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9 May 2008

SIGNIFICANT EXPANSION OF PRIMEAG WITH DARLING DOWNS ACQUISITIONS

PrimeAg Australia Limited has taken a major step in the development of its portfolio of quality cropping lands in northern NSW and Queensland with the acquisition of a substantial holding on the Darling Downs in south east Queensland.

PrimeAg Executive Chairman, Mr. Peter Corish, said the total investment in these acquisitions was \$47 million, with a total of \$223 million invested to date in quality properties in the company's targeted investment regions.

The Darling Downs purchase comprises nine properties encompassing a total of 8,662 ha.

"This investment aggregates 6,580 ha of dryland cropping and 1,300 ha of irrigated cropping lands with the balance being grazing and service areas," Mr. Corish added.

"The properties are in two primary groupings with seven properties near Bongeen on the eastern Darling Downs and two properties located north of Dalby at Warra on the northern Darling Downs. The dominant crops will be grains, pulses and cotton."

Mr. Corish said that establishing significant operations on the Darling Downs follows PrimeAg's strategy of diversifying its farming operations across 1200 kilometres of different geographic regions.

"We have a mix of carefully selected quality dryland and irrigated properties which will assist in mitigating the climatic risks often associated with agricultural production."

PrimeAg's Chief Executive Officer, Mr. John Stewart said "The Darling Downs holdings will be managed as a single 'hub' and incorporate the Condamine property of Lakeland Downs. PrimeAg has now established regional hubs at Emerald, the Darling Downs, Goondiwindi, Moree and Gunnedah."

Through its property acquisition program, across its five hubs, PrimeAg now holds 39,750 ha of land, which includes 10,500 ha of irrigable land and 18,000ha of dryland cropping land. 11,250 ha is applied to grazing, green belts, riparian reserves, roads, fences, and general service areas, some of which is suitable for being brought into crop production.

“The development of our property portfolio has included the acquisition of water entitlements totalling 57,000 megalitres” Mr. Stewart said. “These entitlements are complemented by our on-farm water storage capacity of 37,000 megalitres.” he added.

“We have commenced planting a planned 14,000 hectare winter crop. We were able to take advantage of the recent high prices for wheat by forward selling around 50% of our anticipated irrigated production at prices of \$380 - \$430 per tonne delivered port.”

Mr. Stewart said there was sufficient irrigation water available to irrigate approximately 5,000ha of the winter crop.

“However, good planting rains are required over the next month or so for the full potential of the dryland crop to be achieved, and for the benefits of currently strong wheat prices to be fully realised.”

“Our summer crop harvest is well advanced with 6,000 tonne of sorghum harvested with a similar amount to come off in the next few weeks,” Mr. Stewart said.

The PrimeAg Board is continuing to examine further suitable acquisition opportunities.

Mr. Corish said any acquisition would need to meet PrimeAg’s strict investment guidelines.

PrimeAg listed on the ASX in late December 2007 following a successful \$300m capital raising, and has been progressively building its portfolio of agricultural land holdings in line with the property selection and investment strategies outlined in the prospectus issued in support of the capital raising.

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