

Pre-Allocation Update SOUTHERN CONNECTED SYSTEM

Key Events

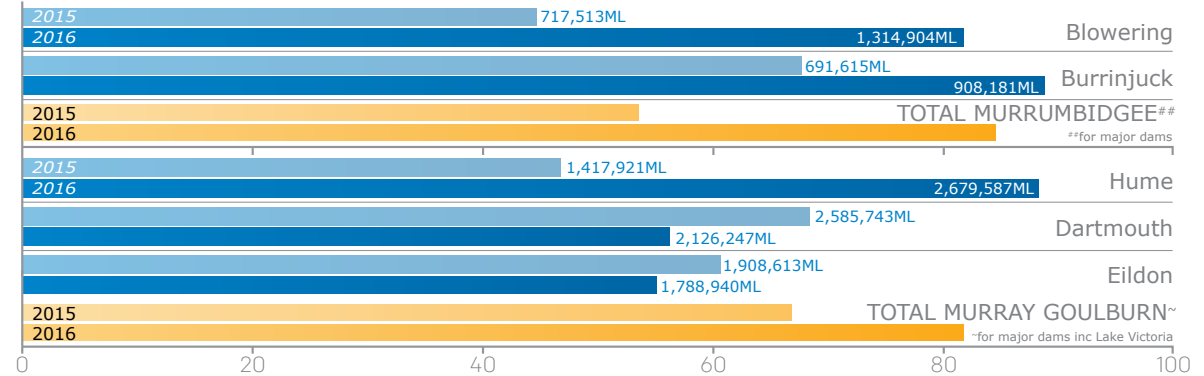
Key market events since the previous allocation announcement (15 August)

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 and by VIC Resource Manager was on 15 August, 2016.

DAM STORAGE LEVELS

Water storage levels in the MDB continue to increase and are currently at 61% capacity. This is the highest level in over 21 months.



NSW MURRAY GENERAL SECURITY

As per the Water Sharing Plan, once NSW Murray General Security allocation hits 30%, no further allocations will be made until the full amount borrowed from the Barmah-Millewa Allowance is repaid. The volume of the borrowed amount is 232 GL, which equates to approximately 14.5% of allocation, was accrued over the last season to advance irrigation allocations in the 2015/16 water year. When this is fully repaid, further resource improvements can then accrue again to General Security allocation.

BOM SEPTEMBER TO NOVEMBER OUTLOOKS (VIEW VIDEO HERE)

Spring (September to November) rainfall is likely to be above average across parts of northern Australia. Elsewhere, the chances of a wetter or drier spring are roughly equal. Warmer days and nights are likely across much of Australia, except eastern and north eastern NSW.

The rainfall outlooks generally show roughly equal chances of a wetter or drier season

TRADE CLOSURES EFFECT ON PRICING

Trading closures over the past couple months have reduced connectivity within the market, resulting in more fragmented pricing, as seen below.

TEMPORARY WATER PRICE (\$/ML)^

NSW Murray 10 \$108 ↑	NSW Murray 11 \$120 ↓	NSW Murrumbidgee \$ 85 ↓
VIC 6 \$112 ↑	VIC 1A/7 \$135 ↓	SA Irrigation \$135 ↓
- ABOVE BARMAH CHOKE -	- BELOW BARMAH CHOKE -	^Prices compared to 15 August.

By 1 October 2016		By 1 December 2016		By 15 October 2016		By 17 December 2016	
NEW SOUTH WALES		NEW SOUTH WALES		VICTORIA⁺		VICTORIA	
9 in 10 probability of getting		9 in 10 probability of getting		9 in 10 probability of getting		9 in 10 probability of getting	
Murrumbidgee HS	-	Murrumbidgee HS	-	Goulburn HR	61%	Goulburn HR	75%
Murrumbidgee GS	53%	Murrumbidgee GS	57%	Campaspe HR	55%	Campaspe HR	57%
NSW Murray HS	-	NSW Murray HS	-	Murray HR	75%	Murray HR	83%
NSW Murray GS [^]	30%**	NSW Murray GS [^]	30%**	Loddon HR	45%	Loddon HR	54%
3 in 4 probability of getting		3 in 4 probability of getting		3 in 4 probability of getting		3 in 4 probability of getting	
Murrumbidgee HS	-	Murrumbidgee HS	-	Goulburn HR	88%	Goulburn HR	100%
Murrumbidgee GS	56%	Murrumbidgee GS	62%	Campaspe HR	100%	Campaspe HR	100%
NSW Murray HS	-	NSW Murray HS	-	Murray HR	95%	Murray HR	100%
NSW Murray GS [^]	33%	NSW Murray GS [^]	44%	Loddon HR	88%	Loddon HR	100%

** Payback of Barmah-Millewa Environmental Water Allowance (238 GL) commenced

[^] Currently tracking at a 1 in 4 probability - Wet Scenario

⁺ Currently tracking at a 1 in 2 probability (Average scenario), excluding VIC Murray, Broken, Goulburn and Bullarook which are tracking between Average and Wet (1 in 10 probability of Wet scenario)