

2004 Almond Project

Management Agreement

Timbercorp Securities Limited

Almond Management Pty Ltd

2004 Timbercorp Almond Project

NM TAYLOR
L A W Y E R S

Level 7
350 Collins Street
MELBOURNE VIC 3000

Telephone: 9600 3525
Facsimile: 9600 3527

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Details of this Management Agreement

Date of the Agreement:

This Agreement is made on 23 March 2004.

Parties to the Agreement:

1. TIMBERCORP SECURITIES LIMITED

ACN 092 311 469
Level 8, 461 Bourke Street
Melbourne Victoria 3000

(TSL)

2. ALMOND MANAGEMENT PTY LTD

ACN 094 429 419
Level 8, 461 Bourke Street
Melbourne Victoria 3000

(Almond Management)

Background to the Agreement

- A. TSL is the single responsible entity of the 2004 Timbercorp Almond Project.
- B. Under the Almondlot Management Agreement, TSL has been or will be appointed by the Growers to cultivate and maintain Almond Trees on, and generally manage, the Almondlots in accordance with the Management Plan and to carry out and perform each Growers' obligations under the Sub-lease Agreements.
- C. TSL wishes to engage Almond Management to manage the Orchard.
- D. The parties have agreed that Almond Management will manage the Orchard in accordance with the reasonable directions of TSL and subject to the terms and conditions of this Agreement.

The Parties Agree as Follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires or implies, the following expressions have the meanings set opposite each of them:

Almondlot:	<p>each separate identifiable area of the Land comprising approximately 0.25 hectares:</p> <ul style="list-style-type: none"> (a) on which a Grower will carry on the business of primary production; or (b) which TSL will continue to manage in accordance with the Constitution and the relevant Almondlot Management Agreement after a defaulting Grower has ceased to participate in the Project in respect of a relevant Almondlot, <p>and includes the Almond Trees, the Capital Works and the Water Licences attributed to the Project;</p>
Almondlot Management Agreement:	an agreement for the management of the business of the Growers conducted on the Almondlots between TSL, as the responsible entity, and each of the Growers;
Almonds:	the Almonds grown or growing on the Grower's Almondlots or the Orchard, whichever is applicable and whether harvested or unharvested;
Almond Trees:	the almond trees planted or to be planted on the Orchard;
Business Day:	a day other than a Saturday or Sunday or public holiday on which all trading banks are open for general banking business in Melbourne, Victoria;
Capital Works:	the infrastructure and capital works, including the planting of Almond Trees, that the Land Owner has carried out, or agreed to carry out, at its cost, on the Orchard;
Commencement Date:	the date of this Agreement;
Constitution:	the constitution which governs the Project;
Crop:	the Almonds taken from the Almond Trees grown on the Growers' Almondlots;
Financial Year:	a period of 12 months ending on 30 June in any year and includes the period commencing on the date of this Agreement and ending on 30 June 2004 and the period ending on the termination of this Agreement and commencing on the preceding 1 July;
Government Agency:	a government or government department, a governmental, semi-governmental or judicial person or a person (whether autonomous or not) charged with the administration of any applicable law;
Grower:	a "Participant Grower" in the Project as that term is defined in the Constitution;
GST:	a tax, levy, duty, charge or deduction, together with any related additional tax, interest, penalty, fine or other charge, imposed by or under a GST Law;
GST Law:	the same as in the A New Tax System (Goods and Services Tax) Act 1999 (as amended);

GST Rate:	the rate of GST under GST Law;
Land:	the land on which the Project will be conducted as described in the PDS or such other land which is used for the Project;
Land Owner:	Almond Land Pty Ltd (ACN 091 460 392) of Level 8, 461 Bourke Street, Melbourne, in the State of Victoria;
Management Plan:	the management plan for a Financial Year prepared by or on behalf of TSL;
Orchard:	all of the Almondlots;
Orchard Services:	the services described in clauses 4 and 5;
Participating Interest:	has the same meaning as in the Constitution;
PDS:	the product disclosure statement issued by TSL under which TSL offers for subscription interests in the Project;
Product:	Almonds in a saleable condition;
Project:	the 2004 Timbercorp Almond Project promoted by the TSL relating to the management of an almond orchard, the cultivation and harvesting of Almond Trees and the processing of Almonds for commercial gain;
Project Documents:	the agreements entered into by the TSL under clauses 13.3 and 13.4 of the Constitution;
Project Operations:	the growing, cultivation and management of a commercial almond orchard and includes the Orchard Services, the harvesting and processing of the Almonds, delivery of the Almonds for distribution to or on behalf of the Growers in accordance with their Participating Interests and procuring the sale of Almonds;
Sub-lease Agreements:	the sub-lease agreements between the TSL, as responsible entity and sub-lessor, and each of the Growers, as sub-lessees, in relation to the Growers' Almondlots;
Term:	the term of this Agreement under clause 2;
Water Licences:	the water licences owned or acquired by the Land Owner, leased to TSL and attributed to the Project as required from time to time, up to a maximum of 3.125 megalitres per Almondlot as reduced by any variation in the maximum licence entitlement from time to time by the relevant water authority restricting the amount or rate at which water may be taken, or the purpose for which it may be taken or prohibiting the taking of water or the purpose of its use.

