

22 September 2015

Dear Sir/Madam

**Re: Update: Carbon Farming Initiative Project and Upcoming Emissions Reduction Fund Auction**

Firstly a big thank you to everyone who responded to the call for expressions of interest to participate in the Emissions Reduction Fund (ERF) aggregation project. I am happy to report that the project registration was successful. This registration is also timely in that the Clean Energy Regulator has announced the date of the next ERF Auction set for 4 and 5 November 2015.

The project registration and upcoming auction present three main opportunities:

- responders to our Expression of Interest (EOI) will be given the opportunity to create carbon credits (once eligibility criteria and information requests have been met and commercial terms agreed);
- Our partner, Corporate Carbon, will be seeking a commercially viable carbon abatement contract at the next ERF Auction to 'underwrite' the ERF aggregation project; and
- Parties interested in the project who have not previously submitted an EOI could still have the opportunity to participate.

There is no need for any immediate action by those parties who have previously submitted an EOI. However, we would encourage anyone who did not complete an EOI to send through their details on the attached form. The project registration completed by our partner, Corporate Carbon, has the potential to add further landholders to the aggregation project. This is yet to be tested, but looks promising and certainly offers the only participation pathway for existing plantings given that the window for project registrations closed on 30 June 2015.

For those interested in participating, the following steps are envisaged. Note, Verterra and our partner, Corporate Carbon, will manage this process.

<b>Date</b>	<b>Activity</b>
<b><i>As soon as possible</i></b>	Submit an EOI (included in the attached information brochure)
<b><i>5 November 2015</i></b>	ERF Auction offer made by our partner, Corporate Carbon
<b><i>12 November 2015</i></b>	Notification of Auction result. If successful, a formal price will be presented to Landholders
<b><i>Prior to 12 December 2015</i></b>	Landholders interested in participating at the sales price will nominate the area for inclusion (Google earth will be used to map out these areas)
<b><i>On or before 31 January 2016</i></b>	Eligible Interest Holder (Landholder) consent to be received
<b><i>On or before 31 January 2016</i></b>	Eligibility questionnaire to be completed by Landholders
<b><i>On or before 31 March 2016</i></b>	Finalisation of contract to purchase ACCUs and legal consent to run project
<b><i>31 August 2016</i></b>	Finalisation of offsets report by Verterra
<b><i>30 September 2016</i></b>	Completion of offsets report audit by independent auditor
<b><i>31 December 2016</i></b>	Australian Carbon Credit Units (ACCUs) issued
<b><i>21 January 2016</i></b>	Payment made to Landholders within 21 days of ACCUs being issued

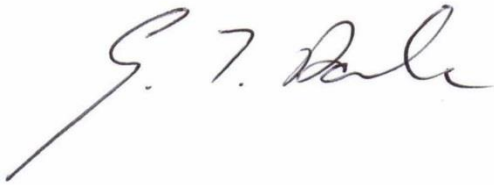
**COMMERCIAL – IN – CONFIDENCE**

Note, as previously advised, there are no obligations to proceed after submitting an EOI. This will allow you time, after registering your planting project, to understand the price offered and the proposed contractual obligations arising from selling your carbon.

Finally, because of confidentiality restrictions, the ERF auction offer price will not be disclosed. However the goal will be to present a price to participants at around \$10.00 per ACCU.

We thank you once again for your interest in participating in the Aggregation Project. For more information, please don't hesitate to contact our office on 07 3221 1102.

Yours sincerely



Dr Glenn Dale  
Managing Director, Verterra