Carbon Scout

Desktop Assessment

Reforestation by Environmental or Mallee Plantings

Produced for (You):

The Project:

Produced by (We/Us): The Carbon Farming Foundation Ltd

Date:

Disclaimer:

Australian Carbon Credit Units (ACCU's) are classified as a financial product and advice being offered in relation to ACCU's is subject to regulation by the Australian Securities and Investments Commission (ASIC).

Carbon Scout ™ has been developed as a ***Generic Financial Calculator*** in compliance with ***ASIC Corporations (Generic Calculators) Instrument 2016/17.*** The Carbon Scout software and this report are exempt from the requirement to hold an Australian Financial Services Licence ("AFSL") and cannot be considered as financial advice in any form.

You are aware that project design, site conditions, management approaches and seasonal and environmental variability can impact the feasibility, viability, and financial outcomes of the Project – including the number of carbon credits projected.

We do not represent, warrant, undertake, guarantee or accept liability for any proposals, assessments or feasibility reports prepared by us or by any service provider engaged at Your request or direction in respect of the Project that:

> any information with respect to projected outcomes and Project performance is correct, accurate or complete.
>
> that the use of any guidance will lead to any particular outcome or result; or,
>
> that by using any guidance you will or should enter into a carbon project or the Project in particular.

You must not rely on the information in the document or Carbon Scout software as an alternative to legal, financial, taxation, accountancy, or any other advice from an appropriately qualified professional.

We strongly recommend for the user to undertake additional research and seek further independent advice before starting a project or making a financial decision.

Copyright and fair use:

CFF Carbon Farming Foundation

REGISTERED CHARITY · acnc.gov.au/charityregister

Australian Carbon Industry Code of Conduct SIGNATORY

Carbon Scout

Table of Contents

1. Results

Please consider section 3 (Assumptions) and particularly sub-section 3.10 (Limitations) in relation to the results displayed in this section.

1.1. Your Chosen Scenarios

Carbon Scout allows you to consider 3 scenarios as a side-by-side comparison.

- Many assumptions will remain consistent across the three scenarios.
- The complete list of assumptions and chosen settings is displayed in section 3.
- There are 8 variables that are used for the scenario comparison.
- The table below summarises the key differences between your three scenarios.

	Scenario 1	Scenario 2	Scenario 3
Permanence Period	[redacted]	[redacted]	[redacted]
Project size (Hectares)	[redacted]	[redacted]	[redacted]
Average gross carbon yield (tCO2e/Hectare)	[redacted]	[redacted]	[redacted]
Starting carbon credit sale price (per ACCU)	[redacted]	[redacted]	[redacted]
Annual carbon credit sale price inflation	[redacted]	[redacted]	[redacted]
Carbon Service Provider - upfront fees	[redacted]	[redacted]	[redacted]
Carbon Service Provider - share of credits	[redacted]	[redacted]	[redacted]
Tree planting costs (per Hectare)	[redacted]	[redacted]	[redacted]

1.2. Headline Results

The figures below provide a graphic summary of the key results of your desktop assessment using the Carbon Scout ***Generic Calculator*** tool.

Figure 1A: Net carbon credits issued to you.

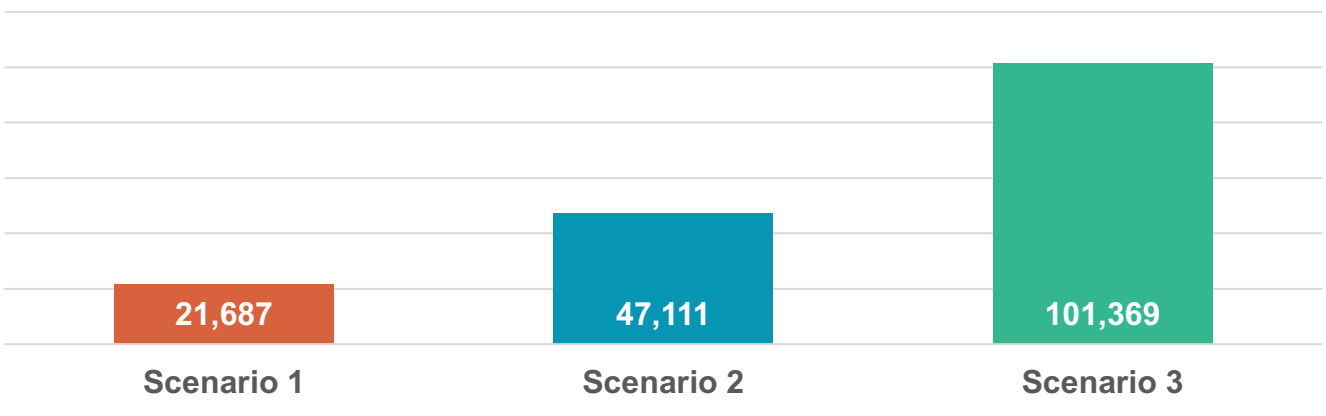


Figure 1B: Cost per carbon credit generated (includes cost inflation over time).

