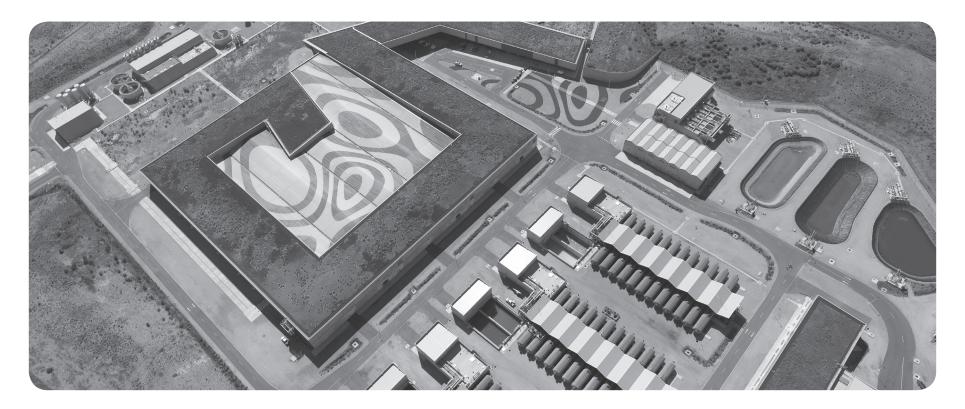
AN UPDATE FROM AQUASURE



I am pleased to report that the strong capability and performance of the Victorian Desalination Project (VDP) has been validated since the plant was restarted in March.

From end March 2017 when the plant reached full operation, until the end of the Supply Period, the plant performed consistently above expectations, producing an average of 467 million litres of desalinated water per day, about 105% of its "plated" capacity.

This performance is testament to the quality of both the design and construction of the plant, and the expertise of our operations team. It is also a significant milestone given more than 1,500 days had passed since the VDP was last required to deliver water.

Having been in preservation mode since December 2012, and despite being unable to undertake much preparatory work in the absence of the electricity supply prior to 3 March 2017, the plant was up and running within two weeks of power being reconnected, and at full production (running all three streams) after a little over three weeks.

Since then the plant has operated seamlessly, compliant with the stringent contractual water quality and environmental requirements.

The energy efficiency of the plant has also been verified with our power usage for producing water below expectations. Further our purchase, and surrender, of nearly 200,000 renewable energy certificates in respect to 2016/17 has ensured the full offset of our power use with an equal amount of renewable energy being put into the electricity grid.

Despite performing above expectations for an extended period, having not being able to commence production until mid-March meant that we were 3.9 GL short of the full 50 GL at the end of June. A 15GL water supply order was placed for the 2017/18 delivery period, and so the plant continued to operate through July to fulfil this order. The last of the 15GL of desalinated water was delivered on 9 August, and the plant is now being returned to preservation mode until such time as the next water order is received.

Over the next six months our focus will return to undertaking our regular maintenance program on the plant, the power cable and the ecological reserve. In the ecological reserve, the planting program continues. Those of you who visit the area regularly will appreciate how much the flora has developed over the past few years but we are continuing to work on those areas where growth is not yet firmly established. Bird watchers will also be interested to know that a diversity of species is returning to the area, and in some instances new species are being sighted including Blue Billed Duck and Tasmanian Boobook Owl.

It is very gratifying to see such high use being made of the reserve by community members and visitors.

I was also pleased to read recently about the local whale trail signage initiative, and the numerous sightings of Humpback and Southern Right Whales. As was expected when we commenced work on the project, the operation of the VDP has not interfered with their migratory patterns.

Indeed, a huge effort went in to the design of the plant to ensure minimal impact on the marine and land environments and that work continues today under the oversight of various external bodies, including the Independent Reviewer & Environmental Auditor.

Both AquaSure and our operations contractor Watersure, as long-term members of the local community, remain committed to maximising the project's positive contribution at a local level wherever possible.

To this end, both organisations have focussed on supporting education and training initiatives for the area's young people. Since taking over management of the VDP in 2012 Watersure has initiated a range of educational partnerships with local schools, which have grown in popularity. In that time more than 1000 students from the Wonthaggi Secondary College have participated in a range of maths based programs, and other activities based around STEM subject areas.

Many more have participated in the workplace safety program which engages students from all local schools. This is run in conjunction with the South Gippsland Bass Coast Local Learning and Employment Network.

Both organisations offer a range of scholarships for secondary and tertiary students.

Watersure offers (two) scholarships for students entering year 11, two for students entering Year 12, and two x two-year scholarships for students entering tertiary education.

These are awarded to students attending high schools in Bass Coast Shire: Newhaven and Wonthaggi Secondary College. The application process is coordinated directly through the schools.

AquaSure also supports three two-year scholarships for students entering the second year of their tertiary studies. This provides students with financial assistance with their tertiary study expenses. This program is managed by the Bass Coast Community Foundation.

In the broader community, the VDP continues to be of interest. Since 2012 almost 18,000 people have visited the site.

For those interested in finding out more about the information in this update, or to book a community site tour please phone the community contact line on 1800 811 214.

Until next time.

Matt Brassington CEO, AquaSure

WATER NOW AND FOR THE FUTURE. FOR SURE.

AQUASURE

WATERSURE

www.aquasure.com.au