ACCU Scheme and Australian Carbon Markets

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Carbon In Plantation Forestry

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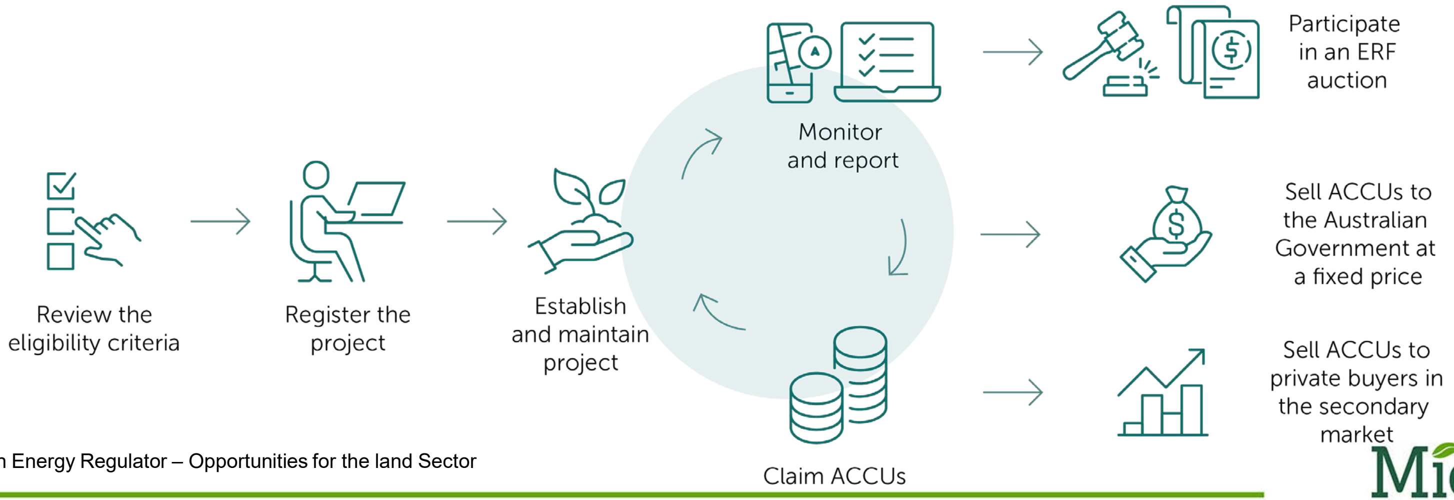
Participating In the Market (ACCU Scheme Example)

- The ACCU Scheme is a federal program that allows businesses to register projects that capture carbon or avoid emission.
- Project owners can then apply for ACCUs, with one tonne of emissions representing one ACCU.
- ACCUs can be sold to large emitters that are obligated to reduce or offset their emissions.



Source – Clean Energy Regulator – Opportunities for the land Sector

Carbon Project Lifecycle

Leveraging in-house carbon solutions to deliver a full solution

1 Land Assessment

Assessment of the land including optimising land use for plantation and carbon potential.

2 Eligibility & Registration

Develop the forest management plan and register the project with the CER for 25 years.

3 Establishment

Manage the implementation and planting of the project(s)

4 Plantation Management

Manage the ongoing site activities from establishment to final harvest.

