Gascoyne Horticulture Processing Prefeasibility

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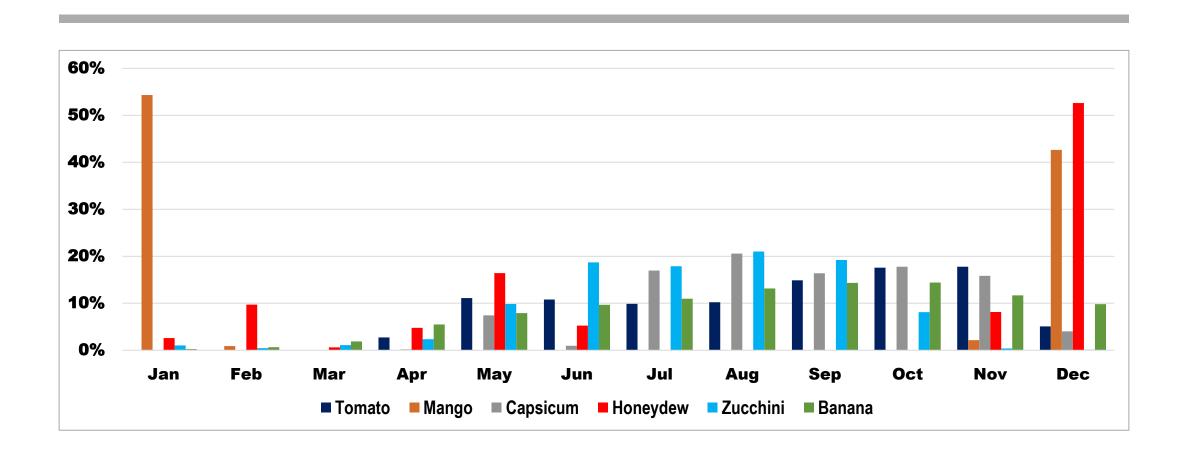
Ewan Colquhoun Ridge Partners



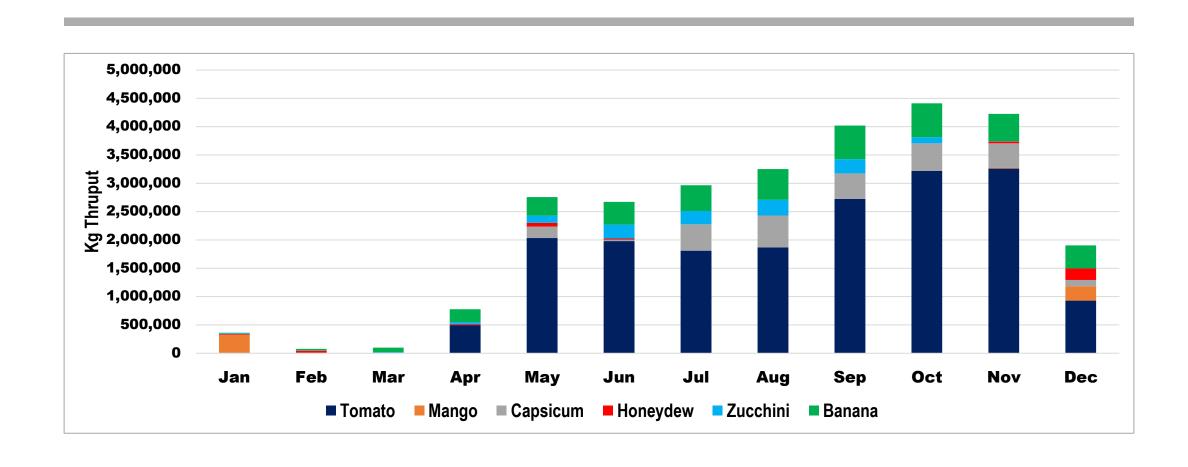
Approach

1. Engage	Engage Carnarvon producers
2. Scope	Scope out Horticulture Processing options
3. Collate	Collate data and ground-truth
4. Model	Build a prefeasibility model
5. Consult	Discuss and refine assumptions with producers and experts
6. Assess	Assess Investment Performance Scenarios

% of Crop Volume Supply Seasonality



Kg Thruput Seasonality





Annual Farm Yield

44,000 t Yield

Tomato 32,218 t Mango 826 t Capsicum 3,820 t Honeydew 688 t Zucchini 2,081 t Banana 4,370 t

HARVESTED

~73% of Farm Yield

32,119 t Graded

\$86 million GVP

Tomato 21,812 t Mango 661 t Capsicum 2,888 t Honeydew 516 t Zucchini 1,873 t Banana 4,370 t

