Waterfind AUSTRALIA

Pre-Allocation Update

SOUTHERN CONNECTED SYSTEM

Key Events

Key market events since the previous allocation announcement (15 July)

Contact your broker to discuss how this could impact your water requirements

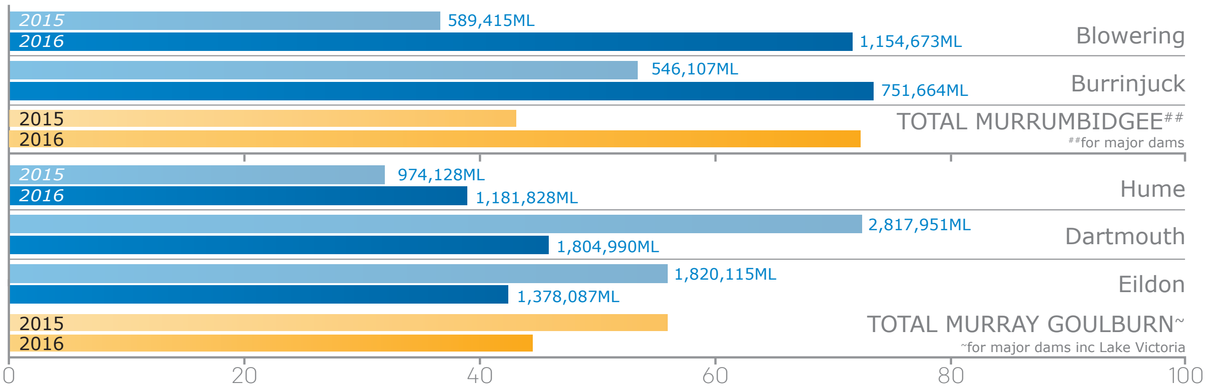
*All forecast information sourced from the most recent releases by NSW DPI Water and VIC Resource Manager. The last forecast update released by DPI Water was on 16 May, 2016 and by VIC Resource Manager was on 15 July, 2016.

SA ALLOCATION INCREASE ON JULY 29

Recent improvements to South Australia's share of the MDB water resource have resulted in increased allocation for SA Murray water entitlement holders (Class 3A, 3B, 4, 7 and 8) from 52% to 89%. Full details here.

DAM STORAGE LEVELS

Water storage levels in the MDB continue to increase and are currently at 50% capacity. This is the highest level in over 18 months with much of the increase seen in the Murrumbidgee. Whilst this is a positive and conditions have improved, the Murray and Goulburn systems combined storages are yet to reach last year's levels. Total Murray Goulburn storages combined are at 44.5% compared to 56.2% last year. This is further complicated by the recent Barmah Choke closure (see below).



BARMAH CHOKE CLOSURE#

Trade from upstream to downstream at the Barmah Choke is now closed. Unless other external factors occur, the only way the Choke will reopen will be through up-trade. However, with downward pressure on price above the Choke, there is little incentive to complete trades.

The outlook for Murray GS will also influence supply. Closure of the Choke means downstream irrigators will have no further access to above Choke supply. Over 70% of NSW and 30% of VIC Murray entitlements sit above Choke. Greater clarity will be provided when Outlooks are released August 15.

Murrumbidgee GS allocation rose to 33% on July 15 from 20% allocation on July 1. The highest allocation for Murrumbidgee GS last water season was 37%. With significantly improved outlooks in storages, the prospects for the Murrumbidgee are strong. Last year, major storages that feed the River were at 59% capacity but this year they are at 70% capacity and increasing. Currently there is no capability for further out trade from the Murrumbidgee to the Murray.

TEMPORARY WATER PRICE ($/ML)^

SA/VIC $160 ↓ ***NSW Murray*** $150 ↓ ***NSW Murrumbidgee*** $125 ↓

^Prices compared to 14 July. #Percentages rounded to the nearest whole figure

NEW SOUTH WALES On 1 Sept 2016	
9 in 10 Probability of getting	
Murrumbidgee HS	95%
Murrumbidgee GS	16%
NSW Murray HS*	-
NSW Murray GS	0%
3 in 4 Probability of getting	
Murrumbidgee HS	95%
Murrumbidgee GS	26%

SOUTH AUSTRALIA MURRAY		
End of	AUG	SEP
Very Dry (95%)	96%	100%
Dry (90%)	98%	100%
Moderate (75%)	100%	100%

VICTORIA+	By Aug 15	By 17 Oct	By 15 Feb
If the Dry Scenario persists			
Goulburn HR	26%	37%	49%
Campaspe HR	0%	1%	4%
Murray HR	31%	31%	48%
Loddon HR	0%	6%	15%
If conditions improve, we move to Average Scenario			
Goulburn HR	39%	90%	100%
Campaspe HR	20%	100%	100%
Murray HR	38%	68%	93%
Loddon HR	37%	90%	100%

Data sourced from the NSW Office of Water, the Victorian Water Resource Manager and SA DEWNR. +Tracking at a 9 in 10 probability (assuming Dry scenario), excluding VIC Murray which is tracking at a 1 in 2 probability (assuming Average scenario) *DPI Water are yet to provide forecast data for this region. Next forecasts due 15 Aug 2016.