1.2 Interpretation

In this Agreement, unless expressed or implied to the contrary:

- (a) a reference to this or any other document includes a variation or replacement of it;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of it;

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- (c) the singular includes the plural and vice versa;
 - (d) if a word is defined, cognate words have corresponding definitions;
 - (e) a reference to a person includes a firm, body corporate, an unincorporated association or an authority;
 - (f) a reference to a person includes the person's legal personal representatives, successors, substitutes (including persons taking by novation) and assigns and transferees;
 - (g) a reference to a gender includes the other genders;
 - (h) a reference to "\$" or "dollars" is a reference to Australian dollars;
 - (h) a reference to a clause, recital or schedule is to a clause, recital or schedule in or to this Agreement; and
 - (i) if a party comprises two or more persons, this Agreement binds them jointly and each of them severally and it also binds the executors, administrators and permitted assigns of them and of each of them and of any two or more of them jointly and each of them severally.

1.3 Headings

Headings are for convenience only and do not affect the interpretation of this Agreement.

2. TERM

2.1 Commencement Date

This Agreement will commence on the Commencement Date.

2.2 Termination Date

Subject to clause 12, this Agreement will terminate on the earlier of:

- (a) termination of the Project; and
 - (b) 30 June 2024.
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3. APPOINTMENT OF ALMOND MANAGEMENT

3.1 Engagement of Almond Management

TSL engages Almond Management on the terms and conditions set out in this Agreement generally to manage and administer the Project, manage, direct and conduct the Project Operations on behalf of the Grower and perform the Orchard Services.

3.2 Almond Management to Carry Out Orchard Services as Independent Contractor

The parties agree and acknowledge that:

- (a) Almond Management will carry out the Orchard Services as an independent contractor and not as agent or contractor of the Grower;

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- (b) Almond Management has no recourse in any circumstances whatsoever to a Grower or to assets of the Grower or the Project, including the proceeds from the sale of the Crop or Product, for any fees, expenses or amounts due to Almond Management from TSL under this Agreement.

3.3 Authority to Act

Almond Management does not have any authority to act for, or to assume any obligation or liability on behalf of, the Grower or the Growers except such authority as is conferred on Almond Management by this Agreement or the Constitution.

3.4 Performance of Obligations

- (a) Subject to this Agreement, Almond Management must use reasonable endeavours to perform all its functions, exercise its powers under this Agreement and conduct the Project Operations:
- (i) in a commercially reasonable manner;
 - (ii) honestly;
 - (iii) generally in accordance with good horticultural management and environmental practices which are generally recognised and adopted in Australia and are known and acceptable to Almond Management and suitable for use on the Orchard; and
 - (iv) in the best interests of all the Growers and not in the interests of Almond Management if those interests are not the same as those of the Growers.
- (b) The phrase "commercially reasonable manner" means, in any particular circumstances, a manner which Almond Management honestly believes is commercially reasonable in those circumstances (having regard where appropriate to the fact that Almond Management has to meet the costs of conducting the Project Operations out of the fees paid to it). Subject to paragraph 3.4(a)(iv), the phrase does not require Almond Management to have regard to the interests of any person other than itself.

3.5 Additional Services

In addition to the activities set out in clause 3.1 and without limiting the generality of clause 3.1, Almond Management must, at its own expense, provide all necessary administrative, supervisory and consulting services.

3.6 Acceptance of Engagement

Almond Management accepts its engagement on the terms of this Agreement.

4. ORCHARD MANAGEMENT

4.1 Management Plan and Good Practice

Almond Management must cultivate and manage the Orchard in accordance with:

- (a) the Management Plan; and
- (b) good horticultural and environmental practices.

The initial Management Plan for the Financial Year ending 30 June 2004 will be prepared within 30 days of the Commencement Date and attached to this Agreement

as the First Schedule.

4.2 Activities

Without limiting the generality of clause 4.1, Almond Management must carry out the following activities:

- (a) prune the Almond Trees by mechanical or other methods;
- (b) as permitted by law, eradicate vermin which have caused or may cause damage to the Almond Trees or the Orchard and put in place measures to control such vermin;
- (c) provide the Orchard with necessary irrigation water made available by the Land Owner through the Water Licences and operate the irrigation system on the Orchard at various times in order to irrigate the Orchard;
- (d) at its discretion, conduct tests to ascertain the availability of nutrients in the soil on the Orchard and, based on the results, take whatever action is required to maintain the growth rate and productivity of the Almond Trees;
- (e) fertilise the Orchard as required, in accordance with good horticultural practices, to maintain satisfactory rates of growth and productivity of the Almond Trees;
- (f) with TSL's prior consent, destroy any of the Almond Trees or Almonds which have contracted an exotic, noxious or incurable disease;
- (g) keep the improvements on the Orchard in good and substantial repair;
- (h) maintain fire breaks in accordance with regulatory and insurance requirements and good horticultural practices;
- (i) maintain the Orchard in accordance with good horticultural practices including, without limitation, using soil management technique methods to reduce erosion and maintain soil quality;
- (j) as far as reasonably possible, keep the Grower's Almondlots free from competitive weeds or other vegetation which may affect the growth or yield of the Almond Trees;
- (k) use its reasonable endeavours to protect the Almond Trees from insect infestation, disease and competition from competing growth using good horticultural practices, including, but not limited to, applying herbicides or pesticides to the Orchard and spraying under the Almond Trees as permitted by law;
- (l) keep proper and accurate records of all fertilisers, nutrients and other chemicals applied to the Grower's Almondlots or Almond Trees;
- (m) regularly inspect and repair all stakes, fences and irrigation equipment on the Orchard;
- (n) inspect and, where appropriate, retie Almond Trees to stakes and attach Almond Trees to trellising in accordance with good horticultural practices;
- (o) replant any of the Almond Trees in need of replacement in accordance with the terms of any agreement made with the suppliers of the Almond Trees;
- (p) comply with the Growers' obligations under the Sub-lease Agreements (except for those relating to payment of rent and other amounts);
- (q) not discriminate between Growers in the supply of water under the Water Licences;
- (r) if additional water in excess of 3.125 megalitres per Almondlot is required from

