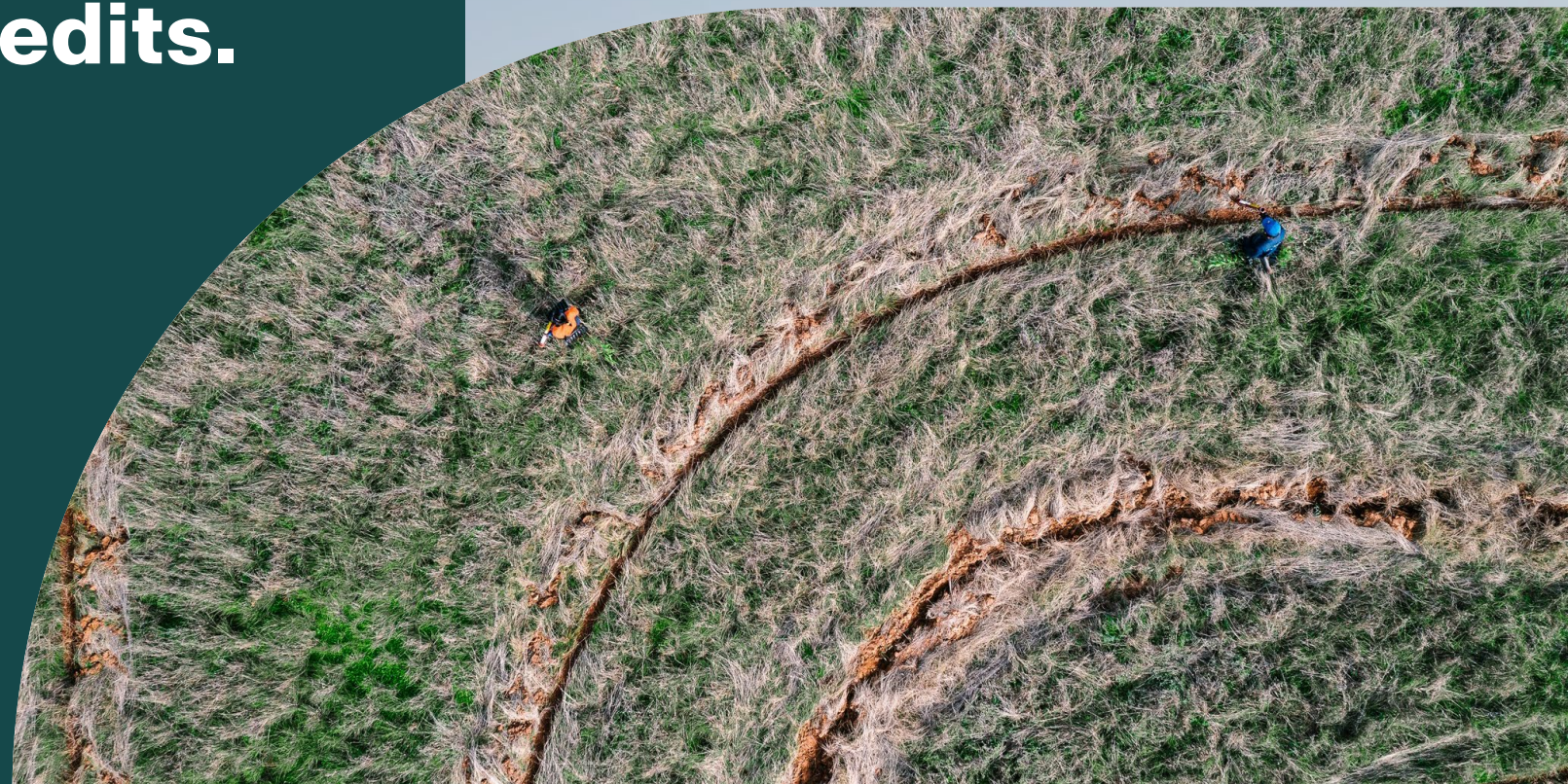
Your Farm. Your Credits.

Landowner Info Pack

December 2022

Carbon Farming Foundation



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Commercial In Confidence:

The Carbon Farming Foundation (ABN 67 645 498 004) is a Corporate Authorised Representative (AFS Representative No.001298535) of True Oak Investments Ltd (ABN 81 002 558 956, AFSL 238184).