5 Carbon Management

Manage compliance, audit and ACCU production and distributions for 25 years

6 Harvest & Wood Sales

Harvesting, purchasing, processing and sale of woodfibre and value-add products

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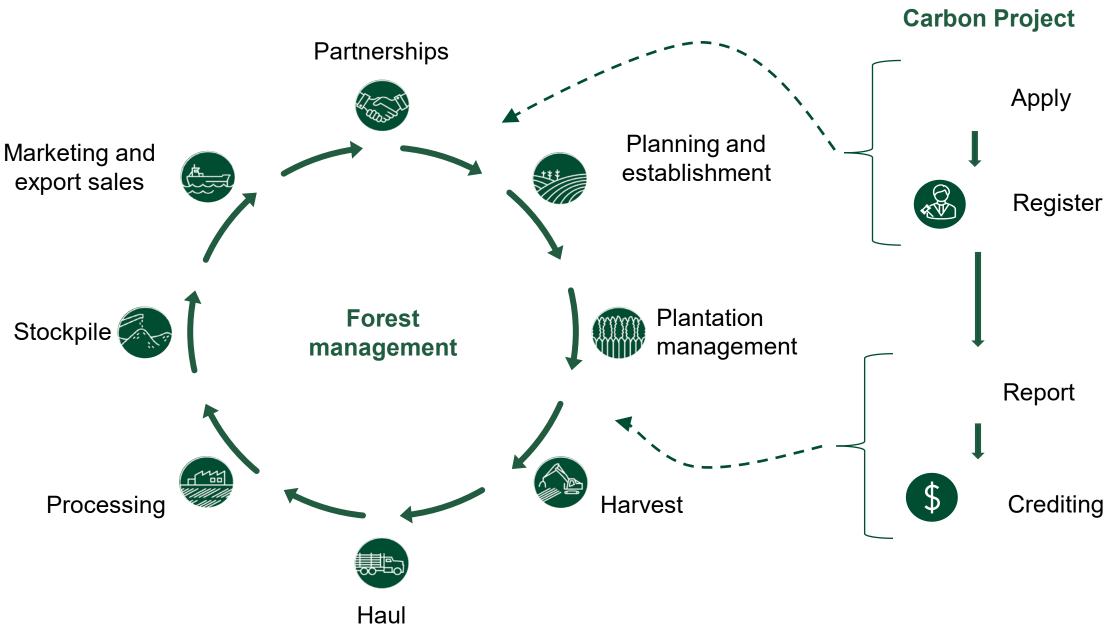
Plantation Forestry Projects



Plantation Carbon Breakdown

Midway will determine the optimal design to maximise return and abatement outcomes

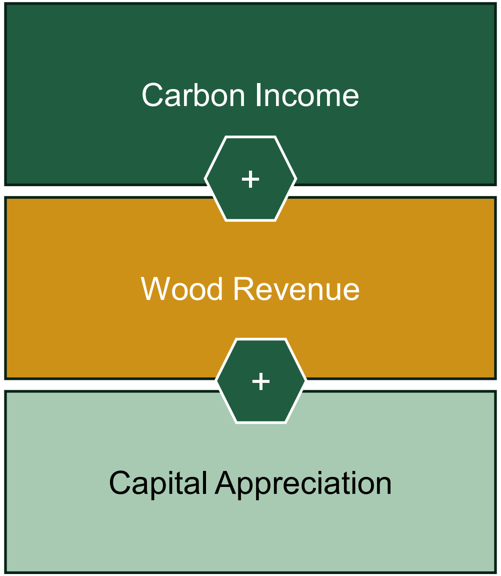
Schedule One *Greenfield*	Schedule Two *Rotation*	Schedule Three *Re-establishment*	Schedule Four *Permanent*
• New plantation on unforested block	• Converting plantation from short to long rotation • Can be harvested and replanted or thinned and extended	• Avoiding conversion of plantation to other land use • Can be harvested and replanted or thinned and extended	• Converting a plantation to a permanent forest

Plantation Forestry versus Environmental Plantings

A key benefit of plantation forestry is the additional wood revenue from harvest

	Plantation Forestry[1]	Environmental Plantings
Activity[1]	Establishment of a plantation for harvest	Establishment of native species (100 yr permanence)
Typical Carbon Yield (ACCUs/ha)	150-400	250-400
Crediting Period	~15 years	25 years
ACCU Revenue	✓	✓
Wood Revenue	✓	-
Capital Growth	✓	?

