



ASX Announcement

17 February 2012

COMPANY ACQUISITION

Protein based intensive farming operation



The Company is pleased to announce a conditional binding agreement ('Transaction') to acquire a 100% interest in Agline Pastoral Pty Ltd ('Agline'), a Protein based intensive farming operation concentrating on producing prime lamb for both the Australian and overseas markets.

AGLINE SUMMARY

The primary objective of Agline is to capitalise on the growing world demand for red meat.

Agline has an experienced team and land assets with infrastructure in place in NSW Australia to enable it to produce 100,000 prime lambs per year. Agline's properties are in Deniliquin in the Riverina area of Southern New South Wales.

Agline has an intention to build the flock to 100,000 ewes. Returns are generated through a number of sources including the breeding and fattening of lambs for supply into the growing global markets for food. Secondary income is also generated from the sale of wool and commercial crops including rice, canola, wheat and barley.

Further information regarding Agline is provided in Annex A.

IMMEDIATE MILLEPEDE BOARD CHANGES

Mr Harvey Parker, a director and shareholder of Agline has been appointed to the board of Millepede as Chairman. Mr Sam Di-Giacomo remains on the board, but has stepped down as Chairman. Mr Richard Chan has stepped down as a director of Millepede.

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FUNDING

Both Agline and Millepede intend to raise funds prior to completion of the Transaction by the issue of convertible notes.

Agline intends to raise up to \$500,000 by the issue of Agline Convertible Notes.

Millepede also intends to raise up to \$250,000 by the issue of Millepede Convertible Notes. Following shareholder approval the Millepede Convertible Note holders will have the right to convert into Millepede Shares at \$0.004 per share. Upon conversion the Millepede Convertible Note holders will also receive a free attaching option ('Free Attaching Option') with a strike price of \$0.005 and an expiry date of 15 February 2013. The Free Attaching Option will only be exercisable following the completion of the Transaction.

Both the Agline and Millepede Convertible notes will pay an 8% interest rate and mature on 15 Feb 2013. Prior to drawing down Millepede Convertible Note funds, Millepede director Mr Harry VK Lee and former director Mr Richard Chan, who together hold 29.61% of the Millepede equity are to enter into binding agreements to vote in favour of the conversion.

In conjunction with meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules it is anticipated that the Company will issue a prospectus in order to raise \$1,500,000.

TRANSACTION TERMS

Millepede will enter into Share Sale Agreement ("SSA") with each of the Agline shareholders ("Agline shareholders") as follows:

If Millepede shareholders approve the Transaction Millepede will issue 1,585,000,000 (where, the number of Millepede shares is stated prior to any Consolidation as outlined below) fully paid ordinary Millepede shares to acquire 100% of the Agline issued capital from the Agline shareholders.

Upon completion of the Transaction the Agline Convertible Notes will be converted into Millepede fully paid ordinary shares at a rate of \$0.002 per share (prior to Consolidation).

Upon completion of the Transaction Mr Sam Di-Giacomo and Mr Harry V.K. Lee will step down from the board and Mr. Paul Duckett and Ray Taylor will be appointed.

Upon completion of the Transaction Millepede will issue 300,000,000 shares (prior to Consolidation) in total to Silver Jubilee Overseas Inc. and Renalin Ltd for the provision of corporate services by the companies, including the identification of the acquisition of Agline, assistance in

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relation to the management of the acquisition and provision of advice relating to the Transaction and associated matters with respect to the acquisition.

Agline Shareholders holding greater than 10% of the equity of Agline will enter into voluntary escrow arrangements for a 12 month period from the date of announcement of the Transaction.

Assuming a post consolidation share price of not less than \$0.20 per share it is anticipated that Millepede will undergo a consolidation of 1 post consolidation share for every 20 existing shares. ('Consolidation')

Mr Harvey Parker as a director of Millepede and director and shareholder of Agline is a related party to this Transaction. The Company will likely have to comply with ASX Listing Rule 10.1 which would include obtaining an Independent Expert Report.

Full details of the Transaction will be released in the information memorandum associated with the proposed notice of meeting at an EGM of shareholders.

