



Tuesday 16 February 2010

REJECT GPG'S NEW TAKEOVER OFFER

On 15 February 2010, Tandou Limited received a letter and Bidder's Statement from Guinness Peat Group (Australia) Pty Ltd (GPG) stating that a wholly owned subsidiary of GPG intends to make a new takeover offer of 33 cents per share for each share in Tandou, subject to "no prescribed occurrences" (Takeover Offer).

The receipt of the Takeover Offer coincides with the closing of GPG's unsuccessful prior Proportional Offer at 30 cents per share which was rejected by the Board of Tandou and closed with acceptances of less than 0.8%, despite being open for in excess of 4 months. GPG currently holds approximately 20.67% of the shares in Tandou.

The new Takeover Offer has not been solicited by Tandou. The Board of Tandou recommends that shareholders TAKE NO ACTION until they have received the Target's Statement which will set out the Tandou Board's formal response to the offer. Shareholders will then have ample time to reject or accept the Takeover Offer before it closes.

Your Directors' are unanimous in their belief that the new Takeover Offer is unattractive, and should be **REJECTED** by Tandou shareholders as it represents a **SIGNIFICANT DISCOUNT** to the underlying fundamental value of Tandou Shares.

Tandou's Target's Statement in response to the Proportional Offer included the Board's view of the underlying fundamental value of Tandou shares of between \$0.64 and \$0.68 per share. The Target's Statement which will be prepared in response to the Takeover Offer will contain the Board's current view of the underlying fundamental value of Tandou shares. As of today, the Board is not aware of any information that would cause a downwards variation to the underlying fundamental valuation of Tandou shares from the range of values determined in response to the Proportional Offer. To the contrary, given the recent substantial rains in New South Wales and Queensland, the Board believes the prospects for the Company have improved.

At this time the Board recommends that Tandou shareholders **TAKE NO ACTION**. The Board undertakes to keep shareholders informed in relation to GPG's Takeover Offer and provide its formal response in the Target's Statement.

To assist with queries Tandou has set up an Offer Information Line. Shareholders and Investors are advised to call 1800 648 622 (callers within Australia) or +61 2 8256 3377 (callers outside Australia).

Yours sincerely

A handwritten signature in black ink, appearing to read "Guy Kingwill".

Guy Kingwill
CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR
PH. 03 5018 6500

TANDOU LIMITED
ABN 81 001 014 562

About Tandou Limited:

Tandou is a modern Australian agribusiness that owns and operates large scale irrigated cropping, horticultural and pastoral operations. Established in 1972 Tandou's land holdings cover nearly 85,000 hectares near Menindee NSW, 250 km north of its Mildura corporate office. Over time Tandou has invested in water entitlements and currently owns over 36 gigalitres strategically held across various river systems in the Murray Darling Basin. Tandou combines traditional knowledge with the latest technological advancements throughout its enterprises to minimise risk and produce high value returns. It is a major producer of irrigated cotton and durum wheat, along with stone fruit, wine grapes, citrus and organic lamb. Tandou also provides management and development services.