time to time in order to irrigate the Orchard and such water can be reasonably procured by way of temporary water rights, procure such additional water and supply it to Growers, the costs of which will be deemed to be a cost of TSL under clause 14.1 of this Agreement in operating the Almondlots, calculated as Almond Management's reasonable costs of procuring the additional water;

- (s) each Financial Year, commencing the Financial Year ending 30 June 2004, prepare, or arrange for the preparation of, the Management Plan for the Project which may include a horticultural plan for the Orchard, a horticultural program, an operational plan and annual financial and operational budgets in relation to these horticultural matters, review the Management Plan and, if necessary, make amendments to it;
- (t) provide any other service or thing which, in the reasonable opinion of Almond Management, is incidental or ancillary to the ongoing management of the Orchard;
- (u) comply with all laws and regulations relating to the use and occupancy of the Orchard;
- (v) provide advice and expertise to TSL concerning the best, most efficient and most profitable way to manage the Project; and
- (w) provide TSL with specialised industry specific information and knowledge in order to benefit the Project.

4.3 No Unlawful Acts

Almond Management must not do or allow any unlawful act to be done on or adjacent to the Orchard and nothing in this Agreement or in the Management Plan for any Financial Year will require Almond Management to do so.

4.4 Notify TSL of Notices

Almond Management must give the TSL a copy of any notice (other than rates notices) which it receives from any Government Agency with respect to the Grower's Almondlots or the Orchard within seven days after receipt of the notice.

4.5 Commencement of Orchard Services

Almond Management must commence to carry out or cause the commencement of the carrying out of the Orchard Services on behalf of the Grower on the Commencement Date.

5. HARVESTING

5.1 Harvesting

Each year during the Term Almond Management will, in accordance with good horticultural practices, test the maturity of the Almonds to determine whether the Almond Trees are ready for harvesting and, having done so, will harvest the mature Almonds Trees.

5.2 Harvesting Method

Harvesting must be done by Almond Management in accordance with good horticultural practices by any method (including machine harvesting) agreed with by TSL.

5.3 Delivery

Almond Management will promptly deliver all harvested Almonds to a delivery point or points nominated from time to time by TSL to enable the Almonds to be processed or sold.

5.4 Storage

Until the harvested Almonds are delivered, Almond Management will store them in an appropriate manner to minimise the deterioration of the Almonds' quality. The Almonds may be stored on the Land or any other premises whether or not owned or operated by TSL or Almond Management.

6. PROCESSING AND SALE

6.1 Processing of Almonds

TSL authorises and directs Almond Management to procure the processing of the Crop into Product and enter into a Project Document as agent and attorney for the Grower.

6.2 Marketing and Sale

TSL authorises and directs Almond Management to:

- (a) store the Crop;
- (b) procure the processing of the Crop, or so much of it as Almond Management determines desirable;
- (c) sell the Product, using its reasonable endeavours to seek to maximise returns, and on such terms and conditions as Almond Management in its absolute discretion determines; and
- (d) in the event that Almond Management determines that any part of the Crop should not be processed into Product, put such Crop to commercial use, using its reasonable endeavours to seek to maximise returns, on such terms and conditions as Almond Management determines in its absolute discretion,

and, for these purposes, will enter into any agreement as agent and attorney for the Grower, first approved by TSL.

6.3 Gather In Product

Prior to the sale of the Product or Crop, Almond Management may gather in all of the Growers' Product or Crop and may store, market and sell the Product or Crop gathered in without having regard to the quantity or quality of the particular Product or Crop from the particular Almondlots. The proceeds of sale of the Product or Crop gathered in will be divided pro rata according to the Growers' Participating Interests in the Product or Crop.

6.4 Lien

- (a) Almond Management acknowledges that TSL can call for a first and paramount lien at any time in respect of the Grower's Participating Interest in the Almonds until such time as any outstanding fees or expenses due and payable to TSL under the Almondlot Management Agreement have been paid.
- (b) Almond Management further acknowledges that TSL is authorised to sell or cause to be sold any of the Growers' Participating Interest in the Almonds over

which TSL has the lien for the purpose of applying the sale proceeds in payment of any outstanding fees or expenses due to TSL.

