AUSTRALIAN AGRICULTURAL COMPANY LIMITED

Market Update

21 October 2015

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Important information

Summary information only

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Market Update Executive Summary

Safety

- Improvement in LTIFR by nearly 50%.
- A measure of our ability to change.

Financial

- Unaudited results indicate a strong improvement in H1 FY16 Operating EBITDA* with an expected range of $8 to 12 million compared to a loss of $8.4 million in H1 FY15.
- Unaudited accounts also indicate a strong H1 FY16 Statutory EBITDA of $90 to 100 million compared to a loss of $4.5 million in H1 FY15, with all valuation metrics trending upwards.
- Secured improved bank terms to provide greater flexibility and reduce the cost of funding.
- Full H1 FY16 results to be presented in late November 2015.

Operational

- H1 FY16 meat sales prices and volumes are stronger compared to H1 FY15.
- Livingstone Beef is increasing daily throughput and is providing a positive contribution to the group as mentioned at the AGM.
- The increase in AACo-produced cattle transferred into the company's supply chains (>150% increase from Grassfed to Grainfed & Northern Beef) has improved supply chain performance.

Strategy

- Above shows evidence to which the company has transformed to a vertically integrated beef business
- The strategy is now focussed on further increasing margin by:
  - ✓Implementing a differentiated branding strategy
  - ✓Investing in innovation and technology
  - ✓Optimising our supply chains

* Operating EBITDA 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.

1. Strategy Execution

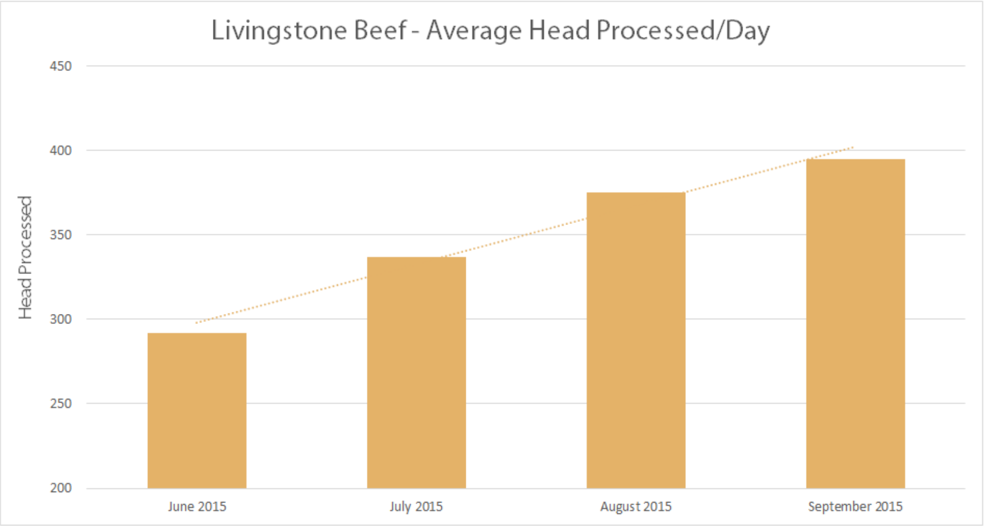
Before – H1 FY14		Now - H1 FY16
177	Total Sales Revenue $m	>230
47%	Beef Sales as a % of Revenue	>80%
13	Internal Transfers of Cattle from Grassfed to Grainfed / Northern Beef (mil KG LW)	>20
<170	Breeding Herd ('000 head)	>170
~7	Average Age of Breeding Herd (years)	~6

2. Operations Update - Livingstone Beef Processing Facility

- Improvements in volume being processed from 350 head per day at the AGM in July 2015. The current focus is on operational efficiency and stability of earnings.

- Australian beef exports to the US hit 85 per cent of the available quota. AACo worked with its customers and logistics partners to minimise the impact of the temporary restrictions.

- Improved compliance initiatives with a focus on upgrading the waste water treatment plant.



