

**2025 EXTENSION TO
WOOD SUPPLY AGREEMENT**

**FORESTRY CORPORATION OF NSW
&
Grants Holdings Co Pty Limited**

DEED OF VARIATION

THIS DEED OF VARIATION is made on the 2nd day of December 2025

BETWEEN Forestry Corporation of New South Wales, a statutory State-owned corporation constituted under the Forestry Act 2012 (NSW) ('FCNSW');

AND Grants Holdings Co Pty Limited (ABN 42 107 997 713) ('the Company')

RECITALS

- A. The parties are parties to the Western Region Wood Supply Agreement of 30 March 2021 ('the Agreement').
- B. A copy of the Agreement is included at Schedule 1.
- C. The Agreement is to expire on 31 December 2025 (clause 4.1).
- D. The parties have agreed to amend the Agreement to extend the term by 3 years.

1. DEFINITIONS AND INTERPRETATIONS

1.1. Definitions:

In this Variation unless a contrary intention appears:

'Agreement' means the Western region wood supply agreement of 30 March 2021 between the parties.

'Variation' means this variation deed.

'Variation Date' means 31 December 2025.

1.2. Interpretation

In this Variation, unless the context requires otherwise:

- (a) words defined in the Agreement shall have the same meaning as given to them by the Agreement;
- (b) headings are for convenience only and do not affect the interpretation of the Variation;
- (c) words importing the singular include the plural and vice versa;
- (d) a reference to a natural person includes a company, partnership, joint venture, association, corporation, or other body corporate and any governmental agency;
- (e) a reference to any thing includes a part of that thing;
- (f) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of and a party, annexure, exhibit and schedule to the Agreement;
- (g) a reference to a document includes all amendments, supplements, replacements or novations of that document;
- (h) a reference to a party to a document includes that party's successors and permitted assigns;
- (i) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Variation or any part of it; and
- (j) a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them

(whether of the same or any other legislative authority having jurisdiction).

2. COMMENCEMENT AND CONTINUATION OF VARIATIONS

2.1. This Variation to the Agreement has effect from the Variation Date.

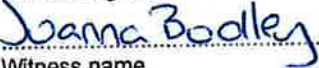
3. AMENDMENT OF THE AGREEMENT

From the Variation Date, the parties agree the Agreement is amended as follows:

- Clause 4.1: omit '31 December 2025' and replace with '31 December 2028'.

EXECUTED AS A DEED

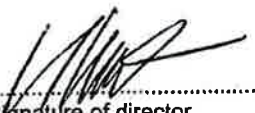
EXECUTED for and on behalf of
Forestry Corporation of New South Wales


Witness signature

Witness name


Signature of Delegate
Andrew Crisnall, CEO
Name of Delegate, and position held

Date signed by Forestry Corp: 1/12/2025

EXECUTED by Grants Holdings Co
Pty Limited in accordance with section
127(1) of the Corporations Act 2001 (Cth) by
authority of its directors:


Signature of director
MATTHEW GRANT
Name of director (block letters)


Signature of director/company secretary
RICHARD GRANT
Name of director/company secretary
(block letters)

Date signed by Grants Holdings: 21/11/2025

Schedule 1

Western Region Wood Supply Agreement of 30 March 2021

[include copy]

J.G. ND

C21/003



WESTERN REGION

WOOD SUPPLY AGREEMENT

BETWEEN

THE FORESTRY CORPORATION OF NEW SOUTH WALES

AND

GRANTS HOLDINGS CO Pty Limited



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WESTERN REGION WOOD SUPPLY AGREEMENT

THIS AGREEMENT is made the 30th day of March 2021

1. PARTIES

- 1.1 THE FORESTRY CORPORATION OF NEW SOUTH WALES a statutory State owned corporation constituted by the Forestry Act 2012 ('FCNSW')
- 1.2 GRANTS HOLDINGS CO. PTY LIMITED (ABN: 42 107 997 713) ('Company')

2. DEFINITIONS AND INTERPRETATION

- 2.1 In this Agreement unless a contrary intention appears:

'Act' means the Forestry Act 2012 (NSW) and all regulations made under that Act;

'Allocation 1' for a Year means the quantity of Cypress Large Sawlogs set out as Allocation 1 for that Year in Schedule 2;

'Allocation 2' for a Year means the quantity of Cypress Small Sawlogs set out as Allocation 2 for that Year in Schedule 2;

'Allocation 3' for a Year means a quantity of Ironbark Logs, Firewood and Residue/Chip logs not exceeding the quantity specified in Schedule 2 for Allocation 3 that is available to be taken in those Compartments that FCNSW allocates to the Company in the Year as Early Thinning Areas and in order for it to take Allocation 1 and Allocation 2 for the Year;

'Allocations' means Allocation 1, Allocation 2, and Allocation 3,

'Area of Supply' means the Crown-timber lands within the Northern Cypress Supply Area;

'Change in Control' of a corporation means change in control of more than 50% of the shares with the right to vote in general meetings of the corporation;

'Code of Procedure' means the Code of Procedure attached as Schedule 8 as may be amended from time to time in accordance with this Agreement;

'Commencement Date' means 1 April 2021;

'Company' means the Company and includes all employees, servants and agents of the Company;

'Compartment' means an identified geographic FCNSW administrative area from which FCNSW may make Timber available to the Company;

'Cypress Large Sawlogs' means timber conforming to the specifications for Cypress Large Sawlogs set out in the Specifications;

'Cypress Small Sawlogs' means timber conforming to the specifications for Cypress Small Sawlogs set out in the Specifications;

'Early Thinning' means harvesting operations aimed at reducing the density of cypress regeneration to create space for stems to grow into future sawlogs.

'Early Thinning Areas' means areas identified by FCNSW for Early Thinning Areas in Plans of Operations;

'Existing Agreement' means the undated wood supply agreement between the parties that commenced on 1 July 2018 with an expiry date of 30 June 2023 providing for FCNSW to make available an annual Allocation of 3000 cubic metres of cypress timber to the Company;

'Firewood Logs' means timber conforming to the specifications for Firewood Logs set out in the Specifications;

'Force Majeure' means an event (other than the payment of money) arising from an act of God, industrial dispute, act or omission of government or government department or instrumentality (other than FCNSW), war, sabotage, riot, civil disobedience, epidemic, disease, fire, explosion, failure of power supply, accident, natural disaster, calamity or unlawful act by other person, or any similar cause which prevents a party from performing its obligations (in whole or in part) under this Agreement;

'Forest Practices Code' means the FCNSW Forest Practices Code applying to all timber harvesting operations conducted in all native forest under the control of FCNSW and includes the Code of Practice for Safety in Forest Harvesting operations;

'Ironbark Logs' means timber conforming to the specifications for Ironbark Logs set out in the Specifications;

'Log Landing' means the location specified by FCNSW where felled timber is stored and serviced before delivery to a sawmill or processing plant;

'Management Area' means an area of land designated as a 'Management Area' on the plan attached as **Schedule 3**;

Minimum Performance Percentage for a Year means that percentage as listed in **Schedule 2** for the relevant Year.

Northern Cypress Supply Area' means all the land within the area identified as the Northern Cypress Supply Area on the map attached as **Schedule 3**

'Price Year' means the 12 month period commencing on 1 January in any year;

'Required Licences' means licences which are required under the Act to permit the processing of Timber by the Company in the exercise of its rights under this Agreement and any other licences required under the Act from time to time by the Company to enable it to exercise its rights under this Agreement;

'Residue/Chip Logs' means timber conforming to the specifications for Residue Logs set out in the Specifications;

'Salvage operations' means the harvesting of windthrown timber or damaged timber;

'Specifications' means the specifications for the timber set out in **Schedule 1** as amended in accordance with this Agreement;

'Stumpage Price' means the amount per tonne or cubic metre (as the case may be) of Timber charged by FCNSW for the Timber;

'Stumpage Price Review Mechanism' for a type of Timber means the mechanism set out in **Schedule 7** for that type of Timber;

'Supply Area' means an area of land (whether Crown-timber land or any other type of land) identified in **Schedule 3** as a Supply Area more particularly being the individual Supply Areas of Pilliga, Gunnedah, Gulargambone, Gilgandra, Dubbo, Walgett, and Inverell;

'Term' means the duration of this Agreement;

'Timber' means the timber detailed in the Specifications;

'tonnes' means green metric tonnes;

'Year' means a period of twelve months commencing on 1 July in any year.