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CAPITAL STRUCTURE

The existing capital structure of Millepede is 273,796,059 fully paid ordinary shares. The table outlines the possible capital structure of the Company prior to Consolidation, but following the completion of the Transaction:

Capital Structure Pre- Consolidation

Shareholding Group	Shares	Options	Percentage Fully Diluted
Existing Millepede Shareholders	273,796,059		10.1%
Existing Millepede Convertible Notes (converted) ♥	30,000,000		1.1%
Silver Jubilee Overseas Inc. and Renalin Ltd	300,000,000		11.1%
Agline Shareholders (Consideration Shares)	1,585,000,000		58.4%
Millepede Convertible Note (converted)♣	62,500,000	62,500,000	4.6%
Agline Convertible Note (converted)♦	250,000,000		9.2%
Capital Raising (\$1,500,000)‡	150,000,000		5.5%
	2,651,296,059	62,500,000	100.0%

♥ Assumes the existing \$150,000 Convertible Note announced on 31 October 2011 are converted at \$0.005 per shares.

♣ Assumes that Millepede raise \$250,000 by way of the Millepede Convertible Notes and these are converted following completion of the Transaction

♦ Assumes that Agline raise \$500,000 by way of the Agline Convertible Notes and these are converted upon completion of the Transaction

‡Assumes \$1,500,000 is raised under a prospectus at a pre-Consolidated price of \$0.01 per share

Using the same assumptions as above, following completion of the Transaction and Consolidation it is anticipated the capital structure will be as follows:

Capital Structure Post- Consolidation

Shareholding Group	Shares	Options	Percentage Fully Diluted
Existing Millepede Shareholders	13,689,803		10.1%
Existing Millepede Convertible Notes (converted)	1,500,000		1.1%
Silver Jubilee Overseas Inc. and Renalin Ltd	15,000,000		11.1%
Agline Shareholders (Consideration Shares)	79,250,000		58.4%
Millepede Convertible Note (converted)	3,125,000	3,125,000	4.6%
Agline Convertible Note (converted)	12,500,000		9.2%
Capital Raising (\$1,500,000)	7,500,000		5.5%
	132,564,803	3,125,000	100.0%



PRO-FORMA BALANCE SHEET

A pro-forma balance sheet following the Transaction (calculated at 30 June 2011) is presented below. This does not include the effect of the fundraisings outlined in this document.

	Agline Unaudited (\$)	Millepede Audited (\$)	Pro-forma
CURRENT ASSETS			
Cash Assets	63,000	55,352	118,352
Receivables	167,000	67,737	234,737
Inventories & other assets	224,000	48,882	272,882
TOTAL CURRENT ASSETS	<u>454,000</u>	<u>171,971</u>	<u>625,971</u>
NON - CURRENT ASSETS			
Land at market price including water allocation ¹	12,000,000	0	12,000,000
Plant and machinery at market price	4,200,000	66,621	4,266,621
TOTAL NON - CURRENT ASSETS	<u>16,200,000</u>	<u>66,621</u>	<u>16,266,621</u>
TOTAL ASSETS	<u>16,654,000</u>	<u>238,592</u>	<u>16,892,592</u>
CURRENT LIABILITIES			
Payables	296,000	205,265	501,265
Interest bearing liabilities	200,000	0	200,000
TOTAL CURRENT LIABILITIES	<u>496,000</u>	<u>205,265</u>	<u>701,265</u>
NON - CURRENT LIABILITIES			
Interest bearing liabilities	276,000	0	276,000
Loan ANZ	4,500,000	0	4,500,000
Hire Purchase, Chattel Mortgage etc.	2,200,000	0	2,200,000
TOTAL NON - CURRENT LIABILITIES	<u>6,976,000</u>	<u>0</u>	<u>6,976,000</u>
TOTAL LIABILITIES	<u>7,472,000</u>	<u>205,265</u>	<u>7,677,265</u>
NET ASSETS (LIABILITIES)	<u>9,182,000</u>	<u>33,327</u>	<u>9,215,327</u>
EQUITY			
Contributed equity	15,301,140	10,507,536	25,808,676
Reserves		1,170,534	1,170,534
Retained Profits (accumulated losses)	-6,119,140	-11,644,743	-17,763,883
TOTAL EQUITY (DEFICIT)	<u>9,182,000</u>	<u>33,327</u>	<u>9,215,327</u>

¹Valued by Andrew Gilmore of DLS Rural Property Specialists.