The information in this document is general financial product advice only. It does not take your personal financial objectives, situation or needs into consideration. We recommend that you read our Financial Services Guide and consider seeking independent advice before making a financial decision.

The Australian carbon market in a nutshell

We took a deep dive into the carbon industry. Here's what we found...

The Opportunity

Getting carbon flowing through a farming system can help:

- Open the gate for businesses to achieve carbon neutrality.
- Build more productive and resilient soils, crops, and paddocks.
- Diversify a farm's income stream.
- Tap into environmental markets.

By 2030, McKinsey forecasts carbon farming globally to be a...

$50 Billion Industry

The Problem

Farmers are sitting on the fence about carbon farming because:

- They have to hand over large chunks (30-50%) of their credits to carbon developers.
- They have limited control over their carbon project with no flexibility to choose the level of involvement of carbon developers.
- Carbon farming has, in the past, been seen as confusing, expensive and a technical minefield.

CFF's Solution

We make it easier for farming businesses to tap into the carbon farming opportunity by:

- Helping farmers come away with 100% of their carbon credits.
- Giving farmers the option to pick and choose from our menu of services that best suit their project requirements.
- Giving farmers complete control over their carbon crops.

Why do we exist?

The CFF exists to make it as easy as possible for farming businesses to tap into the carbon farming opportunity and accelerate towards carbon neutrality.

Let's put some cards on the table up-front, we believe that:

- **Farmers should come away with 100% of their carbon credits.** Like any other crop, farmers should pocket their yields from their carbon crops and have the freedom to hold their carbon credits as an asset, trade them, or use them to be carbon neutral
- Carbon crops should be strategically integrated into an existing farming operation. Growing carbon crops is about boosting overall farm productivity and creating another revenue stream for the farming business. Carbon credits are the cherry on top.
- No one understands a farm better than the people already managing it and they should have the most say in how carbon is integrated into their farming system.

We think carbon should and can be grown, managed and sold like any other agricultural crop.

Farmers just need the right tools in their arsenal to feel confident to successfully build carbon in their farming system. Under our transparent and flexible delivery model, we give farmers the freedom to pick and choose from our menu of services that are best suited to their project goals, scale, and budget. Our carbon farming solutions, tools and resources are good for the planet and our customer's bottom line.

Our approach

A farmer-first delivery model

Keep 100% of the credits

We help farming businesses get closer to carbon neutrality. That's why we help farmers come away with 100% of their carbon credits.

No smoke and mirrors

We have a transparent fee structure that outlines all fees and costs from the get-go.

Giving farmers a choice

Farmers have the autonomy to choose our level of involvement in the project and we only charge for the services we provide.

No lock-in contracts

There is no obligation to continue with our services at any time during the project.

Not-For-Profit Organisation

All profits that come into the organisation go back into helping Australian farmers grow carbon crops.

What is the CFF's role?

Farmers handle the carbon. We handle compliance.

Let's break down the specific roles in a carbon project...

FARMER

Runs the farm enterprise and oversees the management of the carbon project. Provides the land, funds and owns the project. The more work the farmer puts in, the lower the cost.

Pockets 100% of the carbon credits.

CFF

Remote specialists who stick to compliance, technical and process advice. We are fee-for-service, meaning we only charge for the services we provide. Farmers have the freedom to choose from our menu of services that best suit their project requirements.

LOCAL EXPERTS

Third parties who have specific expertise, or handle on-ground advice, tasks and delivery for the project. These can include financial and legal advisors, agronomists, foresters, environmental specialists, and soil baseline specialists.

What exactly is in CFF's menu of services?

1. Feasibility Services

Essential information that will clarify potential returns and support your business case.

What we offer...

- Comprehensive eligibility, suitability, financial and risk analysis.
- Specific recommendations to enhance returns and support each business case.

2. Set Up Services

Design and planning services that will ensure your carbon project is firing on all cylinders and following the relevant methodology requirements.

What we offer...

- Project registration and approvals support.
- Project work planning, process support and critical path oversight.
- Support to identify and engage third party contractors.
- Design compliance, GIS mapping and technical compliance support.
- Provision of template documents to simplify processes.
- Guidebooks, industry knowledge and resources to build your knowledge of carbon farming processes and compliance.

3. Ongoing Products and Services:

You can call upon our team to make sure your project is ticking along nicely from start to finish.