Figure 1C: 25 Year Gross Profit (pre-tax)

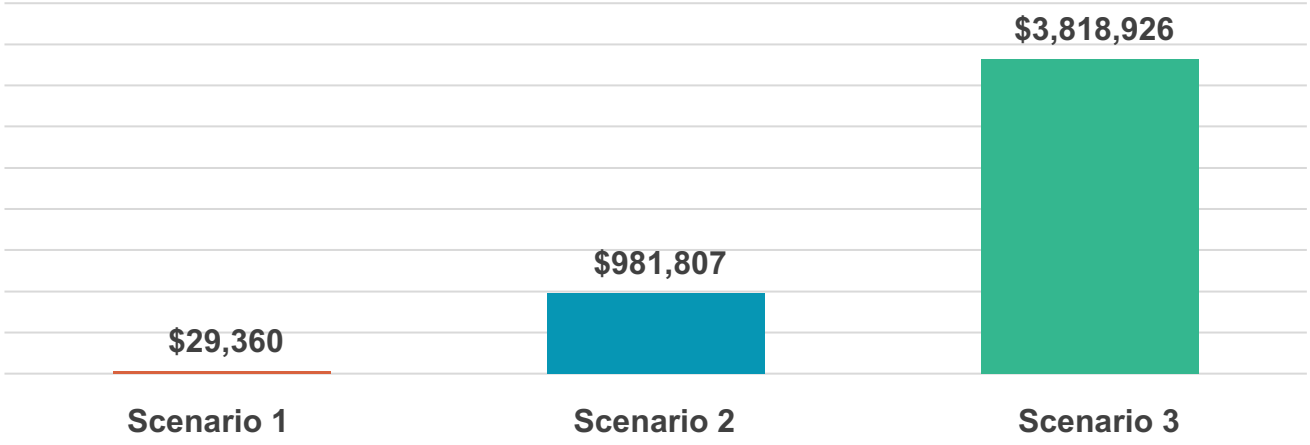
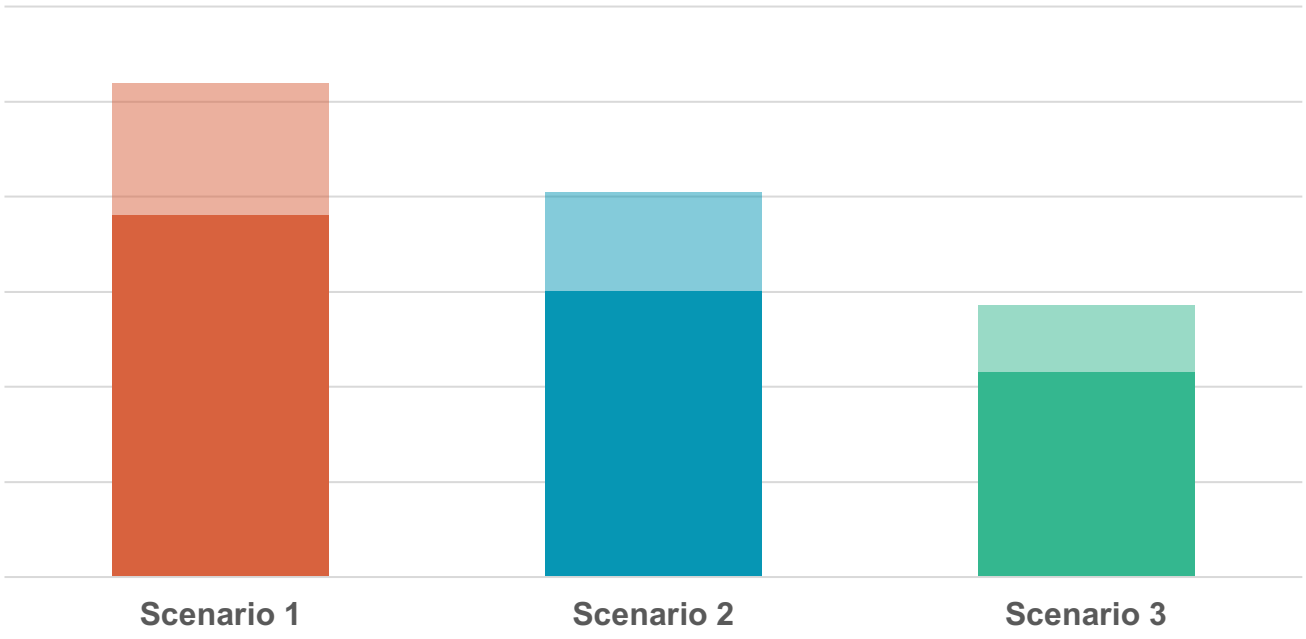


Figure 1D: Gross Profit / Per Hectare / Per annum (Pre-tax)

Figure 1E: Project start-up costs (white text) and ongoing costs (dark text).