Plantation Project Return Drivers



1. Schedule 1, 2 and 3 under the Plantation Forestry method. Carbon yield and crediting period will vary across schedules and projects.

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Carbon Markets

Positioning in a Growing Market

Multiple opportunities for proponents to partner and add to value

Opportunity At Hand

1. Growing pressure to achieve net zero will significantly increase demand for ACCUs
2. Companies who are subject to the **safeguard mechanism** are showing urgency
3. Carbon credit generation in **nature-based projects** is a core capability

Solutions to Key Partners

- ✓ **Emitters** looking for nature-based solutions to help address their emissions problem
- ✓ **Investors** looking for companies that will benefit from the carbon emissions problem
- ✓ **Landowners** looking to capitalise on the value carbon projects can add to their land

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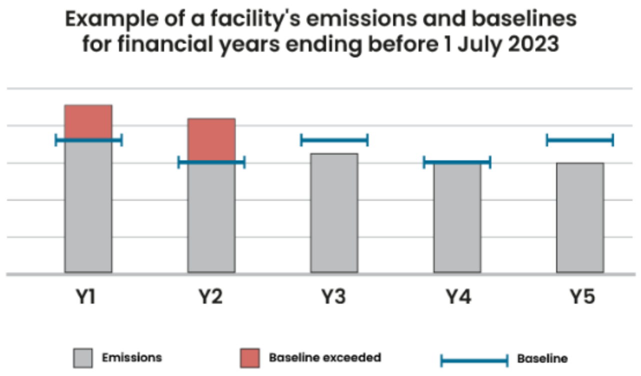
Participating In the Market (ACCU Scheme Example)

Australia's compliance market

- The principal emissions reduction and crediting framework in Australia consists of the Safeguard Mechanism and ACCU Scheme.
- **Safeguard Mechanism**
    - Legislated requirement for large emitters to reduce their emissions below a baseline.
    - Baseline reduces each year.
- **ACCU Scheme**
    - Project proponents can register an activity that reduces emissions or sequesters carbon.
    - ACCUs are issued once the carbon abatement has been realised.

