10 October 2022

Investor Project Update

Round 2 results, Sustainability, Traditional Owners and Environment Credential of Project

Delivering Solutions, Changing the World.℠

Welcome to Country

Unngoorra Harbour (Welcome to Country)

Injarra Harbour (Jarra) (Welcome to Country)

Elijsha Hill (Letter to the PM)

PROJECT UPDATE

Progress

On 30 June 2022, HIPCo submitted application for water entitlements to Queensland Government

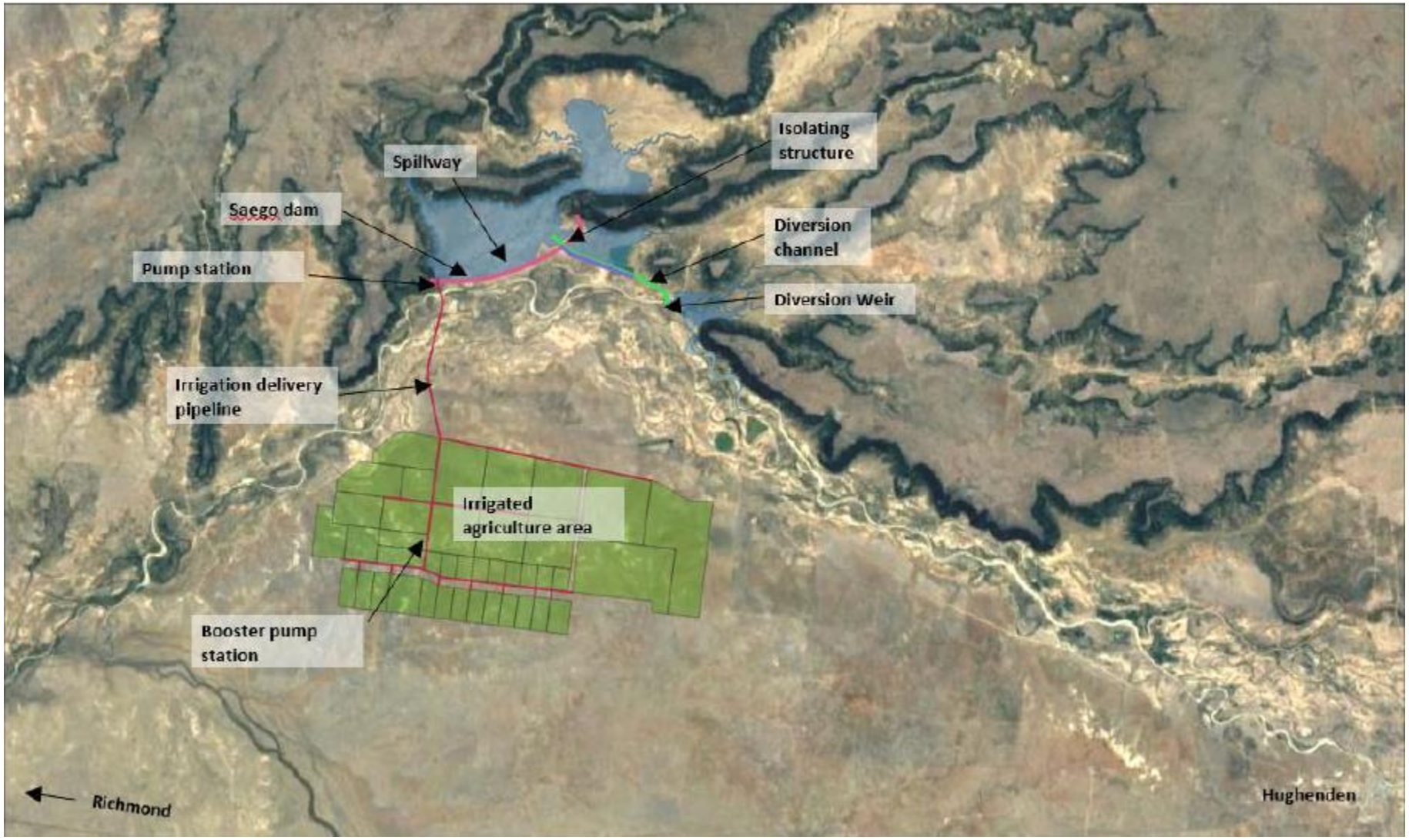
Queensland Government will apply to Australian Government to provide $30 million to progress approvals, design, construction tendering and land and water sales process.

