



ADMINISTRATION AND ACCOUNTS

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Tuesday, October 29, 2007

Dear Shareholder,

It is now some ten years since the company, Victorian Livestock Exchange Limited, was formed (1997) and approximately six years since it was listed on the Bendigo (now Newcastle) Stock Exchange.

During this time, the company directors have been called on to make some momentous decisions which were to set the direction of the company and define its future. In spite of the many difficulties encountered, the collective judgment of the board of directors has proven sound to the effect that the company has remained profitable, its assets and shareholders' funds have remained secure, while at the same time, the company has been compliant with the corporate governance laws of Australia.

The VLE board again finds that it has a momentous decision before it, driven by the question of "what value is being delivered to the company as a consequence of being listed on the stock exchange?" The board has reached the decision that little value is being delivered; that is to say, the stock exchange market has not effectively developed as a market place for VLE shares, there is no liquidity in the market, the VLE has no ability to raise the money (say \$10m) it needs for subsequent projects on the stock exchange, some of the listing rules prevent the company from being a more effective competitor in the market place, being listed is costing between \$50,000 and \$100,000 per annum in compliance and lost opportunity but, worst of all, small investors, who have little ability to compete commercially, have no effective market for their shares and no functioning free market on which to assess the value of their shares.

In light of the above, the board is recommending that the company should de-list and, at the same time, offer to buy back the shares of those smaller investors who joined the company at the time of listing and were offered a transparent market place along with a yard fee rebate or similar.

The company is prepared to buy back the shares of all those investors who hold 19,999 shares or less; the buy back price is \$1.85. The board's offer has been supported by the independent report as being fair and just.

The board recommends you read the enclosed explanatory memorandum and the Independent Expert's report carefully.

It will be up to you, the individual shareholder, as to whether you decide to accept or to decline the offer of \$1.85 per share – the decision is entirely voluntary. In arriving at your decision, I suggest you keep in mind the following:

- Most smaller shareholders paid \$1.10 per share in August 2001.
- Most such shareholders have received a 50% yard due / truck wash / office rental rebate for five and a half years plus whatever dividends were paid, which made the average earnings to these shareholders approximately 23% per annum on invested capital.
- The rebate on fees has now ceased and is most unlikely to recommence.
- The company will de-list from the Bendigo Stock Exchange.
- Going forward, it will remain difficult to trade company shares and it will be even more difficult to establish their value.
- The offer being made is most unlikely to be repeated.
- The company **will not** pay a dividend this year; the spare cash from profits will be used to execute this proposed share buy back.

In closing, I recommend that those of you who are eligible should take up the buy back offer and, to all shareholders, I thank you for your continuing support.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chris Sleight', with a stylized, cursive script.

Christopher Sleight
Chairman