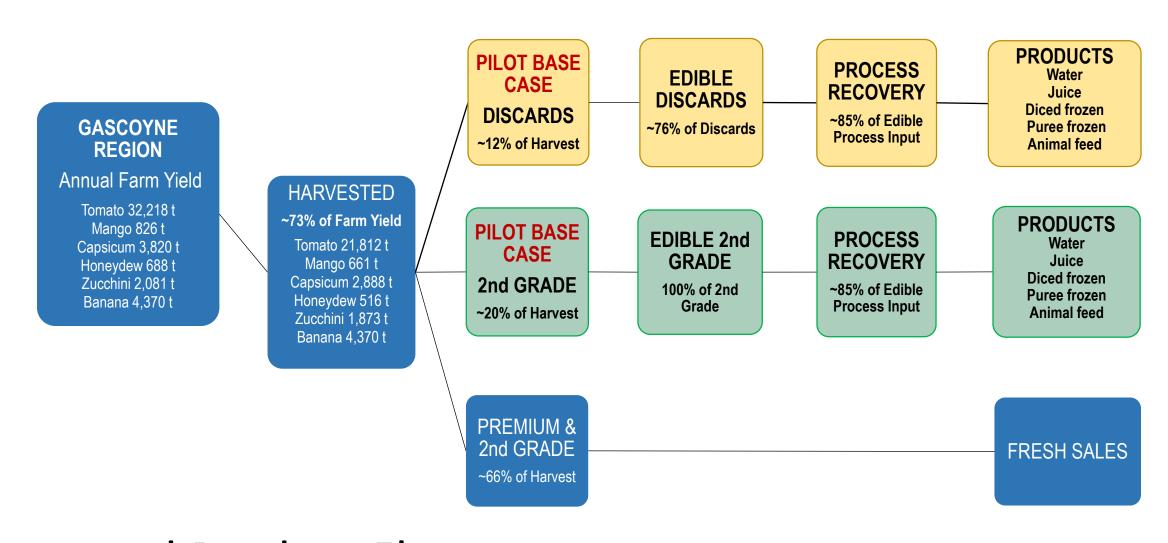
PREMIUM & 2nd GRADE

27,500 t Sold

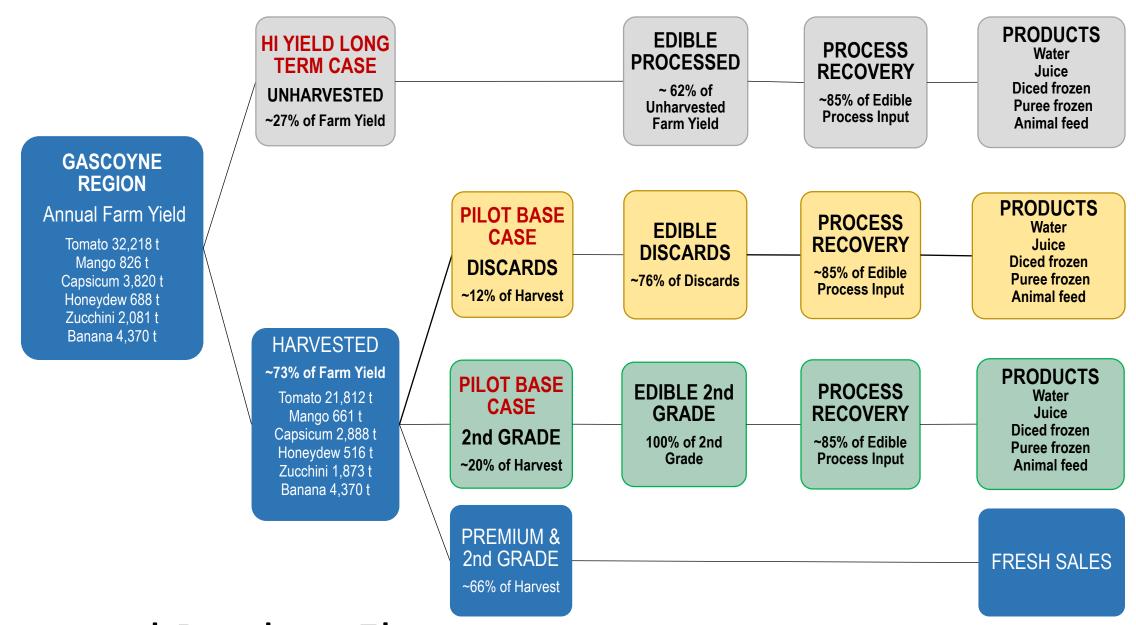
~66% of Harvest

FRESH SALES

Current Product Flow



Proposed Product Flow



Proposed Product Flow

Pilot Base Case Assumptions (% of harvest volume)

