Project Title
Auscarbon Biodiversity Project
Gold Standard ID
GS-3039
Type of Certification
☐ Initial Certification ☒ Performance Certification ☒ New Area Certification ☐ Annual Reporting This is the June 2018 FINAL Update document. This document incorporates information of the 2018 NEW AREAs.

For each item listed below, please provide a general description in the corresponding box. In total, this document shall not exceed 5 pages. Be aware that carbon market specific terms may not be appropriate for the readers of this summary. The formatting requirements provided in chapter 7.4 must be followed.

1. Key Project Information

(a) Project activities

The project involves reforestation over private properties in the mid-west region of Western Australia. The land selected is low rainfall and agriculture productivity. Project plantings are of native vegetation types including provenance seed collected from the project properties. Seed and seedlings are planted with the design objective of restoring the project landscape to its natural condition of vegetation.

April 2018 Update:

- The project now extends over 9 properties.
- Project has expanded with 3 additional areas established in winter 2017 (i.e. NEW AREAS) and full details have been provided in a separate GS NEW AREA CERTIFICATION documentation process:
  - 2 areas are expansions of two properties that were initially partially established in 2016:
    - Hughes Block – 264.30 ha (473.01 ha established in 2016)
    - Colganatta Property – 552.59 ha (900.77 ha established in 2016)
  - 1 new property was partially established in 2017:
    - Mulloncoola Property – 820.59 ha established in 2017
  - Total NEW AREA = 1,637.48 ha

(b) Organisations that are involved in the project (project participants)

April 2018 Update:

Auscarbon Pty Ltd is the developer and owner of the overall Project, including the additional areas.
Auscarbon is purchasing the *Hughes Block* on a Contract of Sale executed on 9th May 2016.
Auscarbon is purchasing the *Colganatta property* on a Contract of Sale executed on 24th May 2016.
Auscarbon purchased the Mulloncoola property on 20th April 2017.
Auscarbon uses local and regional material suppliers together with specialised contractors to undertake establishment.
Auscarbon fully manages the project and carries out most maintenance activities although some work is done by contractors.
Auscarbon is the sole Manager of the Project including NEW AREAS.

(c) Communities involved in the project

April 2018 Update:

- There are no communities formally involved in the Project.

(d) Location of the project area and the planting area

The project areas are located near the respective towns of Perenjori (Shire of Perenjori) and Morawa (Shire of Morawa) in the mid-west region of Western Australia. The distribution of properties are:

- Morawa Shire – Tomora, Terra Grata, Hillview, Preston Waters, Colganatta, Mulloncoola and half of Bowgada Hills
- Perenjori Shire – Pine Ridge, Hughes Block and half of Bowgada Hills.

(e) Size of the project area and the planting area

Auscarbon has a total of 9 planted properties that are included in this project.

The project area has been defined as the area of land that Auscarbon identified as Eligible Lasnd that meets the requirement of having clearly defined boundaries managed to a set of explicit long term management objectives.

April 2018 Update – below is the current area statement :

Property	Shire	Total Area	Management Unit (MU)	Established Areas	Not Adequately Stocked Area (NAS)	Salt Establishment Areas	Eligible Area
		(ha)	(Estab year)	(ha)	(ha)	(ha)	(ha)
Hillview	**Morawa**	1,523.83	HV 2010	640.31	10.18		630.13
			HV 2011	48.64	48.64		0
			HV 2014	85.75	35.66		50.09
		Sub-Total		***774.70***	***94.48***		***680.22***
Terra Grata	**Morawa**	1,640.72	TG 2010	800.35	1.90	0	798.45
			TG 2011	153.37	40.91	4.20	108.26
			TG 2015	30.48	0	0	30.48
		Sub-Total		***984.20***	***42.81***	***4.20***	***937.19***
Tomora (Canna)	**Morawa**	3,685.75	CA 2008	2,380.85	105.54	0	2,275.31
			2016 Fence reduction	(less) 1.79			(less) 1.79
		Sub-Total		***2,379.06***	***105.54***	***0***	***2,273.52***
Pine Ridge	**Perenjori**	3,497.37	PR 2009	2,334.21	112.46		2,221.75
			PR 2010	456.30	3.48		452.82
		Sub-Total		***2,790.51***	***115.94***		***2,674.57***
Bowgada Hills	**Perenjori**	2,787.64	BH 2009	481.39	51.42	27.63	402.34
			BH 2010	810.65	0		810.65
			BH 2011	78.83	70.14		8.69
			BH 2015	28.44	4.07		24.37
		Sub-Total		***1,399.31***	***125.63***	***27.63***	***1,246.05***
Preston Waters 2012	Morawa	445.65	PW 2012	***404.68***			***404.68***
Colganatta 2016	Morawa	2,027.73	CG 2016	989.89			989.89
			Mapping correction	(less 89.12)			(less 89.12)
		Sub-Total		***900.77***			***900.77***