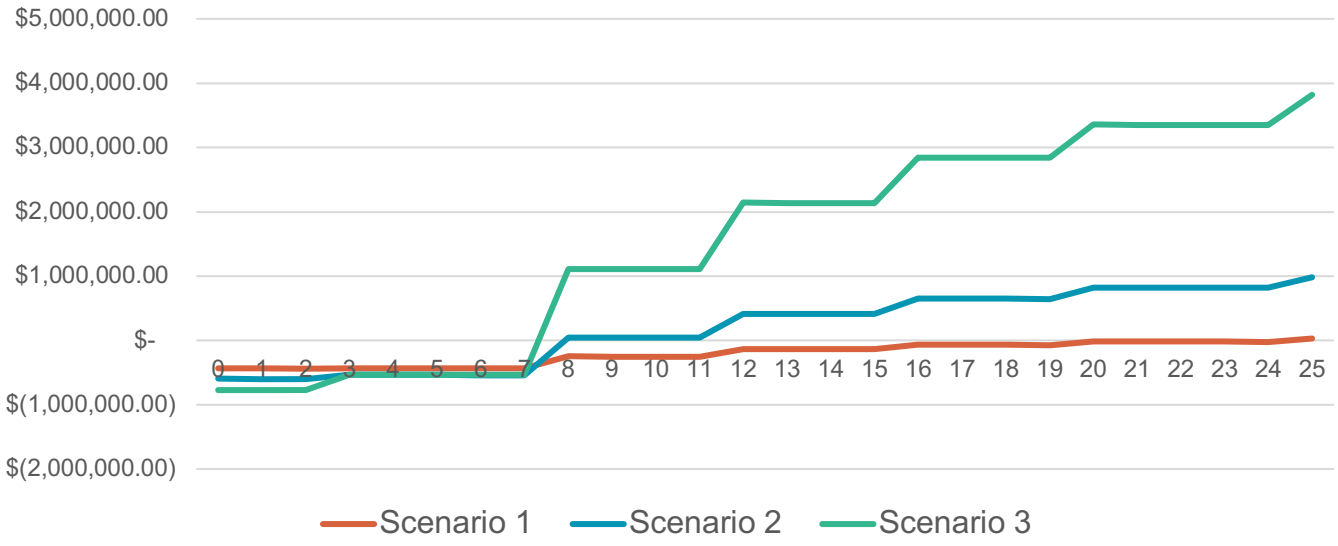


1.3. Cashflow

Cashflow is an important consideration for a carbon project, with potentially long gaps between revenue having a material impact on project viability.

- Costs are incurred at start-up (year 0), annually, and [redacted]
- Revenue occurs at [redacted].
- Carbon credits do not accrue in a linear fashion [redacted]

Figure 1F: 25-year cumulative undiscounted cashflow for the three scenarios



1.4. Detailed Results

	Scenario 1	Scenario 2	Scenario 3
Carbon Credits			
Compliant project area (hectares)	[redacted]	[redacted]	[redacted]
Avg carbon yield - per hectare	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Carbon Service Provider - share of credits (%)	[redacted]	[redacted]	[redacted]
Your net share of Carbon Credits	[redacted]	[redacted]	[redacted]

	Scenario 1	Scenario 2	Scenario 3
Project Costs			
[redacted]	[redacted]	[redacted]	[redacted]
Tree planting costs	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Total Modelled Setup Costs	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

[redacted]	[redacted]	[redacted]	[redacted]
Offset report costs	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Total Modelled Ongoing Costs	[redacted]	[redacted]	[redacted]
Total Lifetime Project Costs	[redacted]	[redacted]	[redacted]

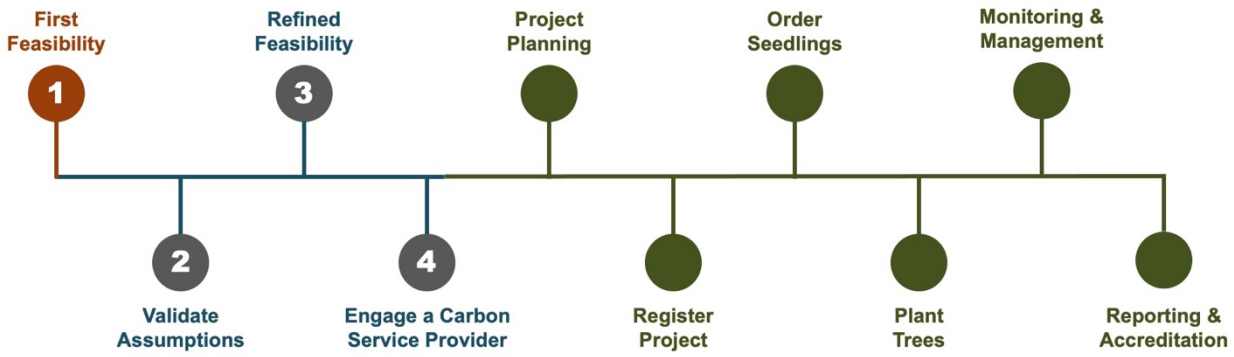
	Scenario 1	Scenario 2	Scenario 3
Revenue & Profit			
Gross project revenue	[redacted]	[redacted]	[redacted]
Gross revenue / Per hectare	[redacted]	[redacted]	[redacted]
Gross revenue / Per hectare / Per annum	[redacted]	[redacted]	[redacted]
Gross profit	[redacted]	[redacted]	[redacted]
Gross profit / Per hectare	[redacted]	[redacted]	[redacted]
Gross profit / Per hectare / Per annum	[redacted]	[redacted]	[redacted]

	Scenario 1	Scenario 2	Scenario 3
Analysis & ratios			
25-year average annual return on investment (ROI)	[redacted]	[redacted]	[redacted]
Break even at year…	[redacted]	[redacted]	[redacted]
Net present value (NPV) – 5% discount rate	[redacted]	[redacted]	[redacted]
Net present value (NPV) – 10% discount rate	[redacted]	[redacted]	[redacted]
Net present value (NPV) – 15% discount rate	[redacted]	[redacted]	[redacted]

2. Where to from here?

This section describes the four key recommended steps to progress past the feasibility stage of your carbon project.

Figure 2A: The steps towards a reforestation-based carbon project.