Sector	% of 2nds available as waste (all edible)	% grading waste (discards following grading)	% of graded waste that is edible	Breakeven price (\$/kg)	Packaging (kg/carton)
Tomato	22%	10%	85%	0.58	10 kg carton
Mangos	30%	15%	50%	1.21	6.5 kg tray
Capsicums	20%	5%	50%	1.66	10 kg carton
Honey Dew	No 2nds market	25%	85%	0.16	16 kg carton
Zucchini	10%	80%	90%	0.58	10 kg carton
Bananas	15%	5%	50%	0.86	13 kg carton

Hi-Yield Case Assumptions (% of harvest volume)

Sector	% of yield left on ground unharvested	% of graded waste that is edible
Tomato	32.3 %	72.5%
Mangos	20%	75%
Capsicums	24.4%	48.5%
Honey Dew	25%	50%
Zucchini	10%	50%
Bananas	0%	0%

GRADING

				Tomato	Mango	Capsicum	Honeydew	Zucchini	Banana	Total
1A. Market Volume		ı	kg	18,321,980	594,711	2,743,480	387,240	1,310,830	4,151,330	27,509,571
1B. Farm Yield	Est. Total Farm Yield	ı	kg	32,218,436	825,988	3,819,939	688,427	2,080,683	4,369,821	44,003,292
	Unharvested Yield - left on f	farms	%	32.3%	20.0%	24.4%	25.0%	10.0%	0.0%	Wt.Avg. 27.0%
%	of product left on farms that is e	edible	%	72.5%	75.0%	48.5%	50.0%	50.0%	0.0%	Wt.Avg. 61.8%
	Edible Volume left on far	ms I	kg	7,544,752	123,898	452,052	86,053	104,034	-	8,310,789
Total Harvest volur	me for grading	ı	kg	21,811,881	660,790	2,887,874	516,320	1,872,614	4,369,821	32,119,300
1C. Grading	Premium Grade to fresh mar	ket	%	50.0%	29.0%	55.0%	75.0%	55.0%	65.0%	Wt.Avg. 52.8%
(All 2nd grade is edible)	2nd Grade to fresh market		%	12.0%	31.0%	20.0%	0.0%	5.0%	15.0%	Wt.Avg. 12.9%
	2nd Grade to processing	(%	22.0%	30.0%	20.0%	0.0%	10.0%	15.0%	Wt.Avg. 20.0%
	Total Grading Discards	(%	16.0%	10.0%	5.0%	25.0%	30.0%	5.0%	Wt.Avg. 14.4%
	% Discards that are edib	ole	%	85.0%	50.0%	50.0%	85.0%	90.0%	50.0%	Wt.Avg. 76.7%
	Premium Grade fresh	ı	kg	10,905,940	191,629	1,588,331	387,240	1,029,938	2,840,384	16,943,462
	2nd Grade fresh	ı	kg	2,617,426	204,845	577,575	-	93,631	655,473	4,148,949
	Available for processing	I	kg	8,288,515	264,316	721,968	129,080	749,046	873,964	11,026,889
	1. 2nd Grade process	sing	kg	4,798,614	198,237	577,575	-	187,261	655,473	6,417,160
	2. Edible Discards	I	kg	2,966,416	33,040	72,197	109,718	505,606	109,246	3,796,222
	Inedible Discards		kg	523,485	33,040	72,197	19,362	56,178	109,246	813,507
Total Product grad	led	I	kg	21,811,881	660,790	2,887,874	516,320	1,872,614	4,369,821	32,119,300

PROCESSING OPTIONS

D. Available for Proc	essing								
1. Base Case	2nd Grade processing	kg	4,798,614	198,237	577,575	-	187,261	655,473	6,417,160
	Edible Discards	kg	2,966,416	33,040	72,197	109,718	505,606	109,246	3,796,222
	Total for Base Case	kg	7,765,030	231,277	649,772	109,718	692,867	764,719	10,213,382
	Max thruput limit 62	2 % kg	4,814,318	143,391	402,858	68,025	429,578	474,126	6,332,297
2. Hi Yield Case	2nd Grade processing	kg	4,798,614	198,237	577,575	-	187,261	655,473	6,417,160
	Edible Discards	kg	2,966,416	33,040	72,197	109,718	505,606	109,246	3,796,222
	Edible volume left on farms	kg	7,544,752	123,898	452,052	86,053	104,034	-	8,310,789
	Total for Hi-Yield Case	kg	15,309,782	355,175	1,101,823	195,771	796,901	764,719	18,524,171
	Max thruput limit 62	2% kg	9,492,065	220,208	683,130	121,378	494,079	474,126	11,484,986

