

25 November 2008

The Manager
Company Announcements Office
ASX Limited
PO Box H224
Australia Square
Sydney NSW 1215

Dear Sir

RENOUNCEABLE RIGHTS ISSUE – ANNOUNCEMENT AND CLEANSING NOTICE

Ruralco Holdings Limited ACN 009 660 879 (the **Company**) is pleased to announce that it will be undertaking a fully underwritten, renounceable pro rata rights issue (**Rights Issue** or **Offer**) to holders of shares in the Company (**Shareholders**) with a registered address in Australia or New Zealand (**Eligible Shareholders**) as at 5.00 pm (AEDST) on 3 December 2008 (**Record Date**).

Pursuant to the Rights Issue, the Company will issue up to 9,170,006 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$2.70 each, to raise approximately \$24.7 million (before costs). The issue price represents a discount of 16.6% to the closing price of \$3.24 for shares in the Company last traded on the Australian Securities Exchange (**ASX**) on 21 November 2008.

The New Shares will be offered on the basis of 1 new share for every 5 fully paid ordinary shares (**Shares**) held in the capital of the Company as at the Record Date (**Entitlement**). The rights to subscribe for the New Shares in accordance with an Entitlement under the Offer (**Rights**) will be renounceable.

The New Shares will be fully paid and will rank equally with the Company's existing issued Shares, but do not qualify for the 2008 final dividend. The Company will make an application to the ASX for official quotation of the New Shares.

The number of issued Shares at the date of this notice and the total number of issued Shares at the close of the Offer are as follows:

- | | |
|---|------------|
| • Number of Shares currently on issue and quoted on ASX: | 45,850,030 |
| • Maximum number of New Shares to be issued under the Offer: | 9,170,006 |
| • Maximum number of Shares on issue upon completion of the Offer: | 55,020,036 |

The Rights Issue is being fully underwritten by LINWAR Securities and Pitt Capital Partners (**Underwriters**). Subject to the terms of the underwriting agreement between each of the Underwriters and the Company, the Underwriters will subscribe or procure sub-underwriters to subscribe for in aggregate all New Shares that are not taken up under the Offer.

The Company will use the proceeds raised by the Offer for the purpose of funding the Company's growth, continuing with strategic incremental acquisitions, strengthening the Company's balance sheet through debt reduction and meeting Offer costs.

All Eligible Shareholders may participate in the Offer, subject to foreign offer restrictions. The Company will appoint a nominee to sell the Rights to which Shareholders with registered addresses outside Australia or New Zealand (**Excluded Shareholders**) on the Record Date would otherwise have been entitled. The net proceeds of the sale of those Rights (if any) will then be forwarded as soon as practicable to Excluded Shareholders.

Proposed timetable

It is proposed that the Rights Issue be conducted according to the following indicative table:

Event	Date
Rights Issue / Offer announced via ASX	25 November 2008
Offer Summary lodged with ASX	25 November 2008
Despatch of a notice to Shareholders informing them of the Offer	26 November 2008
Shares quoted on an "ex" basis	27 November 2008
Rights trading commences	27 November 2008
Record Date to identify Shareholders entitled to participate in issue	3 December 2008
Offer Opens and Offer Summary and Entitlement and Acceptance Forms despatched to Eligible Shareholders Company will announce that despatch has been completed	5 December 2008
Rights trading ends	12 December 2008
Commencement of Deferred Settlement trading	15 December 2008
Closing Time and Date for acceptance and payment	5.00pm (AEDST) on 19 December 2008
Allotment Date for allotment of New Shares under the Offer	23 December 2008
Despatch of holding statements and end of Deferred Settlement Trading	24 December 2008
Commencement of trading of New Shares	29 December 2008

This timetable is indicative only and subject to change. Subject to the *Corporations Act 2001 (Cth)* and the Listing Rules, the Directors of the Company, in conjunction with the Underwriters, reserve the right to vary these dates, including the Closing Date, without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to the allotment. In that event, application money will be returned without interest.

Full details of the terms and conditions of the Rights Issue will be contained in the Offer Summary to be lodged with the ASX and to be despatched to Eligible Shareholders in accordance with the timetable set out above.

Notice under section 708AA of the Corporations Act 2001 (Cth)

The Company provides the following information:

- (a) The Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the *Corporations Act 2001 (Cth)* (the **Act**).
- (b) The Company is providing this notice under s708AA(2)(f) of the Act.
- (c) As at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act.
- (d) As at the date of this notice, there is no information:

- (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - B. the rights and liabilities attaching to the New Shares.
- (e) Neither the Offer nor any of the underwriting commitments of LINWAR Securities and Pitt Capital Partners will have any practical effect on the control of the Company.

If you have any queries in relation to the Offer please contact the Company Secretary on 03 62351413.

Yours faithfully



Richard England
Chairman