6.5 Action for Recovery of Sale Proceeds

In the event that a payment due by a purchaser of the Product or Crop under an agreement for the sale of the Product or Crop is overdue, TSL authorises Almond Management to take any action which it reasonably considers to be necessary for the purpose of recovering any such outstanding payments or any Product or Crop from the purchaser.

6.6 Payment of Sale Proceeds

- (a) Where it is commercially practicable to do so, Almond Management must direct the purchaser of the Product or Crop under an agreement for the sale of the Product or Crop to make any payments for the Product or Crop directly to TSL or if TSL directs Almond Management, directly to the custodian for the time being of the Project.
- (b) Where it is commercially impracticable for payments to be made directly to the TSL in accordance with paragraph 6.6(a), Almond Management must:
 - (i) hold the proceeds on bare trust for TSL as responsible entity of the Project, pay them into a separate bank account opened for the purpose and not mix the proceeds with any other moneys, including Almond Management's moneys so that the moneys are clearly identified; and
 - (ii) pay the proceeds to TSL, or if TSL directs Almond Management, to the custodian for the time being of the Project, within 2 Business Days of Almond Management receiving the proceeds.
- (c) Proceeds from the sale of the Product or Crop are subject to any first and paramount lien that TSL has in accordance with clause 6.4.

7. ADMINISTRATIVE SERVICES

7.1 Services

Almond Management agrees to provide the following administrative services throughout the term of the Agreement:

- (a) prepare reports to Growers on the allocation and location of Growers' Almondlots;
 - (b) prepare reports to Growers detailing the work to be done on each Grower's Almondlot;
 - (c) prepare reports to Growers on the matters described in clauses 12.1 and 12.3;
 - (d) prepare a statement to the Grower to assist with income tax preparation;
 - (e) record the Grower's transactions and make payments on behalf of the Grower;
 - (f) general administrative management of the Project;
 - (g) review the sales and marketing plan for the Project; and
 - (h) co-ordinate visits of Growers to inspect their Almondlots.
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8. DELEGATION OF RESPONSIBILITIES

In carrying out and performing its duties and obligations under this Agreement, Almond Management may appoint agents and sub-contractors, engage such personnel and acquire and utilise materials necessary, usual or desirable for the purposes of exercising its powers or performing its obligations under this Agreement, subject to Almond Management at all times remaining primarily responsible to TSL for the carrying out and performance of those duties and responsibilities.

9. ACCESS TO ORCHARD

9.1 Almond Management has Access

Almond Management and its invitees will be entitled to such access to the Orchard as is necessary or desirable to perform Almond Management's obligations under this Agreement.

9.2 Removal of Almond Management's Property after Termination

Almond Management may remove from the Orchard such plant and equipment, implements, furniture and other items brought onto the Orchard within one month after the termination of this Agreement and may enter the Orchard for the purpose of removing such items.

9.3 Roads and Tracks

- (a) Almond Management is entitled (but has no obligation) to construct and maintain roads and tracks on the Orchard primarily and principally to provide access to and from the Orchard from a public road for the:
 - (i) cultivation, maintenance and tending of the Almond Trees and the Almonds;
 - (ii) harvesting of the Almonds; and
 - (iii) removal of the Almonds.
- (b) Where Almond Management has removed any material for road building purposes, Almond Management must use reasonable endeavours to return the surface of the land to an appearance as close as possible to the appearance of the surface of surrounding land.

9.4 Grower's Access

Almond Management acknowledges that, provided the Grower first gives TSL 7 days' prior notice in writing, TSL must permit the Grower or its duly authorised representatives to have access, at the Grower's expense and risk, at all reasonable times to the Grower's Almondlots and the facilities located on them.

9.5 Warranty as to Access

TSL warrants that it has the right to grant access to the Orchard for the performance by Almond Management of its obligations, and the exercise by Almond Management of its rights under this Agreement will not constitute a trespass against, or an interference with the rights of, the owner of the Land, TSL, any of the Growers or any person who derives title through or under the owner.

9.6 Failure to Perform if Access Denied

Almond Management will not be liable for any failure to perform its obligations under this Agreement which arises because it is denied access to, or possession or occupation of, the Orchard or any part of it.

10. NO LEASE OR LICENCE

This Agreement does not create or confer any leasehold or proprietary interest or licence in favour of Almond Management concerning the Orchard.

11. RECORDS

Almond Management will, during the currency of this Agreement, maintain records of the works carried out by Almond Management on the Orchard in respect of all matters considered by Almond Management from time to time to be desirable in the interests of TSL.

12. REPORTING

12.1 Annual Report

Within 90 days from the end of each Financial Year during this Agreement Almond Management will prepare and send a report (**Annual Report**) to TSL that addresses and contains information concerning the following matters:

- (a) the results of the harvest of Almonds;
- (b) the condition of the Orchard, the Grower's Almondlots and Almond Trees;
- (c) any other matters which Almond Management considers material concerning the Orchard, the Grower's Almondlots or the Project and which ought reasonably to be made known to TSL; and
- (d) any other matter reasonably requested by TSL.