2.2 In this Agreement, unless the context requires otherwise:

- 2.2.1 a reference to the Act includes all amendments, regulations, rules, by-laws and proclamations under the Act;
- 2.2.2 words and phrases defined in the Act will have the same meanings attributed to those words and phrases in the Act unless the word or phrase is defined in this Agreement in which case the word or phrase will have the meaning attributed to it in this Agreement;
- 2.2.3 headings are for convenience only and do not affect the interpretation of this Agreement;
- 2.2.4 words importing the singular include the plural and vice versa;
- 2.2.5 words importing a gender include any gender;
- 2.2.6 a reference to a person includes a company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;
- 2.2.7 a reference to any thing includes a part of that thing;
- 2.2.8 a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of and a party, annexure, exhibit and schedule to this Agreement;
- 2.2.9 a reference to a document includes all amendments or supplements or replacements or novations of that document;
- 2.2.10 a reference to a party to a document includes that party's successors and permitted assigns;
- 2.2.11 no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this agreement or any part of it;
- 2.2.12 a reference to dollars or \$ is a reference to the lawful currency of the Commonwealth of Australia.
- 2.2.13 a reference to FCNSW making Timber available is a reference to making Timber available by the method described in **clause 8.1**;
- 2.2.14 a reference to the Company taking Timber is a reference to taking Timber under a licence issued to the Company under the Act.

3. SCOPE OF AGREEMENT

- 3.1 The Company carries on the business of sawmilling and the processing of cypress timber and requires supplies of Timber to conduct its business.
- 3.2 From the Commencement Date FCNSW will make available supplies of Timber to the Company and the Company must take or accept and pay for the supplies of Timber made available by FCNSW upon the terms and conditions set out in this Agreement.
- 3.3 The Company must pay FCNSW the prices calculated in accordance with **clause 13**.
- 3.4 The Existing Agreement is terminated on the Commencement Date. Each party releases the other from all claims relating to the performance of the Existing Agreement except claims relating the payment for timber taken under the Existing Agreement but not paid for before the Commencement Date.

4. DURATION OF AGREEMENT

- 4.1 Subject to **clause 4.2** this Agreement will take effect from the date of its execution by the parties and will operate until 31 December 2025 unless determined at an earlier date under a provision of this Agreement.
- 4.2 If the Company makes written application to FCNSW to renew this Agreement provided it is not in material breach of this Agreement at the time it makes the application, FCNSW must consult with the Company, and negotiate with the Company in good faith for the purpose of seeking to reach agreement in respect of the grant of a renewed Agreement and the terms and conditions of such a renewal. Nothing in this clause obliges FCNSW to grant a renewal of this Agreement.

5. ALLOCATIONS

- 5.1 Subject to clause 5.3 each Year from the Commencement Date FCNSW must make each of the Allocations for the Year available to the Company.
- 5.2 Despite any provision of this Agreement FCNSW is not obliged to make the Timber available from outside the Area of Supply.
- 5.3 The parties agree that Timber made available as Allocation 3 is intended to be consequential to the making available of Timber under Allocation 1 and Allocation 2. As such the total quantity available may be less than the Allocation 3 limit and the exact product proportions in Allocation 3 may vary from Year to Year.
- 5.4 FCNSW must ensure that over any 3 consecutive Years:
 - 5.4.1 not less than 70% of the Cypress Large Sawlogs it makes available are located within a radius of 130 km of Baradine; and
 - 5.4.2 the balance of the Cypress Large Sawlogs it makes available during that period are located within a radius of 230 km of Baradine.

6. SHORTFALL

- 6.1 If for reasons other than Force Majeure or the default of FCNSW the Company takes less than 70 per cent of Allocation 1 for two consecutive full Years during the term of this Agreement FCNSW may in its discretion either:

- 6.1.1 terminate this Agreement under the provisions of **clause 24**; or
- 6.1.2 amend the Allocation by reducing it to a quantity not less than the Yearly average quantity of Timber taken by the Company during the two consecutive Years

6.2 If for reasons other than Force Majeure, or the default of FCNSW, the Company fails in any Year ("Undercut Year") to take at least the Minimum Performance Percentage of Allocation 1, the Company must pay FCNSW within 90 days of FCNSW's written demand to pay the sum of money equal to the difference between the price that would have been payable had the Company taken the Minimum Performance Percentage of the Allocation and the price paid or payable for the quantity of Timber comprising Allocation 1 actually taken by the Company in that Undercut Year. In calculating the price that would have been payable had the Company taken at least the Minimum Performance Percentage of the Allocation the relevant price for the Timber not taken is the weighted average price for the relevant Timber actually taken in the Undercut Year, except if no Timber was taken then the relevant price is highest price payable for the Timber in that Year. Any sum payable by the Company under this clause is payable as pre-estimated and liquidated damages and not as a penalty;

6.3 If in the Year in which the Company makes a payment under **clause 6.2** ("Payment Year") in relation to Allocation 1 the Company takes a quantity of Allocation 1 Timber in excess of the Minimum Performance Percentage of Allocation 1 for that Year ("excess Timber"), the amount payable by the Company for the excess Timber will be reduced by the amount of any sum paid under **clause 6.2**. The amount of any reduction allowed must not exceed the sum that would have otherwise been payable for the excess Timber at the prices applicable for the Payment Year.

6.4 If the Company makes a payment under **clause 6.2** in respect of an Undercut Year the Undercut Year shall not be taken into account as a Year for the purposes of FCNSW exercising a right to terminate under **clause 6.1.1**.

6.5 Each Year the Company must use its best endeavours to take Allocation 2 and Allocation 3

7. NOT USED

8. METHOD OF SUPPLY

8.1 FCNSW must make Timber available to the Company by issuing licences under the Act enabling the Company to take Timber.

8.2 The parties must comply with **Schedule 5**.

9. EARLY THINNING

9.1 The Company acknowledges that Timber may be made available to it under this Agreement from areas identified by FCNSW in Plans of Operation as being for Early Thinning.

9.2 The Company must take all Timber within Early Thinning Areas that have a dbhob of 10 cms or greater.

9.3 Over the Term FCNSW may require the Company to harvest Early Thinning Areas totalling 25ha per annum provided FCNSW must use reasonable endeavours to:

- 9.3.1 allocate Early Thinning Areas uniformly over the Term; and
- 9.3.2 plan Early Thinning Areas within Compartments scheduled to make Allocation 1 and Allocation 2 available.

10. TITLE AND RISK

- 10.1 Ownership of the Timber taken by the Company will pass to the Company on payment for the Timber.
- 10.2 The risks of ownership of the Timber will pass to the Company when the Company takes delivery of it.
- 10.3 The Company will be deemed to have taken delivery of Timber when Timber is felled by the Company or a person engaged by the Company.

11. SPECIFICATIONS

- 11.1 FCNSW must make available and the Company must take any timber which conforms with the Specifications and is within other requirements of this Agreement.
- 11.2 If quantities of Timber which conform to the Specification, and which the Company is entitled to under this Agreement in a Year, are not available in the Year as a consequence of Force Majeure or in breach of this Agreement:
 - 11.2.1 the Company and FCNSW must within a reasonable period of time confer with a view to exploring the possibility of the Company accepting timber from categories of logs which are not within the Specifications, in replacement of the quantities of Timber that are not available. FCNSW must give written notice to the Company as soon as practicable and in any event within 28 days of becoming aware of a likely shortage and will in the same notice provide an opportunity for the Company to meet with FCNSW and provide particulars of:
 - (a) the extent and consequences of the shortage;
 - (b) details of other timber which FCNSW can supply by way of replacement timber ("Replacement Timber"); and
 - (c) the terms and conditions (including price) on which FCNSW would supply, or make available such Replacement Timber; and
 - 11.2.2 The Company will not be entitled to invoke the provisions of **clause 24.6.1** or to claim any damages for breach against FCNSW unless both parties have in good faith made all reasonable endeavours to meet the Company's needs for Timber from Replacement Timber available from FCNSW but outside the scope of the Specifications.
- 11.3 Replacement Timber supplied to the Company under the provisions of **clause 11.2** will be deemed to be Timber supplied under this Agreement.
- 11.4 At the request of the Company, FCNSW must consult with the Company with respect to the terms and conditions (including price) upon which FCNSW is prepared to supply or make available Replacement Timber.
- 11.5 The Company has no obligation to accept Replacement Timber on the terms proposed or at all.

