



Our Ref: N20006/2427

Dr Clive Keenan
Coral Coast Mariculture Pty Ltd
PO Box 9046
BURNETT HEADS QLD 4670

Dear Dr Keenan

Funding Agreement Variation Number 2

I refer to communications regarding the change of scope to for the Coral Coast Soft Shell Crab project funded through the Sustainable Regions Program. As verbally advised, the Minister for Transport and Regional Services has approved the change of scope for the project. This variation seeks to give effect to this agreed change of scope.

This Funding Agreement Variation Number 1 amends the original Funding Agreement, as varied by Contract Variation 1 of 6 April 2006, by replacing Items 1 and 2 of the Schedule to the Funding Agreement with Items 1 and 2 of the Schedule in this Funding Agreement Variation Number 2.

To confirm your agreement to these changes, please countersign where indicated below on both copies, retain one copy for your records and return the other copy to this office.

Yours sincerely the terms of this Variation are accepted for and on behalf of Coral Coast Mariculture Pty Ltd by

Peter Van Twist
Regional Manager

(signature)

12 February 2007

(print name above)

who certifies that they have the authority to bind Coral Coast Mariculture Pty Ltd.

Dated.....2007.

SCHEDULE

1. PROGRAMME AND ACTIVITY (Recital A, subclauses 1.1 and 5.1)

The Sustainable Regions Programme is the major initiative under the Stronger Regions, A Stronger Australia Statement announced by the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon John Anderson MP, on 29 August 2001.

Up to \$8 million has been allocated to the Wide Bay Burnett region in Queensland as part of the \$133 million Sustainable Regions Programme.

The purpose of the Sustainable Regions Programme is to identify and support specific activities to promote sustainable development including:

- strengthening the economy;
- improving social conditions;
- sustaining the environment.

The Minister for Transport and Regional Services, the Hon Warren Truss MP approved funding for this project on 29 September 2005.

Activity

The Activity is funding for the construction of the first stage of aquaculture infrastructure, including buildings, ponds and technical facilities, on **sites at Bundaberg Port and Littabella**.

The full proposal is over three stages involving capital investment of \$3.1 million to develop a soft-shell crab aquaculture business enterprise employing state-of-the-art Australian developed technology. CCM will re-invest profits it makes in the early years to get the facility to maximum production capacity at the end of Stage 3. The full project is expected to result in the production of 95 tonnes of gourmet quality product worth at least \$3.5 million annually in Australian and international sales.

The **Activity Period** commences on the Date of this Agreement and ends on acceptance by the Commonwealth of the **Final Audited Milestone Report**.

KEY DETAILS:

<u>ITEM 1</u>	Commencement Date	Date of this Agreement
Item 2	Completion date	June 2007
Item 3	Funding	\$500,000 (plus \$50,000 GST)
Item 4	Funding Bank Account	Account name: Coral Coast Mariculture – Grant Account Bank: ANZ Bank address: 1366 Gympie Road, Aspley QLD 4034 BSB No: 014 209 A/C No: 4961 16655
Item 5	Our Address for Service (including address for electronic communication purposes):	Peter Van Twist Regional Manager Department of Transport and Regional Services PO Box 10024, BRISBANE ADELAIDE STREET, QLD 4000 Telephone: (07) 3838 9944 Facsimile: (07) 3838 9949 Email: peter.vantwist@dotars.gov.au
Item 6	Funding Recipient Address for Service (including address for electronic communication purposes):	Coral Coast Mariculture Pty Ltd PO Box 9046 BURNETT HEADS QLD 4670 Dr Clive Keenan Telephone: (07) 4159 5691 Facsimile No: (07) 4159 5692 Mobile: 0402 482588 Email: ccm@queenslander.net
Item 7 Relates to clause 4.1	Milestone Payment Invoice Requirements	In addition to provision of an invoice meeting A New Tax System (Goods and Services Tax) Act 1999 requirements, the invoice to the Department should contain the following details:- An Invoice Number; the Date; company ABN; reference to the milestone payment being claimed; the amount of claim (excluding GST); the amount of GST claimed; and a total claim (inclusive of GST).
Item 8	Funding Preconditions	<ul style="list-style-type: none"> • Adequate proof of co-funding • Signing a Deed of Director Guarantee