12.2 Certification

In the Annual Report Almond Management will certify whether it has performed and observed its obligations under this Agreement.

12.3 Statement of Income and Expenses

Within 90 days after the end of each Financial Year, commencing at the end of the Financial Year in which the Almond Trees start to produce Crop, Almond Management will prepare and provide to TSL an annual statement of income and expenses relating to the management of the Orchard and the sale of each Grower's Product or Crop during the relevant Financial Year.

13. COMPLIANCE WITH MANAGEMENT PLAN

13.1 Management Plan

In performing its obligations under this Agreement, Almond Management must observe and act in accordance with, the Management Plan.

13.2 No Obligation to Comply with Management Plan

Despite the preceding clause, Almond Management is not required to follow or comply with the Management Plan to the extent that a written recommendation or direction from TSL under clause 13.3 requires Almond Management to do something which is not in accordance with the Management Plan.

13.3 Recommendation or Direction by TSL

Almond Management must consider any recommendation or direction made by TSL and where it is satisfied that any such recommendation or direction is in the interests of the Growers and the Project generally, Almond Management must use its best endeavours to carry out the recommendation or direction in accordance with the terms and conditions set out in this Agreement.

13.4 Changes to Management Plan

At any time during the Financial Year to which a Management Plan relates, Almond Management, with the consent of TSL, may make changes to that Management Plan.

13.5 Performance of Management Services

Almond Management will have complete discretion as to the manner and method of conducting the Project Operations, subject to the express terms of this Agreement.

14. ORCHARD MANAGEMENT FEES

14.1 Fees Payable to Almond Management

In consideration of the Orchard Services and all other services to be provided by Almond Management under this Agreement, TSL will pay to Almond Management the following fees

- (a) in respect of the period commencing on the Commencement Date and ending on 30 June 2004 an amount per Almondlot to be agreed between the parties payable on or before 30 June 2004; and
- (b) in respect of the period 1 July 2004 to 30 June 2005 - an amount per Almondlot to be agreed between the parties payable on or before 30 June 2005; and
- (c) in respect of the period 1 July 2005 to 30 June 2006 - an amount per Almondlot to be agreed between the parties payable on or before 30 June 2006; and
- (d) thereafter, in respect of each subsequent Financial Year during the Term, an amount per Almondlot calculated by Almond Management as the reasonable costs of managing the Almondlot payable on or before 30 June during that respective Financial Year.

After the actual costs for a Financial Year referred to in paragraph (d) have been

determined by the Manager, the Manager will, when notifying TSL under paragraph (d) of the projected costs for the succeeding Financial Year, notify TSL of those actual costs and either deduct the surplus from, or add the excess to, the fees payable for the next Financial Year, depending on whether they are more or less than the costs calculated by the Manager under paragraph (d).

15. TERMINATION

15.1 Termination of Agreement by TSL or Almond Management

Either party may terminate this Agreement if the other party commits a breach of any of its obligations under this Agreement and the default has not been remedied within 30 days after receiving notice notifying it of the breach and requesting it to be remedied.

15.2 Termination by TSL

TSL may terminate this Agreement without notice in its absolute discretion if at any time it considers such termination to be in the interests of the Growers of the Project.

15.3 Change of Responsible Entity

- (a) This Agreement will terminate immediately if TSL ceases to be the single responsible entity of the Project for any reason.
- (b) Immediately prior to:
 - (i) a meeting of Growers being called relating to the retirement or removal of TSL from the office of single responsible entity of the Project and a resolution being passed to that effect;
 - (ii) an application being made to the Court for the appointment of a temporary responsible entity to replace TSL; or
 - (iii) this Agreement being terminated under this clause 15,

TSL will be deemed to have exercised any rights of step-in which it is entitled to exercise under any contract between Almond Management and Select Harvests Limited (ACN 000 721 380) or any other contractor relating to the Orchard Services and other services under this Agreement.

15.4 Effect of Termination

The termination of this Agreement will terminate the rights and obligations of the parties under this Agreement except to the extent that those rights and obligations are expressed to survive termination. The termination of this Agreement will not prejudice any right, power or remedy to the extent that it accrued prior to or on termination.

16. INDEMNITY

Subject to this Agreement and the law, Almond Management must indemnify and keep indemnified TSL against any liability, demand, loss, costs, charges and expenses which may be incurred by TSL as a result of any breach of Almond Management's obligations under this Agreement, or any neglect or fraud on the part of Almond Management or any of its employees, servants or agents.

