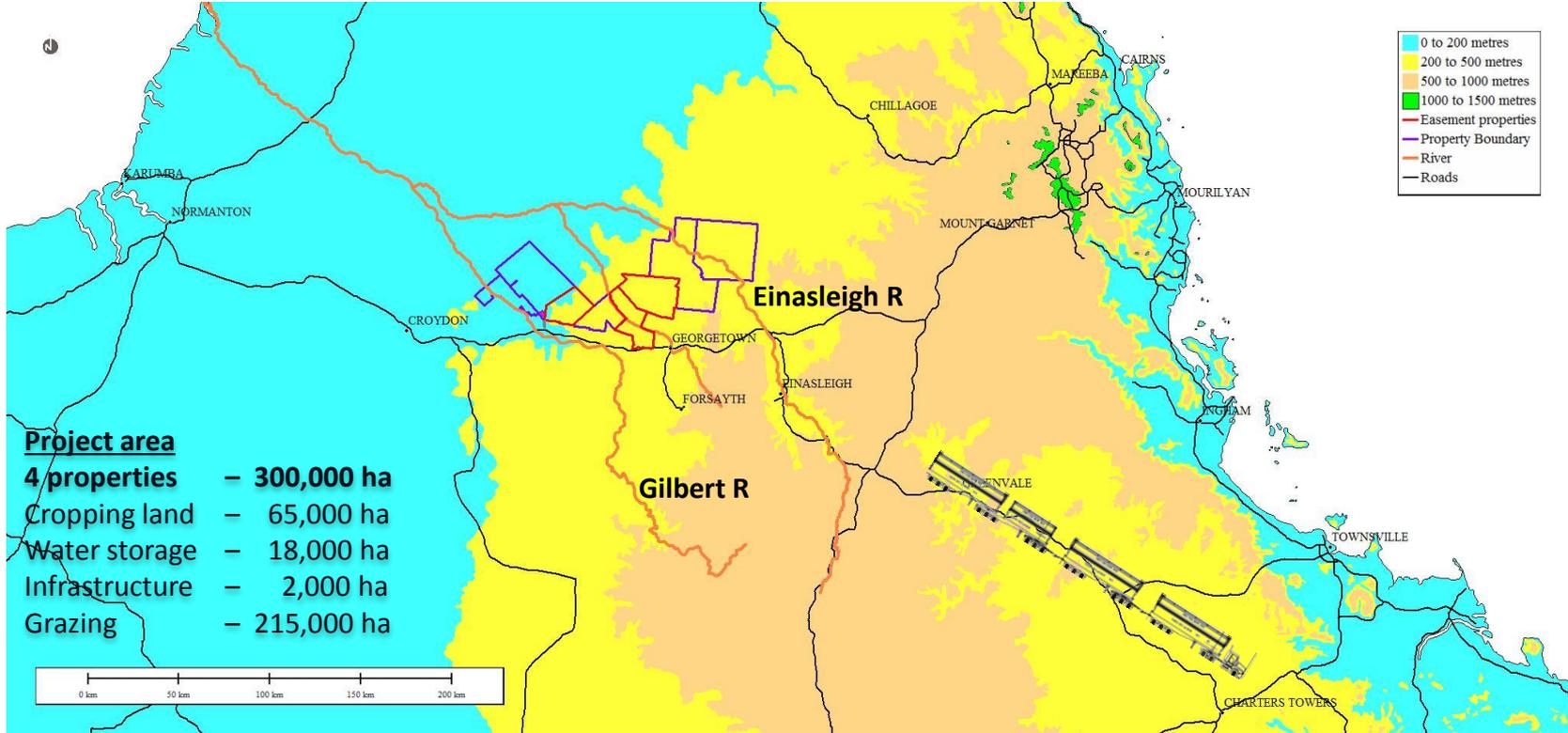


Where We Are

IFED has secured long-term options over the key properties in the Gilbert River catchment, North Queensland, for bulk water infrastructure, large scale contiguous cropping and processing.