12. DETERMINATION OF QUANTITY OF TIMBER

- 12.1 The method of determination of the quantity of Timber upon which the price is payable under this Agreement will be as set out in the Code of Procedure. Either party may propose amendments to the Code of Procedure. If a party proposes an amendment the parties must as soon as practicable negotiate in good faith to reach agreement as to the amendment of the Code of Procedure. In default of agreement the Code of Procedure may be amended by FCNSW as may be considered necessary by FCNSW from time to time but FCNSW must consult with and take into account any comments of the Company before any amendments are effected or implemented.

- 12.2 Any determination by FCNSW to amend or not amend the Code of Procedure and the terms of any amendment must be made and conveyed to the Company in writing within a reasonable period after the conclusion of negotiations.
- 12.3 The Company acknowledges in relation to good faith negotiations regarding amendments to the Code of Procedure that the Code of Procedure may be a standardised document applicable to a number of persons who are supplied with Timber by FCNSW from the Area of Supply and that amendments to the Code of Procedure will be introduced uniformly to those persons. Consequently a determination to make amendments to the Code of Procedure must take into account a wider range of issues other than those of immediate concern to the Company. The parties agree that any amendment of the Code of Procedure will apply, uniformly, to all persons supplied with Timber by FCNSW from the Area of Supply.
- 12.4 The Company also acknowledges and accepts that FCNSW may amend the Code of Procedure to introduce advanced technology for sales invoicing and account management. This may for example be electronic delivery dockets, sale by weight, log scanning devices, electronic data transfers and any other innovations that may be developed. Subject to **clause 12.9** the Company may be required to provide equipment, hardware and/or software to facilitate such technologies.
- 12.5 The Company must ensure appropriate access to a weighbridge or other measuring device approved by FCNSW that will enable the Timber taken by the Company or delivered to the Company to be weighed. The Company must maintain and verify the weighbridge or other device as required by the manufacturer's specifications.
- 12.6 FCNSW may from time to time undertake an independent verification of the operation and accuracy of the weighbridge or other device used in the measurement of Timber upon which the price is payable under this Agreement.
- 12.7 Any determination by FCNSW to amend or not amend the Code of Procedure must be made and conveyed to the Company in writing within 21 days of the conclusion of negotiations on the proposed amendment. FCNSW must give written notice of its determination. If the Company is dissatisfied with the determination it may, but only within 10 days of receipt of the notice of determination, claim a dispute in accordance with **clause 25**.
- 12.8 If there is any inconsistency between the Code of Procedure and this Agreement, the provisions of this Agreement shall prevail.
- 12.9 If requested by FCNSW the Company must apply and make available, at the Company's cost (up to a maximum of \$5,000 per Year) electronic devices, capable of running MapApp or electronic delivery docket system supplied by FCNSW, minimum requirements are IOS 14.3 for Apple devices or Android 4.4 for other devices.

13. PRICE

- 13.1 The price payable for each type of the Timber shall be the Stumpage Price for that Timber.

14. STUMPAGE PRICE REVIEW

- 14.1 The Stumpage Price for each type of Timber at the date of this Agreement is as set out in **Schedule 4**. The Stumpage Price for each type of Timber shall be reviewed and determined for each subsequent Price Year by FCNSW in accordance with the Stumpage Price Review Mechanism for that type of Timber.

14.2 FCNSW must apply the Stumpage Price Review Mechanism for each type of Timber as soon as practicable before the commencement of each Price Year.

14.3 FCNSW must advise the Company in writing of any variation to Stumpage Prices as soon as practicable after the variation is calculated.

15. PAYMENT

15.1 FCNSW will issue monthly invoices for Timber taken by the Company during the previous month.

15.2 The Company must pay any invoice issued to it prior to the expiration of 14 days after the date of its issue, or the expiration of the calendar month within which it was issued, whichever last occurs. The Company is liable to pay an invoice issued to it and any interest accrued on that invoice as a debt due and payable to FCNSW.

15.3 If the Company fails to pay an invoice within the time for payment of that invoice:

15.3.1 FCNSW may give written notice to the Company of its intention to suspend the Company's right to take Timber if payment is not made within 7 days after the date of the notice; and

15.3.2 FCNSW may suspend the Company's right to take Timber under this Agreement if the invoice is not paid within the 7 day period.

16. GOODS AND SERVICES TAX

16.1 The Stumpage Prices and any other consideration for supplies specified in this Agreement do not, subject to the operation of this clause, include any amount in respect of GST unless provided otherwise.

16.2 The GST may be imposed on the Stumpage Prices.

16.3 If GST is or will be imposed on a supply made under this Agreement, the supplier may:

16.3.1 increase the consideration otherwise provided for that supply under this Agreement by the amount of that GST; or

16.3.2 otherwise recover from the recipient the amount of that GST.

16.4 The supplier must ensure that any invoice issued under this agreement in respect of a taxable supply is a Tax Invoice or Adjustment Note as appropriate or, if no invoice is to be otherwise issued under this Agreement, must issue a Tax Invoice or Adjustment Note as appropriate within 7 days of GST being imposed on a taxable supply made under this Agreement. Notwithstanding any other provision of this Agreement the payment of any amount by the recipient in respect of a taxable supply is subject to the issuing of the relevant Tax Invoice or Adjustment Note to the recipient.

16.5 Costs required to be reimbursed or indemnified under this Agreement must exclude any amount in respect of GST included in the costs for which an entitlement arises to claim an input tax credit provided that the reimbursement or indemnification does not amount to consideration for a taxable supply.

16.6 If the consideration for a supply under this Agreement is calculated by reference to the consideration or value of other supplies, in performing that calculation, the consideration or value for those other supplies excludes any amount in respect of GST payable on those supplies.

16.7 In this clause:

16.7.1 **Adjustment Note** includes any document or record treated by the Commissioner of Taxation as an adjustment note or as enabling the claiming of an input tax credit for which an entitlement otherwise arises;

- 16.7.2 **GST** includes any replacement or subsequent similar tax;
- 16.7.3 **GST Act** means A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- 16.7.4 **New Tax System changes** has the same meaning as in the Trade Practices Act 1974 (Cth);
- 16.7.5 **Tax Invoice** includes any document or record treated by the Commissioner of Taxation as a tax invoice or as enabling the claiming of an input tax credit for which an entitlement otherwise arises; and
- 16.7.6 Terms defined in the GST Act have the same meaning in this clause unless provided otherwise.

17. COMPLIANCE

- 17.1 The Company must comply with:
 - 17.1.1 the provisions of the Act and other Acts of the State of NSW;
 - 17.1.2 the Code of Procedure;
 - 17.1.3 Forest Practices Code;
 - 17.1.5 conditions of licences issued to the Company under the Act;
 - 17.1.6 the Harvesting Plans; and
 - 17.1.7 the requirements of any person acting in the exercise of statutory powers (State or Commonwealth) enabling them to give directions in connection with or affecting the availability, taking, supply or delivery of Timber.
- 17.2 The Company must ensure that its respective agents, contractors or other persons under its control or direction comply with **clause 17.1**;

18. SALE OF TIMBER TO OTHER PERSONS

- 18.1 FCNSW reserves the right to:
 - 18.1.1 supply Timber and other timber from within the Area of Supply; or
 - 18.1.2 issue licences to obtain Timber, timber, products or forest materials within the Area of Supply;
 to any other person providing it does not, by so doing, adversely affect its capacity to perform its obligations under this Agreement and nothing in this **clause 18** relieves FCNSW from performing its obligations under this Agreement.
- 18.2 The Company may from time to time sell Timber which it owns to any person without the need for processing the Timber.
- 18.3 If the Company sells Timber under **clause 18.2** the Company must provide FCNSW with details in writing of the quantity by log category of sales and the identity of the purchaser within 60 days after the end of each Year.

19. INDEMNITY AND INSURANCE

- 19.1 The Company indemnifies FCNSW against all actions, proceedings, claims, demands and expenses by any person in respect of or arising out of the performance by the Company of its obligations under this Agreement other than any action, proceedings, claims, demands or expenses arising out of any negligent act or omission of FCNSW.
- 19.2 The Company will take out and maintain Public Liability Insurance under a policy issued by a licensed insurer in an amount not less than \$10 million.