17. GST

- (a) If any supply made by a party ("**Supplier**") to the other ("**Recipient**") under this Agreement is a taxable supply (according to GST Law) so that the Supplier is liable to GST, the parties agree that the consideration payable for that taxable supply represents the value of the taxable supply (the "**GST Exclusive Amount**") and not the price for that taxable supply.
- (b) In addition to the GST Exclusive Amount for a taxable supply under this Agreement, the Recipient must pay to the Supplier a further amount in respect of the taxable supply calculated as an amount equal to the GST Exclusive Amount multiplied by the GST rate in force from time to time.
- (c) The GST payable under paragraph 17(b) is payable by the Recipient without deduction or set-off of any other amount, at the same time and on the same basis as the GST Exclusive Amount is payable by the Recipient under this Agreement.
- (d) The right of a Supplier to payment under this clause is subject to a valid tax invoice, which complies with GST Law, being issued and delivered by the Supplier to the Recipient.
- (e) If a payment to satisfy a claim or a right to claim under or in connection with this Agreement, for example, a claim for damages for breach of contract, gives rise to a liability to pay GST, the payment is the GST Exclusive Amount and an additional amount must be paid to the Supplier in accordance with paragraph 17(b).
- (f) If a decision making body orders that a payment be made to a party to satisfy a claim under or in connection with this Agreement, and such payment will give rise to a liability to pay GST, the parties authorise the decision making body to order that a further amount, calculated as an amount equal to the payment multiplied by the GST Rate, be paid to the party in whose favour the order is made.
- (g) If a party has a claim under or in connection with this Agreement for a cost on which that party must pay GST, the claim is for the cost plus all GST, except any GST for which that party is entitled to an input tax credit.
- (h) If a party has a claim under or in connection with this Agreement and the amount of the claim depends on actual or estimated revenue or lost revenue, revenue must be calculated without including any amount received or receivable as reimbursement for GST, whether that amount is separate or included as part of a larger amount.

18. DISPUTES

18.1 Procedure Must Be Followed

- (a) If there is a dispute between the parties arising from or connected with any provision of this Agreement, the parties must follow the following dispute resolution procedure before commencing legal proceedings, other than proceedings seeking interlocutory relief.
- (b) Either party may give a notice of dispute to the other party if there is a dispute arising out of this Agreement.

18.2 Parties Must Attempt to Resolve

- (a) Upon one party giving a notice of dispute to the other party, both parties must meet within 10 Business Days of the date of that notice in order to try to resolve the dispute.
- (b) If the parties cannot resolve the dispute within 10 Business Days of the date of notice of dispute, either party may refer the matter to mediation.

18.3 Mediation

- (a) Both parties agree to mediate if a dispute is referred to mediation by either one of the parties.
- (b) The mediator will be agreed by the parties.
- (c) If the parties cannot agree to a mediator within a further 5 Business Days, a mediator will be chosen by the President for the time being of the Law Institute of Victoria.
- (d) The parties will equally bear any costs associated with the mediator's fees and will bear their own costs in relation to preparation or representation at the mediation.
- (e) The mediator will provide a certificate of mediation which sets out the result of the mediation.
- (f) Subject to clause 18.1, a party may issue legal proceedings only after the mediator has provided a certificate of mediation.

19. NOTICE

19.1 Form of Notice

Any notice to be given under or in connection with this Agreement will be in writing and may be signed by an authorised representative of the party giving the notice. The notice may be served by:

- (a) hand delivery;
- (b) post or registered or certified mail, or
- (c) fax

to such address or fax number of the party to whom the notice is directed as the addressee may notify prior to such notice being given.

19.2 Receipt of Notice

Any notice will be effective and will be deemed to be received:

- (a) if hand delivered, then upon delivery;
 - (b) if posted, then 48 hours after the notice has been properly posted if that falls on a business day, and if not, on the first business day afterwards; and
 - (c) if sent by fax, then at the date and time of transmission as shown by the confirmation report from the sender's fax machine indicating that the notice has been received in full by the recipient's fax machine.
-

20. RELATIONSHIP OF THE PARTIES

The relationship between Almond Management and TSL is not, is not intended to be, is not deemed to be and is not to be treated as, a partnership or association or a joint venture.

21. COSTS

The parties will bear their own costs of negotiating and preparing this Agreement.

22. AGREEMENT WILL BIND SUCCESSORS

Subject to clause 15.3, this Agreement will bind and ensure for the benefit of the parties and their respective executors, administrators and assigns.

23. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties and no warranties, representations, terms, conditions, obligations or other provisions of any nature not contained in it will be of any effect.

24. SEVERANCE

If the term of any provision of this Agreement is invalid or unenforceable, it will be read down to the extent of that invalidity or unenforceability. If the clause is incapable of being read down, any invalid or unenforceable provision will be severed and all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid or unenforceable provisions will continue to be valid and enforceable.

25. WAIVER

No failure, delay or indulgence on the part of any party in exercising any power or right conferred upon that party under this Agreement will operate as a waiver of that power or right, nor will any single or partial exercise of such a power or right preclude any future exercise of it or any exercise of any other power or right under this Agreement.

26. AMENDMENTS

This Agreement may be amended by another document in writing and duly signed by the parties to this Agreement.

27. GOVERNING LAW

This Agreement will be governed by and construed in accordance with the laws of

Victoria and the parties to this Agreement submit to the non-exclusive jurisdiction of the courts of Victoria, Australia and courts of appeal from them for determining any dispute concerning this Agreement or the transactions contemplated by this Agreement.