(e) Size of the project area and the planting area

Hughes Block 2016	Perenjori	1,978.00	HB 2016	473.98			473.98
			Mapping Correction	(less 0.97)			(less 0.97)
		Sub-Total		***473.01***			***473.01***
Total Project Area 2016	**(after mapping corrections)**	**17,586.69**		**10,106.24**	**484.40**	**31.83**	**9,590.01**
NEW AREAS							
Colganatta 2017	Morawa	Incl. above	CG 2017	552.59			552.59
Hughes Block 2017	Perenjori	Incl. above	HB 2017	264.30			264.30
Mulloncoola 2017	Morawa	2,021.32	ML 2017	820.59			820.59
Additional 2017 Areas		2,021,32		**1,637.48**			**1,637.48**
Total Project Area 2017		**19,608.01**		**11,743.72**			**11,227.49**

(f) Risk of change to the project area (during the crediting period)

There is no risk of change to the project area during the crediting period for the current properties included in the project. The crediting period for the project is 50 years from the year of establishment. The properties have been planted and are now under permanent maintenance programs. The properties have specifically been planted for long term carbon sequestration. The company intends to add new properties and plantings in the future.

April 2018 Update:

- Previous project area adjustment due to mapping corrections – reduction of 90.09 ha as compared to the 2016 area statement.
- NEW AREAS added from 2017 establishment (1,637.48 ha)
- Future risks to changes in areas are:
  - Re-mapping corrections
  - Possible future losses in area (fire, disease, drought)
  - Likely area increases with additional establishment (i.e. winter 2018 or later)

(g) Risk of change to the project activities (during the crediting period)

There is no risk of change to the project activities during the crediting period. The crediting period for the project is 50 Years from the year of establishment. The properties have been planted and are now under permanent maintenance programs. The properties have specifically been planted for long term carbon sequestration. Any new additions to the project area will be conducted on the same basis.

April 2018 Update:

- All properties have Carbon Covenants and managed for long-term carbon sequestration.

(h) Timeframe for the project activities

The project establishment has taken place between 2008 and 2017. Auscarbon now monitors the plantings under its maintenance program which includes regular visits to site to assess condition of the project.
The Project Crediting Period remains – i.e. to 30 June 2058.

(i) Number of (predicted) CO_2-certificates
• The Eligible Area is now **11,227.49 ha** including NEW AREAS • The resultant Net Carbon-fixation certificates are predicted to be **2,188,825.06** including from 2017 NEW AREAS and mapping area adjustments for 2016 areas. • The above Net Carbon-fixation value includes the reductions due to the 3-year retroactive limitation for 2 areas (2016 Certification) and mapping area reductions (1 in 2016 and 2 in 2017). The details of the above calculations are included in the excel file "Calculation CO2e Auscarbon All Properties 2018 – Final 110618".

(j) Land-use history and current situation of the project area
Each property within the project area was historically cleared for agriculture (grain cropping and grazing). Only previously cleared land has been re-established to vegetation as part of the Project. The project area borders the eastern zone of the 'wheat belt' district.

(k) Socio-economic history and current situation
During the earlier part of the 20th century the mid-west region was an active agriculture area. Over a number of decades however viable agriculture has been increasingly difficult and inconsistent. In more recent times agriculture in the region has suffered from poor historic land use practices and has seen decline in successful crop yields combined with less tolerance to unfavourable seasonal conditions. This has led to many landowners seeking opportunities to exit farming. Auscarbon has purchased land from farmers who we actively looking for opportunities to exit their farms. Some mining activity in the region helps to support the local community however much of those operations are now supported by fly in/out workers and the extent of permanent town site growth is limited. Department of Agriculture and Food WA and the University of Western Australia assessed views of broadacre farming in WA towards year 2020. They identified trends of declining interest in farming activity throughout the project region. Their research also identified trends of the number of different land owners declining and consolidating to fewer but larger land holdings This in part provided opportunities to try and achieve larger economy of scales to reduce the cost of conducting farming activity. Equally they identified poor crop yield seasons and highlighted stepped increase in the cost of chemicals and fuel further compromising the viability of agricultural activity in the area.