CONDITIONS

The Transaction is conditional upon:

- The SSA being entered into by Millepede and Agline Shareholders.
- \$250,000 being raised by way of the Millepede Convertible Notes.
- Millepede completing its due diligence investigations with respect to Agline.
- Agline completing its due diligence investigations with respect to Millepede.
- Millepede obtaining all necessary regulatory and shareholder approvals.
- Millepede observing ASX Listing Rule 11.1.3 and meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules as if it were applying for admission to the Official List of the ASX.
- Mr. Harry V.K Lee, Mr and Richard Chan and their associated entities entering into binding agreements to vote in favour of the conversion of the Millepede Convertible Notes in accordance with its terms.

INDICATIVE TIMETABLE

Millepede plan to complete due diligence on Agline and execute a binding SSA in March 2012.

It is expected that a Notice of Meeting and an information memorandum will be sent to shareholders for a Shareholders' Meeting to be held in early May 2012.

If shareholders approve the Transaction the trading of the Company's securities will be suspended until the Company complies with Chapters 1 & 2 of the ASX listing rules, which will include lodging a prospectus in May 2012.

MILLEPEDE'S EXISTING CABLE TIE BUSINESS

Millepede has an existing business producing cable ties and other unrelated plastic technologies.

Millepede has been approached by parties interested in acquiring Millepede Marketing Ltd and Millepede USA Inc. Should these discussions proceed to binding agreements Millepede propose to seek shareholder approval for the disposal of Millepede Marketing Ltd and Millepede USA Inc.

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SUMMARY

The Agline acquisition is an exciting opportunity for Millepede. The dramatic Global increases of meat consumption and the large scale of Agline's operation provides Millepede the possibility of earning exciting returns.

- ENDS -

For further information contact:

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Millepede International Limited
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Dominic Marinelli
Corporate Advisor
Terrain Capital Limited
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Annex A

The following Summary is provided by Agline. Neither Millepede or their respective subsidiaries or associated companies or businesses, shareholders, directors, partners, officers, employees or agents ("**Information Providers**") make any guarantee, representation or warranty, express or implied, as to the accuracy, reliability, reasonableness or completeness of the Summary

INVESTMENT HIGHLIGHTS

- ✓ Mr Harvey Parker, a director of Agline has been appointed to the board of Millepede as Chairman
- ✓ Infrastructure in place to produce 100,000 prime lambs per annum
- ✓ 3146 hectares of owned land, plus a further 2090 hectares of leased land under option
- ✓ Strong industry fundamentals, with consumption of red meat growing substantially. Between 1997 and 2009 lamb exports grew at 11.5% p.a. CAGR
- ✓ Total irrigated area on all holdings is 2,774 hectares
- ✓ Agline has net assets at 30 June 2011 of \$9.2m
- ✓ Agline has an experienced Board with positions including CEO New Zealand Post, United Energy; General Manager of the Western Mining fertilizer operation and Managing Director of Ausdrill Limited
- ✓ Located in the Riverina, one of the most productive and agriculturally diverse areas of Australia

AGLINE SUMMARY

The primary objective of Agline is to capitalise on the growing world demand for red meat.

The company has an experienced team and land assets with infrastructure in place in NSW Australia to enable it to produce 100,000 prime lambs per year. Agline's properties are in Deniliquin in the Riverina area of Southern New South Wales.

The company has an intention to build the flock to 100,000 ewes. Returns are generated through a number of sources including the breeding and fattening of lambs for supply into the growing global markets for food. Secondary income is also generated from the sale of wool and commercial crops including rice, canola, wheat and barley.

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Agline's pasture - Deniliquin

The Assets and Infrastructure

Agline has a total landholding of 3145 hectares plus leases with options² to purchase a further two properties taking the total to 5,235 hectares. The company holds entitlements to 760 megalitres p.a. and has a lease with an option to buy a further 620 megalitres p.a. entitlement. With these entitlements and subterranean water the total water available for irrigation is 3,350 megalitres p.a.

Total hectares owned and leased and/or operated by Agline under irrigation is 2,774 hectares.



² The options may be exercised up until 31 Dec 2013 for total price of \$8,544,000, of which \$2,544,000 may be equity.

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An example of one of Agline's Lateral Irrigators - Deniliquin

Balance Sheet

The Net Assets of Agline at 30 June 2011 was \$9.2m. This is made up of total assets of \$16.7m less liabilities of \$7.5m. The liabilities include a bank loan of \$4.5m and chattel mortgages of \$2.2m.