2.1. First Feasibility

Your first Carbon Scout report presents the results of a first-pass feasibility assessment. You will have made high level assumptions within the limitations of Carbon Scout as a ***Generic Financial Calculator*** tool. The settings will need to be refined to give a more accurate prediction of project performance.

2.2. Validate Assumptions

To progress your feasibility assessment and internal due diligence. We recommend the following:

- Seek financial advice from suitably qualified advisors, such as a holder of an AFSL.
- Seek tax advice.

[redacted]

[redacted]

- You will find a range of free guidebooks and learning resources at www.carbonfarming.org.au.

Figure 2B: You can use the Carbon Scout Yield Estimator section to refine your assumptions.

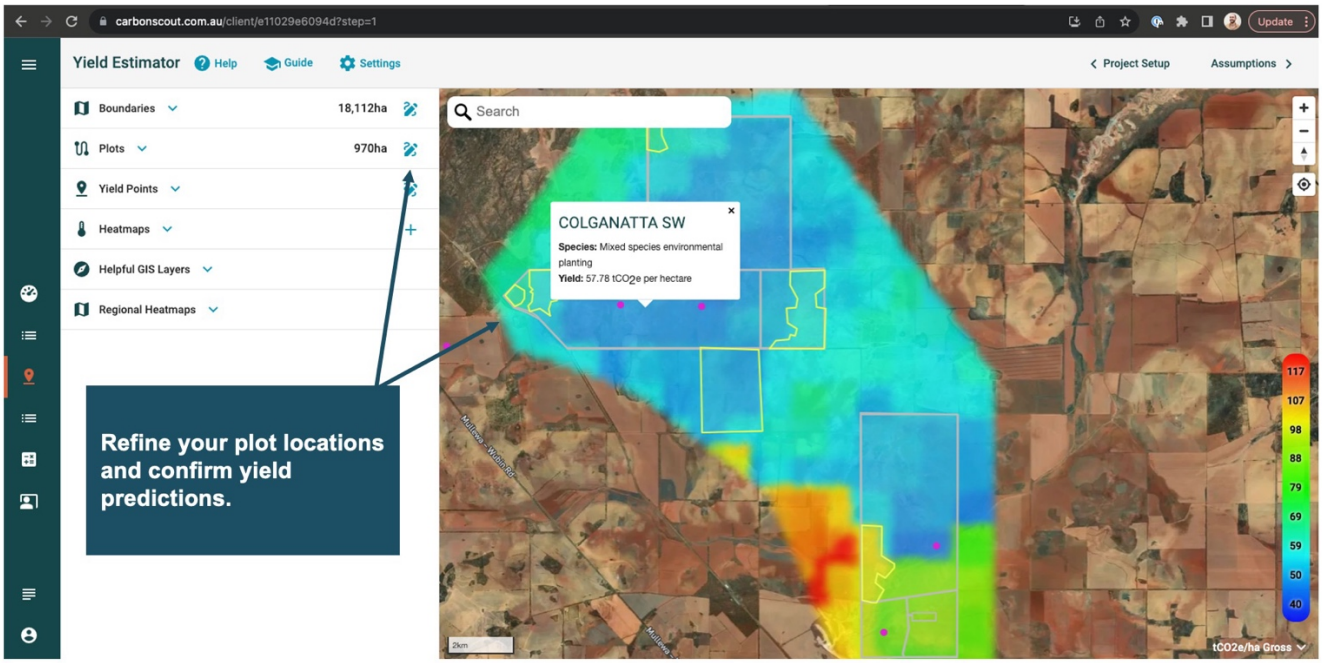
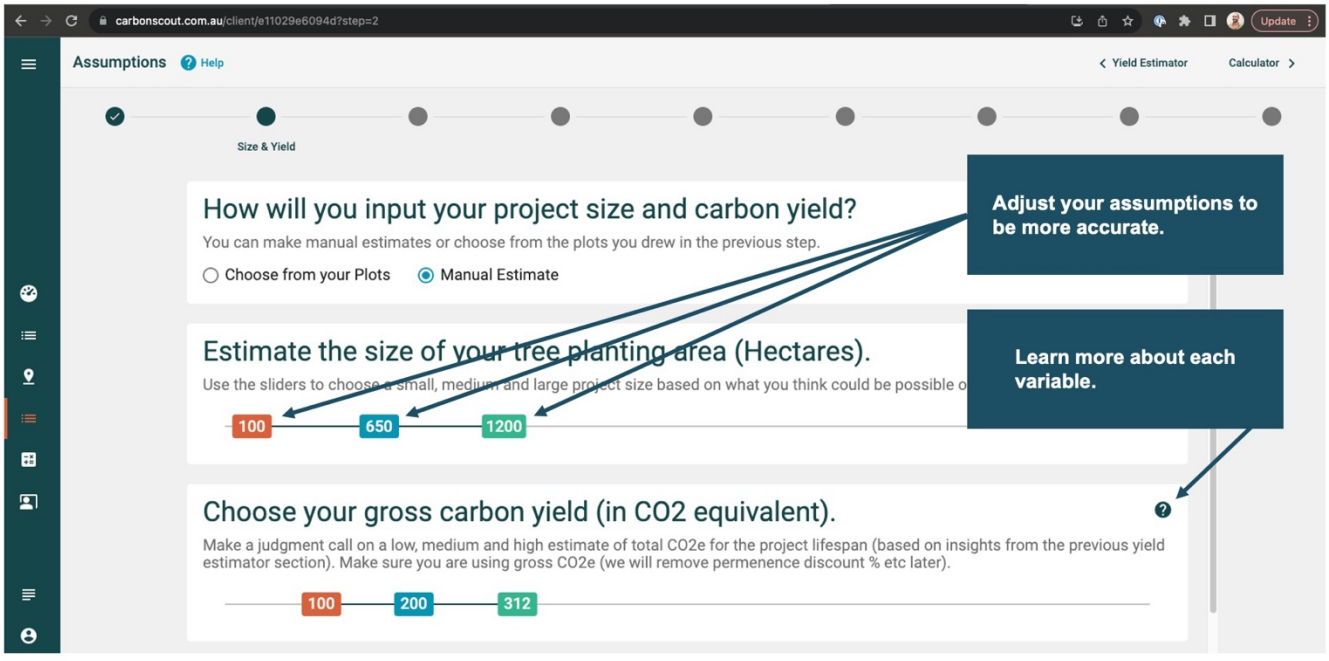


