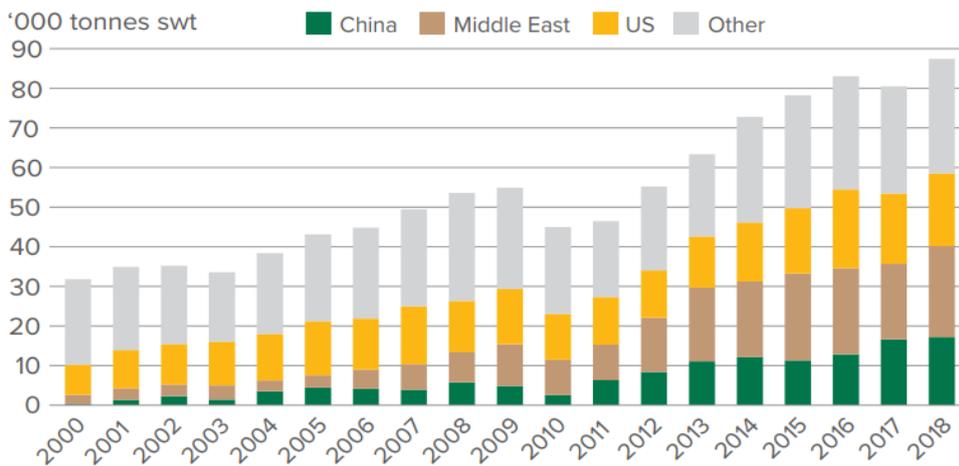


What a time to be a sheep farmer. With the recent combination of both record wool and lamb prices, there is a lot to be confident about!

Meat and Livestock Australia suggest that these prices are backed by solid market forces; strengthening world demand coupled with a stagnate sheep flock in the key exporting countries (Australia and New Zealand in particular). Our main lamb export markets in the US, Middle East and Asia have all grown steadily over the last decade, at the same time the average per unit export price of chilled lamb has increased substantially. Domestic volumes have remained relatively stable despite the increased prices. With Asia’s middle class (on our doorstep) soon to become bigger than the USA middle class, demand for higher end proteins such as lamb and mutton, as well as Merino wool, looks promising. While you can never predict the future, the signs look good.

On farm, we need to make the most of this. Increasing our own flock’s production through further improving genetics and management practices is how we can achieve this. It is the perfect time to re-invest into more efficient genetics and infrastructure.

January to April Australian Lamb Exports By Year (Source: MLA)



Source: DAWR

18 Micron Clean Weight Wool Prices Over The Last 10 Years (Source: Elders)



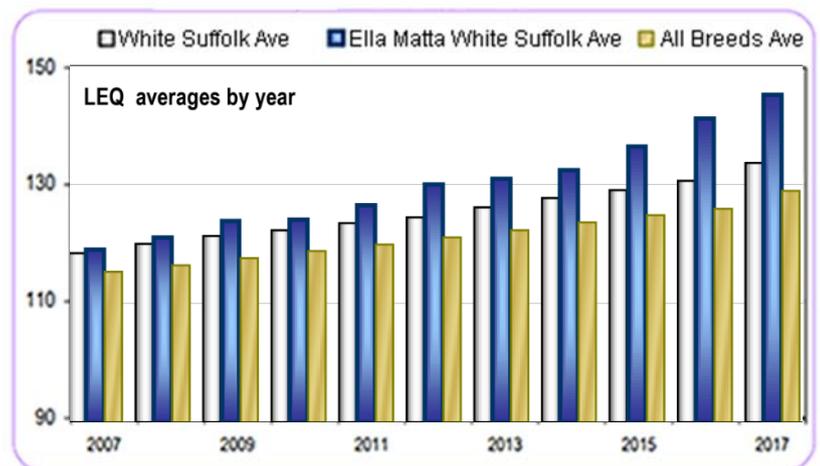
Eating Quality

Lamb is becoming a high value niche product, something for special occasions rather than a weekly staple. This is a good thing as it can provide bigger profit margins. What we need to keep in mind is the final eating experience of the end consumer. If they are paying higher prices, they expect a high-quality product every time.

We have successfully pushed for more productive sheep for many years now, especially through growth and muscle, but this is having a negative effect on eating quality. Luckily, we are now able to measure this through DNA testing. These measurements are allowing us to select for both production and eating quality. The LEQ index is based on this joint breeding aim.

This year's White Suffolk sale will feature progeny from the highest ranked LEQ ram on Lambplan, Hillcroft Farms 11-0548. Ella Matta will be the only sale in Australia to have his direct progeny on offer as the ram passed away and we were quick enough to obtain his only remaining semen. This ram is in the top 1% for intramuscular fat (marbling), top 1% for tenderness, and top 1% for lean meat yield. Meaning he is not only one of the highest carcass yielding animals in Australia, he is one of the tastiest, a rare and unique combination.

With the new DEXA (X-Ray carcass grading) roll-out to all export processors being announced, it is only a matter of time before over-the-hooks lambs are being purchased on an objective measured grid for both eating quality and lean meat yield. We have already become an industry leader in eating quality genetics. Meaning we will be raring to go whenever a new grading system may come out. DNA testing, selective breeding over the past 4 years, as well as getting culled sisters of our current sire team eating quality tested at a meatworks has helped us achieve this.