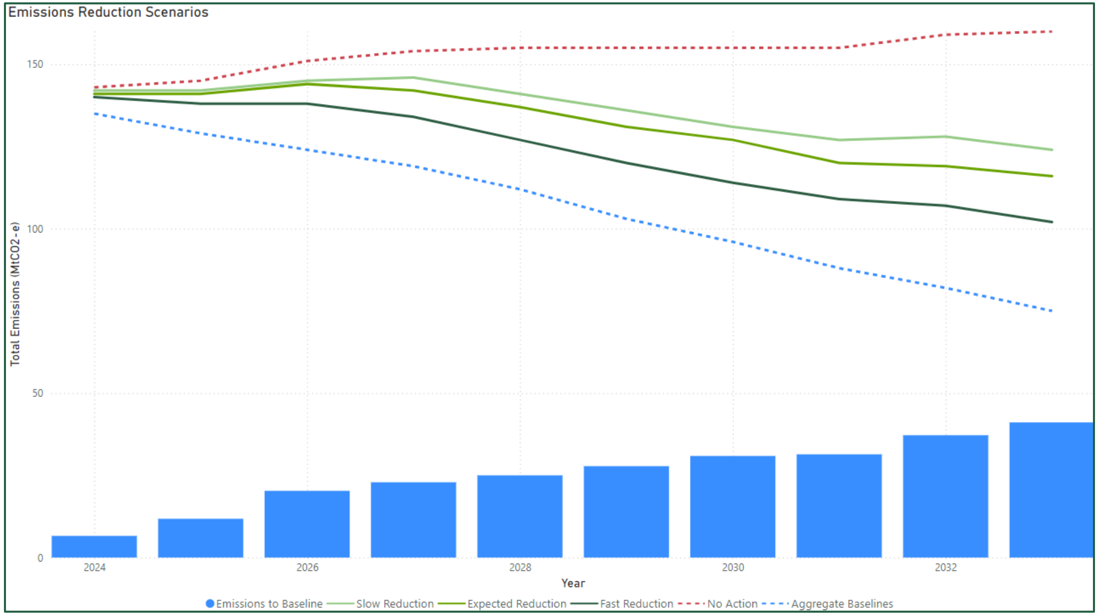


Source – Clean Energy Regulator – Safeguard Mechanism

Decarbonisation Scenarios

Key points

- The demand of offsets will be governed by the rate at which emitters can decarbonise their facilities, in line with their baseline.
- Even in the best-case scenarios, there is an expected annual aggregate shortfall of up to 40mtCO_2-e by 2030.



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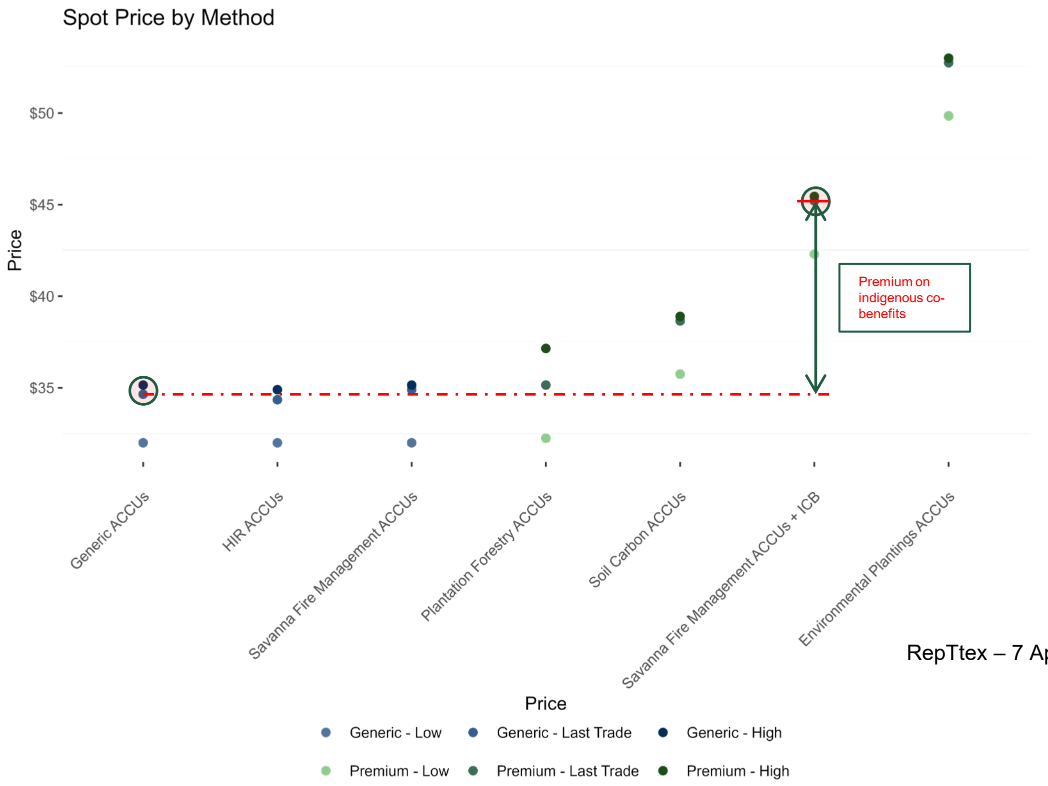
ACCU Pricing Implications

Key points

- ACCUs are currently trading between $30 and $50
- Clear market value for premium, land based carbon capture ACCUs:
  - Environmental Plantings and Plantation Forestry ACCUs currently trading at ~$50 and ~$40 respectively
  - There is currently a premium of ~$8 - $12 on plantation forestry ACCUs
- Forecasts by market monitors suggest generic ACCUs pricing will double by 2030.



