



Annexure 5 - Disclosure Compliance Policy

Materiality Guidelines

Ruralco's Disclosure Obligations

Under the Corporation Act and the Listing Rules of the Australian Stock Exchange Limited ("ASX"), Ruralco is required to notify the ASX of information which a reasonable person would expect to have a material effect on the price or value of securities of Ruralco. The Corporations Act defines such information to include information which would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell, securities of Ruralco.

Materiality

To ensure that Ruralco complies with its disclosure obligations, the Board has adopted this Disclosure Compliance Policy. To assist reporting officers in determining whether information regarding Ruralco is, or may be, material, the Board has adopted the following materiality guidelines. Whether a matter is material must be considered from both a quantitative and qualitative viewpoint. Some guidance is also given to assist in identifying the material contracts.

Quantitative

Matters will be considered material from a quantitative viewpoint if they exceed the following thresholds:

- a. balance sheet items will be considered material if they have an impact on current year's financial position (statement of financial position/balance sheet) of more than 1% of the Group's net assets (>\$330,000). For instance, the acquisition of capital equipment having a value in excess of that amount may be material;
- b. profit and loss items will be considered material if they will have an impact on current year's financial performance (statement of financial performance/profit & loss) of more than 5% of the Group's profit before tax (>\$250,000). For instance, a claim made against Ruralco for at least that amount could be considered material.

Qualitative

Matters should be considered material from a qualitative viewpoint if:

- a. they could adversely affect the reputation of Ruralco;
- b. they involve a breach of legislation which carries a substantial monetary penalty or imprisonment;

- c. they are outside the ordinary course of business; or
- d. if accumulated, they would satisfy the quantitative test.

Material Contracts

Contracts will be considered material if:

- a. they are outside the ordinary course of business;
- b. they cannot be terminated without penalty on less than 12 months notice; they contain exceptionally onerous provisions that may materially affect the financial performance of the Group (ie >10% effect);
- c. there is a likelihood that either party will default and the default will have a negative impact on the financial performance of the Group;
- d. they are essential to the activities of Ruralco and cannot be replaced or cannot be replaced without a material impact on the financial performance of the Group; or
- e. they satisfy the quantitative test.

Reporting of Material Information

Any information which could be considered material having regard to the above thresholds and details of material contracts should be immediately reported to the Company Secretary. If you are in any doubt as to whether a matter is material, you should nevertheless bring it to the attention of the Company Secretary.

Review of Guidelines

These materiality guidelines will be reviewed regularly by the Disclosure Committee and the Board having regard to the changing circumstances of Ruralco and any changes to these guidelines will be notified to you.

Questions

If you have any questions about the application of these materiality guidelines, please contact the Company Secretary.

* * * *

Updated as at 15 February 2007.