Figure 2C: You can update the Carbon Scout Assumptions settings as you validate each variable.



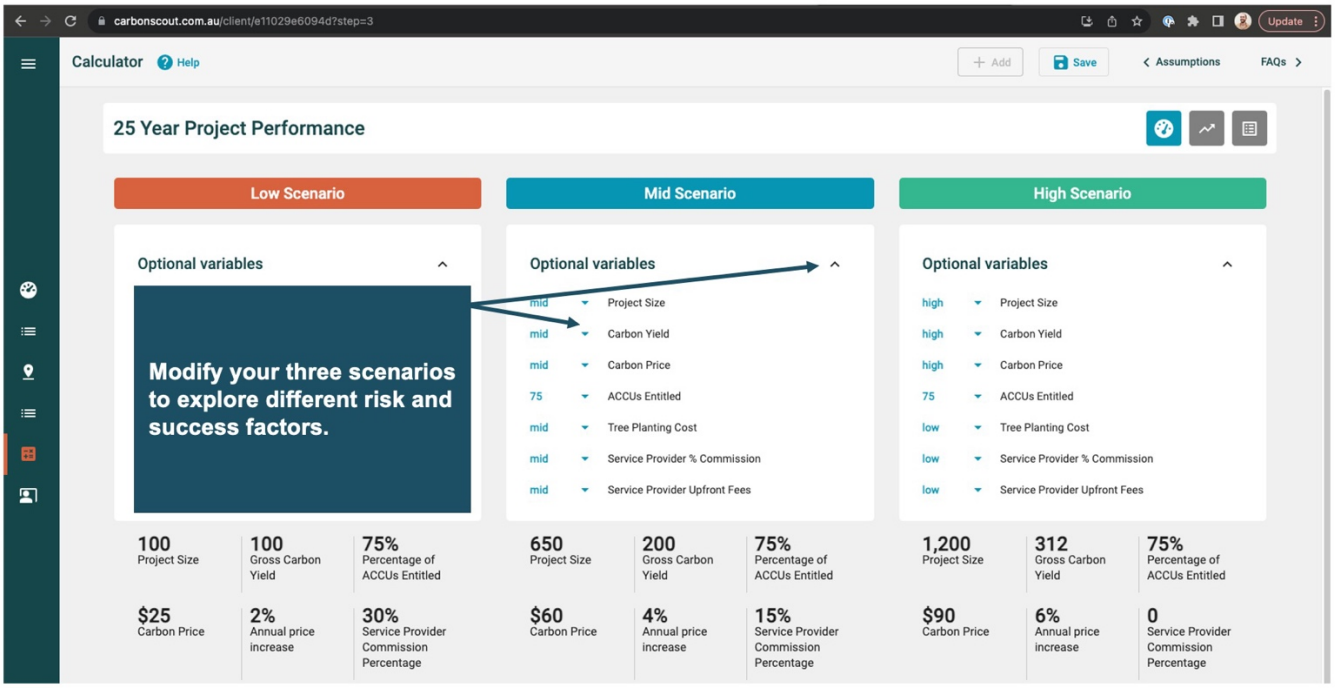
2.3. Refined Feasibility

Once you have validated all the assumptions settings for your project in Carbon Scout. You can then fine-tune the scenarios and compare a range of different approaches.

- Modifying scenarios will help you to understand the key financial risk and success factors.

[redacted]

Figure 2D: You can explore a range of different scenarios in the calculator section of Carbon Scout.



2.4. Engage a Carbon Service Provider

Once you have completed your full feasibility process, have sought expert advice, and have reached a decision to proceed with your carbon project, the next step is to engage a Carbon Service Provider to assist you through-out the project.

[redacted]

[redacted]

- Section 5 provides resources to assist you with this step.

