



PRODUCT SHEET

Express Pool

HOW IT WORKS

Emerald has designed the Express Pool as an alternative to marketing grain for cash and traditional Free On Board (FOB) pools. The Express Pool has a shorter marketing and payment profile compared to other marketing options. Marketing of all grain in the pool and finalisation of payments will be by July 2011.



WHO IT WORKS FOR

This product has been designed for growers who traditionally market grain for cash before, during and after harvest, in an effort to minimise both production and price risk. The product is also suited to growers looking for a shorter pool marketing time frame and earlier pool payments.

OBJECTIVES

OUT-PERFORM CASH MARKETS SIMPLE TO USE

The Express Pool objective is to provide a higher return than the cash market during the period September 2010 to March 2011. The Pool will be benchmarked against the cash market in each port zone. The Express Pool has an objective of being simple to use, with clearly defined objectives and two simple payments. Pool completion will be by July 2011. EPR's are quoted on a cash price track equivalent.

ACHIEVING OBJECTIVES

Using a mix of flat-price cash sales to domestic end-users, track markets, FOB sales and basis hedges; the Express Pool adopts a defined marketing strategy (as below) while taking advantage of global crop production variation and basis opportunities. The Pool's strategy is to take hedges using CBOT, KCBT and ASX futures and swaps, as well as foreign exchange cover prior to and during harvest. Flat-price sales will be limited prior to harvest. Once quantity and quality volumes are realised, flat-price sales will replace hedges and extend post-harvest to increase pricing cover. This philosophy helps reduce the risk faced by Express Pool participants due to production variation, but allows the Pool to participate aggressively in market opportunities.

MINIMUM PRICING LEVELS



ACCESS

The Express Pool will be available via contract only. It will open on 1 September 2010 and may close at any time depending on market or volume drivers.

TIMELINE

The Express Pool will be finalised by the last week in July 2011.

PAYMENTS

Simple to understand payment options.

Express Harvest Advance - 70% at Harvest - remainder 30% in July.

Express Flexi Loan - up to 75% at Harvest through to July - remainder 25% in July.

Single distribution in July (no finance or underwriting applies in this case).

GRADES DELIVERABLE

All grades accepted by the BHC will be accepted. Grade spreads are indicative only and subject to change at the pool manager's discretion based on market dynamics.

QUALITY REWARDS

Emerald will pay quality rewards as per Emerald's traditional Pool. H1, H2, AUH2, ASW1, ANW1 will attract quality rewards for P|M|S|TW. ASW will receive rewards for M|S|TW. Please refer to the Emerald website for complete rewards matrix.

TOLERANCE

There is nil tolerance on the contracted tonnage to the pool. In the event that a grower experiences adverse weather conditions and fails to produce the required tonnage, a cancellation fee will be incurred. The cost of the cancellation fee will be determined by market conditions, however, it is capped at \$25 per mt on a certified production failure.

MANAGEMENT & UNDERWRITING

The Pool return will be quoted net of management fees. Emerald's management fee is set at 2.4% of the final quoted track pool return.

Underwriting fee is set at \$2.50 per mt.

If a grower does not draw down funds prior pool finalisation, then underwriting fee will be refunded.

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