

10 November, 2017



Dear Shareholder,

**PCA ANNOUNCES RECOMMENDED UNCONDITIONAL TAKEOVER OFFER
BY BEGA AT 83 CENTS PER SHARE**

Peanut Company of Australia Limited (**PCA**) is pleased to announce that, after extensive and considered discussions with Bega Cheese Limited (**Bega**), it has today entered into a Placement Agreement and Bid Implementation Agreement with Bega, pursuant to which Bega has agreed to:

- immediately subscribe for 19.99% of the issued shares of PCA at 83 cents per share; and
- make an unconditional takeover bid to acquire all the issued shares of PCA not held by Bega at 83 cents per share (**Bid**).

The PCA Board unanimously recommends PCA shareholders accept the Bid from Bega, subject to the Independent Expert's opinion and in the absence of a superior proposal being received by PCA.

Bega's acquisition of PCA will ensure continued Australian ownership of our iconic peanut business. The PCA Board considers that the Bid, if successful, will also facilitate business expansion opportunities and provide confidence to farmer suppliers to expand peanut plantings, increase production and therefore provide additional supply to our customers.

The Bid is an unconditional cash offer. The Bid Implementation Agreement also contains customary 'no shop', 'no talk' and 'no due diligence' restrictions.

The Board has appointed Ernst & Young Transaction Advisory Services Limited to prepare an Independent Expert's Report to determine whether the Bid is fair and reasonable to PCA shareholders. A copy of the report will be included as part of the Target Statement to be circulated to PCA shareholders.

Morgans Corporate Limited has been appointed as corporate adviser to PCA.

Action required from PCA shareholders

As a PCA shareholder, you will have the following choices:

- accept the Bega offer for all your PCA shares and receive cash consideration of 83 cents per share;
- sell your PCA shares privately to another party (unless you have previously accepted the Bega offer); or
- do nothing.

Shareholders will soon receive a Bidder's Statement from Bega outlining the terms of the offer being made under the Bid. The Bidder's Statement will be accompanied by an acceptance form used to accept Bega's offer.

PCA will, within 15 days of the Bidder's Statement being despatched to PCA shareholders, despatch a Target's Statement in response to the Bidder's Statement.

Accredited by:



The Target's Statement will contain additional material information that PCA shareholders should carefully consider before making a decision in respect of their PCA shares. **The PCA Board recommends that you read the Target's Statement before you accept Bega's offer.**

PCA shareholders should seek independent financial, tax, legal or other professional advice before making a decision whether or not to accept the Bega offer.

Indicative timeline of events:

Event	Date
Bidder's Statement and acceptance forms despatched to PCA shareholders by Bega	Week beginning 13 November 2017
The offer period commences.	
Target's Statement and Independent Expert's Report despatched to PCA shareholders	Week beginning 27 November 2017
The offer period closes (unless extended).	Week beginning 25 December 2017

Shareholder enquiries

If you have any questions about the Bega offer or any other matters relating to the Bid, please call PCA on 07 4162 6346 (within Australia) and +61 7 4162 6346 (from outside Australia) between 8.30am and 5.00pm (Brisbane time) Monday to Friday.

Yours sincerely



Ian Langdon
Chairman