(l) Forest management applied (past and future)
Auscarbon has established forest management programs for its projects. During planning and establishment programs the company assesses risk factors such as pest and vermin along with protection programs such as firebreaks and fencing. Once established, the company implements a management program to ensure that the properties are regularly visited and inspected for signs of damage and general condition monitoring. **Up until 2016, some short-term, seasonal sheep grazing took place 3-4 years following establishment principally to graze down grass levels thereby reducing property fire risks. In those cases the sheep were owned by external parties with grazing only for part of the year.** **(corrected 1/6/2018)** **In 2017/18 Auscarbon commenced larger-scale sheep grazing over most of the properties, including some younger established areas. Again the principal purpose of the grazing was to reduce fire hazard over the properties. A review of the last year's grazing program is likely to result in a reversion to smaller scale agistment (external ownership of sheep), for shorter periods and unlikely into the young established areas.**

(m) Forest characteristics (including main tree species planted)
Auscarbon biodiversity projects are plantings of native vegetation types. Species are identified that are not only local but at a project scale are compatible to specific soil and topography features. Much of the seed used is provenance, collected off Auscarbon properties and prepared for planting. Primary species include varieties of eucalypt and acacia. Up to 40 sub species may be included in any particular planting. Some of these species are rare flora types and other such as saltbush are planted to specifically deal with problematic soils such as high saline ground conditions. Survival and growth rates for Auscarbon plantings are considered to be high given the degree of compatibility to landform and climate. Auscarbon's native forests are also forming valuable fauna habitats. In addition to a wide range of indigenous fauna, protected species such as Black Cockatoo and Mallefowl are present across Auscarbon properties.

(n) Main social impacts (risks and benefits)
Social impact risks - Risk that Auscarbon the does not develop a good relationship with local communities. The company is very conscious of building strong reputation with in the local community and works hard to ensure this is achieved – see below. Social impact benefits: - Local employment (commonly raised - the company does employ local people if there are appropriately qualified or skilled persons available). - Indigenous employment (the company has employed a number of indigeneous persons over time) - Local contract engagement (company commonly uses local contractors) - Local suppliers for ongoing operations (fuel, stores etc.) - Engagement with local fire brigades, councils and environmental groups - Opportunity for farmers to sell non-productive land - Revitalised landscape A series of March 2018 Public Consultation meetings did not raise any additional social impact aspects.

(o) Main environmental impacts (risks and benefits)
Risks - Poor establishment does not provide the extent of environmental benefits sought - Browsing from grazing on younger-aged plants is possible if not enough normal sheep feed is available (i.e. grass, fodder, stubble etc) – updated June 2018 - Vermin populations within re-vegetated areas could occur. Auscarbon participates in regional vermin programs (foxes and wild dogs) and undertakes in periodic vermin control (rabbits and goats). Benefits - Restoration of areas to native vegetation - Flora and fauna habitat zones as outlined above - Connection of recognised Threatened Ecological Corridor zones at a regional level - Enhanced knowledge of biodiversity due to internal and external biological surveys being undertaken around/adjacent to the Project Area. A University post-graduate environmental review project commenced in February 2017 and continues through 2018. - Replenishment of some salt effected areas - Enhanced population or rare species The March 2018 Public Consultation meetings generally indicate that the Project brings positive environmental benefits to the region.

