22 July 2009

2008 GRAIN CO-PRODUCTION PROJECT *POST SEEDING REPORT – JULY 2009*

Welcome to the Australian grain industry! Please find enclosed your certificate for the 2009 Grain Co-Production Project and this report on the current season outlook. Further to your certificate, you will soon receive a CPU Allocation, detailing the locations of your Co-Production Units for the 2009 Season.

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

SEASONAL OUTLOOK

Crop Prospects

All Project crops for the 2009 season have now been planted. The majority of cropping regions across Australia have experienced a good start to the season as a result of solid early season rainfall.

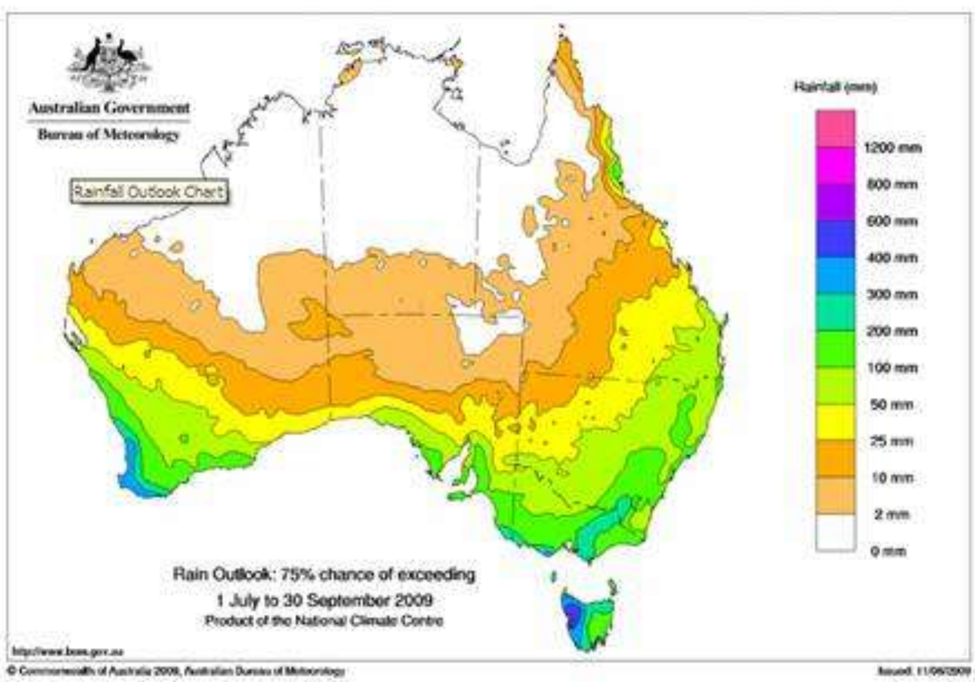
South Australia, Victoria and New South Wales had an early start to the season with good rains beginning in April. Western Australia had a normal break to the season, with June being wetter than average.

Northern and central NSW, VIC and SA have good subsoil moisture with above average yields forecast. All crops are now at the mid tillering stage and contracted production is expected to be achieved at this stage.

Although the start of the year in WA was dry due to no summer rainfall, there has been a normal winter start with good rains in May, June and July. This has 80% of the state predicting average to above average yields.

Although there is a prediction of El Nino conditions late in the season, the prediction (see Figure 1) is that average rains will be received across Australia in the next 3 months. Overall, if this trend continues and with current moisture levels, average yields should be achieved.

Figure 1: Rain Outlook Nationally



PRICING

There are a number of key factors that will impact on pricing over the next few months until the Australian crop is harvested and hits the market. The outcome of these factors will largely determine where this year's crop prices finish.

Wheat

World wheat stocks are expected to rise 2.7 percent this year. With ample existing supplies and no significant production issues apparent, pricing has come under downward pressure.

The current southern hemisphere crops of Australia and Argentina, as well as the northern hemisphere spring crops of Canada and the US, are in the ground and progressing well at this stage. However these crops are a long way from being harvested and any production issues in any major export country will likely support the market and firm prices.

While the current indicative Free on Board (FOB) price of wheat is approximately $310/tonne, we expect the price to be in the range of $290/t to $340/t later in the year.

Barley

Feed Barley values have come under pressure with big crops being harvested in the Black Sea region. Demand for feed grain is expected to decrease as global animal numbers decrease as a result of world economic problems and the consequent reduced demand for higher protein meat products.

The malt barley market is much like the wheat market, with ample existing supplies and users waiting for new crop supplies to arrive.

The current indicative Free on Board (FOB) price for malt barley is $280/t and $210/t for feed barley. Indicative range for later in the year is $250/t to $300/t for malt and $180/t to $220/t for feed.

For further information in regards to this report please contact your Financial Adviser or Robert Melville - Macro Funds on (08) 9217 3100 or robert.melville@macrofunds.com.au.

Yours sincerely

ANDREW MCBAIN
Managing Director