What we offer...

- Offset reporting and credit issuance.
- Audit support, project variations, funding and trading.
- Other ongoing compliance, technical and strategic products and services.

Check out our full menu of services on our website here.

Our project management software

We're currently building an end-to-end project management software that, when fully developed, will streamline the entire carbon project from start to finish.

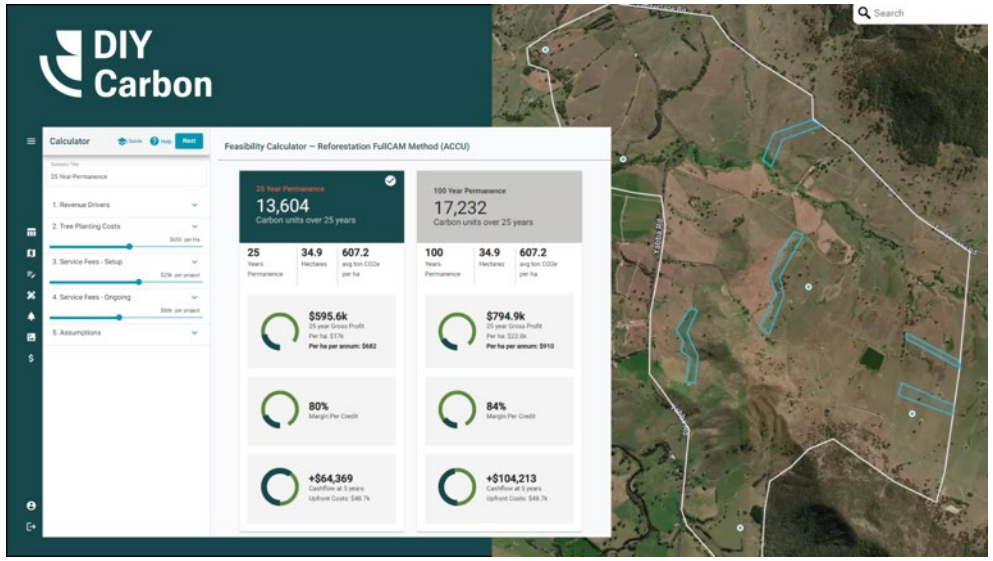
Current DIY Carbon features:

- Scope project feasibility with farm assessment tools.
- Scout the carbon potential of new acquisitions.
- Zero in on high carbon yields across your land.
- Easily compare scenarios to enhance project profitability.
- Estimate project costs based on quotes for similar work.

When fully developed, the intended suite of features will cover:

- A step-by-step user interface built for simple navigation.
- Project mapping, remote sensing, spatial modelling, yield estimation and visualisations of your carbon credit projections and balance.
- Integration with the Regulator, funding providers and carbon credit trading platforms.
- Support across multiple carbon farming project types, multiple credit types and multiple project registrations, to allow you to easily manage a portfolio of carbon crops.

The availability of features is dependent on development timelines and is subject to change at the discretion of the CFF.



Try a teaser here!

What sort of project might work for you?

Before we get into the nitty-gritty of a real-life carbon project, here are the general nuts and bolts of the different types of projects we cover at CFF.

Carbon Project	Native Tree Carbon	Soil Carbon	Plantation Forestry
Methodology	Reforestation by environmental or mallee plantings FullCAM Method	Estimating soil organic carbon sequestration using measurement and models method 2021	2022 Plantation Forestry Method
Activity	Plant new native trees to grow a permanent forest • Shelterbelts • Wildlife corridors • Must reach 2m high • 20% crown cover	Store additional carbon in the soil • Add one or more new activities to your existing farming practices • Range of eligible activities include: stubble retention, no-till, cover cropping, using legume species, soil amelioration, changed grazing management etc	Hardwood and softwood. Sawlogs or pulp There are 4 options: • Establish new plantation • Convert existing plantation from short to long rotation • Avoid conversion of forest to non-forested land • Transition to permanent forest
Land type	• No forest cover in last five years • Can support a forest	• Pasture, crop or fallow • No forest cover in last five years	• Cleared land, or • Existing plantation
Carbon measurement	• Modelled and verified	• Measured and verified	• Modelled and verified
Project Lifetime	• 25 or 100 years	• 25 or 100 years	• 25 or 100 years

Case study

200 hectare native tree carbon project in New England, NSW

Modelled and verified FullCAM method

Project details:

Property size	3,000 Ha.
Project size	200 Ha.
Project goal	Drawdown 369 tonnes of carbon per Ha across project lifetime (FullCAM modelled yield).
Project strategy	Plant shelter-belts and wildlife corridors. Trees in the ground for 25 years or more.
DIY opportunity	To reduce costs, landowner will do site-prep and are taking on project coordination.

