipperary Station

AACo has contracted to purchase the 46,800 ha Thorner Station in Queensland for $4.1 million. Thorner Station is surrounded by AACo's Headingly station.

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[1] Operating EBITDA (earnings before interest, tax, depreciation and amortization) assumes all balance sheet inventory movements occur at a pre-defined standard price, in contrast to Statutory EBITDA which recognises unrealised movements in inventory at market price. For full explanation of this measure refer to Section 5 of the Operating Financial Overview in AACo's 31 March 2015 Annual Report.

The company will gain operational and cost synergies from this bolt on acquisition.

Thorner fits naturally into the existing Headingly operation, which supplies Wagyu cattle for the grainfed business.

With the increasing emphasis on utilizing Pell and La Belle Stations, AACo has not exercised its option to renew the Tipperary Station agistment agreement and has now exited the property.

Financing Facility Update

AACo has initiated changes to its financing facility to provide flexible, stable and appropriate funding at lower cost.

The company's $400 million financing facility has been split into a $250 million term debt facility and a $150 million, 18 month working capital facility to improve liquidity, cost of funds and better align with the needs of the business as it continues to build out its integrated supply chains.

No Full-Year Guidance

It is not appropriate to provide full-year earnings guidance due to the volatility in international beef prices, exchange rates and the importance of seasonal conditions on weight gain and turnoff for the remainder of the financial year.

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