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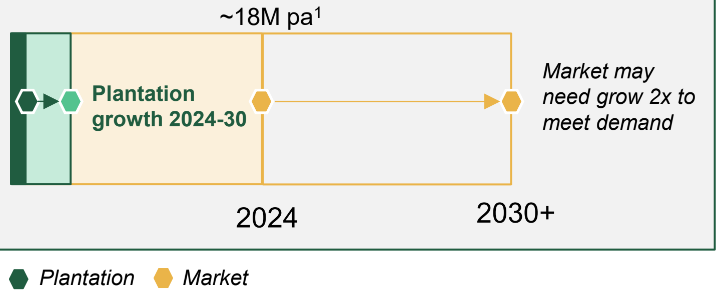
Why Plantation Forestry Carbon

Premium ACCUs from planting and harvesting trees

1. **Planting trees** a proven method for abatement
2. **Carbon compliments** plantations operations
3. **Improves land management** of marginal farm land
4. **Maximise return on land** from wood and ACCUs
5. **Investable** with multiple incomes
6. **Premium price** paid for plantation ACCUs
7. **Strong outlook** to replace legacy supply

Plantation to increase share in a growing market due to integrity and durability of method



1. Source: ERF Data and Midway estimates as of July 2024
2. Indicative forward curves based on broker data and Midway estimates

Midway's Approach and Projects

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Introducing Midway

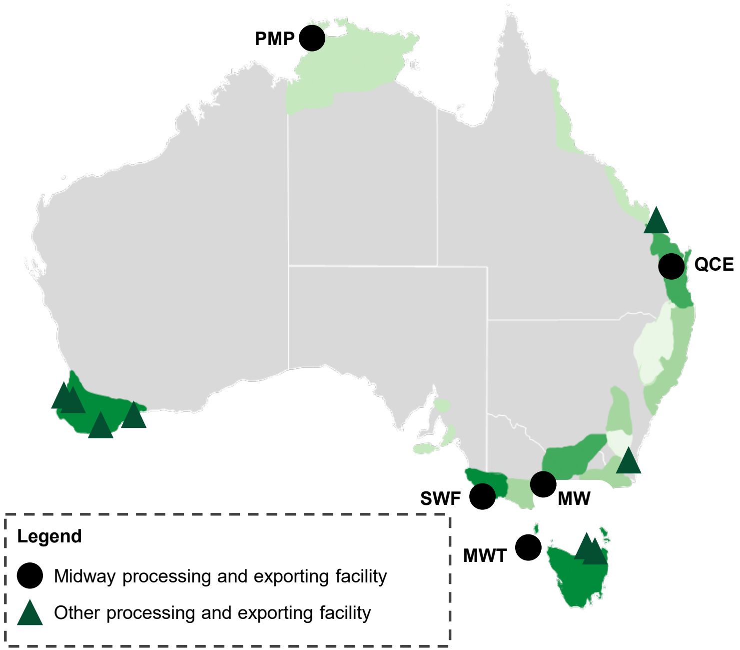
A leading Australian plantation and carbon solutions provider

Founded in 1980, Midway is listed on ASX and is a leading Australian wood processor and exporter

Our carbon solutions division is a natural extension to our long-standing expertise in plantation management

We deliver turnkey carbon abatement projects primarily through the plantation forestry method under the ACCU scheme

Midway is the trusted carbon solutions provider to emitters, funds, governments and agricultural enterprises



Tiwi Island project – E Pellita

- 30,000 ha Tiwi Plantations Corporation (TPC) owned and operated project, which Midway provides comprehensive and exclusive management services.
- Converting from A.Mangium to E. Pellita species.
- Extensive trials on Tiwi (10-15 years old) to back species change.
- Excellent growth and multiple products.
- Fire resistant after age 4.
- Excellent ACCU rates per ha.

TIWI PLANTATIONS CORPORATION

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