Executed as an Agreement

EXECUTED by TIMBERCORP)
SECURITIES LIMITED accordance)
with section 127 of the)
Corporations Act:)



Signature

John Vaughan

Full Name

Director

Position Held



Signature

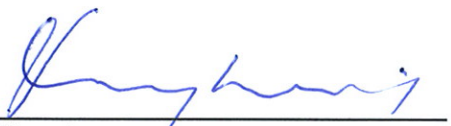
Sol Rabinowicz

Full Name

Director

Position Held

EXECUTED by ALMOND LAND)
PTY LTD in accordance with)
section 127 of the Corporations)
Act:)



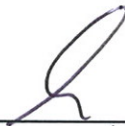
Signature

John Vaughan

Full Name

Director

Position Held



Signature

~~Sol Rabinowicz~~ Mark H Pryn

Full Name

~~Director~~ Secretary

Position Held

FIRST SCHEDULE

INITIAL MANAGEMENT PLAN

(Clause 4.1)

ALMOND ORCHARD MANAGEMENT PLAN

**PARTIES:ALMOND MANAGEMENT PTY LTD
SELECT HARVESTS LTD**

**AREA: 1225 HECTARES-YEAR 2004 PLANTINGS
FINANCIAL 1st JULY 2004 TO 30th JUNE 2005
YEAR 1**

2004 TIMBERCORP ALMOND PROJECT

Prepared by
Select Harvests Limited

MARCH 2004

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Appendix 1. FARM PROGRAM 2004/05

1.0 Introduction

Select Harvests Limited (SHV) has been engaged by Almond Management Pty Ltd (AMPL) as an independent contractor to carry out a range of services as defined in the Almond Orchard Management Agreement between the two companies, in consideration for the payment of fees as set out in the agreement.

This Management Plan outlines the Orchard Services to be provided in the year, ended 30.6.2005.

The establishment of the orchard is subject to a separate agreement between SHV and Almond Land Pty Ltd and the works to be carried out are detailed in an establishment plan attached to that agreement. Contractors will install the irrigation equipment with completion by May 2004 in accordance with the following timetable:

- (i) as to the first 300 hectares, by 7 May 2004;
- (ii) as to a further 300 hectares, by 14 May 2004;
- (iii) as to a further 300 hectares, by 21 May 2004;
- (iv) as to the balance (bringing the total to 1225), on 28 May 2004

The project once established will consist of approximately 1225 hectares of almond orchards with planting commence in May and be completed by the end of June 2004.

The project will be located at the Wandown site:

Description of land,

- **Wandown**

The almond orchard project will be established on the land situated on Paul's Road and Camerons' Lane, both off Murray Valley Highway, Robinvale, Victoria, known as "Wandown".

"Wandown" known as all that piece of land in the Parish of Yungera and being all of the land more particularly described in Certificate of Title Volume 10773 Folio 364 (being Lot 2 of Crown Allotment CA 36) together with Crown Allotments CA 28 and 35 being part of the land described in certificate of title Volume 9481 Folio 888. The size of the development will be subject to soil surveys, orchard design and irrigation design. It is anticipated this area will be approximately 1225 hectares.

2.0 Orchard Services

The orchard services, for which Select Harvests is responsible have been set out, in clause 4 of the Almond Orchard Management Agreement and are summarised as follows:

- Clause 4.1 Cultivation, maintenance and management services
- Clause 4.2 Harvest
- Clause 4.3 Testing of almonds

NB: Harvest and the testing of almonds will occur in future years.

2.1 Horticultural Planning

The following section outlines the key horticultural activities to be performed in the orchard. Appendix 1 schedules proposed fertigation and spray programs for the 2004 planting.

2.1.1 Overhead Spray program

The aim of the overhead spray program is to apply fungicide sprays in a timely manner to maintain a continuous barrier to the inoculation of leaf tissue by bacteria and fungal spores. The fungal sprays used are protective and not curative and therefore form part of a prevention program. Fungicide spraying usually occurs through winter and spring months to prevent the development of “shot hole” and “blossom blight”.

Nutrient sprays are included within the spray program and are designed to boost levels of minor and trace elements especially through periods of stress. The final component of the spray program is the application of zinc sulphate to defoliate leaves and to add trace elements of zinc. This occurs in early May and is done to prevent infection of new leaf tissue in spring by prune rust.

2.1.2 Weed Control Program

The control of weeds via a weed spray and slashing program is required to ensure the effectiveness of irrigation and fertiliser programs. Weed spraying occurs from May (post harvest) through to January (pre harvest). Control of weeds is especially important in young orchards.

The weed control program involves;

- i) Herbicide spraying of tree rows
 - ii) Slashing or mulching of mid rows
 - iii) Spot spraying of mid rows
-

iv) Mowing where required

2.1.3 Fertiligation Program

The fertiligation program is designed to stimulate growth and structure in young trees. This program is complimented by, the foliar spray program.

The fertiligation program commences in September following the stabilisation of tree roots following planting. The programmed N:P:K is aimed at facilitating root development to accommodate future tree growth.

The fertiligation program continues through the growing season of mid-October through to mid-April with a balance of N:P:K.

In the later part of summer, nitrogen inputs are increased to induce good tree growth and potassium is increased to develop strength in the trees.

In late March and April inputs are reduced as the tree shuts down for the winter period.

2.1.4 Pruning

Pruning is required in a new orchard to shape and train the trees and stimulate growth.

