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RAIN BOOSTS PRIMEAG CROP PROSPECTS

All of PrimeAg Australia Limited's properties throughout its cropping regions received beneficial rains over the last week, strengthening the outlook for sound returns from the winter grain crop.

PrimeAg Executive Chairman Peter Corish said " Our farming hubs, stretching from Emerald in central Queensland to Gunnedah in north west New South Wales recorded rainfalls in the 20mm to 70mm range, which have provided an excellent boost to the winter crop, particularly the dryland areas."

"In May and June, we planted 10,000 ha of dryland winter crop, chiefly wheat, on generally good initial soil moisture profiles, and these rains will contribute substantially to realising the full potential of these crops." Mr. Corish added.

"Whilst the rain has been particularly beneficial to the dryland crop, our 4,800 ha of irrigated area has also benefited, and the outlook for this crop has also been lifted" Mr. Corish said.

John Stewart, PrimeAg's Chief Executive Officer said "The current wheat crop has been progressing to expectations, and we are finalising our planning for what is now an increasingly promising wheat harvest."

"This most recent rain was very timely as the crop enters its flowering and grain filling stages, and some further falls leading up to harvest, particularly on the Gunnedah hub, will be beneficial" Mr. Stewart added.

"This rain has also improved soil moisture profiles on the 5,500 ha we are planning to plant to dryland summer crop, and this planting program is scheduled to commence on some hubs in October." Mr. Stewart said.

Mr. Stewart said " The outcome of the summer crop will be heavily dependant on water availability and overall seasonal conditions. Currently, we do not have sufficient water for the total requirements of the irrigated summer crop at the Goondiwindi and Moree hubs, which represent approximately one third of the total planned irrigated summer crop of 6,200ha".

Mr. Corish said “Our anticipated strong winter crop harvest will fit well with the prevailing commodity price environment”

“It is encouraging that wheat prices have remained well above the long term average despite a recent forecast by the International Grains Council that the current Northern Hemisphere crop could be the largest in history. Prices are being underpinned by low stocks to use ratios which are forecast to rise to only 21% in 2008, the second lowest level in 25 years” Mr. Corish added

Mr. Corish said “To reduce our price risk, we continue to forward sell our crop production in line with our commodity hedging strategy. Even though recent wheat prices have drifted lower, there remains considerable volatility in grain prices, and we have been able to take advantage of some recent price spikes to price a proportion of our expected production.”

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