

SunRice update

A letter from our Chairman

May 2008 Number 69

Strong Rice Price Provides Great Opportunity

I am sure you are aware that global rice stocks have fallen to record low levels, forcing many rice producing and consuming countries to take unprecedented steps to preserve as much of their limited supply as possible. As a consequence, the price of rice has escalated to levels not previously seen.

This presents a great opportunity for growers who can position themselves to grow rice next season. It is crucial that, where possible, growers support SunRice by producing a minimum of 120,000 tonnes.

2008/09 Rice Production Program

SunRice is therefore inviting all growers who have some water genuinely available for use in 2008/09 (i.e. high security surface water and/or general security carry-over water and/or groundwater) to elect to commit some or all of those megalitres to the 2008/09 Rice Production Program. A commitment to this Program will entitle the grower to participate in SunRice's 2008/09 Premium Pool which will pay a guaranteed minimum return of \$550 per tonne (medium grain rice that meets SunRice's normal quality specifications, 14% moisture basis).

The key points of the Program are:

- The 2008/09 Premium Pool has a maximum volume of around 120,000 tonnes (medium grain and other varieties). If more rice is able to be grown in 2008/09, any additional rice you choose to sell may be received into a subsequent pool which may return a lower price than the 2008/09 Premium Pool
- A guaranteed minimum return of \$550 per tonne for the 2008/09 Premium Pool (medium grain rice that meets SunRice's normal quality specifications, 14% moisture basis)
- To qualify for the 2008/09 Premium Pool, an Application Form must be completed and returned to SunRice prior to Friday 30 May 2008.

Acceptance will be subject to the volume cap on the 2008/09 Premium Pool and will be on a "first in first served" basis. A 2008/09 hectare based Rice Production Agreement (Premium Pool) will then be forwarded to you for immediate execution

- To alleviate fuel costs associated with ground water, growers who commit to use ground water will have the option to receive up to \$50 per tonne of the guaranteed minimum return paid during the growing period when they are incurring pumping costs



Gerry Lawson

As you are all aware world market volatility is at an all time high and SunRice will be continually assessing its requirements and the growing conditions in Australia. In this context SunRice:-

- May elect to continue to accept rice into the 2008/09 Premium Pool at later dates if the volume cap is not reached by 30 May 2008 and additional water becomes available
- Will make a further offer to growers when the Premium Pool volume cap is reached. The offer will be for a subsequent pool which may return a lower price than the 2008/09 Premium Pool

An *Application Form* is enclosed. If you need any additional information, please do not hesitate to call Grower Services on 1800 654 557 or 02 6953 0436.

I hope you will support the Program and benefit from the best rice price ever offered by SunRice.



The Rice Food Experts

Rice Marketing Board Payment

I am pleased to confirm that SunRice will make its annual payment to the Rice Marketing Board, in respect of the acquisition of storage sheds in 2006.

In light of the current drought conditions the Rice Marketing Board was prepared to allow a 12 month deferral of this payment, following a request from SunRice. The decision to make this payment evidences the strength of the SunRice business.

The decision will provide shareholders with the opportunity to convert their 2008 RMB Equity payment into B Class Shares in the next phase of the Company's Capital Raising Program planned for June this year.

Result of the Special General Meeting

SunRice held a Special General Meeting of A Class Shareholders, at Leeton on Thursday 24 April, to seek the consent of shareholders to issue further shares for cash, under the Capital Raising Program, prior to December 2008. The resolution, which was strongly supported by the Board, was passed by shareholders at the Meeting.

This will now allow SunRice to issue up to 5,127,133 B Class Shares (approximately 15% of the total number of shares on issue in the Company) for cash as well as B Class Shares paid up by the application of Rice Bonds and RMB Equity, in the next phase of the Company's Capital Raising Program planned for June this year.

SunRice Capital Raising

SunRice will shortly be mailing a Prospectus to all shareholders which sets out an Offer to subscribe for additional B Class Shares in the Company.

The Offer will provide the opportunity for existing shareholders to pay for new shares by the following options:-

- **Cash** (cheque, bank draft or EFT)
- Some or all of the **Rice Bonds** held (any series shareholders own)
- Some or all of the **RMB Equity Rollover Payment** due to be paid in July 2008
- **A combination** of the above payment methods: Cash/Rice Bonds/RMB Equity

This Offer will represent stage three of SunRice's Capital Raising Program which aims to maximise the conversion of approx \$28.2m of maturing Rice Bonds into permanent capital.

As the Capital Raising has a very restricted timetable, it is particularly important that you are aware of the steps you need to take in order to purchase shares under the Prospectus.

Summary of Key Dates	
Prospectus sent to Shareholders	13 June 2008
Maturity of II and EE series Rice Bonds	30 June 2008
Applications for Shares close	30 June 2008

As set out above, it is intended that the prospectus will be sent to shareholders on 13 June and that the completed application form and payment direction form, (if applicable), must be completed without delay and forwarded to SunRice by 30 June 2008.

SunRice will also be conducting shareholder meetings to explain the offer outlined in the prospectus and to answer any questions you have. I look forward to seeing you at one of the following meetings:

Darlington Point Club
Deniliquin RSL Club

Tuesday 17 June 2008 at 7.30 pm
Wednesday 18 June 2008 at 7.30 pm

The offer of B Class Shares will be made in the Prospectus which will be distributed to all shareholders. Shareholders should consider the Prospectus and all applications for B Class Shares will need to be made on the application form in the Prospectus.



The Rice Food Experts

APPLICATION FORM

SunRice 2008/09 Premium Pool

Growers who have water genuinely available for use in the 2008/09 season (high security water &/or general security carry-over water &/or groundwater) are invited to apply to participate in the SunRice 2008/09 Premium Pool, which is limited to 120,000 tonnes.

Participation in this Pool is governed by the guidelines set out in SunRice Update No 69.

To apply, please fill in the details below and fax to SunRice Grower Services (02 6953 7208) by 5.00pm Friday 30 May 2008.

Grower Delivery Name:	<input type="text"/>		
	(please print)		
Megalitres of genuinely available water I will use on the committed hectares	Farm No.	<input type="text"/>	Megalitres <input type="text"/>
	Farm No.	<input type="text"/>	Megalitres <input type="text"/>
	Farm No.	<input type="text"/>	Megalitres <input type="text"/>
	Farm No.	<input type="text"/>	Megalitres <input type="text"/>
	Total megalitres		<input type="text"/>
Committed hectares of rice I can grow with the total of the above megalitres:	<input type="text"/>		
Signature:	<input type="text"/>		
Date:	<input type="text"/>		

On receipt of this Application Form, a **2008/09 Rice Production Agreement (Premium Pool)** will be prepared and sent to the grower for immediate execution. The Agreement will require all rice grown on the nominated hectares to be delivered to SunRice.

Participation in the 2008/09 SunRice Premium Pool is confirmed on execution of the Agreement.

Please be aware that

- applications will be received and processed on a first in first served basis
- the hectares committed above can be grown where the grower chooses
- by completing this Application Form you are authorising SunRice to contact your water supply authority to verify that the megalitres entered above are genuinely available
- SunRice will communicate with growers who commit to grow rice about the mix of varieties we need produced

Please fax this form to SunRice Grower Services (02 6953 7208) by 5.00pm Friday 30 May 2008.