

20 August 2009

2007 GRAIN CO-PRODUCTION PROJECT– AUGUST 2009

This report has been prepared by AACL as the Project Manager of the 2007, 2008 and 2009 Grain Co-Production Projects.

SEASONAL OUTLOOK

Western Australia

Overall, conditions are on track to achieve average results, however this is dependent on adequate spring rainfall. The central, eastern and southern areas of the WA Grain-belt have been sown later than normal, however average rainfall in July has helped the prospect of these crops achieving average yields.

Region	Rainfall to Date (Growing Season)	Rainfall Outlook (3 months) Source: BOM	Risk Factors	Yield Outlook (dependent on risk factors)
WA Northern	Average to above average	60% chance of average	Warm dry spring	Average to above average
WA Central Eastern Southern	Average to below average	55 - 60% chance of average	Warm dry spring Frost	Below average
WA South Coast	Average to below average	60% chance of average	Warm dry spring Frost Crop disease	Average

PRICING

Wheat

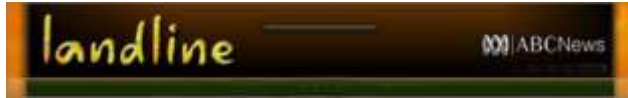
Wheat prices have fallen substantially from an estimated \$330/t Free on Board (FOB) price at the time of contracting farmers to an estimated \$280/t FOB currently. The contributing factors include a falling international futures price for wheat and a rising Australian dollar.

The recent US Department of Agriculture (USDA) estimates indicate global wheat demand has risen 2.7 mmt from the previous month's estimate. A 5.0 mmt increase in supply has resulted in global wheat stocks building at a faster rate than was thought a month ago. With ample supplies of old crop and no significant production issues with the new crop, there is little current incentive for grain acquirers to aggressively buy wheat and thus push prices up.

Whilst there have been production issues in Argentina and Canada (production estimates have been slashed by 1 mmt), this has not been enough to outweigh the large winter wheat crop from the northern hemisphere currently hitting the market and the large carryover in wheat stocks from last year.

While the current indicative FOB price of wheat is approximately \$280/tonne, we expect the price to be in the range of \$260/t to \$300/t later in the year. Whilst still early in the season and with estimated production expected to off-set part of the falling price, it is possible that returns received for wheat in the Project will be affected.

MEDIA COVERAGE



This month, AACL featured on ABC's Landline TV program in a story titled "Grain of Truth".

Landline – Grain of Truth (2/08/2009)

Winter rains across much of the nation's wheatbelt has fuelled cautious optimism for bumper grain crops this season. Growers are also counting on higher yields offsetting anticipated lower prices. In fact a national grains industry conference this week in Melbourne heard that unlike most industries, the global financial "cloud" may have a silver lining for farmers.

To view the program go to aacl.com.au and click on the links provided.

For further information in regards to this report please contact your Financial Adviser or me on (08) 9217 3100 or Robert.melville@aacl.com.au.

Yours sincerely

A handwritten signature in black ink that reads "Robert Melville". The signature is written in a cursive, flowing style.

ROBERT MELVILLE
Director – Capital Markets