20. SECURITY

- 20.1 FCNSW may at its sole discretion require the Company to provide security for the purpose of ensuring the due and proper performance of the Company's obligations under this Agreement in respect of payment of money.
- 20.2 If FCNSW requires the Company to provide security the Company must provide the security ('security') in the amount determined by FCNSW from time to time which must not exceed a sum equivalent to 15% of the total of the Stumpage Prices payable for the Allocations in the relevant Year.
- 20.3 FCNSW will give the Company written notice of any amount determined under **clause 20.2** and any adjustment to or variation of the security that may be determined by FCNSW under the provisions of this **clause 20**.
- 20.4 the Company must lodge, adjust or vary the security:
 - 20.4.1 in the case of the first security required by FCNSW under this Agreement:- within 14 days of the receipt of a notice from FCNSW under **clause 20.3**; and
 - 20.4.2 in any other case:- within 28 days of the receipt of a notice from FCNSW under **clause 20.3**.
- 20.5 The security must be a bank guarantee or in another form approved by FCNSW.
- 20.6 If the security is not transferable by delivery, it must be accompanied by an executed transfer or other documentation sufficient to effect transfer of the security. The costs (including stamp duty) of any transfer or retransfer must be borne by the Company.
- 20.7 If the Company commits a material breach of this Agreement with respect to the payment of money and does not remedy that material breach within 7 days after being given notice of that breach FCNSW may at any time thereafter, draw upon the security to meet any loss or damages arising from the Company's failure to perform any of its obligations to pay money under this Agreement.
- 20.8 If FCNSW draws on the secured amount under this Agreement but does not terminate this Agreement as a result of any breach, then the Company must provide additional security so that the security is maintained at the level notified under **clause 20.3**.
- 20.9 FCNSW may suspend the Company's rights to take any Timber if the Company fails to lodge the security or to vary or adjust the security within the time required in accordance with this **clause 20** or by any notice to the Company under this **clause 20**.
- 20.10 FCNSW must release the security to the Company, within six months of the date of termination or the assignment of this Agreement (except any assignment by Change in Control) if no money is then due to FCNSW, or any earlier date that may be otherwise agreed.

21. FORCE MAJEURE

- 21.1 If the Company is prevented from taking or accepting Timber or from carrying on production of sawn timber by Force Majeure and:
 - 21.1.1 the Force Majeure was not caused by any act or omission on the part of the Company or any employee or agent of the Company;
 - 21.1.2 the Company had taken all practicable precautions to prevent the Force Majeure; and
 - 21.1.3 the Company has made all reasonable efforts to contain the effect of the Force Majeure;
 then the Company may apply to FCNSW for suspension or modification of its obligations under this Agreement to the extent that its ability to meet its obligations have been adversely affected by the Force Majeure.

- 21.2 Where the Company makes an application under **clause 21.1**, FCNSW will negotiate with the Company in good faith to review the Allocations taking into account the functions and obligations of FCNSW under this Agreement and the Act and the requirements for the Company to do all things practicable to mitigate the effect of the Force Majeure.
- 21.3 If FCNSW is prevented from performing all or any of its obligations under this Agreement by reason of Force Majeure or if the resource of Timber in the Area of Supply is reduced by Force Majeure:
- 21.3.1 the Company will have no claim against FCNSW under this Agreement, to the extent that the non-performance is due to the Force Majeure;
- 21.3.2 if FCNSW is unable to resume the performance of its obligations within a period of 12 months from the date of the occurrence of the Force Majeure or the date when the occurrence of the Force Majeure first became apparent (the 'relevant date') either party may terminate this Agreement by written notice. The right to give notice under this clause must be exercised within a period of 15 months from the relevant date and in this regard time will be of the essence; and
- 21.3.3 FCNSW may allocate any Timber which is available to the Company and other persons in a manner which reflects FCNSW functions and obligations under the Act and accords with any directions of the Minister administering the Act provided that where reasonably practicable and not inconsistent with those functions, obligations or directions FCNSW must apportion the available Timber justly and equitably among those persons who would in the usual course, have been supplied with the Timber had it not been for the Force Majeure.
- 21.4 A party affected by Force Majeure must give initial notice of the existence or occurrence of the Force Majeure as soon as is practicable to do so and in any case it must provide a more detailed notice within 28 days of the Force Majeure being apparent which provides clear details of the event or occurrence claimed as Force Majeure and setting out particulars of the likely effects of the event or occurrence in question.

22. LEGAL RESPONSIBILITY AND LIMITATION OF LIABILITY

- 22.1 Where FCNSW is in breach of this Agreement by reason of any failure to make Timber available any loss suffered by the Company will be limited to any loss, damage or expense incurred by the Company as a direct result of the failure to make Timber available under this Agreement and will not include any loss of profits or consequential loss.

23. ISSUE OF REQUIRED LICENCES

- 23.1 Subject to **clause 23.4** and compliance by the Company with the requirements under the Act necessary to entitle the Company to the issue of the Required Licences or any of them, FCNSW must, on application, issue the Required Licences from time to time to the Company throughout the term of this Agreement so that the Required Licences are in force for the term.
- 23.2 Subject to **clause 23.4** FCNSW must not impose any conditions on the Company's application for any of the Required Licences, which are unreasonable or in addition to the conditions commonly imposed on the application for licences of that type or which are inconsistent with the provisions of this Agreement.
- 23.3 Subject to **clause 23.4** FCNSW must not impose any conditions in any Required Licences which are in addition to the conditions commonly included in licences of that type or which are inconsistent with the provisions of this Agreement.

- 23.4 Nothing in this **clause 23** prevents FCNSW from refusing to issue licences, or from cancelling licences or imposing conditions in accordance with the proper exercise of its statutory functions, duties, and powers under the Act.

24. DEFAULT OR INSOLVENCY

- 24.1 If the Company or FCNSW breaches or repudiates this Agreement, nothing in this clause will prejudice the right of either party to recover damages or exercise any other right.
- 24.2 If the Company commits a material breach of this Agreement and FCNSW considers that damages may not be an adequate remedy, FCNSW may give the Company a written notice to show cause. Material breaches include without limitation:
- 24.2.1 failing to comply with any obligation imposed under **clause 6**;
 - 24.2.2 failing to take the quantities of Timber set out in **clause 6.1.1**;
 - 24.2.3 commencing any harvesting operations prior to receipt of a Plan of Operations or a Harvesting Plan in breach of **clause 3 or 4 of Schedule 5**;
 - 24.2.4 failing to make payments in breach of **clause 15**;
 - 24.2.5 failing to provide security or to adjust or vary the secured amount in breach of **clause 20**;
 - 24.2.6 purporting to assign the whole or any part of this Agreement without the approval of the FCNSW in breach of **clauses 26 and 27**; and
 - 24.2.7 failing to comply with conditions imposed by FCNSW pursuant to **clause 27** of this Agreement.
- 24.3 A notice under **clause 24.2** must:
- 24.3.1 state that it is a notice under **clause 24.2** of this Agreement;
 - 24.3.2 specify the alleged material breach;
 - 24.3.3 require the Company to show cause in writing why FCNSW should not exercise its right to terminate under **clause 24.4**;
 - 24.3.4 specify the time and date by which the Company must show cause (which must not be less than 14 days); and
 - 24.3.5 specify the place at which cause must be shown.
- 24.4 If by the time specified in a notice under **clause 24.2** the Company fails to show reasonable cause why FCNSW should not exercise its right of termination, FCNSW may by notice in writing to the Company terminate this Agreement.
- 24.5 If:
- 24.5.1 the Company informs FCNSW in writing or its creditors generally that it is insolvent;
 - 24.5.2 commits an act of bankruptcy;
 - 24.5.3 has a bankruptcy petition presented against it;
 - 24.5.4 is made bankrupt;
 - 24.5.5 the Company enters a scheme of arrangement or composition with creditors;
 - 24.5.6 a resolution is passed at a meeting of creditors to place the Company under official management in the form of an administrator or liquidator of the Company;
 - 24.5.7 an administrator or liquidator of the Company is appointed;
 - 24.5.8 a receiver of the property or part of the property of the Company is appointed;
 - 24.5.9 a winding up order is made in respect of the Company; or
 - 24.5.10 execution is levied against the Company by creditors, debenture holders or trustees or under a floating charge,
- FCNSW may, without giving a notice to show cause, terminate this Agreement by notice in writing to the Company.
- 24.6 If FCNSW commits a material breach of this Agreement and the Company considers that damages may not be an adequate remedy, the Company may give FCNSW a written notice to show cause. Material breaches include without limitation:

- 24.6.1 failing to make available an Allocation for each Year in breach of **clause 5**;
- 24.6.2 failing to process any application requesting an assignment of this agreement in breach of **clauses 26 or 27**.
- 24.7 A notice by the Company under **clause 24.6** must:
 - 24.7.1 state that it is a notice under **clause 24.6** of this Agreement;
 - 24.7.2 specify the alleged material breach;
 - 24.7.3 require FCNSW to show cause in writing why the Company should not terminate this Agreement;
 - 24.7.4 specify the time and date by which FCNSW must show cause (which must not be less than 14 days); and
 - 24.7.5 specify the place at which cause must be shown.
- 24.8 If by the time specified in a notice under **clause 24.6** FCNSW fails to show reasonable cause why the Company should not exercise its right of termination, the Company may by notice in writing to FCNSW terminate this Agreement.