If approved, $30 million will take project to start of construction in 2024-25.

Construction cost estimate is about $750 million.

About $125 million of private sector investment (15-20% capital contribution).

Reference Project



Dunluce Station / farming area

Dunluce Station / farming area

ROUND 2 RESULTS

Water supply (ML)

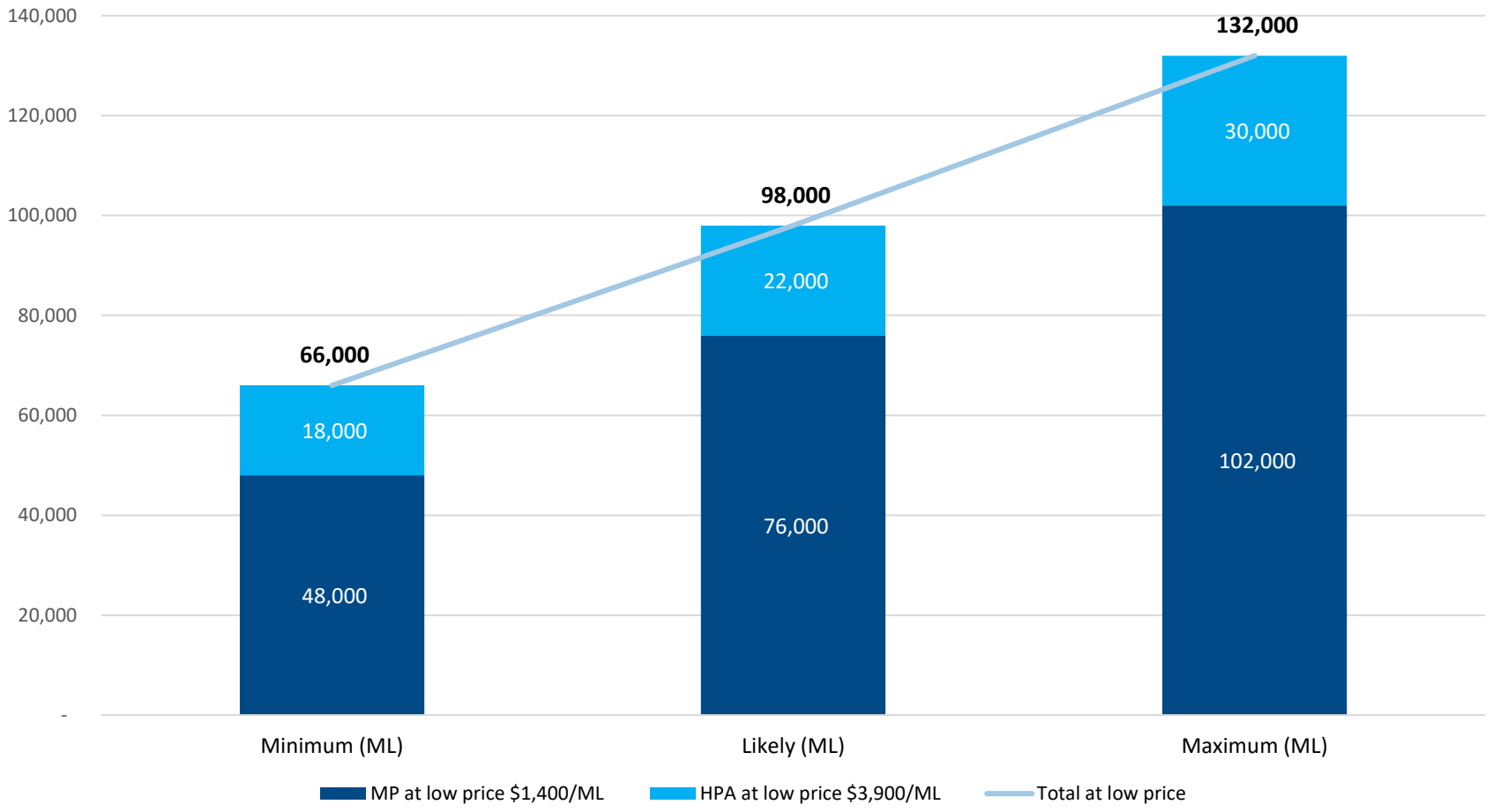
Likely supply based on a mix of MP & HPA is about **60,000 ML**