Agline's pasture - Deniliquin

The Market

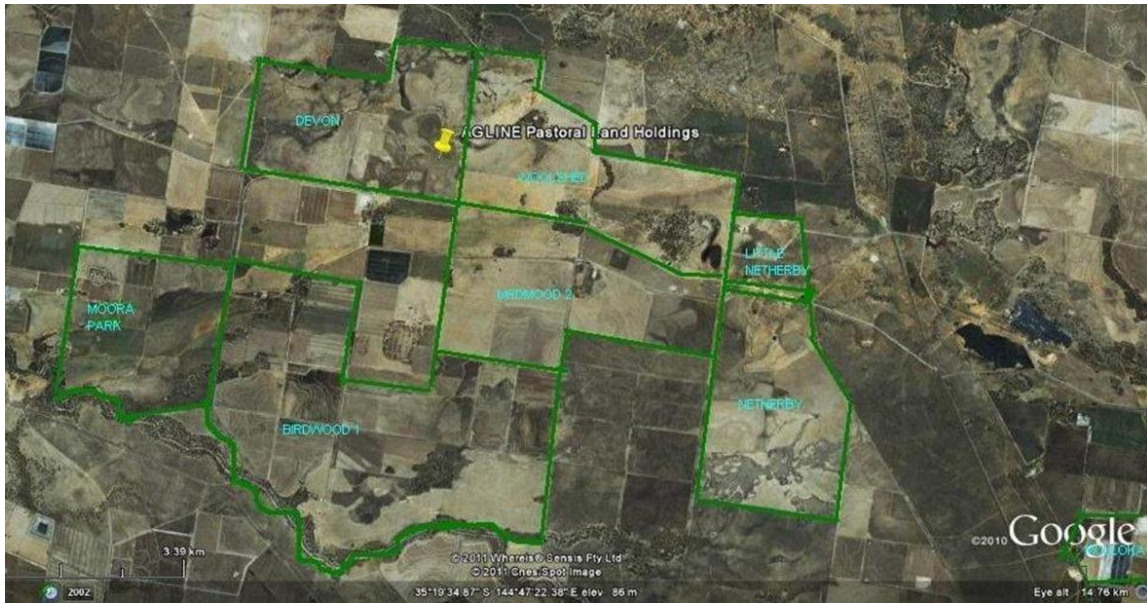
Between 1997 and 2009 lamb exports grew at 11.5% p.a. CAGR. This growth has come from a diverse range of traditional markets, including Middle East, Canada, UK, China and Europe. Over the longer term Global demand for meat is expected to top more than 465 million tons by 2050, up from today's 280 million tons.

On the global stage, Australia is an established exporter with a 35% market share.

History and Medium Term Strategy

Agline built its current capacity by acquiring and developing 7 adjoining, but previously undeveloped properties located approximately 20km north of Deniliquin. The company intends to replicate this model in two other Australian geographic locations in order to produce 300,000 prime lambs per annum.

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Agline's Landholdings - Deniliquin (5236 hectares of owned and leased land)

Agline Managers and Board

Agline managers have significant experience in the management of large scale commercial sheep farming operations. These individuals are overseen by the AglineBoard, including:

Harvey Parker, B.A. MBA (Melbourne) Dip. P.A.

- ✓ Currently Chairman of the following ASX companies: Millepede International Limited, PTB Group Limited, DWS Limited and Jumbuck Entertainment Ltd.
- ✓ Former CEO of New Zealand Post.
- ✓ Former CEO of United Energy.
- ✓ Former Group Managing Director Commercial & Consumer Telstra Corporation.
- ✓ Former Director General Department of Youth Sport & Recreation, Victorian Government.
- ✓ Former Director of Animal Health Australia.
- ✓ Owner/operator of Baigille Angus cattle & White Suffolk sheep studs.

Paul Duckett, B.E.

- ✓ Former General Manager Western Mining Fertilizer Operation- HiFert.
- ✓ Director Meridian Fertilizers
- ✓ Chairman Soil Management Systems Pty Ltd
- ✓ Family Farm- thirty years plus involvement.



Raymond Taylor, B.Comm., MBA (WA)

- ✓ Former Finance Director Golden Shamrock Mines Limited.
- ✓ Former Managing Director Ausdrill Limited.
- ✓ Director Soil Management Systems Pty Ltd
- ✓ Farming Experience 15 years.

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