25. RESOLUTION OF DISPUTES - MANDATORY MEDIATION AND ARBITRATION

- 25.1 If a dispute or difference between the parties arises out of or in connection with this Agreement or concerning the interpretation or operation of any provision of this Agreement which cannot be settled by the parties within twenty eight (28) days, the parties agree that they must endeavour to settle the dispute or difference by mediation before having recourse to arbitration. The mediator must be a person agreed by the parties or failing agreement a party may request the Australian Disputes Centre (ADC) to appoint a mediator and the mediator will be so appointed.

The mediator must conduct proceedings under this clause in accordance with the ADC Guidelines for Commercial Mediation. During the course of any mediation each party must be represented by a person having authority to agree to a resolution of the dispute.

- 25.2 In the event that the dispute has not been settled within twenty eight (28) days or such other period as agreed to in writing between the parties, after the appointment of the mediator, the dispute or difference must be submitted to arbitration.

Any arbitration must be conducted by a person acceptable to the parties but if the parties are unable to agree to the appointment of an acceptable person within fourteen (14) days of one party giving the others a written nomination of a suitable person or persons, then a party may request the ADC to appoint an arbitrator and the arbitrator will be so appointed. Any arbitration must be undertaken in accordance with, and subject to, the ADC's Rules for Domestic Arbitration.

- 25.3 The Arbitrator or some person appointed on the Arbitrator's behalf may investigate the Company's and FCNSW's affairs and accounts so far as may be necessary to assist the Arbitrator to determine any matter referred for arbitration. The Company and FCNSW must give the Arbitrator full access to all accounts and papers necessary for that purpose and must afford the Arbitrator full information and assistance.
- 25.4 Any mediation or arbitration must be held in Sydney, NSW and either party may be represented by a legal practitioner.

26. ASSIGNMENT

- 26.1 The Company may not without the prior approval of FCNSW assign its rights and entitlements under this Agreement in whole or part to any person.

- 26.2 If the Company is a corporation, any Change in Control of the Company (or if the Company is a subsidiary, any Change in Control of its holding company) will be deemed to be an assignment of the Company's rights and entitlements under this Agreement.
- 26.3 If the Company wishes to assign the whole or any part of this Agreement it must make a written application to FCNSW requesting an assignment and must provide all details and information concerning the assignee and the effect of the assignment as may be reasonably required by FCNSW.
- 26.4 The Company must pay all debts due and payable to FCNSW under this Agreement before an assignment (in whole or part) of its interest in this Agreement.
- 26.5 Upon receipt of any request for an assignment of the whole or any part of this Agreement, FCNSW must process the application in accordance with **clause 27** provided the Company has supplied any details and information required by FCNSW under **clause 26.3**.
- 26.6 The Company must ensure that any assignee executes all agreements and other documents which FCNSW may reasonably require to record or effect any assignment.

27. FCNSW'S APPROVAL FOR ASSIGNMENT

- 27.1 FCNSW may determine an application requesting an assignment of the whole or part of this Agreement by granting the application (either unconditionally or subject to conditions of the kind set out in **clause 27.3**) or by refusing the application. An application may only be refused on the following grounds:
 - 27.1.1 such grounds as may be prescribed by regulations under the Act;
 - 27.1.2 such grounds as FCNSW (acting reasonably) considers relevant having regard to:
 - (a) the need to promote a competitive timber industry and to prevent misuse of market power; or
 - (b) government policy including the socio-economic impact of the assignment on rural communities; or
 - 27.1.3 at the time the application is made the Company has committed a material breach which has not been remedied or rectified including without limitation any failure to make payment to FCNSW as required under **clause 15**.
- 27.2 If the Company has committed a material breach which has not been remedied or rectified including without limitation any failure to make payment to FCNSW as required under **clause 15**, FCNSW may impose (without limitation) a condition on an application for requesting an assignment of the whole or part of this Agreement, requiring any assignee to undertake the rectification or remediation of the material breach including the payment in full of any accrued debts due and owing to FCNSW.

28. VARIATION

- 28.1 This Agreement comprises the entire understanding of the parties.
- 28.2 None of the provisions of this Agreement may be varied, waived, discharged or released either at law or in equity, unless by the express consent of the parties in writing.

29. INTEREST

- 29.1 In the event that the Company fails to pay any money due to FCNSW when required to do so by this Agreement, interest will accrue on all unpaid money from the date of default until payment in full at the rate of interest per annum for the time being payable under section 101 of the Civil Procedure Act 2005 (NSW).

30. NOTICE

- 30.1 Any notice required to be served under this Agreement may be served:
- (a) in the case of the Company:
140 River Street
NARRANDERA NSW 2700
 - (b) in the case of FCNSW:
Suite 2 1st Floor 168-172 Brisbane Street
DUBBO NSW 2830
- 30.2 The parties may change the address for service of notice from time to time by notice in writing to the other party.
- 30.3 A notice under this Agreement must:
- 30.3.1 be in writing and directed to the other party as specified in **clause 30.1** or the address last notified by the intended recipient to the sender; and
 - 30.3.2 forwarded to the address, or the email address of that party.
- 30.4 A notice under this Agreement will be deemed to be served:
- 30.4.1 in the case of delivery in person – when delivered to the recipient's address for service and a signature received as evidence of delivery;
 - 30.4.2 in the case of delivery by post – within three business days of posting;
 - 30.4.3 in the case of delivery by email, on receipt of confirmation by the sender that the recipient has received the email.
- 30.5 Despite the preceding clause, if delivery or receipt of a communication is on a day which is not a business day in the place to which the communication is sent or is later than 5 pm (local time in that place) it will be deemed to have been duly given or made at 9 am (local time at that place) on the next business day in that place.

31. GOVERNING LAW

- 31.1 This Agreement is governed by the laws of New South Wales and the parties agree to the jurisdiction of the Courts of New South Wales.

32. SEVERABILITY

- 32.1 If any provisions of this Agreement are held to be invalid, illegal or unenforceable by a Court or other tribunal of competent jurisdiction, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

33. GENERAL

- 33.1 A party terminating this Agreement as a result of a failure or default of the other party may only claim damages for any loss resulting from the failure or default if the claim for damages is not excluded under this Agreement.
- 33.2 If a party is at liberty to determine a matter under this Agreement or act unilaterally with respect to some amendment of any procedure (including the Code of Procedure) it must, in doing so, act reasonably and in good faith.
- 33.3 If a party is obliged to consult with another party the parties must consult with each other in good faith and have reasonable regard to what is put by the other party.

34. CONFIDENTIALITY

- 34.1 No party will disclose the contents or terms of this Agreement or any information or documents received by it in connection with the negotiation of this Agreement or pursuant to the provisions of this Agreement without the prior written consent of the other parties, except to the extent that:
- 34.1.1 the information is available to the public generally;
 - 34.1.2 that party is required to make the disclosure by law or to make any filing, recording or registration required by law;
 - 34.1.3 the disclosure is necessary or advisable for the purpose of obtaining any consent, authorization, approval or licence from any public body or authority;
 - 34.1.4 it is necessary or expedient that the disclosure be made to any taxation or fiscal authority;
 - 34.1.5 the disclosure is made on a confidential basis to the professional advisers of that party (including any industry association) for the purpose of obtaining advice in relation to this Agreement or the enforcement of this Agreement or otherwise for the purpose of consulting those professional advisers;
 - 34.1.6 the disclosure is required or desirable to be made in pursuance of any procedure for discovery of documents and any proceedings before any court, tribunal or regulatory body;
 - 34.1.7 the disclosure is made on a confidential basis to a potential financier of the party, purchaser of the party or shares in the party, or assignee of the party's interest in this Agreement.