(p) Financial structure
Auscarbon is a private company that has been developing carbon sink projects since 2008. The properties included in the Project are wholly owned by Auscarbon or wholly-owned Auscarbon subsidiaries. All properties and plantings are complete and fully paid for. April 2018 Update: **Auscarbon Pty Ltd has 3 wholly-owned subsidiaries (AC-Pine Ridge Pty Ltd, AC-Midwest Pty Ltd and AC-Central West Pty Ltd). Auscarbon and the subsidiary companies incorporate investors (Joint Ventures) and some external financial arrangements:** **1. Canna Joint Venture (Tomora property) in 2008 (Auscarbon Pty Ltd)** **2. Pine Ridge Joint Venture (Pine Ridge Property) in 2009 (AC - Pine Ridge Pty Ltd)** **3. ACTEW Corporation Limited (now ICON Water Limited) in 2010 (Hillview, Bowgada Hills and Terra Grata properties) (AC – Midwest Pty Ltd)** **4. Preston Waters Joint Venture (Preston Waters) in 2011 (AC – Central West Pty Ltd)** **5. Landmark Operations Ltd (Mulloncoola & Colganatta properties) in 2016/17). (Auscarbon Pty Ltd)** **NOTE: Each Joint Venture is comprised of a group of investors relating to specific projects.** **NOTE: The subsidiary companies are wholly-owned by Auscarbon Pty Ltd.** **Financial documents for YE June 2017 for Auscarbon and the 3 subsidiary companies have been provided to the Auditors on 12th May 2018.**

2. Shapefiles

Please provide *shapefiles* in the *supporting documents* and provide a reference to these *supporting documents* in this template.

(a) Project area
Auscarbon has established and included the following 9 properties in this project: • Hill View (also known as Cunninghams), • Bowgada Hills • Terra Grata, • Canna (also known as Tomora), • Pine Ridge • Preston Waters. • Colganatta • Hughes Block • Mulloncoola The project area has been defined as the area of land that Auscarbon identified for planting and that meets the requirement of having clearly defined boundaries managed to a set of explicit long term management objectives. Shapefiles for each property have been prepared and made available to Gold Standard (Registry) and Auditor. April 2018 Update: • Updated shapefiles for Hughes Block and Colganatta are provided following the mapping corrections. • Shapefiles for NEW AREAS have been provided with NEW AREA certification documents.

(b) Planting areas
The planting area is the part of the project area where tree planting activities have taken place. The planting areas exclude retained remnant vegetation areas. In some instances these areas are hundreds of hectares and in other examples they may be single/few tree stems. Auscarbon has completed a thorough re-assessment of mapped areas to refine the accuracy of existing vegetation etc. This exercise has included

(b) Planting areas
digital map review/re-map and field checking of all properties to confirm planting area classifications. There has been 2 area changes since the 2017 Audit – due to mapping corrections: ○ Colganatta 2016 area has been reduced by 89.12 ha. ○ Hughes Block 2016 area has been reduced by 0.97 ha. The total Established area is now 11,743.72 ha.

(c) Eligible planting area
The eligible area is planted deemed to be of adequate stocking to meet the company's objectives for meeting environmental planting long term growth (recreating nature forest stands). As the project plantings are now several years old Auscarbon has the benefits of being able to assess real survival. There are instances where it has been observed that plantings may not achieve survival/carbon expectations. Where this has occurred the company has self-assessed to exclude those areas to be conservative in its approach. The eligible planting area is refined by excluding land for the following reasons: 1. Land that was established and does not meet the long term applicability conditions – for example failed planting. Auscarbon refers to these areas as Not Adequately Stocked (NAS). 2. Land that was established and will not meet the long term carbon estimation due to species planted – for example salt bush successfully planted over salt degraded land for environmental purposes, however will not achieve carbon yields comparable to the native forests. April 2018 Update: • There was a reduction in area due to mapping corrections (less 90.009 ha) • New Areas (i.e. 2017 establishment areas) adds 1,637.49 ha. • The current overall Eligible Area is 11,227.49 ha.

(d) Modelling Units
Each of the project properties have been established using ostensibly common approaches to establishment, and contain regionally continuous soil profiles, topographies and climatic conditions. As such they are considered to be of generic characteristic for the Auscarbon growth and biomass. Establishment was undertaken across properties progressively from 2008 to 2017. Each year of planting for each property will be a different modelling unit with the crediting period for each aligned to the planting year. There are currently 18 defined MU's that cover the plantings across all properties. • Pre-existing MUs (as in Initial Certification) ○ Tomora (Canna) 2008 ○ Bowgada Hills 2009 ○ Bowgada Hills 2010 ○ Bowgada Hills 2011 ○ Pine Ridge 2009 ○ Terra Grata 2010 ○ Terra Grata 2011 ○ Hillview 2010 • New MUs after NAS re-classification and 2014 and 2015 re-stocking ○ Hillview 2014 ○ Terra Grata 2015 ○ Bowgada Hills 2015 • New MU's added in 2017: ○ Pine Ridge 2010 ○ Preston Waters 2012 ○ Hughes Block 2016 ○ Colganatta 2016 • New MU's added in 2018: ○ Hughes Block 2017 ○ Colganatta 2017