The First year program consists of;

- Tree top pruning to commence after planting which is followed by spring growth
- September – bud rubbing is carried out to select primary limbs to define tree shape
- November – following 300/400mm of growth in leaders they are cut at the top to facilitate a forking process from the cut.

The timing of the above is dependent on tree growth and seasonal conditions. Rapid tree growth could see a further pruning brought forward from the next year's program.

3.0 Irrigation Applications and Management

Irrigation management consists of:

- Soil moisture monitoring
- Water application scheduling
- Application of water
- Maintenance of equipment

Irrigation application is expected to commence in August. At that time we will undertake testing of the system and determine a cleaning program for the filters.

Site verification for moisture monitoring will be carried out and a program established to commence accurate moisture readings. An initial program will be established for scheduling and application of water on an irrigation block basis.

The timing and duration of applications will be determined using moisture monitoring results, soil characteristics, climatic conditions and irrigation results. Adequate time will be given for staff training with the new irrigation system, moisture monitoring, scheduling and applications.

Estimated water usage;

- To 30th June 2005 2.98ML/Hectare = 3,650.5 ML

Factors, which will impact on water usage outside of management control, are;

1. Rainfall
2. Wind
3. Temperature
4. Tree growth rate

Increases or decreases to proposed water use could occur because of the influence of these factors.

The ongoing maintenance program involves the following;

- i) Dripperline, submain and mains flushing
- ii) Dripperline checks
- iii) In-line filter cleaning

This will be scheduled as required over the irrigation season.

4.0 Manpower Requirements

The Wandown Almond Orchard forms part of Kyndalyn Park Almond orchards, which has a dedicated management team.

Staff

Farm Manager
Second in Charge
Leading Hand
Water Manager
Tree Tech Supervisor

In addition, the Almond Orchard will be serviced on site, by maintenance and water management personnel.

The management structure will be reviewed at the property on a regular basis and may change from time to time.

The orchard will utilise a combination of permanent and casual staff to carry out the farm program depending on seasonal requirements. In addition contract labour will be used for a number of seasonal programs eg. harvest, pruning etc..

5.0 Farm Equipment

SHV will provide the necessary farm equipment to carry out the farm program. There will be a combination of equipment dedicated to the specific site where appropriate, and shared equipment with other locations for less frequently used equipment.

5.1 Equipment Maintenance

The maintenance department is responsible for the up keep and maintenance of all farm equipment. They are to ensure that the above equipment is at all times in the best possible condition and ready for use when scheduled.

The maintenance program uses a combination of in-house work, outsourcing of large jobs and external service contracts for some items of equipment. We have a major workshop at Kyndalyn Park, which services our harvesting equipment and the hulling and cracking plant. This facility has two permanent staff and uses contractor labour during harvest and processing to ensure, 24-hour service.

6.0 Reporting

Under the Almond Orchard, Management Agreement SHV has committed to provide reports to AMPL on the following basis;

- Annual management plan
- Quarterly monthly report

Quarterly reporting will focus on providing an update on activities performed and will indicate the progress and condition of the orchard.

7.0 General activities

SHV will carry out the following general activities;

- Eradication of vermin
 - Keep improvements on the orchard in good and substantial repair
 - Maintain fire breaks
 - Periodically inspect and repair all stakes, fences and irrigation equipment
 - Keep proper records of all fertilizers, nutrients, other chemicals etc applied to the orchard and make those records available for inspection upon reasonable request.
-

APPENDIX 1

ORCHARD FERTILISER & SPRAY PROGRAM FY2004-05

Select Harvests Limited

2	Early Oct	N:P:K
3	Mid Oct	N:P:K
4	Early Nov	N:P:K
5	Mid Nov	N:P:K
6	Early Dec	N:P:K
7	Mid Dec	N:P:K
8	Early Jan	N:P:K
9	Mid Jan	N:P:K
10	Early Feb	N:P:K
11	Mid Feb	N:P:K
12	Early March	N:P:K
13	Mid March	N:P:K
14	Early April	N:P:K
15	Mid April	N:P:K

Almond Orchard Management Plan – Almond Management Pty Ltd

2	Late Sep	Cover 2 Fungicide,Foliar
3	2nd week Oct	Cover 3 Fungicide,Foliar
note: dates may vary depending on weather conditions		
4	3rd week Nov	Cover 4 Fungicide,Foliar
5	December	Booster 1 Foliar
6	January	Booster 2 Foliar
7	February	Booster 3 Foliar
8	Late March - Early April	Booster 4 Foliar
9	Early May	Zinc Sulphate Leaf drop spray Zinc Copper I

2	August	Undertree Knock down,contact
1 SS	August	Spot spray Systemic
3	September	Undertree Knock down,contact
4	October	Undertree Knock down,contact
5	November	Undertree Knock down,contact
6	December	Knock down,contact
1S	Nov/Dec Backup Spray	Under tree Systemic
7	January	Undertree Knock down,contact
2S	Dec/Jan Backup Spray	Under tree Systemic
2 SS	January	Spot spray Systemic
8	February	Undertree Knock down,contact
3 SS	February	Spot spray Systemic
9	March	Undertree Knock down,contact
10	April	Undertree Knock down,contact
11	May	Undertree Knock down,contact
3S	May/June Backup Spray	Under tree Systemic