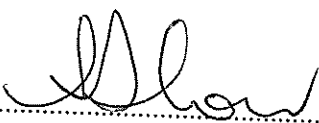
35. OBLIGATION TO CONSULT

- 35.1 Where in this Agreement there is an obligation to meet to review, confer, negotiate or consult the obligation of each party is to do so in good faith and have reasonable regard to matters put by the other in respect of the relevant subject matter.
- 35.2 Where in this Agreement a party is entitled to determine a matter following a review, conference, negotiation or consultation with the other, in determining the matter the party determining the matter must act reasonably and in good faith and have reasonable regard to matters put by the other in respect of the relevant subject matter.

IN WITNESS whereof the parties hereto have executed this Agreement as a deed the day and year first hereinbefore written.

EXECUTED for and on behalf of THE
FORESTRY CORPORATION OF NEW
SOUTH WALES by its delegate

.....
in the presence of:


.....)
Witness



.....
Delegate

EXECUTED BY GRANTS HOLDINGS CO
Pty Limited)
BY [two of its directors])
Or [a director and secretary] or [its sole director])
.....)

.....
Secretary/Director


.....
Director

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SCHEDULE 1

SPECIFICATIONS

1. Definitions

1.1 In this **Schedule 1** unless a contrary intention appears:

'Full Utilisation' means harvesting trees and servicing logs in such a manner as to maximise the recovery of products with respect to volume and value;

'Log Landing' means the location specified by FCNSW where felled timber is stored and serviced before delivery to a sawmill or processing plant.

2. Statement of Intent

2.1 Full Utilisation will be expected from all trees designated for removal which contain logs from which recovery of merchantable sawn timber, firewood or residue can reasonably be expected.

3. Specification for Cypress Large Sawlog

3.1 Cypress Large Sawlogs shall comply with the minimum specification in item 3.3.

3.2 Unless acceptable to the Company without further servicing the Company, wherever reasonably practicable, must remove defective sections by servicing to the extent necessary to produce a log which conforms to the minimum specification.

3.3 Cypress Large Sawlog product specification is as follows:

Species	White Cypress (<i>Callitris glaucophylla</i>)
Size	
Minimum length	3.25 metres
Minimum butt diameter	16 cm under bark
Minimum toe diameter	14 cm under bark
Maximum Defect	
	(a) Heart defect is unacceptable in logs of butt diameter less than 22 cms under bark. (b) Heart defect shall not exceed one fifth of the under bark diameter in logs of 22 cms butt diameter under bark, or greater. (c) Yellow rot shall not exceed 10% of the under bark diameter in logs of 22cms butt diameter under bark or greater.
Grub Holes	Fewer than one hole per two centimetre of butt diameter visible in the end of the log.
Knots	Knots greater than 12cm in diameter must not occur less than one metre apart.
Windshake or Sap cracks	Must not exceed 50% of the under bark butt diameter of the log.
Spiral grain	Shall not be steeper than one in eight.
Sweep	Sweep in each 2.5 metre section of log must not exceed 20% of the centre diameter, under bark, of that section of log.
Dry Side	Where the affected cross-section exceeds 50%, that part of the log becomes optional.

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4. **Specification for Cypress Small Sawlog**

- 4.1 Cypress Small Sawlogs are cypress logs that do not meet the Cypress Large Sawlog Specification (item 3 of this Schedule) and are taken by the Company to a sawmill site.

5. **Specification for Ironbark log**

5.1

Species	Western Ironbark (<i>Eucalyptus crebra</i> , <i>E. fibrosa</i> and <i>E. nubila</i>)	
Minimum Length		2.4m
Minimum toe		15cm under bark
Internal defect		Unlimited
Sweep	In any maximum length section of the log, the maximum sweep (as a % of cdub of the section)	100% in 2.4m

6. **Specification for Firewood Logs**

- 6.1 Firewood Logs shall be sufficiently straight and free from defect as to comply with the minimum specification in item 6.5.
- 6.2 Unless acceptable to the Company without further servicing the company, wherever reasonably practicable, must remove defective sections by servicing to the extent necessary to produce a log which conforms to the minimum specification.
- 6.3 The company may accept a log which does not comply with the minimum specification for Firewood Logs. In such cases a log will be deemed to be within specification for Firewood Logs.
- 6.4 Firewood Log product specification is as follows:

Species	Species other than those identified in Clause 5.1
Size	
Minimum length	2.40 metres
Minimum butt diameter	Unlimited
Minimum toe diameter	15cm under bark
Maximum Defect	
	Greater than 10 cm of utilizable wood around at least 50% of the circumference. Sweep is not to exceed 100% of the centre diameter over a 2.4 metre length. All other defect is unlimited.

7. **Specification for Residue Logs**

- 7.1 Any Timber that does not meet the specification for Cypress Large Sawlogs, Cypress Small Sawlogs, Ironbark log and Firewood that can be is chipped at roadside

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SCHEDULE 2

THE ALLOCATION

Allocation 1

Supply Area	Log Product
Pilliga, Gunnedah, Gulargambone, Gilgandra, Dubbo, Walgett	Cypress Large Sawlogs 24,000m ³
Inverell	3,000m ³
Total	27,000m ³

Period	Minimum Performance (%)
April-June 2021	0% (pro-rata) = 0m ³
Y1 (21/22)	60% = 14,400m ³
Y2 (22/23)	70% = 16,800m ³
Y3 (23/24)	80% = 19,200m ³
Y4 (24/25)	90% = 21,600m ³
July-Dec 2025	90% (pro-rata) = 10,800m ³

Allocation 2

Supply Area	Log Product
Pilliga, Gunnedah, Gulargambone, Gilgandra, Dubbo, Walgett	Cypress Small Sawlogs 2,500m ³
Total	2,500m ³

Allocation 3

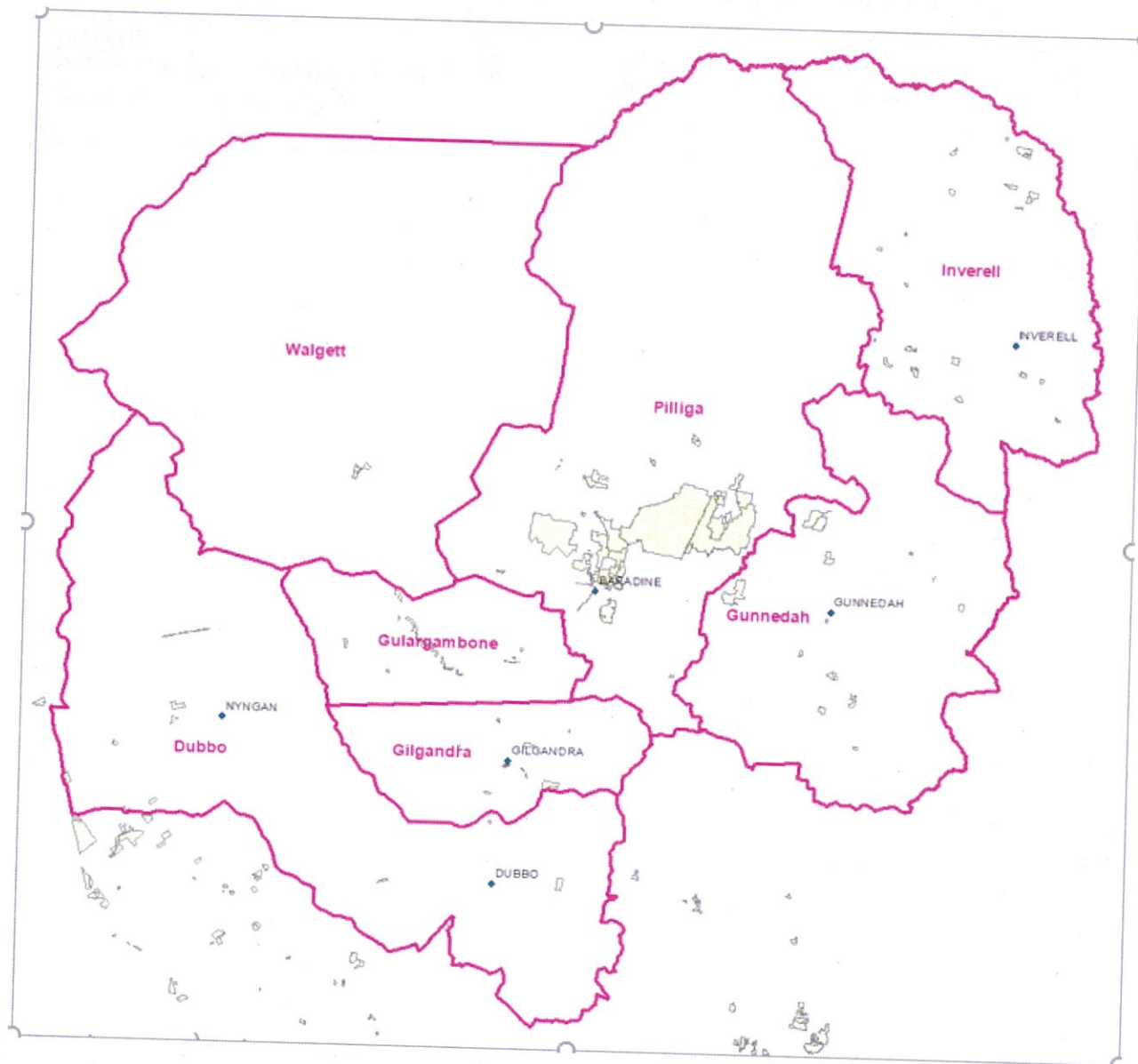
Supply Area	Log Product
Pilliga, Gunnedah, Gulargambone, Gilgandra, Dubbo, Walgett, Inverell	IBK Log, Bull Oak Firewood, Residue/chip, Other 10,000 tonne

