

'COMMERCIAL IN CONFIDENCE'

VARIATION AGREEMENT

THIS AGREEMENT is made the 11th day of September 2009

1. PARTIES

1.1 **THE FORESTRY COMMISSION OF NEW SOUTH WALES** a corporation constituted under the Forestry Act 1916 (NSW) trading as **FORESTS NSW ('Forests NSW')**

1.2 **ALLEN TAYLOR & COMPANY LIMITED (A.C.N. 000 003 056)**
(**'Company'**)

2 RECITALS

2.1 On 25 June 2004 Forests NSW (under the trading name State Forests of NSW) and the Company entered into a wood supply agreement for an annual supply of pulplog timber until 31 December 2007 (which inclusive of any amendment or variation thereto is hereinafter called "the Wood Supply Agreement") with provision for an extension until 31 December 2011.

2.2 In 2007 the Company sought an extension of the Wood Supply Agreement until 31 December 2012. The Wood Supply Agreement provides that the extension of the initial term to 31 December 2011 is subject to the parties reaching agreement in relation to:

2.4.1 the quantity of timber which would be made available under an extended agreement; and

2.4.2 the Delivered Prices (including the mechanism to vary the Delivered Price) under an extended agreement.

2.5 The parties have reached agreement both in relation to an extension to 31 December 2012 and timber quantity, Delivered Prices and the mechanism to vary the Delivered Price to apply during the period from 1 January 2009 until 31 December 2012. This Agreement sets out amendments to the Wood Supply Agreement necessary to give effect to that agreement.

2.6 The Company has received and paid for timber supplied during the calendar year 2008 on interim terms pending the resolution of the Company's request for an extension of the Wood Supply Agreement. The parties accept those interim terms as applicable under the extended Wood Supply Agreement during 2008. This Agreement also sets out amendments to the Wood Supply Agreement necessary to give effect to that acceptance.

SCHEDULE 2

Amendments to the Wood Supply Agreement to apply from 1 January 2009

- Clause 30**
Delete clause 30
- Schedule 3**

Insert at the end of Schedule 3:

"Despite anything to the contrary in this Agreement the Base Supply Distribution for the Year commencing 1 January 2009 and each Year thereafter shall be:

BASE SUPPLY DISTRIBUTION

Forests NSW Region	Proportion of Base Supply
North East	2.5%
Central	97.5%

- Schedule 4**

Insert at the end of Schedule 4:

"Despite anything to the contrary in this Agreement, for the Year commencing 1 January 2009 the Delivered Prices and Delivery Hours for the Delivery Sites shall be:

DELIVERY SITES, HOURS AND YEAR 2009 DELIVERED PRICES

Delivery Site	Delivery Address	Delivery Hours	Delivered Prices (\$/GMT) (Forests NSW Region)	Indicative Proportion of Supply
Boral Tea Gardens	Pindimar Rd, Pindimar NSW 2324	6:00am to 5:00pm Monday to Friday and 8:00am to 4:00pm Saturday	██████████ Central and North East)	50%
B&S Timber	Masonite Rd Raymond Terrace NSW 2324	6:00am to 4:00pm Monday to Friday Saturday if required	██████████ Central)	50%
Newells Creek Sawmilling Company	Newells Creek, Markwell Rd, Bulahdelah NSW 2423	6:00am to 5:00pm Monday to Thursday 6:00am to 3:00pm Friday	██████████ Central)	
OTHER	As agreed from time to time			

SCHEDULE 1

Amendments to the Wood Supply Agreement to apply for the Year commencing 1 January 2008

1. Schedule 4

Insert at the end of Schedule 4:

“Despite anything to the contrary in this Agreement, for the Year commencing 1 January 2008 the Delivered Prices and Delivery Hours for the Delivery Sites are as follows:

DELIVERY SITES, HOURS AND YEAR 2008 DELIVERED PRICES

Delivery Site	Delivery Address	Delivery Hours	Delivered Prices (\$/GMT) (Forests NSW Region)
Boral Tea Gardens	Pindimar Rd, Pindimar NSW 2324	6:00am to 5:00pm Monday to Friday and 8:00am to 4:00pm Saturday	██████ (Hunter, Mid North Coast and North East)
B&S Timber	Masonite Rd Raymond Terrace NSW 2324	6:00am to 4:00pm Monday to Friday Saturday if required	██████ (Hunter) \$57.77 (Mid North Coast and North East)
Newells Creek Sawmilling Company	Newells Creek, Markwell Rd, Bulahdelah NSW 2423	6:00am to 5:00pm Monday to Thursday 6:00am to 3:00pm Friday	██████ (Hunter) ██████ (Hunter Plantations and Mid North Coast)

3. EXTENSION OF TERM

3.1 The Term of the Wood Supply Agreement is extended to 31 December 2012.

4. OTHER AMENDMENTS

4.1 The amendments to the Wood Supply Agreement in Schedule 1 are deemed to have applied for the year commencing 1 January 2008.

4.2 The amendments to the Wood Supply Agreement in Schedule 2 are deemed to have applied from 1 January 2009.

EXECUTED AS A DEED

I,
duly authorised delegate
have hereunto affixed the Seal of the
FORESTRY COMMISSION
OF NEW SOUTH WALES
in the presence of:

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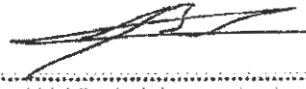


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Witness

Executed by **Allen Taylor & Company**)
Limited)
in accordance with s127(1) Corporations Act)
2001 (Cth):)

Bryan Tisher

Director
BRYAN TISHER



Secretary/Director
TON BERTINSHAW

4. Schedule 5

Insert at the end of Part 3 Schedule 5:

“Despite anything to the contrary in this Agreement, or by the prior operation of this Schedule 5, for the purposes of the determination of Delivered Prices for the Year commencing 1 January 2010:

(a) the Weightings (Column 4 above) shall be:

Item 1:	Pulpwood Price:	20%
Item 2:	Movement in Wages:	40%
Item 3:	Movement in Fuel Price	25%
Item 4:	Fixed Costs	15%”

(b) the Delivered Price for Timber delivered to the Delivery Site at Tea Gardens during the Year commencing 1 January 2009 shall be deemed to be \$67.58.”