


4/6/15

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ETHERIDGE INTEGRATED AGRICULTURAL PROJECT PROTOCOL

Purpose

The purpose of this Protocol is to set out the basis for Integrated Food and Energy Developments Pty Ltd (IFED) to progress the proposed Etheridge Integrated Agricultural Project (the Project). Progression of the Project is subject to the conditions below and all statutory assessment and approval processes.

This Protocol is not a legally binding agreement and is not intended to create a partnership, joint venture or agency relationship between IFED and the State of Queensland (the State).

Context

The Project is entirely proposed by IFED without commission or inducement by the State and is proposed to take place in the Gilbert River system in the Etheridge Shire, Queensland.

The Department of Agriculture, Forestry and Fisheries (DAFF), the Department of Natural Resources and Mines (DNRM) and the Department of State Development, Infrastructure and Planning (DSDIP) worked with representatives of IFED to develop this Protocol and are working together to develop the subsequent approvals process to progress the State priorities for economic and agricultural development.

At the direction of the State, DSDIP is responsible for coordinating agency involvement in this Project.

Regulatory Framework

The Director General of the DNRM may under current legislation issue water authorisations out of strategic reserves. The State proposes to use those powers in the context of this Protocol. To enable authorisations made by the DG DNRM under those powers, changes are required to the relevant Water Resources Plan (WRP) and Resource Operation Plan (ROP).

Description

IFED has been working in the Etheridge Shire of North Queensland for the last twelve months assessing the commercial and technical feasibility for large scale water capture, water storage, cropping and primary processing in the region. IFED's analysis has been positive and it believes there is a significant opportunity for the development of a large scale, integrated agribusiness in the Shire. IFED has identified sites in the region for water diversion, water storage and cropping and has secured three year exclusive options over the properties that contain those sites.

Proceeding with the Project to an environmental impact assessment phase is reliant on IFED having confidence that if the assessment demonstrates the Project to be sustainable, appropriate water authorisations should be issued by the State that allow IFED to proceed with the construction and operation of the Project.

The commitment given by the State under this agreement is only relevant for a Project of the following water development components:

- two in-stream water storages
 - Dismal Lake on Dismal Creek with an approximate storage capacity of 400 000 ML
 - Dagworth Lake on Dagworth Creek with an approximate storage capacity of 1 600 000 ML
- two watercourse diversion points
 - Einasleigh River near Cowana Gauging Station (not an operational station)
 - Etheridge River near Huonfels Gauging Station (not an operational station)
- an average annual diversion of approximately 555 000ML.

The hydrologic information submitted to the State by IFED has sufficiently demonstrated that there may be water available to support the Project. However, the State will need to be satisfied that diversion and operational rules developed and tested through the environmental impact assessment, reasonably mitigate impacts of the water development components on environmental flows and downstream water entitlements before water allocations are granted to IFED under the *Water Act 2000*.

The farm is anticipated to produce 4.8M tonnes of sugar cane co-cropped with guar bean from approximately 50 000 hectares of irrigation area. It is proposed that a co-located bio-processing facility will annually produce 530 000 tonnes of sugar, 100 megalitres of ethanol, 32 000 tonnes of guar gum, 90 megawatts of renewable electricity and up to 400 000 tonnes of stockfeed. An associated meatworks facility is intended to slaughter and process up to 200 000 head of cattle annually.

IFED intends to complete a Definitive Feasibility Study and undertake an Environmental Impact Study in respect of the Project and complete other necessary activities leading to securing funding for the construction and operation of the Project.

Agriculture is one of the four pillars of the Queensland economy. The Queensland Government is seeking to double the State's food and fibre production by 2040, including doubling the production of sugar. Planning for and promoting agriculture opportunities within Queensland will enable the growth and sustainability of the agriculture industry, and its contribution to the growth of the Queensland economy more broadly.

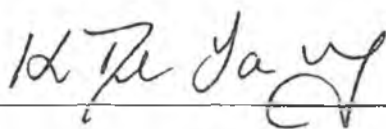
Items

Items	Title	Description
1	Exercise of powers	Nothing in this Protocol will in any way unlawfully restrict or otherwise fetter the discretion of the State to exercise its functions and powers pursuant to legislation.
2	Water authorisations	Water authorisations will be subject to the State being satisfied that all relevant requirements of the <i>Water Act 2000</i> and any other relevant legislation have been achieved as demonstrated by approval of an environmental impact assessment and acceptance of conditions on development by IFED for the Project that demonstrate: <ul style="list-style-type: none"> • a sufficient area of land exists suitable for the proposed irrigated agriculture • that proposed water extraction and water infrastructure operation will acceptably mitigate impacts on existing water entitlement holders and downstream environmental flows.