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SCHEDULE 3

PLAN OF AREA OF SUPPLY WESTERN REGION

North Cypress Supply Areas.



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SCHEDULE 4
PRICE SCHEDULE

Price Zone	Log Product/Rate \$/ tonne (at 1/1/2021)				
			Miscellaneous		
	Cypress Large	Cypress Small	Ironbark Log	Bull Oak Firewood	Residue/ChipLog
Inverell					
Pilliga/Gunnedah/Gulargambone/ Gilgandra/Dubbo/Walgett					

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SCHEDULE 5

COMPANY HARVESTING AND HAULAGE CONDITIONS

1. Definitions

1.1 In this **Schedule 5** unless a contrary intention appears:

'Harvesting Approval Process' means any procedure to regulate, review or approve Harvesting Plans or draft Plans of Operations;

'Harvesting Plan' means an operational plan for harvesting Timber from a specified Compartment or Compartments prepared by FCNSW;

'Inverell forests' means

Inverell Zone	State Forest
South	Benbraggie
	Bingara
	Clive
	Daffey's Creek
	Horseshoe Bend
North	Bebo
	Parkhurst
	Severn
	Strathmore
	Stuart
	Warialda
	Yetman

'Operator Tree Selection' means the selection by the Company of the trees to fell and/or retain in the course of Harvesting Operations in accordance with the conditions specified in the Harvesting Plan or as otherwise directed by FCNSW; and

'Plan of Operations' means a plan scheduling the various Compartments from which FCNSW intends to make the Allocation available by issuing licences to the Company under the Act allowing it to harvest the Timber, reviewed and approved in accordance with a Harvesting Approval Process.

2. Source of Timber

2.2 If Timber is made available to the Company by licence issued under the Act the Company must take the Timber as directed by FCNSW from time to time from any source including (without limitation):

- 2.2.1 Standing trees;
- 2.2.2 Log Landings;
- ; and
- 2.2.4 Salvage operations.

3. Plan of Operations

3.1 No later than 30 April in each Year, FCNSW will prepare and supply to the Company a draft Plan of Operations for the next two Years. Any draft Plan of Operations will:

- 3.1.1 specify the various Compartments intended to be made available for supply;

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- 3.1.2 specify the forest types in the various Compartments and the expected yields of Timber; and
- 3.1.3 provide details of the proposed type of operations to be conducted and other relevant planning information.

3.2 After consultation with the Company FCNSW will submit the draft Plan of Operations for approval in accordance with any required Harvesting Approval Process applicable from time to time.

3.3 FCNSW will provide the Company with a copy of the Plan of Operations when approved and any Plan of Operations as may be varied from time to time.

3.4 The approved Plan of Operations must allow the Company to conduct at least 2 simultaneous harvesting operations so as to allow the Company to appropriately manage Timber mix and average haulage distances.

3.5 As far as is reasonably practicable the approved Plan of Operations provisions regarding the Inverell Supply Area must:

3.5.1 be designed to make available equal quantities of Timber from the Inverell north forests and the Inverell south forests;

3.6 The Company will not be required to take Timber on slopes in excess of 18 degrees.

3.7 The approved Plan of Operations may provide for the Company to undertake Early Thinning operations in accordance with **clause 9**. The first 75 ha that is to be subject to Early Thinning operations under this Agreement are to be in the following Compartments:

Supply Year	State Forest	Compartment	Area (ha)
F21	Pilliga West	86	25
F22	Pilliga West	83	25
F23	Cumbil	329	25

3.8 The approved Plan of Operations in relation to a Year must as far as is reasonably practicable allow the Company to take the maximum quantity identified (in **Schedule 2**) for Allocation 3, during the Year.

3.9 From time to time during the term of this Agreement the Company may request FCNSW by notice in writing to consider any modification or change to a Plan of Operations which the Company believes is necessary to enable or facilitate the taking of any Timber. If FCNSW is satisfied that the requested modification or changes are necessary and reasonable, with due regard to the practicalities and the rights of other persons supplied with Timber by FCNSW, FCNSW must amend or vary the Plan of Operations in the manner requested by the Company and if necessary seek approval through the Harvesting Approval Process.

3.10 If FCNSW considers a modification or variation of a Plan of Operations is necessary to enable or facilitate the taking of any Timber under this Agreement, FCNSW will consult with the Company in respect of the proposed modification or variation and take into account its views. After doing so it may modify or vary the Plan of Operations to enable or to facilitate the taking of any Timber and where necessary seek approval through the Harvesting Approval Process for a variation of the Plan of Operations.

3.11 Where any Timber in a Compartment has been damaged or destroyed by fire, disease or other natural cause or access to the Compartment is otherwise effected by Force Majeure FCNSW must review any Plan of Operations to evaluate whether it is possible to harvest Timber from the

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damaged forest by way of Salvage operations or whether any other Compartments are able to be made available. If FCNSW considers a variation of a Plan of Operations is necessary, FCNSW will consult with the Company and take into account its views and may modify or vary the Plan of Operations and where necessary seek approval through the Harvesting Approval Process for a variation of the Plan of Operations.

4. Harvesting Plan

- 4.1 FCNSW must prepare and issue to the Company Harvesting Plans applicable to the taking of the Allocations. A Harvesting Plan must detail conditions relevant to the supply of Timber under this Agreement as determined by FCNSW. FCNSW must consult with the Company during the preparation of each Harvesting Plan.
- 4.2 The Company must not conduct any harvesting operations except in accordance with a Harvesting Plan issued by FCNSW.
- 4.3 The Company acknowledges that during the Term:
 - 4.3.1 FCNSW will require the Company to record the movement of tree felling and forwarding equipment used in Harvesting Operations.
 - 4.3.2 The Company will be required to:
 - (a) Install iPads with GPS receiving accessories and the current FCNSW mapping application in all harvesting and forwarding equipment used in the harvesting activity and;
 - (b) record and store data of the movements of tree felling and forwarding equipment within each Harvesting Unit and;
 - (c) provide this information to FCNSW as directed;
 - (d) acquire and use iPad GPS equipment that is capable of performing those functions at its own cost.
- 4.4 The Company shall at the request of FCNSW carry out Operator Tree Selection in the Harvesting Units it conducts its Harvesting Operations in under this Agreement at its own cost and expense including without limitation costs and expenses associated with:
 - 4.4.1 acquisition and maintenance of all necessary equipment; and
 - 4.4.2 making available employees for training by FCNSW and otherwise fully cooperating with FCNSW in the process of preparing the Company to conduct Operator Tree Selection.
- 4.5 If requested by FCNSW, the Company must truly and correctly complete and provide to FCNSW any audit checklist supplied by FCNSW regarding the Company's compliance with prescriptions specified in the relevant Harvesting Plan and the Codes.

