

DEED

THIS DEED is made this *TWENTY SEVENTH* day of *SEPTEMBER* 2007

BETWEEN **ITC TIMBER HEYFIELD PTY LIMITED (ACN 000 461 814) ("ITC").**

AND **WALKERS SAWMILL PTY LIMITED (ABN 640 668 534 78) ("Walkers").**

AND **FORESTRY COMMISSION OF NEW SOUTH WALES**, a corporation sole constituted under the Forestry Act, 1916, trading as Forests New South Wales ("Forests NSW").

AND **STATE OF NEW SOUTH WALES ("the State")**

WHEREAS

- A ITC (under the name Neville Smith Timber Industries Pty Ltd), Forests NSW (under the trading name State Forests of NSW) and the State are parties to a wood supply agreement dated 29 July 2002 for an annual supply of timber until 31 December 2020 (which inclusive of any amendment or variation thereto is hereinafter called "the Wood Supply Agreement").
- B The Wood Supply Agreement provides that ITC may not, without the prior approval of the Minister administering the *Forestry Act 1916* ("the Minister"), assign his rights and entitlements under the Wood Supply Agreement to any person.
- C ITC and Walkers have agreed that, subject to the Minister's approval, ITC will surrender part of ITC's entitlements (the "Entitlement") to timber under the Wood Supply Agreement in order to allow Walkers to take up that entitlement pursuant to the terms of a deed between ITC and Walkers ("the Reallocation Deed").
- D. The parties agree that the reallocation of the Entitlement shall take effect by:
- (a) the amendment of the Wood Supply Agreement in accordance with Schedule 1 to this Deed;
 - (b) Walkers, Forests NSW and the State entering into a fresh agreement (the Proposed Wood Supply Agreement) that is in the form set out in Schedule 2 to this Deed;
- E The Minister is prepared to approve the reallocation of the Entitlement under the Wood Supply Agreement to Walkers in the manner provided by this Deed.

NOW THIS DEED WITNESSES:

1. This Deed takes effect when Walkers and ITC jointly advise Forests NSW in writing that they wish to complete the Reallocation Deed.
2. If this Deed fails to take effect before 14 September 2007 it shall terminate and be of no further effect on and from that date.
3. On and from the date this Deed takes effect the Wood Supply Agreement is amended in accordance with Schedule 1 to this Deed.
4. On and from the date this Deed takes effect the Proposed Wood Supply Agreement shall be in effect and operate between Walkers, Forests NSW and the State. As soon as practicable after that date Walkers, Forests NSW and the State must formally sign the Proposed Wood Supply Agreement prepared by Forests NSW.
5. The Minister, by his execution of this Deed on behalf of the State, (but subject to clause 2 of this Deed), approves the said reallocation of the Entitlement as given effect under clauses 3 and 4.

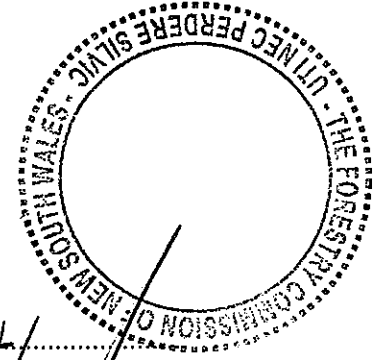
The block contains three handwritten signatures in black ink. The first signature on the left is a large, stylized cursive signature. The second signature in the middle is a smaller, more compact cursive signature. The third signature on the right is a cursive signature that appears to end with a horizontal line, possibly indicating a name like 'Jim'.

6. On and from the date that this Deed takes effect each of Forests NSW, the State and the ITC releases each of the others from those obligations under the Wood Supply Agreement, and all actions, claims or proceedings that it may have against any of the others under or in respect of those obligations, that relate to the quantities of timber ITC is no longer entitled to under the Wood Supply Agreement as result of the amendments set out in Schedule 1 to this Deed except in relation to timber supplied by Forests NSW to ITC prior to this Deed taking effect but not paid for by ITC.

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EXECUTED AS A DEED:

The seal of the **FORESTRY COMMISSION OF NEW SOUTH WALES** was affixed hereto by its authorised delegate Nick Roberts in the presence of:



[Signature]
Nick Roberts

[Signature]
Witness

EXECUTED by **ITC TIMBER HEYFIELD PTY LTD** by [two directors] or [a director and its secretary] or [its sole director]

PETER ZACHERT
director

MICHAEL PETER SADLON.....
secretary/director

EXECUTED by **WALKERS SAWMILL PTY LTD** by [two directors] or [a director and its secretary] or [its sole director]

[Signature]
director

[Signature]
secretary/director

SIGNED SEALED AND DELIVERED by **THE HONOURABLE IAN MACDONALD MLC** Minister for Primary Industries in and for the State of New South Wales for and on behalf of the Crown (but not so as to incur any personal liability) in the presence of:

[Signature]
Minister for Primary Industries

[Signature]
Witness

[Handwritten signatures]

SCHEDULE 1

Amendments to the Wood Supply Agreement

1. Schedule 1 Allocation A:
Delete all of the provisions concerning Allocation A and insert instead:

ALLOCATION A – ALPINE ASH SAWLOGS

PART 1 - TOTAL VOLUME OF ALPINE ASH SAWLOGS

- (a) Year commencing 1 July 2007 and each Year thereafter until 30 June 2020 – 11,944m³
(b) Year commencing 1 July 2020 – 5,972m³

PART 2 INDICATIVE PRODUCT MIX

- | | | |
|-------------------------------------|----------------------|----------------------|
| (a) Each Year until 30 June 2020 -- | High Quality Large* | 11,444m ³ |
| | Low Quality Sawlogs* | 500m ³ |
| (b) Year commencing 1 July 2020 – | High Quality Large* | 5,722m ³ |
| | Low Quality Sawlogs* | 250m ³ |

2. Schedule 1 Allocation B
Delete all of the provisions concerning Allocation B and insert instead:

ALLOCATION B – ALPINE ASH SAWLOGS of 40 - 55 cms centre diameter under bark

- (a) Year commencing 1 July 2007 and each Year thereafter until 30 June 2020 – 1791m³
(b) Year commencing 1 July 2020 – 896m³

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SCHEDULE 2
Proposed Wood Supply Agreement

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