2. FUNDING AND PAYMENT (subclauses 1.1, 4.1, 5.3(b), 5.6, 5.9, 5.10, 6.1, 6.2)

- 2.1 The total funding for this Activity is **\$550,000** which represents **\$500,000** the total amount of Funding to be provided by Us for the Activity, and **\$50,000** being the total GST payable in accordance with clause 4.
- 2.2 You are to obtain written approval from Us for any transfer of Funds between categories of Budget expenditure items, which exceed 10% of the total Budget expenditure items. The total amount of transfers in any financial year must not exceed 20% of the total Activity Budget.
- 2.3 Milestone payments will be paid only on receipt of evidence from You in the form of milestone reports and/or proof of expenditure, which is satisfactory to Us. The funding will be paid as follows:

<u>MILESTONE OUTPUTS</u>	<u>MILESTONE INDICATIVE TIMELINE</u>	<u>DOTARS PAYMENTS</u>	<u>PARTNER AND OTHER CONTRIBUTIONS</u>
<ul style="list-style-type: none"> Signing of Funding Agreement 	10 November 2005	\$ 150,000	
<p>Milestone Report 1</p> <ul style="list-style-type: none"> Purchase pond liner Negotiate and purchase hatchery/office Detailed pond design <p>Milestone Report 1 Due:</p>	<p>Start Date: 10 November 2005</p> <p>End Date: 31 January 2006</p> <p>28 February 2006</p>	\$ 150,000	<p>Cash: \$455,571 (Applicant)</p> <p>In-kind: \$40,715 (BPA); \$19,286 (BIARC); \$19,286 (Applicant)</p>
<p>Milestone Report 2</p> <ul style="list-style-type: none"> Begin pond construction, Phases 1 and 2 Design hatchery and order equipment Development and trials of shedding system Continue detailed pond design Update on progress towards achieving all relevant approvals and/or licences <p>Milestone Report 2 due:</p>	<p>Start Date: 1 February 2006</p> <p>End Date 31 March 2006</p> <p>30 April 2006</p>	\$ 150,000	<p>Cash: \$122,963 (Applicant)</p> <p>In-kind: \$27,143 (BPA); \$12,857 (BIARC); \$12,857 (Applicant)</p>

[REGS 76 attachment D]

Sustainable Regions Funding Agreement Variation 2umber 2
Coral Coast Soft Shell Crabs Project

<u>MILESTONE OUTPUTS</u>	<u>MILESTONE INDICATIVE TIMELINE</u>	<u>DOTARS PAYMENTS</u>	<u>PARTNER AND OTHER CONTRIBUTIONS</u>
<p>Milestone Report 3</p> <ul style="list-style-type: none"> • Continue pond construction • Purchase and begin fit-out of shedding system • Begin hatchery fit-out • Continue detailed pond design • Update on progress towards achieving all relevant approvals and/or licences • Provide evidence of commitments to complete project <p>Milestone Report 3 due:</p>	<p>Start Date: 1 April 2006</p> <p>End Date: 31 May 2006</p> <p>15 June 2006</p>	<p>No payment report</p>	<p>Cash: \$114,036 (Applicant)</p> <p>In-kind: \$27,143 (BPA); \$12,857 (BIARC); \$12,857 (Applicant)</p>
<p>Milestone Report 4</p> <ul style="list-style-type: none"> • Hatchery fit-out activity • Begin Production Aug/Sept • Continue detailed pond design • Complete pond construction • Update on progress towards achieving all relevant approvals and/or licences <p>Milestone Report 4 due:</p>	<p>Start Date: 1 June 2006</p> <p>End Date: 30 September 2006</p> <p>31 October 2006</p>	<p>No payment report</p>	<p>Cash: N/A</p> <p>In-kind: N/A</p>
<p>Milestone Report 5</p> <ul style="list-style-type: none"> • Complete pond preparation • Hatchery fit-out completed • Begin hatchery production • Stock ponds for grow-out • Commence construction of moulting system <p>Milestone Report 5 due:</p>	<p>Start Date: 1 October 2006</p> <p>End Date: 31 March 2007</p> <p>20 April 2007</p>	<p>\$ 25,000</p>	

