

**Hamilton Securities Limited**

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Hamilton NSW 2303Telephone +61 2 4920 2877  
Facsimile +61 2 4920 28776<sup>th</sup> March 2013**ELDERS SANDALWOOD DISPOSAL**

The Board of Hamilton Securities Limited notes recent press coverage concerning the disposal of the Elders-managed Sandalwood Schemes in the Ord River region of Western Australia.

Hamilton confirms that it is developing, in consultation with Growers, a competing proposal to the offer by Santanol and its unidentified foreign investors.

Growers will vote on the Santanol offer at a meeting in Melbourne on Thursday, March 14. It is important to note that Hamilton will not proceed with its proposal if Growers approve the Santanol offer in sufficient numbers such that certain pre-conditions to the Santanol offer are met.

The Hamilton proposal would result in reorganisation of the Sandalwood Schemes and the consolidation of Grower's sandalwood interests and the issue to Growers of voting shares in Hamilton Securities Limited. This would allow Growers to maintain an exposure to Sandalwood and benefit from seeing these plantations through to harvest.

Under Hamilton's proposal, Growers would be invited to be considered as directors of the enlarged company and the intention would be for Hamilton to transfer its listing from the NSX to the Australian Securities Exchange (ASX).

Preliminary numbers indicate that, were all Growers to accept the Hamilton proposal, they would own about 94% of the enlarged company.

Hamilton Executive Director Giles Craig said: "Hamilton is considering this proposal because it believes the offer from Santanol, which has the support of Elders, substantially undervalues the Sandalwood assets."

Under the proposal being considered by Hamilton, Hamilton shareholders (prior to the share issue to Growers) will be granted options, which will have the effect that Hamilton shareholders and option holders will share in 10% of the upside.

This compares favourably to the "Harvest Fees" of \$21 million (or 30% of gross proceeds) which Elders proposes to charge Growers.

"Hamilton believes this aspect of the Santanol offer is grossly unfair to Growers. Hamilton intends to fight this unjustifiable fee grab," said Mr Craig.

In the event that Hamilton makes a firm proposal to Growers, the Samuel Terry Fund has indicated its intention to underwrite a rights issue to raise approximately \$1 million at \$1 per share (and attaching option) to meet transaction and implementation costs. The Samuel Terry Fund is the largest shareholder in Hamilton Securities Limited and is managed by Fred Woollard, a Director of Hamilton Securities Limited.

Hamilton is also currently in discussions with a significant investor about a placement of shares at \$1.00 each to cover working capital requirements. These discussions are ongoing and not yet final and there is no certainty that this placement will be made.

This significant investor has indicated to Hamilton its interest in participating in, and potentially underwriting, a subsequent rights issue which would be required to fund ongoing working capital requirements. It is important to note that the Sandalwood assets are not expected to generate any revenue until at least 2017 when the first harvest is anticipated.

Hamilton anticipates that under its proposal, Growers will be under no obligation to contribute more money to fund the operations of the sandalwood assets, unless they wish to do so.

The Board of Hamilton emphasises that Hamilton's proposal is still under development and is subject to a number of variables that are yet to be determined.

Hamilton will update shareholders with more information when it is in a position to do so.

For further information, contact  
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**About Hamilton:**

Hamilton Securities Ltd listed on the National Stock Exchange of Australia in 2009. It was established to provide investors with exposure to distressed debt and equity securities, and other illiquid securities whose value might be expected to improve over time.

<http://www.hamsec.com.au/>