3. Assumptions

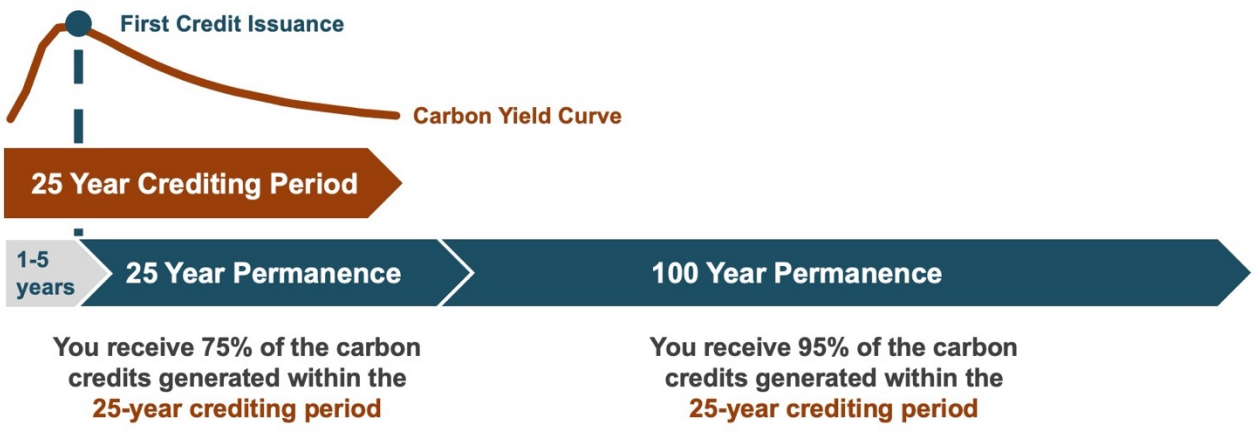
This section describes the variables that impact the results generated by Carbon Scout (shown in section 1). For each of these variables, you have chosen the settings (assumptions) for three different scenarios that are modelled with Carbon Scout's ***Generic Calculator*** tool.

[redacted]

3.1. Project Timing

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
Permanence Period	[redacted]	[redacted]	[redacted]	This is the length of time that you will maintain the tree planting area. It can be either 25 or 100 years (beyond the date of the first credit issuance). It affects the % of credits that you receive (see figure 3A).
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Figure 3A: Diagram showing the timing of crediting and permanence periods. And the credits you receive (after permanence period and risk of reversal buffer deductions).



3.2. Project Size

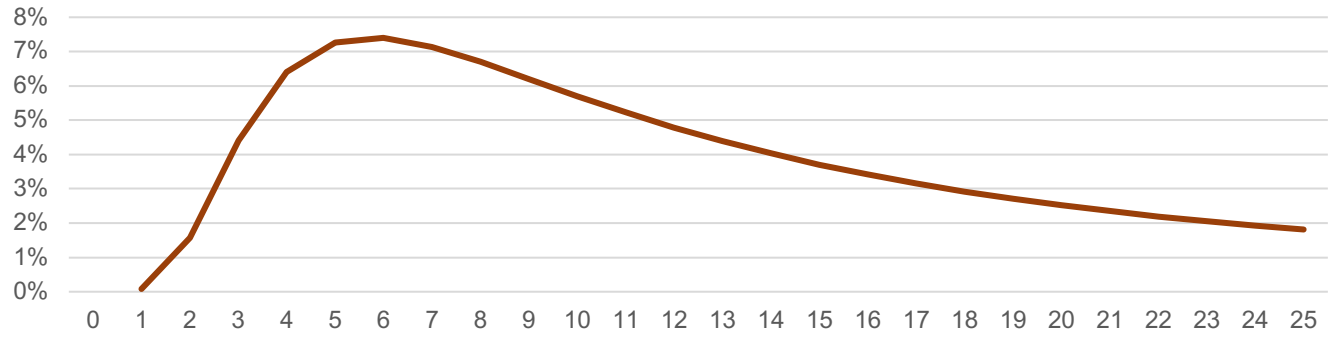
Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
Size input method	[redacted]			[redacted]
Planting area	[redacted]	[redacted]	[redacted]	[redacted]

3.3. Project Yield

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
Yield input method	[redacted]			[redacted]

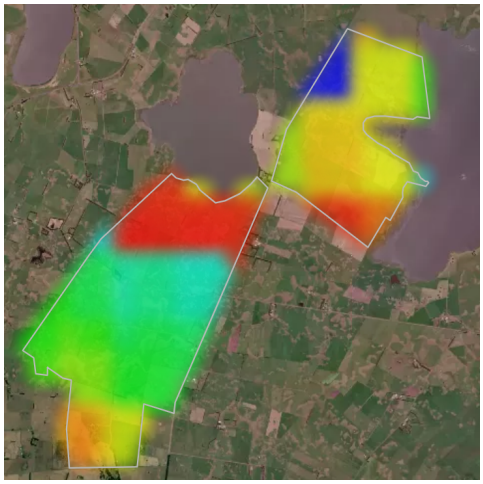
				[redacted]
Yield	[redacted]	[redacted]	[redacted]	[redacted]

Figure 3B: Shows an example of the projected % carbon yield distribution over the 25-year crediting period.



What is FullCAM?

[redacted]



Carbon Heatmaps:

You can order a carbon heatmap from within Carbon Scout.