Profit:

Average carbon price over 25 years**	**$25**	**$35**	**$45**
Landowner carbon units over 25 years*	49,815	49,815	49,815
Gross profit at 25 years	$690K	$1.2M	$1.7M
Gross profit per hectare per annum, over 25 years	$138	$238	$337
Cost to produce each carbon credit	$11.15	$11.15	$11.15
Upfront cost***	$258k	$258k	$258k
Additional lifetime costs	$297k	$297k	$297k

** Factors in 10% tree failure rate and Emissions Reduction Fund (ERF) deductions.

** See www.accus.com.au to make your own price assumptions.

***Includes CFF compliance fees and plantation establishment costs.

Case study

2,000 hectare soil carbon project in the Great Southern region of WA

Modelled and measured method

Project details:

Property size	9,700 Ha.
Project size	2000 Ha.
Project goal	Increase soil organic carbon by 0.42% across project lifetime, drawing down 20 tonnes of carbon per Ha.
Project strategy	Planned stubble retention, no till practices, multi-species perennials, rotational grazing and the application of nutrients across 25 years.
DIY opportunity	To reduce costs, landowner will write their own Land Management Strategy using CFF template, coordinate project and keep detailed project records to limit consultant site visits.

Profit:

Average carbon price over 25 years**	**$25**	**$35**	**$45**
Landowner carbon units over 25 years*	144,143	144,143	144,143
Gross profit at 25 years	$2.7M	$4.1M	$5.6M
Gross profit per hectare per annum, over 25 years	$53.54	$82.36	$111.19
Cost to produce each carbon credit	$6.43	$6.43	$6.43
Upfront cost***	$166k	$166k	$166k
Additional lifetime costs	$761k	$761k	$761k

* Factors in ERF deductions.

** See www.accus.com.au to make your own price assumptions.

***Includes CFF compliance fees and soil baselining costs.

Case study

1500 hectare plantation forestry project in Central Tablelands, NSW

Modelled and verified FullCAM method

Project details:

Property size	1800 Ha.
Project size	1500 Ha.
Project goal	Drawdown 305 tonnes of carbon per Ha across project lifetime (FullCAM modelled yield).
Project strategy	Establish a new 14-year (short-rotation) pine plantation. Plantation activities to be maintained for 25 years or more.
DIY opportunity	To reduce costs, landowner will coordinate the project.

Profit:

Average carbon price over 25 years**	**$25**	**$35**	**$45**
Landowner carbon units over 25 years*	274,018	274,018	274,018
Gross profit at 25 years	$6.5M	$9.2M	$12M
Gross profit per hectare per annum, over 25 years	$192	$273	$354
Cost to produce each carbon credit	$1.30	$1.30	$1.30
Upfront cost***	$50k	$50k	$50k
Additional lifetime costs	$318k	$318k	$318k

** Factors in 10% tree failure rate and Emissions Reduction Fund (ERF) deductions.

** See www.accus.com.au to make your own price assumptions.

***Includes CFF compliance fees and plantation establishment costs.

A few of our clients...

Wide Open Agriculture

Cobram Estate®

ProTen

BetterGROW

WEELHAMBY FARMS
PERENJORI W.A.

Plantation Pine Products

M H PREMIUM FARMS

heartwood UNLIMITED

"The CFF provided practical and self-explanatory resources to get our project started. They broke down the design and planning stages of our project into a simple step-by-step process."

James Wentworth- ProTen

"CFF have provided the essential tools, resources, and support to build our understanding of carbon farming and developed our capacity to deliver our own projects."

Leandro Ravetti- Cobram Estate Olives

Keen to explore things further?

Please reach out to us via:
hello@carbonfarming.org.au

Sign up for our newsletter

We collate and send the most relevant Australian carbon industry news and critical resources straight to your inbox.

Sign up here.

Carbon Farming Foundation