

Grain 'model' key to raising \$1m capital

Stock Journal, 21/5/09, pg 17
By PETER BRADY

FREE Eyre will attempt to raise \$1 million within the next week to keep alive its plan for establishment of a multi-faceted community and producer-driven rural enterprise.

And managing director Susie Tegan says the EP Grain model is central to attracting investors.

"The points are already on the board - we have a successful, commercialised entity making money after only 12 months," she said.

"It usually takes three to five years for a business to be profitable."

Ms Tegan said EP Grain had turned over more than \$60m and was due to pay a healthy dividend to FREE Eyre by the end of 2009.

"We have had enquiries from all over Australia - people love the fact that it's a grassroots organisation," she said.

"FREE Eyre was never set up to be a charity.

"We aimed to develop and commercialise business opportunities which give investors a return on their money, are relatively low risk (and) allow for sustainable growth of FREE Eyre's and primary producers' business.

"The support from shareholders and the greater community has been fantastic and has allowed for the EP Grain joint venture to be set up.

"As a result, we can grow the Eyre Peninsula economy and, above all, give control to the farmer by partial ownership."

But while EP Grain was operating successfully, a funding shortfall would put future projects - such as sheepmeat, grain storage options and sustainable carbon opportunities - on hold.

Ms Tegan said the prospectus to commercialise EP Grain had

Capital structure

Shares	Number
Shares on issue at date of Prospectus	775,305
Shares now offered	2,500,000
Total Shares on issue at completion of the Offer*	3,275,305

*Assuming \$5,000,000 is subscribed.



We have had enquiries from all over Australia - people love the fact that it's a grassroots organisation.

- Susie Tegan



If we do not raise this amount, the directors propose to cease the development of the new potentially profitable businesses.

- Michael Tilley

cost in excess of \$180,000.

"Research and compliance are very expensive," she said.

FREE Eyre chairman Michael Tilley said the company's directors had identified the need for the injection of further capital in order to establish the sheepmeat project and others "in the pipeline".

"Like EP Grain, these opportunities are very promising and will add value to FREE Eyre shareholders," he said.

"But May 27 is the closing date of the FREE Eyre prospectus that allows us to raise the \$1m to commercialise these opportunities and we are not planning to release another prospectus."

Mr Tilley said further funding was required to advance these opportunities; the criteria for these opportunities were set by the initial FREE Eyre community steering group which was made

Offer overview and use of funds

Use of funds	Amount (\$)
EP Grain Joint Venture	1,000,500
Made up of:	
• Shares in the joint venture company	500
• Units in the Unit Trust established by the joint venture company	1,000,000
Managed Commodity Storage System	800,000
Anticipated costs:	
• Set up of storage site, equipment & machinery	
• Process creation, quality accreditation	
• Working capital	
Market Research and Business Development	1,249,500
The Company is committed to continue research and to develop new businesses on the Eyre Peninsula. While the Company has identified particular potential in Oil Mallee and prime lamb finishing and will continue to seek others, it is not practical to define the costs that might be incurred in evaluating and commercialising a particular project. This item includes ventures currently in commercial negotiation by FREE Eyre.	
Funding of Operational Expenses	1,800,000
This represents the cost of running the FREE Eyre company for a period of up to three years, while the business ventures are developed into profitable concerns that can support FREE Eyre's activities. Allowed at \$600,000 per annum, subject to the level of activity.	
Expenses of Offer - refer Section 9	150,000
TOTAL	5,000,000

Back a winner with a bet on FREE Eyre

INVESTORS Australia-side have the chance to back a proven "winner" at a time when traditional investment markets are feeling the pain of recession, according to managing director of FREE Eyre Susie Tegan. "We are going to pay a dividend on EP Grain in December - but in future we want to pay bigger dividends through developing business models on the same line. "This is a golden opportunity for individuals, sporting personalities or businesses wishing to diversify their investments to look seriously at what we are offering." In the 2008 prospectus, chairman Michael Tilley asked for expressions of interest to raise \$5 million through a share offering in order to implement the next stage of FREE Eyre's business development to bring identified market opportunities to commercial reality.

up of key community drivers around the Eyre Peninsula.

After that, FREE Eyre would no longer be able to welcome any additional shareholders to its group.

Mr Tilley said it would be the last chance to invest in FREE Eyre and be part of an independent locally-owned business which "took control and adds value".

The company was at a stage where it had carried out the research and development in the areas raised about two years ago at public meetings.

"We have explored value adding, including pasta production, meat branding, access to markets for primary produce, alternative grain storage and logistics opportunities," Mr Tilley said.

"If we do not raise this amount, the directors propose to cease the development of the

new potentially profitable businesses and restrict activities to EP Grain.

"This will mean that all future dividends from EP Grain will be distributed only to the shareholders registered at May 27."

Mr Tilley said it would be a tragedy for EP and the stakeholders "and a great opportunity wasted" if funds could not be raised.

Ms Tegan said that FREE Eyre had reinforced its support for the local community by ensuring its initial \$1m investment into EP Grain remained in the Cummins District Community Bank Branch of Bendigo Bank.

"It would be a great shame if we had to pair back the organisation and put on hold the projects we have identified as viable."

• Details: Susi Tegen 0429 100 464 or susi.tegen@free-eyre.com.au or www.free-eyre.com.au