(d) Modelling Units
○ Mulloncoola 2017

(e) Infrastructure (roads, houses, etc.)
On each property minimal infrastructure exists such as dwellings and access roads. None of this infrastructure is included in the eligible planting area. All properties have perimeter and internal firebreaks, access tracks and roads. • The following properties have habitable dwellings or usable sheds or structures: ○ Tomora (no house) ○ Terra Grata (house not occupied) ○ Pine Ridge ○ Bowgada Hills ○ Preston Waters ○ Colganatta ○ Mulloncoola • The following properties have uninhabitable buildings: ○ Hillview • The following property has no built structures: ○ Hughes Block

(f) Water bodies
Low topography areas can be subject to seasonal and localised water flow however the annual average rainfall is between 300 mm and 350 mm and therefore land saturation to form a water body does not occur on the sandy loam soils. Shallow level creek systems occur across some of the project area. These are not permanent water systems and only flow during ad hoc heavy seasonal rainfall events. No permanent water bodies exist at all. Some well-defined water channels exist, but water only flows following heavy rainfall periods: • Terra Grata (Lockier River channel and subsidiary creek channels) • Hillview (several flash-drainage lines from higher elevations) • Bowgada Hills (one defined creek channel)

(g) Sites with special significance for indigenous people and local communities - resulting from the Local Stakeholder Consultation (LSC)
No sites were identified on these properties from local stakeholder engagement. The company has however voluntarily conducted heritage surveys and identified and mapped some sites. This information has been provided to relevant organisations to assist updating records and where relevant are excluded from planting activities. As part of its property purchase and pre-establishment due diligence, Auscarbon is aware of 7 Registered Aboriginal (Indigenous) Heritage locations: 1. The Bowgada Hills property has a hill (Cave Hill) with a ring of small breakaway caves that shows evidence of historic occupation and the presence of artefacts. The hill has not been established to vegetation. Auscarbon has established vegetation within its vicinity. 2. The Bowgada Hills property has a zone adjacent to the ruins of a now-ruined building where there are believed to be some indigenous burial sites. Auscarbon has established vegetation in this area. 3. Bowgada Hills – watering point within remnant vegetation. No establishment within vicinity. 4. The Hillview property has an area of scattered artefacts. This area is with in remnant vegetation. 5. The south-western corner of the Terra Grata property is part of a broader “mythological zone” that surrounds the Lockier River. There are no defined sites across this zone which encompasses cleared farmland and remnant vegetation. Auscarbon has established vegetation on previously-cleared land within this zone with approval from the local

(g) Sites with special significance for indigenous people and local communities - resulting from the Local Stakeholder Consultation (LSC)
indigenous community (Widi Mob = Tribe). 6. There are official comments about interest zones on Hughes Block. None occur on the established areas – they are all in remnant vegetation areas. 7. On Mulloncoola) there are 2 sites (not registered) that have scattered artefacts – there is no restrictions on the site however they are in remnant vegetation areas.

(h) Where indigenous people and local communities are situated
There are no current or previous settlements of indigenous people on any of the properties. Indigenous people are integrated within the local communities of Morawa and Perenjori.

(i) Where indigenous people and local communities have legal rights, customary rights or sites with special cultural, ecological, economic, religious or spiritual significance
See file "Indigeneous Dept Site Info.pdf " as provided to Auditor on 15 May 2018 (via Google Drive) . The sites referenced in 2(g) are the only significant sites across the properties. No cultural activities take place on these areas.

3. Boundaries

Please provide evidence that boundaries of the project area and the planting are clearly distinguishable in the field.
• All properties have perimeter tracks which are maintained as firebreaks. • Only previously-cleared land was established. • All established areas originally had perimeter access tracks separating those areas from remnant vegetation or non-established areas. Whilst an extensive network of firebreaks is annually maintained within each property, not all established area perimeter tracks are maintained annually. In most cases the planting perimeter can be safely driven with a 4x2 vehicle. • There is a clear distinction between non-established and established land – the established land all has well-defined twin mounds and furrows with established vegetation in the lines.