White Suffolks - Nation Leading Figures at an Industry Average Price

Our focus remains on the key profit driving traits (increased growth and muscle) and easy-care traits (improved worm resistance, moderate fat, and birth weight/lambing ease). This is reflected in our continued gains in the carcass plus and lamb 2020 indexes. The gap between us and the industry average across all indexes and most ASBV's continues to widen. Our carcass plus gains would be even higher if we disregarded easy care traits, but we like to make a profit in our commercial operation, so a well-rounded doable animal is also needed. Plus, who wants to pull lambs?

All rams in this year's sale will be 200 or above for the Carcass Plus index (making them all in the top 20% in Australia), on top of this the majority will be in the top 5% for the LEQ index! There isn't an average figured ram on offer, so if a small amount pass-in like the last couple of years, there will be some industry leading genetics going at a bargain. The front end of the sale would hold up well against any ram you could find in Australia. This was reflected last year with lot 1 selling at what we believe to be the years highest auction priced White Suffolk in Australia at \$16,000.

Melbourne Wool Trip, Record Price and Clip of The Month

Aphid and Jamie went to Melbourne in May to watch some of our wool being sold. It was a great day all



round, selling a line for over \$20/kg greasy (over \$30/kg clean) for the first time in Ella Matta's history. We received the award for Elders clip of the sale, which ended up being the clip of the month. Marty Kay from Elders also tee'd up a couple of major buyers that were kind enough to go through all our wool with us and provide some great feedback. It was cool to see some Ella Matta genetics on show with a Stockton Merino Stud (Vic) fleece sired by an Ella Matta Poll Merino ram in the stud display section.

Poll Merinos - Balance, Balance, Balance

It has been rewarding to see years of genetic improvement being paid off big time in our commercial 18-micron Poll Merino flock. We continue to push our Poll Merino breeding program, not only to improve performance ASBV's such as fleece weight and fibre diameter (micron), but to also breed an easy care animal. We have noticed in our own and clients commercial flocks that balanced, plain bodied, easy care, performance recorded merinos are not only simpler to run but also more profitable. It keeps labour, animal health and management costs down, while still achieving good fleece weights, micron and yields. There is no point having the highest ASBV ram if his progeny have tight thick skin and therefore keep getting fleece rot, flies and dermatitis. Balanced genetic improvement is essential. Let the sheep work for us, not the other way around. We are again not participating in this year's Classings Classic sale; therefore, the full selection of our best rams will be on offer on-property. We are extremely happy with how they have come up through the tight summer and very wet period lately. All rams are un-mulesed and 100% paddock raised on KI to prove they can handle our local conditions.



Mulesing

We haven't mulesed our Poll Merino rams for 7 years year now, providing us with the opportunity to apply strong selection pressure on our sheep for wrinkle, dag and bare breech. It has been surprising and very pleasing to see the progression they have made, and for this reason we have now stopped mulesing our whole flock as of 2018. While we are not attempting to get into the mulesing debate, we do want to have sheep that can handle going without it if the time comes that we cannot do it anymore (which could be soon), or the premiums become lucrative. The best way to do this is to test our genetics commercially.

Maternals - Easy Care Performance

We are now in our fourth year of offering local Maternal White Suffolk Composite rams. These provide a great self-replacing ewe flock or sire for first cross ewes. They aim to simplify farming for those looking for an easier farm management and safer bio-security option. These rams aim to breed a consistent lamb and ewe type (especially skins), with good carcasses (growth, fat and muscle), NLW (number of lambs weaned), and worm resistance. While NLW is an important factor in a profitable prime lamb operation, having too many lambs can also result in a small ewe struggling to provide enough milk to grow out the lambs. A ewe that is too big can be less efficient per hectare. As with everything balanced breeding is required. All rams in this years sale will be above the MCP+ and MAT\$ index average across all maternal breeds, with the majority in the top 20% in Australia.

A Busy Year Off-Farm

Jamie is now coming to the end of his Nuffield Scholarship, all the travel finished in March and his report is handed up. He will present his findings in late September in Melbourne. The whole journey ended up being 20 weeks split over 4 trips, and 17 countries. He is very humbled and thankful for those who supported him, his sponsor Primary Producers SA, and most importantly his parents Aphid, Tracie, and full-time employee Larry who provided amazing moral support and kept the farm pumping in his absence.

Tracie and Aphid then got their revenge and took off 3 months and 6 weeks respectively to travel to Europe this winter. Leaving Jamie to keep the place running. We have enjoyed it all very much but are looking forward to getting back to some normality.

Jamie was also elected onto the board of Sheep Producers Australia in November, who are the national sheep meat farmer representative body, their role being industry advocacy, strategic planning and oversight of MLA. This is in addition to his positions on both the Livestock SA and Ag KI boards.

Aphid is now in his fifth year as president of the Kangaroo Island football league and has recently become vice president of the Australian White Suffolk Association.

Tracie is still heavily involved in the Kangaroo Island Calisthenics club, who Ella Matta is a keen sponsor. They did an amazing job this year with the Juniors receiving 1st place in their division and Sub-Juniors coming 2nd in theirs.

Final Comments

We would like to thank you for your continued support buying locally. This saves you both time and money whilst supporting our consistent investment in genetics and data collection. It has helped us remain at the highest level of the Australian industry, passing the benefits back to you.



We look forward to seeing you on **Friday the 12th of October** for our annual on-property ram sale, and to have one of our famous lamb pies. This year will again feature a BreedElite Auto-draft and Hecton Sheep Handlers on display.

Kind Regards: Aphid, Tracie & Jamie Heinrich.