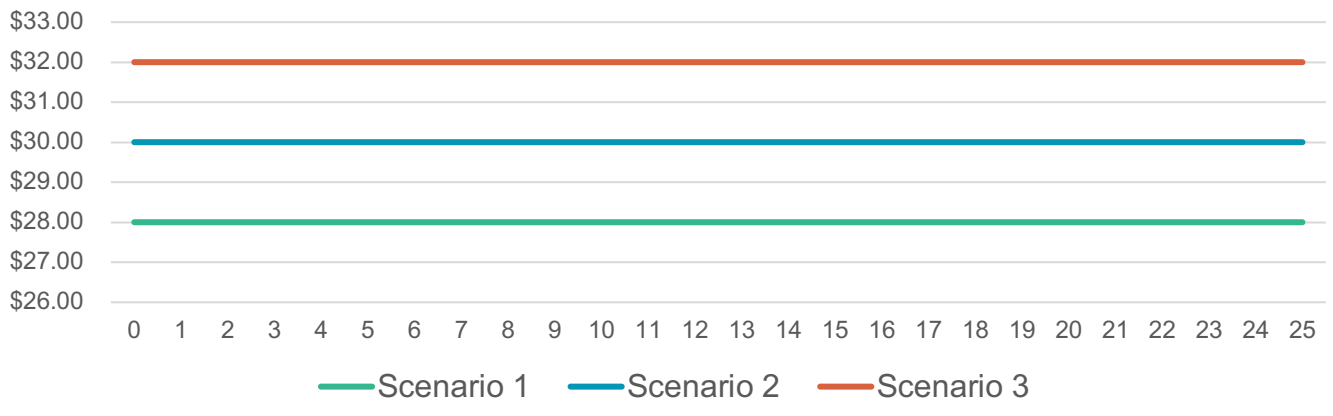
It will create a grid pattern across your nominated area, then display the FullCAM CO_2e yield results as a colour scale.

Red areas are the highest yielding, dark blue are the lowest. This is a great tool for farm master planning and will help you to visualise the carbon potential across your property.

3.4. Carbon Price

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
Carbon Price	[redacted]	[redacted]	[redacted]	[redacted]
Carbon Price Inflation	[redacted]	[redacted]	[redacted]	[redacted]

Figure 2B: Carbon Price assumptions used for your results.



3.5. Carbon Service Provider Fees

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service Provider % share of carbon credits	[redacted]	[redacted]	[redacted]	Some Carbon Service Providers will take a % share of the carbon credits issued to your project. This % will be deducted from your total credit issuance and will reduce your projected revenue accordingly.
[redacted]	[redacted]			[redacted]

3.6. Setup Costs

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
Tree planting costs	[redacted]	[redacted]	[redacted]	This is usually the largest upfront cost. It will be multiplied by your nominated ***planting area.***
[redacted]		[redacted]		[redacted]
[redacted]		[redacted]		[redacted]
[redacted]		[redacted]		[redacted]

3.7. Annual Costs

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]

3.8. Accreditation

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
Offset Reporting Cost	[redacted]			[redacted]
Timing of Credit Issuance	[redacted]			[redacted]

	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

3.9. Other Deductions

Variable	Your chosen settings			Description and Impact
	Scenario 1	Scenario 2	Scenario 3	
Tree failure rate	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]

[redacted]

3.10. Limitations of The Calculator

The results displayed in the sections above are produced based on the values you have inputted into Carbon Scout.

- This is a ***Generic Financial Calculator*** as described by ***ASIC Corporations (Generic Calculators) Instrument 2016/207***.
- Results are presented for general information and educational purposes.

[redacted]

[redacted]

4. Eligibility

We highly recommend that as part of your due diligence process you engage a suitably qualified consultant to confirm that your planting location and proposed activity is eligible as a carbon project.

4.1. Eligibility Requirements

To participate in a project activity using the Emissions Reduction Fund's Reforestation by Environmental or Mallee Planting – FullCAM methodology, applicants must demonstrate eligibility under the method's requirements.

We have provided a checklist below to assist you in understanding these requirements.

Requirement	Explanation
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

4.2. Obligations

In addition, it is also important that the ‘on-ground’ practical obligations of a reforestation project are considered.

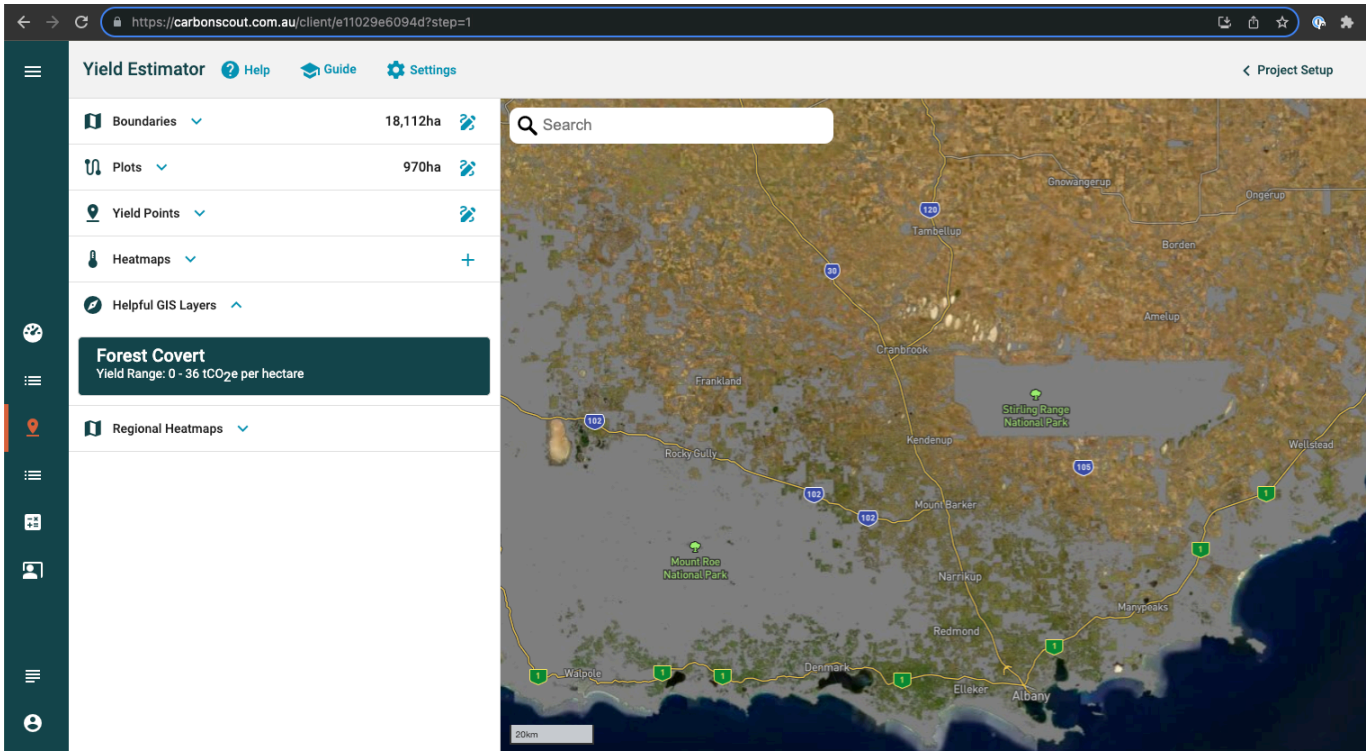
Obligation	Explanation
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted] federal Department of Defence [redacted]