Up to 74,000 ML medium priority allocations (80% reliability)

Or up to 32,000 ML of high priority agriculture allocations (97.6% reliability)

- HPA water has access to Great Artesian Basin to supplement 50% of monthly high priority demands during periods of shortfall from the dam.

Water demand (ML) – Even risk adjusted the project is OVERSUBCRIBED



Workshops and future work to address land and water allocation.

Dealing with oversubscription.

Upcoming non-binding demand confirmation.

Binding land and water sales process 2nd half of 2023.

WHOLISTIC SUSTAINABILITY

HIP sustainability framework

Purpose

Convey traditional owner involvement, sustainability and environmental credentials of project

Strategic drivers for sustainability assessment to date

Global

- United Nations Sustainable Development Goals
- Conference of Parties 21 Paris Agreement

National

- Infrastructure Sustainability Council (ISC)
- National Action Plan for Salinity and Water Quality Assessment

Queensland

- State Infrastructure Strategy Draft 2021 (SIS)
- Climate Transition Strategy
- Climate Adaptation Strategy (QCAS)
- State Development, Infrastructure, Local Government and Planning

Region

- Flinders Shire Council – guiding principles

Market

- Physical markets e.g. high value offtake agreements
- Financial markets e.g. cheaper loans and insurance

Key messages

HIPCo values wholistic sustainability

Working with Traditional Owners, local community, Queensland and Australian Government

Project mitigates local beef-boom-bust cycle / new options for businesses

Project underpins high-value tree crops and annual crops, boosting food security.

Creates **1,900 ongoing new jobs** at full production.

Plus **2,500 jobs** over the two-to-three-year construction period.

TRADITIONAL OWNERS

The Yirendali People

Yirendali people traditional owners of project area.

HIPCo working with Yirendali People to embed project socioeconomic benefits. For example, a **Cultural Learning Centre** being developed:

- Traditional Owners have an ideal 2 ha site on ridge, westside of Hughenden
- Flinders Shire may support integration with the neighbouring “Driver Reviver” site
- HIPCo architect has developed concept design
- Will be ~$10 million build and NQ tourist icon with positive community impacts.

Architect video and photos

Commercial / indigenous farming opportunities:

- Large indigenous commercial investor in the project
- Partnership with local traditional owners who may own land in the network area
- Working together creating career development and pathways for Aboriginal Youth working on country.

Beyond Cultural Heritage compliance / Integral to a positive sustainable project

SUSTAINABILITY

What is Infrastructure Sustainability (IS)?

Infrastructure that optimises sustainability

- **Evaluation** of sustainability in tendering
- Assess whole-of-life sustainability **risks** for projects and assets
- Foster **resource efficiency,** waste and emissions reductions
- Drive **innovation** and continuous **improvement**

Infrastructure Sustainability Council

Sustainability credentials of the project

Consistent with Gulf Water Plan (meets environmental flow objectives)

Meets environment needs (will allow bypass flows / multiple fishways)