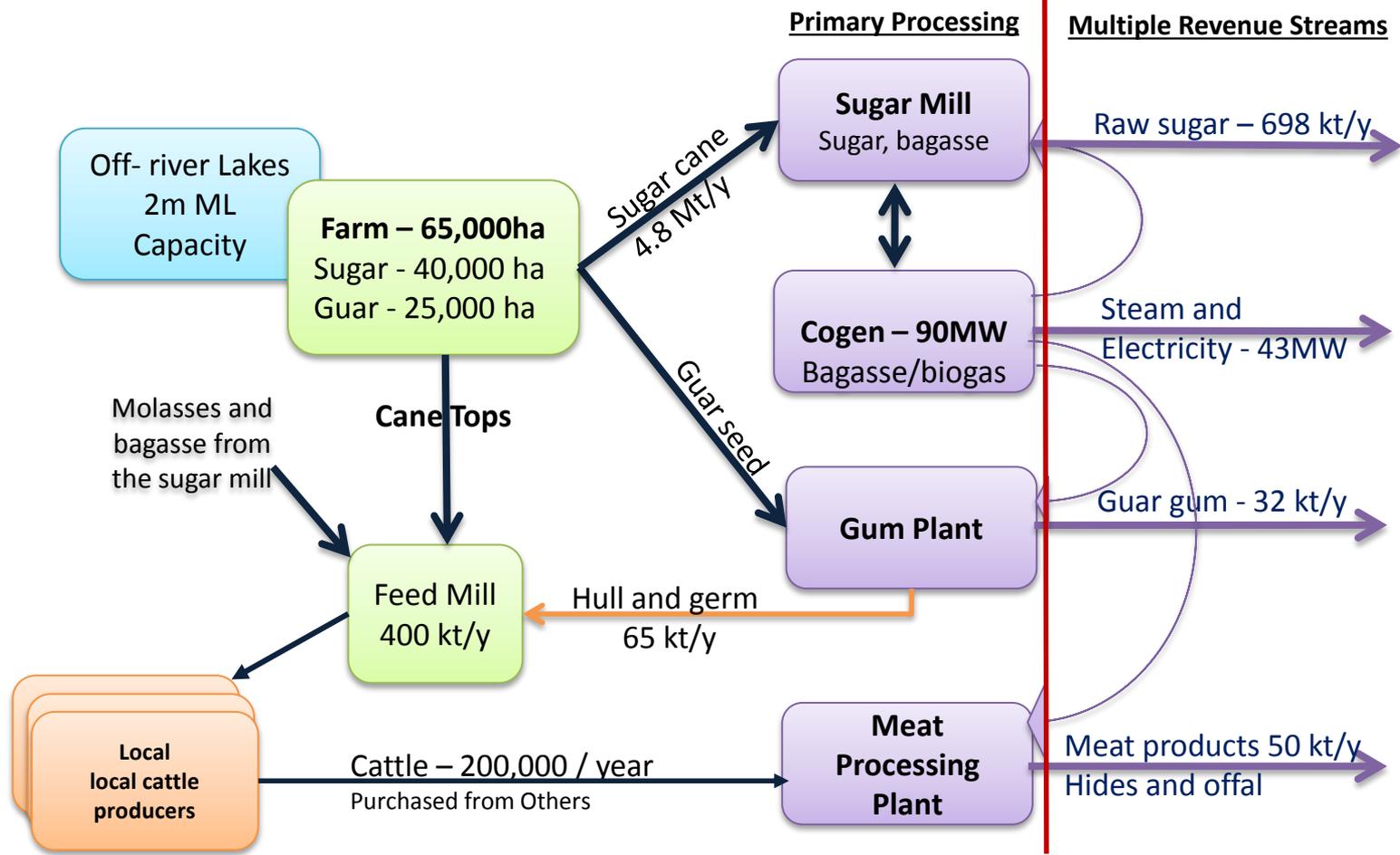


Comparative annual average flow:

- Gilbert River - 5,400,000 ML/y (Ord River - 3,870,000 ML/y)

What We Will Do

Create a sustainable, world class, large scale, vertically integrated, farming and primary processing enterprise.



Challenges

1. The Land

- a. Certainty of Acquisition – e.g. Option Agreements
- b. Access during Pre-construction & Approval Phases
- c. Security and nature of tenure – native title, ILUAs,

2. The Water

- a. Hydrology & Topography – volume reliability, viable storage options, efficient distribution systems
- b. Certainty of Water Licences – clear pathway to a water allocation:
 - MOU with Queensland government for a 555,000 ML mean annual diversion water allocation

3. The Approval Process: (Feasibility Studies / Hydrology / Soil / EIS / Engineering / etc, etc)

- a. **High Cost + Long time-frames + Uncertainty = High Risk**
- b. Land Clearing, environmental conditions
- c. State and Federal government processes

4. The Money

1. Start-up funds: Project Establishment Phase – pre-feasibility cost (~\$1m)
2. Pre-Construction / Approval Phase – bankable feasibility (~\$15m)
3. Construction Phase (~\$2bn)

Lessons

1. Very limited sources of patient, risk tolerant capital available to fund the Pre-approval Phase costs of large greenfield agribusiness projects = **the Funding Gap**;
2. But – frustratingly, capital is available to fund approved, large-scale projects;
3. Investors perceive high political risk in the approval process;
4. Project proponents need very deep and patient pockets;
5. Federal and state governments struggle with the commercial realities and imperatives of privately led, large greenfield agriculture development projects;
6. Current policies and regulations do not contemplate nor accommodate private development of large scale water resources;
7. Governments struggling to engage effectively with the private sector; and
8. The value of good government initiatives can be diminished in their implementation.

The Federal government can dangled some carrots, but the real impediments and enablers for development in the north are at state level (i.e. water, land clearing, tenure, approvals etc)

Implementing the Northern White Paper

Some good initiatives but flawed implementation could diminish their effectiveness.

Example 1: National Water Infrastructure Development Fund

= Had the potential to help plug the funding gap for the high risk, early stage costs of large greenfield projects.

But = only government can apply!?

Section C: Eligibility Criteria

If you answer NO to any of the following questions, you are not eligible to apply for funding through this Expression of Interest process

1 Are you a state or territory government?

No You are not eligible to apply for funding through this Expression of Interest process

Yes

Implementing the Northern White Paper

Some good initiatives but flawed implementation could diminish their effectiveness.

Example 2: \$5bn – Northern Australia Infrastructure Facility (NAIF)

Eligibility Criteria – In considering public benefit, the Board will give preference to those Projects that will:

- i. serve or have the capacity to serve **multiple users**;

Sounds good in theory, but adherence to the “multi user” eligibility criteria could lead to the exclusion of large scale, bulk water developments in undeveloped regions where there is no existing market to pay for the water: e.g. The Gilbert River catchment. In areas like the Gilbert the market needs to be created at the same time as the water infrastructure. Private proponents building water infrastructure in these areas will also need to develop the farm, so they will need the water.