4.3. Historic Forest Cover

A key consideration for eligibility of a reforestation-based carbon credit project is ensuring that your planned planting locations (plots) do not overlap with an area that has had forest cover within the last five years.

[redacted]

Figure 4A: Carbon Scout can show historic forest cover in the yield estimator section.



4.4. Native Title & Aboriginal Heritage Sites

There are mandatory and voluntary steps to ascertain whether your project site will impact indigenous heritage areas.

[redacted]

[redacted]

5. Carbon Project Developers

5.1. The List of Carbon Service Providers

Carbon Scout provides a list of Australian Carbon Service Providers via an online spreadsheet. This will help you to consider which service provider is best to meet your unique needs. There is an ever-increasing variety of service providers emerging in the Australian market, accessing via the web link below will ensure that you receive the most up to date information.

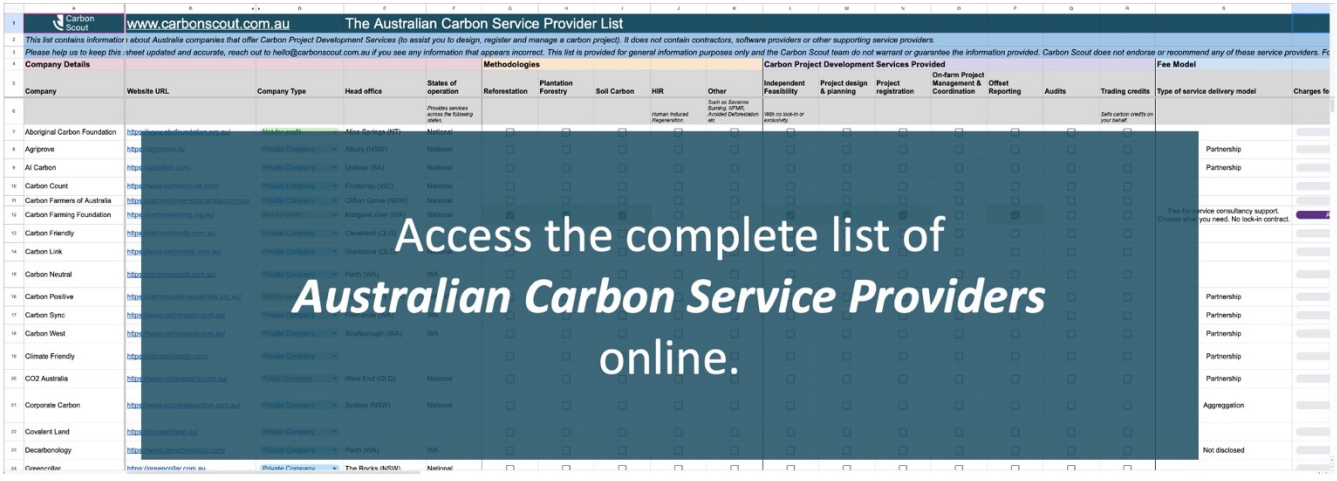
Access the list via this link _____.

The spreadsheet allows you to:

- Browse 25+ Carbon Service Providers working across Australia.

[redacted]

Figure 5A: Screenshot of the complete online list of Australian Carbon Service Providers



[redacted]

5.2. Considerations When Engaging a Carbon Service Provider

We highly recommend that you seek advice from suitable experts, such as a lawyer, prior to making any decisions to enter into a service agreement with a Carbon Service Provider.

To help you to get started with this process, we have provided some examples below of the types of things you should consider.

- **Are they experienced?**
- **Will they take a % share of your carbon credits?**
- **Do they hold an AFSL?**

5.3. Carbon Service Providers Relevant to Your Project

[redacted]

We highly recommend that you consider the complete list of Carbon Service Providers (section 5.3) [redacted]

Company name	Website	Ownership	AFS Licence	% share of carbon credits.	Type of Service Delivery Model
[redacted]					

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* [redacted]

Carbon Scout

Produced by:

The Carbon Farming Foundation Ltd

43B Town View Terrace, Margaret River, Western Australia, 6285

www.carbonfarming.org.au