No impact on Great Barrier Reef

Minimal impact on Gulf of Carpentaria flows

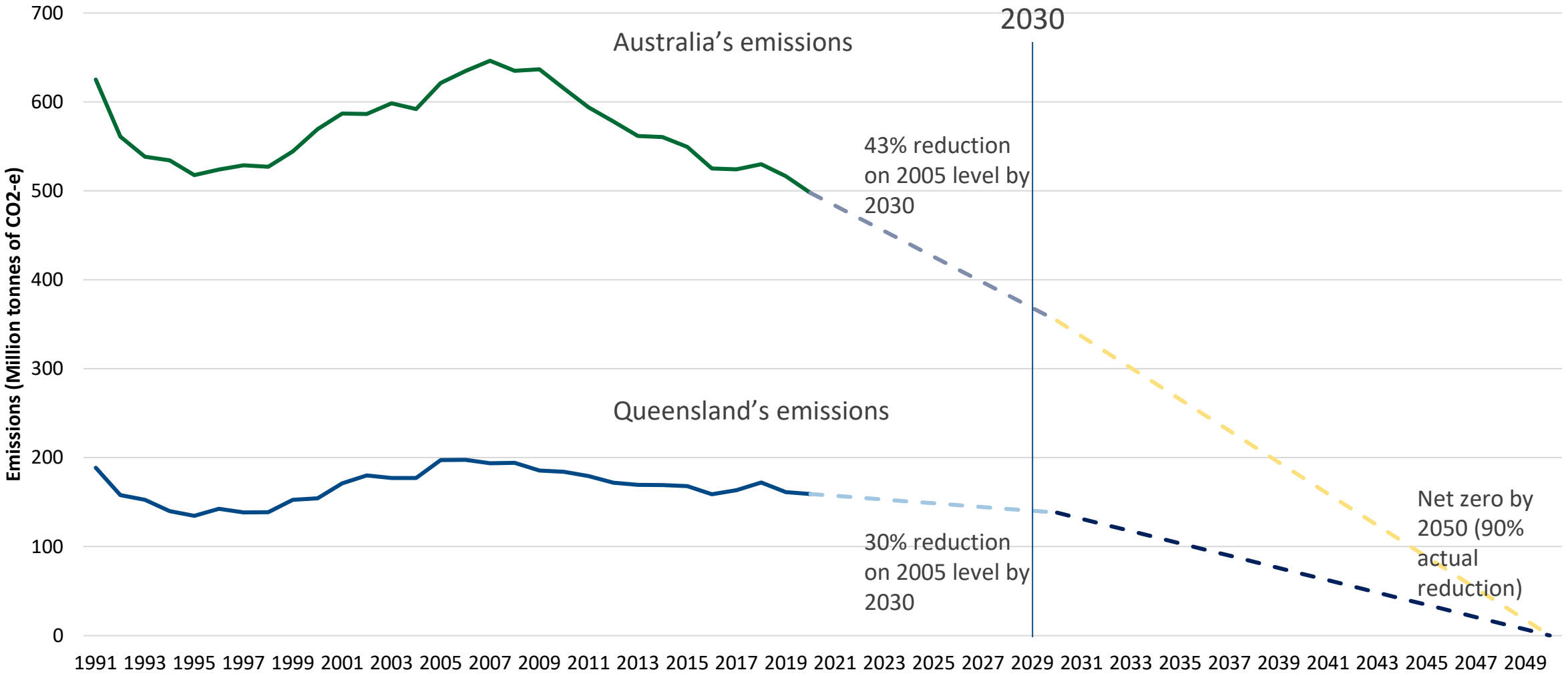
- Divert 30% of local flows near Hughenden (70% flow on)
- Divert 3% of flows from mouth of Flinders River
- Divert 0.3% total flows to Gulf of Carpentaria

CARBON STRATEGY

Terminology

Carbon claim	Description
Net zero	• Operational emissions reduced by at least 90% • Remaining emissions offset by carbon removals credits • Offsetting up to 10% only via carbon removal projects only
Carbon neutral	• Total emissions balanced by carbon offsets • Claimed/accredited each year • Offsetting via carbon reduction / avoidance or removal projects
Carbon negative/ Climate positive	• Carbon offsets greater than total emissions • Claimed/accredited each year • Offsetting via carbon reduction/ avoidance or removal projects

Australian and Queensland Government emissions reduction targets



Infrastructure Australia

- Infrastructure Australia legislation had no explicit reference to climate change as part of evaluating infrastructure projects
- New climate change legislation (*Climate Change Amendment Act 2022*) inserts the national target into *Infrastructure Australia Act 2008*
- As of September 2022, Infrastructure Australia must now consider Australia's emissions reduction target when it evaluates infrastructure proposals (e.g. Minister for Water & Environment has stated early October – must align to get funding)
- Infrastructure Australia will likely develop new guidelines for its evaluation of infrastructure projects to consider project impacts on Federal emissions target.

