

16 August 2016

MARETERRAM UNDERTAKES CAPITAL REDUCTION

Mareterram Limited ("Mareterram" or the "Company") advises that the Board has resolved to reduce the share capital of the Company in accordance with Section 258F of the Corporations Act. The amount of the capital reduction will be \$42.5m and represents the balance of the Company's retained losses as at 31 December 2015. The capital reduction will be reflected in the Company's financial report for the year ended 30 June 2016.

After due consideration the Board has taken the view that accumulated losses as at 31 December 2015 of \$42.5m are essentially permanent and relate to the Company's former and now discontinued business operations.

The earning of future profits will result from the Company's new focus as an integrated agri-business. Accordingly, the Board has resolved to reduce the Company's share capital in accordance with Section 258F of the Corporations Act.

The capital reduction will have the effect of reducing the share capital account and eliminating accumulated losses in the parent entity financial statements. This is a technical accounting adjustment only. No shares have been cancelled or rights varied, there is no impact on the net assets, financial results, cash flow or funding of the parent entity of the Mareterram consolidated group.

Mareterram is required to make the following disclosures to shareholders under ASX Listing Rule 7.20:

- *The effect of the capital reduction on the number of securities and the amount unpaid (if any) on the securities – **no impact**;*
- *The proposed treatment of any fractional entitlements arising from the capital reduction – **not applicable as no fractional entitlements arise**;*
- *The proposed treatment of any convertible securities on issue – **not applicable as there are no convertible securities on issue and, if there were, the capital reduction would have no impact on them.***

For more information:

David Lock
Managing Director
Ph: +618 9435 9210
E: david.lock@mareterram.com.au

For Media and Broker Queries:

Andrew Rowell
Cannings Purple
Ph: +61 417 944 616
E: Arowell@canningspurple.com.au