

Newsletter to Barossa Infrastructure Ltd Customers

March 2017

Barossa Infrastructure Ltd - Scheme Expansion - Offer Information Statement (OIS)

Update on progress on the expansion of Barossa Infrastructure Ltd's (BIL) pipe network from a capacity of 9,000 ML per annum to 11,000 ML per annum (see BIL's recent OIS for details).

There are sufficient applications under the OIS to proceed (more than the minimum subscription), and BIL is now working to ensure the remaining conditions precedent (CPs) are met. The remaining CPs require: satisfactory progress with SA Water concerning the revised Water Transport Agreement; securing adequate finance; and construction costs within estimates.

The demand for Premium Water has exceeded our forecast in areas north of the Sturt Highway. While BIL is pleased by this greater than anticipated demand and considers that this will benefit the Company and all its shareholders, there are some short-term implications. It has meant that the preliminary design on which the OIS was based has had to be modified and costs reassessed. The most likely change is that a dam will need to be constructed north of the Sturt Highway to accommodate demand in those areas. A suitable location is being sought. The construction of a dam will require all necessary council and other approvals to be obtained by BIL, which may take some time. Construction is not possible before winter. Hence the dam cannot be filled before the 2017/18 summer (assuming BIL proceeds to build a dam, as anticipated). Preliminary estimates indicate that this design can be constructed within budget, but this has yet to be confirmed. BIL is working closely with its engineering consultants and other advisers to finalise the design and construction costs.

It is expected that it will be necessary to delay the provision of new water to customers north of the Sturt Highway until the 2018/19 summer. There should not be any disruption to existing customers. There may be an opportunity to provide some additional water at existing flows to existing connections.

BIL now anticipates that it will complete the CPs, sign the new customer contracts and issue the shares under the OIS by 31 May 2017 rather than by 30 April 2017, as originally planned. This is because BIL needs more time to check that it will be able to deliver water to some applicants.

A letter in similar terms to this has already been sent to applicants. If you require further information, I can be contacted through the BIL office or on mobile 0407 901 651.

Temporary Trading of BIL Water in 2016/17

Several customers have **exceeded or nearly exceeded their Premium Water volumes**. Additional water is available and this should be ordered **before 31 March** to avoid excess water charges. Forms are available on the website or from the BIL office.

Customers who have surplus water should register their requirements, which will be treated on a first-come basis. Those who are successful will be advised.

Half Yearly Financial Results

The financial results are available on the BIL website at <http://barossainfrastructure.com.au/annual-reports/>

Contact for BIL Operations

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