Carbon claims update - DRAFT (subject to change)

Hughenden Irrigation Scheme (dam + pipes) is on a path to net zero emissions by 2050

- Aligning with Queensland and Australian Government policy and legislation.

In addition, HIPCo may consider the project (scheme + farms) becoming net zero by 2050. Subject to further investigations and consultation with funders/investors.

In addition, the scheme and/or project, may seek to be **carbon neutral.** Subject to further investigations and consultation with funders/investors.

HIPCo Board will decide on its carbon claims later in 2022.

Carbon claims – Investigations and consultation – DRAFT (subject to change)

Initial assessment has been completed to verify affordability of carbon claims

- Developed HIP's carbon footprint (incl. flooded land – verified by UNESCO)
- What is needed to achieve 'Net zero by 2050'
- What is needed to achieve 'Carbon neutral by (say) 2023' ongoing
- Initial cost estimates for achieving carbon claims (reductions and carbon offsets).

Future investigations include whether to include the farms as enabled emissions

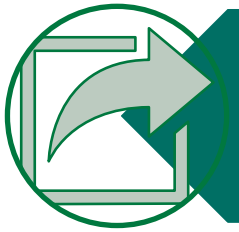
- What will governments require to provide funding
- Should flooded land emissions be included or excluded
- 'Carbon neutral water' or 'Carbon neutral project' (water + farms)
- Possible quantification of Scope 4 – Carbon benefits of project (e.g. lower methane arising from timely availability of digestible cattle feed).

ENVIRONMENT

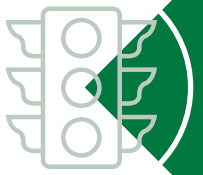
Features of the work done to date

Extensive worked with ten environmental assessments and over 2,000 hours completed to gain a detailed understanding of potential impacts

No fatal flaws or critical environmental concerns were identified that would prevent the progress of the project. Impacts on flora and fauna species require further assessment and mitigation.



Accords with environmental and cultural heritage assessment guidelines.



Green light to proceed to construction readiness activities

Next steps

Wholistic Sustainability

Develop wholistic sustainability strategy:

- Traditional Owner partnership
- Carbon Neutral and Net Zero by 20250
- Biodiversity
- Environment
- Climate change resilience
- Waste management

Carbon Strategy

Develop detailed GHG inventory for the emissions resulting from flooded land.

Confirm carbon claims and costs with HIPCo Board and Investors.

Develop portfolio of carbon with other benefits (incl. employment and biodiversity)

Biodiversity

Consider and assess the biodiversity improvements a project can make to region. Incorporate with environmental and carbon offset projects.

EIS

Proceed with request to the office of the Coordinator General for Coordinated Project status to allow a coordinated approvals process (EIS) to be undertaken.

IS Rating

Preparation to undertake a formal sustainability rating assessment for project developed by the Infrastructure Sustainability Council (ISC)

GOVERNANCE

Preferred governance model

A significant dam means Queensland Government Owned Corporation – Sunwater – likely will be involved in dam design and construction.

To maintain investor confidence and secure land and water sales contracts, a private sector face-to-face commercial relationship is needed.

HIPCo or its successor 'Hughenden Water Company' (TBC) should maintain customer-investor interface and commercial / contractual relationships.

HIPCo preferred model (next slide) seeks to balance State and customer-investor needs, to ensure project success.