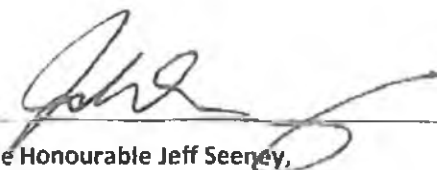
		<p>The State will comply with its obligations under the <i>Water Act 2000</i> when:</p> <ul style="list-style-type: none"> • issuing interim water authorisations that reflect the taking of water under the Project with an equivalent combined average annual volume of 555 000ML • issuing an interim water authorisation that will provide for the operation of future water infrastructure and for interfering with the flow of water during construction phase • making the changes to the relevant WRP and ROP to enable the authorisations. <p>Following financial closure and completion of the Project construction, the State will convert the interim water authorisations to permanent water authorisations with conditions. The State, when considering any interim water authorisation conversions, will comply with its obligations under the <i>Water Act 2000</i>.</p> <p>The State will consider for each authorisation whether to include a condition/s that allow/s for the authorisation to be cancelled and the water returned to the State if the company has not started taking water for the intended irrigated agricultural purpose within five years from the authorisation being granted and if the company cannot provide a satisfactory reason for not complying with the condition/s.</p>
3	Time is of the essence	The parties agree to continue to negotiate in a timely manner a binding legal agreement with conditions for a water authorisation.
4	Water pricing	<p>If the State authorises the taking of water for the Project, IFED will pay the purchase price set by the Chief Executive of the Department of Natural Resources and Mines in consultation with IFED.</p> <p>Factors for consideration in setting the purchase price include, but are not limited to the market value of the water, and recognition of the significant investment in infrastructure that IFED will be making to establish the project.</p> <p>Parties agree to finalise pricing by 31 March 2014, which will remain valid for twelve months.</p>
5	Proponent Project milestones	<p>Milestones include:</p> <ol style="list-style-type: none"> 1. Initial Advice Statement lodged 2. Declaration of Coordinated Project 3. Installation of Block 1 crop trial 4. Definitive Feasibility Study completed 5. Environmental Impact Statement (EIS) issued 6. Coordinator-General's report 7. Interim water authorisations granted 8. Commence Project construction 9. Conversion of interim water authorisations to permanent

		water authorisations in accordance with the <i>Water Act 2000</i> .
6	State responsibilities	<p>The parties acknowledge that DSDIP, in conjunction with other relevant State Government agencies, will take all reasonable actions including consideration of the results of the CSIRO report on <i>Unallocated Water in the Flinders and Gilbert River catchments</i>, to determine applicable requirements to assess the impacts of the Project and to communicate these requirements to IFED by 31 March 2014.</p> <p>The State will:</p> <ul style="list-style-type: none"> • provide a single point of contact within the DSDIP for IFED • assist in identifying potential issues relevant to specific aspects for the Project • facilitate communication with IFED • maintain communication and work with IFED and relevant stakeholders to identify and resolve any potential barriers to decision making related to the Project.
7	IFED responsibilities	<p>IFED will be responsible for:</p> <ul style="list-style-type: none"> • applying to have the Project declared a Coordinated Project under s261(a) of the <i>State Development and Public Works Organisation Act 1971</i> • progressing studies and achieving Project milestones • obtaining environmental approvals and associated conditions on development within the statutory assessment frameworks • advising DSDIP of Project design changes during the pre-construction phase including potential impacts on water consumption • advising DSDIP of changes in company ownership and funding • advising DSDIP of delays to the Project progress.
8	IFED Acknowledgment	<p>IFED acknowledges that the Proponent Project milestones and the State's obligations do not require the State or any State Government agency or the Coordinator-General to fetter any discretion or authority vested by law in the State with respect to such matters.</p>
9	Basic principles	<p>The State and IFED acknowledge and agree that it is a fundamental condition of this Protocol in respect of the Project that IFED bears all costs and expenses incurred by IFED in performing its obligations under this Protocol.</p> <p>IFED accepts full responsibility for determining the economic, commercial and financial viability of the Project relying on its own skill and judgment.</p> <p>IFED will not progress significant changes to the proposed Project without consultation with DSDIP.</p>
10	Termination of the Protocol	<p>The State may terminate this Protocol at any time by written notice to IFED.</p> <p>IFED may terminate this Protocol at any time by written notice to DSDIP.</p>

		Reasonable grounds for termination include, but are not limited to: <ul style="list-style-type: none"> • lapsing of existing IFED land option agreements • failure to obtain statutory approvals • failure to agree water pricing • failure to satisfactorily progress the project by 31 December 2017.
11	Other proposals	IFED acknowledges that the State may deal with any other person undertaking feasibility studies of proposals which may be similar to the Project and acknowledges that there is no exclusivity attached to this Protocol.
12	Consultation	Representatives of IFED, DSDIP and other relevant State Government agencies, shall meet to review and discuss Project progress on a reasonably regular (but no less than quarterly) basis following execution of this Protocol.
13	Confidentiality	In recognition of the commercial sensitivity of this Project, all parties will provide each other with prior advice before making any public announcement or press release of any information dealing with the Project.



Honourable Keith De Lacy AM
Chairman
Integrated Food and Energy Developments Pty Ltd



The Honourable Jeff Seeney,
Deputy Premier and Minister for State
Development, Infrastructure and Planning

have signed this Protocol on this 23rd day of NOV 2013 at BRISBANE Queensland