

17 December 2004

CASH ISSUE

Rural Equities Limited announces that it intends to make a rights offer to its shareholders of one new ordinary share for every two ordinary shares held, at an issue price of \$1.00 per new ordinary share.

The new ordinary shares will rank equally with the existing ordinary shares on issue.

It is intended the proceeds of the issue will be used to reduce current bank debt and provide the flexibility to seek further investment opportunities.

It is expected that the offer will be made during the first quarter of 2005, and will raise approximately \$7,400,000.

James Wright
COMPANY SECRETARY