Preferred governance

Sunwater

- Designs and builds dam
- Owns dam / bulk assets
- Responsible for dam operation

Hughenden Water Company (HIPCo successor)

- Designs and builds irrigation network
- Owns irrigation network assets
- Conducts Binding Land and Water Sales
- Customer relationships & capital raising
- Ongoing metering and billing

Customer-investors

- Only one commercial relationship
- Only one water bill from Hughenden Water Company

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Additional information for investors

Sustainability and carbon studies completed to date

PBC

- Sustainability Assessment *in accordance with the Queensland Government framework* (Engeny, 2020)

DBC

- Sustainability Assessment and Rating *in accordance with the Queensland Government DBC framework* (Jacobs, 2021)
- ESG, Climate Risk, Sustainability and Carbon markets report (AgRee, Jan 2021)
- Social Impact Evaluation (Jacobs, 2021)

Future Infrastructure Sustainability rating and Australia's first carbon neutral irrigation project

- Investigated groundwater management, carbon offset forest, floating solar, salinity and social equity
- Committed to comprehensive GHG emissions inventory for Scope 1 and Scope 2 emissions during scheme operation
- Used the IS Guidelines to assess further opportunities with best practice – started process towards rating
- Outperformed required DBC standards and measures for sustainability in water infrastructure design and planning

Environmental and other work completed to date

PBC (2019)

- Environmental Assessment Mapping (EPIC Environmental, Dec 2019)
- Flinders River Environmental Flows (Brizga Environmental, Jan 2020)

DBC (2021)

- Environmental Assessment *in accordance with the Queensland Government DBC framework* (Jacobs, 2021)
- Dry Season Terrestrial Ecology Survey (Niche, Nov 2021)
- Fish Community Monitoring (AFPS, 2021)
- Soil Survey, Erosion and Salinity Management Report (PeritusAg, Jun 2021)
- Cultural Heritage Risk Assessment (AHS, 2021)

Post-DBC (2022)

- Wet Season Instream Fish Movement Study (AFPS, 2022)
- Wet Season Larval Drift Baseline Study (AFPS, 2022)
- Wet Season Terrestrial Ecology Survey (Niche, 2022)
- Wet and Dry Season Water Quality Monitoring (Jacobs, 2022)
- Traditional Owner Sandalwood Feasibility Study (PeritusAg, 2022)
- Preparation of Draft Initial Advice Statement (Engeny, 2022)

Approvals Process

Infrastructure designation

- Designate the use of land for infrastructure

Coordinated project process and State environmental approvals

- Initial Advice Statement prepared and submitted to Coordinator General
- Terms of Reference (ToR) for Environmental Impact Statement
- Coordinator-General declaration of project status (Coordinated Project)
- State Environmental Impact Statement

Commonwealth environmental approval requirements

- Assessment of impacts to Matters of National Environmental significance (MNES)
- Referral for decision on whether Project will require assessment and approval under EPBC Act
- Commonwealth Environmental Impact Statement

Post EIS Approvals and Permits

- Secondary planning and development approvals e.g. construction approval and methodology

Copper String / Powerline has recently been approved – will physically link Mt Isa through to the National Electricity Market (NEM), connecting renewable energy projects between Townsville, Hughenden and Mt Isa.

Description	A high-voltage overhead electricity transmission line connecting the North West Minerals Provence and Mount Isa to the National Electricity Market grid south of Townsville.
Proponent	CuString Pty Ltd
Location/s	The transmission line would run from a new sub-station at Woodstock, south of Townsville, to the Chumvale sub-station, near Cloncurry. Subject to demand, the line may extend west to Mount Isa and south to existing and potential mining operations. View map.
Local government/s	• Mount Isa City Council • Cloncurry Shire Council • Mckinlay Shire Council • Richmond Shire Council • Burdekin Shire Council • Charters Towers Regional Council • Flinders Shire Council
Investment	$1.75 billion
Key features	• approximately 740 km overhead high voltage electricity transmission line from Woodstock south of Townsville to Chumvale, near Cloncurry • potential for additional network extensions of the electricity transmission line from Chumvale west to Mount Isa and south to Phosphate Hill, increasing the length of the transmission line to approximately 1,000 km • transmission support towers every 400-500 meters • new sub-stations at Woodstock and Chumvale, near Cloncurry • optical fibre network capability