5. Truck Safety

The Company must ensure that any prime mover and trailer configuration that it acquires for the taking of Timber under this Agreement has Electronic Braking Systems and Self Tensioning Load Binders.

6. Fire Fighting

- 6.1 The Company must, without charging FCNSW, provide fire -fighting services to FCNSW during the Term by:
 - 6.1.1 from time to time making at least 4 of its harvesting personnel available on FCNSW's request for firefighting training at FCNSW's cost including accommodation but not including the personnel's wages during travel and training time;

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6.1.2 Making available for firefighting at FCNSW's request and under FCNSW directions 2 FCNSW trained firefighters from its harvesting personnel for up to 80 hours combined per annum.

7. **Long forwarding rebate for Inverell forests**

7.1 If the taking of Timber in the Inverell forests necessitates the Company forwarding Timber from the stump to a loading point greater than 600 metres the Company shall be entitled to a rebate of \$1.00 per tonne per 100 metres in excess of 600 metres.

7.2 The method for claiming and assessing claims for the rebate is as described in the Code of Procedure, Schedule 8.

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SCHEDULE 6

NOT USED

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SCHEDULE 7

STUMPAGE PRICE REVIEW MECHANISMS

1. REVIEW MECHANISM FOR ALLOCATION 1 AND ALLOCATION 2

The Stumpage Price for each Price Year shall be the Stumpage Price for the previous Price Year varied in the same proportion as the variation if any in the CPI where:

- (a) CPI means the Australian Bureau of Statistics Consumer Price Index (all groups Sydney);
- (b) In calculating the variation the CPI figures used shall be the figures published for the September Quarter immediately prior to commencement of the previous Price Year and the figures last published for the September Quarter occurring in previous Price Year;
- (c) September Quarter means the Quarter commencing 1 July.

2. REVIEW MECHANISM FOR ALLOCATION 3

The Stumpage Price for each Year shall be the Stumpage Price for the previous Year varied in the same proportion as the variation if any in the CPI where:

- (a) CPI means the Australian Bureau of Statistics Gas and Household Fuels Index
- (b) In calculating the variation the CPI figures used shall be the figures published for the September Quarter immediately prior to commencement of the previous Price Year and the figures last published for the September Quarter occurring in previous Price Year;
- (c) September Quarter means the Quarter commencing 1 July.

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SCHEDULE 8

CODE OF PROCEDURE

Code of Procedure for Cypress and Hardwood Timber Sales

Western Region

March 2020

1 Basis of accounts

Paper or electronic Delivery Dockets will be used to verify the Timber taken by the Customer during the previous month. Delivery Dockets will form the primary basis of accounts. FCNSW will issue invoices based on monthly accounts.

2 Delivery dockets

2.1 Paper dockets

Paper Delivery Dockets take the form of a paper docket from a Delivery Docket Book issued by FCNSW. FCNSW will issue Delivery Docket Books to the Customer at cost price. Load details (see section 0) are to be recorded on a Delivery Docket prior to removal of log products from the Loading Site. Where a paper Delivery Docket is used, a copy of the Delivery Docket will be carried with the load.

2.2 Electronic dockets

Where FCNSW requires load details to be entered by electronic data capture (EDX System), the truck driver is to ensure that the load details listed in section 0 are entered prior to leaving the Loading Site, using a device approved by FCNSW. Once the load has been weighed, the Gross Weight and Tare Weight are to be entered and uploaded using the 'submit' function in the application.

2.3 Information required to complete Delivery Dockets

The Harvesting Contractor must ensure that the following details are recorded on the Delivery Docket prior to departure from the Loading Site:

- i. Customer
- ii. Date of loading
- iii. Time of loading
- iv. FCNSW Region
- v. State forest or lease name
- vi. Compartment number or lease number
- vii. Product (where relevant)
- viii. Grade (where relevant)

- 
- ix. Harvest, load and haulage contractor
 - x. Truck driver name
 - xi. Truck details including registration number and number of axles
 - xii. Number of Logs (Log Count) on the load

The following details will be recorded on the Delivery Docket once the load has been weighed:

- xiii. Gross Weight
- xiv. Tare Weight (EDX system only)
- xv. Net Weight (paper docket only)

2.4 Distribution of Dockets

Where used, paper Delivery Dockets must be signed by the Customer and distributed in the following manner:

- a. Original – Posted to the FCNSW Office weekly, and no later than the first day of the following calendar month, or such other times as the District Manager may direct. Paper Dockets may be faxed, or scanned and emailed, with originals posted as soon as possible.
- b. Duplicate – Retained by the Customer for a minimum of 60 days from the date of the docket, unless otherwise requested by FCNSW.

Electronic Delivery Dockets are submitted electronically and are automatically received by FCNSW.

This process provides verification of delivery and acceptance or otherwise of loads taken.

2.5 Errors

Paper Delivery Dockets can be corrected prior to submission to FCNSW. Any corrections must be initialed by the Customer's representative and the truck driver.

Corrections to electronic dockets can be made by emailing tereene.hill@fcnsf.com.au with the docket number and nature of the error.

3 Determining product weight

All Timber taken under the Agreement will be sold by weight.

Where printed weighbridge receipts are required to be submitted to FCNSW, they are to be sent to the FCNSW Office (Dubbo) weekly, or on the first day of the following calendar month after the monthly accounting period (whichever comes first), or such other time as the District Manager may direct.

The procedure for determining the weight of Timber taken is as follows:

3.1 Gross Weight

1. The truck, trailer, driver and load are to be weighed at a certified weighbridge prior to unloading and the Gross Weight recorded on a printed receipt.
2. The receipt is to be carried with the load.
3. Where paper Delivery Dockets are used, the Gross Weight is to be recorded on the Delivery Docket and the receipt attached to the docket.
4. Where electronic delivery dockets are used, the Gross Weight is to be recorded electronically through the EDX System, and the receipt submitted to the FCNSW Office.

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3.2 Tare and Net Weight

1. The truck, trailer and driver are to be weighed at a certified weighbridge after unloading and the Tare Weight recorded on a printed receipt.
2. Where paper Delivery Dockets are used, the Tare Weight receipt is to be attached to the docket.
3. The Net Weight is to be calculated as the difference between the Gross Weight and the Tare Weight.
4. Where paper delivery dockets are used, the Net Weight is to be recorded on the Delivery Docket.
5. Where electronic Delivery Dockets are used, the Tare Weight is to be recorded electronically through the EDX system, and the receipt submitted to the FCNSW Office. Net weight will be calculated by the EDX system.

4 Review and amendment

FCNSW may, after consultation with the Customer, review and amend any aspect of this Code of Procedure from time to time as determined by FCNSW.

Schedule of Amendments [Copies Attached]

Amendment No:	Date	Clauses Amended

5 Acknowledgement of agreement

Forestry Corporation of New South Wales and Grants Holdings Co. Pty Ltd hereby agree to this Code of Procedure.

Signed for and on behalf of
Forestry Corporation of NSW

Signed for and on behalf of
Grants Holdings Co. Pty Ltd

Date: _____

Date: _____

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6 Definition of Terms

Customer	Means Grants Holdings Co Pty Ltd.
Delivery Docket	Means a sequentially numbered paper docket for recording the details of each truck load of logs, or equivalent electronic file in the EDX system.
Delivery Docket Book	Book issued by FCNSW containing Delivery Dockets.
EDX System	Means a system used to capture load details on a mobile device such as an iPhone, iPad or Android phone or tablet that has the EDX application loaded onto it.
FCNSW	Means Forestry Corporation of NSW.
FCNSW Office	Means the FCNSW Regional Office, postal address PO Box 865 Dubbo NSW 2830, or other office agreed to by FCNSW.
Gross Weight	Weight in tonnes, of the truck, trailer and driver with loaded Logs.
Harvesting Contractor	Means the Customer, or subcontractor to the Customer, who undertakes the selection and felling of trees, servicing of trees into log products, extraction of log products to log landing, and loading of log products on to vehicles at the log landing.
Loading Site	Means the location where log product is loaded onto a haulage vehicle.
Net Weight	Difference between gross weight and tare weight in metric tonnes.
Signature	Means a handwritten signature on a paper or printed Delivery Docket.
Tare Weight	Weight in tonnes of truck, trailer and driver without logs in metric tonnes.
Timber	Means the timber detailed in the Specifications of the Wood Supply Agreement with the Customer.