Note: Livingstone Beef commenced operations in September 2014

3. Funding Update

- The existing bank debt facility of $400 million has now been split into two separate facilities - Facility A of $250 million and Facility B of $150 million. The total commitment of $400 million remains the same.

- Resulting in the following outcomes:
  - Increased funding flexibility
  - Improved alignment between the type of funding and the underling asset base
  - Reduced funding costs

- The Gearing Ratio financial covenant has been replaced by a loan to value ratio (LVR) test. The LVR is set at different percentages for Facility A and Facility B and it is also measured against different asset classes for each Facility.

- Senior debt funding strategy is:
  - Term assets - funded by term debt (Facility A)
  - Working capital - funded by shorter tenor debt (Facility B is an 18 month facility renewable every 6 months) linked to short term inventory and receivables.

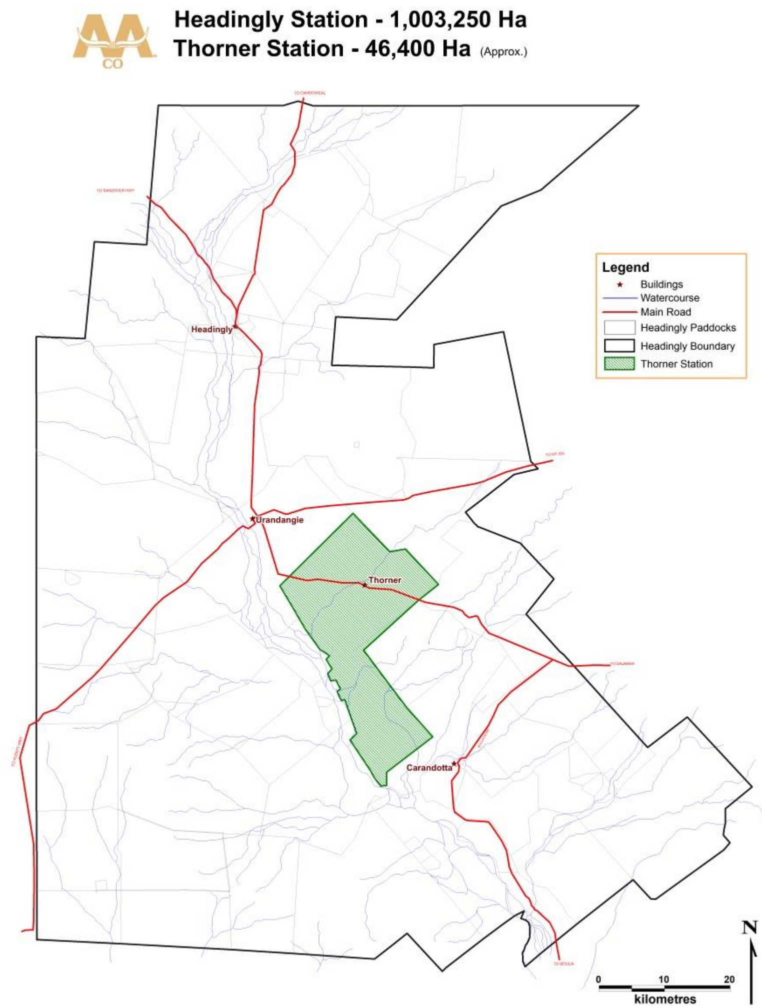
4. Other matters – Property Portfolio Update

Contract to purchase Thorner Station (Queensland) for $4.1m to settle in early November 2015

- Thorner station is a 46,800 hectare property surrounded by AACo's Headingly Station on all sides, and fits naturally into the existing Headingly operation producing F1 Wagyu progeny for the F1 Wagyu supply chain. Operational and cost synergies will improve the operating performance at Headingly.

Exit Tipperary Station

- In September 2011, AACo entered into an Agistment agreement with Tipperary Group of Stations (TGS).
- With the increasing emphasis on utilising Pell and LaBelle Stations for Northern Beef supply, AACo did not to exercise the option to renew the agreement, and fully exited the property by June 2015.




Questions and Answers