Base Case is very conservative – only the 2nd grade input is processed

CAPITAL EXPENDITURE

(CAPEX)

2F.	CAPEX - Plant & Log	istics		<u>Salvage</u>					
Ass	ets installed at 2019 pr	rices	<u>Life yrs</u>	Value %				eprec'n/yr	
1	Land and site access				\$ Assume land is provided free of c	harge by local authorities	000		\$ =
2	Washing and sorting		8	0%	\$		\$	2,250	\$ 18,000
3	Dicing machine		8	0%	\$		\$	2,500	\$ 20,000
4	IQF freezer		8	0%	\$		\$	10,000	\$ 80,000
5	Vac packing line		8	0%	\$		\$	6,250	\$ 50,000
6	Juicer		8	0%	\$		\$	2,500	\$ 20,000
7	Centrifuge		8	0%	\$		\$	2,500	\$ 20,000
8	Building, utilities & acc	cess	30	10%	\$		\$	21,000	\$ 700,000
9	Ripening system		8	0%	\$		\$	8,250	\$ 66,000
9	Chiller		8	0%	\$		\$	6,250	\$ 50,000
10	Blast freezer		8	0%	\$		\$	6,250	\$ 50,000
11	QA product control sys	stem	8	0%	\$		\$	6,250	\$ 50,000
12	Office equip, software	, etc	8	0%	\$		\$	6,250	\$ 50,000
13	Vehicles, forklifts, trail	ers	8	0%	\$ 1x Utility Vehicle + 1 Fork lift		\$	18,750	\$ 150,000
14	Telecomun ications		10	0%	\$		\$	2,000	\$ 20,000
16	Ground preparation &	site works	30	0%	\$		\$	7,767	\$ 233,000
17	Concrete		30	0%	\$		\$	10,267	\$ 308,000
17	Structural steel & roof	ing	20	0%	\$		\$	12,150	\$ 243,000
18	Walls and ceiling insu	•		0%	\$		\$	105,000	\$ 1,050,000
19	Refridgeration and air	conditionin	10	0%	\$		\$	40,900	\$ 409,000
20	Hydraulic services		10	0%	\$		\$	12,000	\$ 120,000
21	Miscellaneous, docum	nents, regio	10	0%	\$		\$	320,000	\$ 3,200,000
15	Power generation - so	lar etc	20	0%	\$		\$	51,150	\$ 1,023,000
22	Additonal unknown ite	ms	8	0%	\$		\$	-	\$ -
	TOTAL Ini	itial Capita	l Expenditur	9	\$		\$	660,233	\$ 7,930,000
	Amount of CAPEX to I	be replaced	d in 8 years tir	ne					\$ 624,000

Pilot BASE CASE Performance - 62% Thruput

Discount Rate 12%, \$7.9m CAP	EX, 5.5 FTEs	Revenu	e Confider	ice Level
62% of available input Nil Government subsidy	NPV \$m	50%	75%	100%
.	5%	\$-33	\$-11	\$12
Breakeven	10%	\$-35	\$-12	\$11
Premium	15%	\$-37	\$-14	\$9

Conclusion: Investment is viable at above ~90% confidence

Pilot BASE CASE Performance – 100% Thruput

Discount Rate 12%, \$7.9m CAP	EX, 5.5 FTEs	Revenu	e Confider	ice Level
100% of available input Nil Government subsidy	NPV \$m	50%	75%	100%
	5%	\$-48	\$-14	\$21
Breakeven	10%	\$-51	\$-16	\$18
Premium	15%	\$-53	\$-19	\$16

Conclusion: Investment is viable at above ~85% confidence

Hi yield case performance

Discount Rate 12%, \$7.9m C	APEX, 5.5 FTEs	Revenue	Confiden	ce Level
62% of available input \$Nil Government subsidy	\$m	50%	75%	100%
	5%	\$-53	\$-15	\$23
Breakeven	10%	\$-56	\$-18	\$20
Premium	15%	\$-59	\$-21	\$17

Summary

- Assumptions are conservative
- \$7.9m Investment is Pilot Plant BASE CASE processing is viable at 90% confidence & 62% throughput
- \$7.9m Investment in Hi-Yield CASE processing is viable at 90% confidence & 62% throughput
- Governance and Ownership structure will be important to enable returns.