



Wednesday 17 February 2010

Dear Shareholder,

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 new 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 expected around mid March 2010. Shareholders will then have ample time to reject or accept the Takeover Offer before it closes.

GPG's Bidder's Statement states that GPG intends to acquire Tandou shares on market at prices up to 33 cents per share during normal trading on the ASX. The Director's recommend that **SHAREHOLDERS EXERCISE CAUTION** when considering selling Tandou shares on the ASX at this time. Please note that any Tandou shareholder who sells their shares on the ASX will not have the opportunity to benefit from any possible increase in the price of the Takeover Offer and will not be able to accept any other takeover offer for Tandou that may eventuate.

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 of 64 to 68 cents as set out in the Target's Statement dated 20 October 2009. The Board is not aware of any information that would cause a downwards variation to this previous valuation of Tandou shares. To the contrary, given the recent substantial rains in New South Wales and Queensland, the Board believes the prospects for the Company have improved.

You can **REJECT** the Takeover Offer by simply ignoring all documents received from GPG.

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

TANDOU LIMITED
ABN 81 001 014 562