[REGS 76 attachment D]

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Coral Coast Soft Shell Crabs Project

<u>MILESTONE OUTPUTS</u>	<u>MILESTONE INDICATIVE TIMELINE</u>	<u>DOTARS PAYMENTS</u>	<u>PARTNER AND OTHER CONTRIBUTIONS</u>
<p>Final Activity Report and Audited Financial Statement:</p> <ul style="list-style-type: none"> • A summary report of the overall implementation of, and outcomes from the Activity, including report on initial harvesting of moulted soft-shell crabs; and • An audited financial statement completed by an Approved Auditor. <p>Final Milestone Report and Audited Financial Statement due:</p>	<p>31 May 2007</p>	<p>\$ 25,000</p>	<p>Cash: N/A</p> <p>In-kind: N/A</p>
<p>Evaluation report</p> <p>An updated summary report of the overall implementation of, and outcomes from the Activity - Establishment of Stage 1 completed including:</p> <ul style="list-style-type: none"> • 4 ha fully operational ponds on 6 ha of land with support infrastructure; • Juvenile crab hatchery, shedding system for controlled harvesting of moulted soft-shell crabs, processing and packing infrastructure; • Buildings to house total hatchery, processing and packing requirements • Initial harvest completed • Statistics on new full and/or part-time jobs created; • Income from initial harvest anticipated to be re-invested in Stages 2 and 3 and Project Plan for future stages. <p>Evaluation report due:</p>	<p>3 August 2007</p>	<p>No payment report</p>	

[REGS 76 attachment D]

Sustainable Regions Funding Agreement Variation 2umber 2
Coral Coast Soft Shell Crabs Project

<u>MILESTONE OUTPUTS</u>	<u>MILESTONE INDICATIVE TIMELINE</u>	<u>DOTARS PAYMENTS</u>	<u>PARTNER AND OTHER CONTRIBUTIONS</u>
<u>TOTAL</u>		\$500,000 (+ \$50,000 GST)	Cash: \$692,570 In Kind: \$185,000

[REGS 76 attachment D]

Sustainable Regions Funding Agreement Variation 2umber 2
Coral Coast Soft Shell Crabs Project

BUDGET (ALL FIGURES ARE GST EXCLUSIVE)

Budget Item	Our Funding (cash)	Other Contributions (cash)	Other Contributions (in-kind)	Source of Other Contributions	Total
Accounting		16,545		Applicant	16,545
Operating costs (rates, rents etc)	17,000	20,099		Applicant	37,099
Electricity		636		Applicant	636
Travel	3,000	5,000		Applicant	8,000
Shedding system tanks and equipment	30,000	50,000		Applicant	80,000
Hatchery & office purchase/fit-out	215,000	245,000		Applicant	460,000
Direct Costs - consumables		5,304		Applicant	5,304
Insurance and Bank charges		7,168		Applicant	7,168
Other Infrastructure & Equipment	5,000	10,000		Applicant	15,000
Pond liner and construction	170,000	173,636		Applicant	343,636
Salaries & related expenses	40,000	82,164		Applicant	122,164
Salaries & related expenses			45,000	Applicant	45,000
Motor vehicle operating expenses		5,273		Applicant	5,273
Vehicle & machinery purchase cost	20,000	42,000		Applicant	62,000
Legal Costs		10,608		Applicant	10,608
Government Approvals (eg EPA, DPI&F)		2,500		Applicant	2,500
Audit/Evaluation of project		3,000		Applicant	3,000
Rent – hatchery and office site		13,636		Applicant	13,636
Rent - pond site			95,000	Bundaberg Port Authority	95,000
External R&D support			45,000	BIARC, DPI&F	45,000
TOTAL Costs (\$)	500,000	692,570	185,000		1,377,570