

IN THE FEDERAL COURT OF AUSTRALIA
VICTORIA DISTRICT REGISTRY

No. 541 of 2009

IN THE MATTER OF TIMBERCORP SECURITIES LIMITED (IN LIQUIDATION)
ACN: 092 311 469

AND

IN THE MATTER OF TIMBERCORP LIMITED (IN LIQUIDATION)
ACN: 055 185 067

TIMBERCORP SECURITIES LIMITED (IN
LIQUIDATION) and OTHERS
(ACN 092 311 469)

Plaintiff

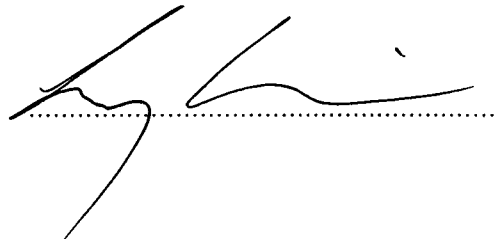
WA CHIP & PULP CO. PTY LTD
and OTHERS
(ACN 008 720 518)

Defendants

CERTIFICATE IDENTIFYING EXHIBIT

This is the exhibit marked "MAK-6" now produced and shown to **MARK ANTHONY KORDA** at the time of swearing his affidavit on 23 July 2009.

Before me:



LUCY HANNAH KIRWAN
Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne 3000

An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

Filed on behalf of the Plaintiffs

ARNOLD BLOCH LEIBLER
Lawyers and Advisers
Level 21
333 Collins Street
Melbourne 3000

DX 38455 Melbourne
Tel: 9229 9999
Fax: 9229 9900
Ref: 01-1499489
(Leon Zwier/Lucy Kirwan)

SUB-LEASE

LEASE NUMBER	DESCRIPTION OF LAND (Note 1)	EXTENT	VOLUME	FOLIO
1144452	Those parts of Lot 5962 on Deposited Plan <i>relineated and marked A</i> 206218 as are located on the plan annexed	Part	LR3082	369

LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS (Note 2)

~~Caveat G110465, Memorial G915513, Caveat H134124 and Caveat J807536~~

SUB-LESSOR (Note 3)

KENT ROCHESTER and MICHELLE LEE TYSOE both of 50 Yatana Road, Bayonet Head

SUB-LESSEE (Note 4)

TIMBERCORP SECURITIES LIMITED (ACN 092 311 469) of Level 8, 461 Bourke Street, Melbourne, Victoria

TERM OF SUB-LEASE (Note 5)

Twelve (12) years as may be extended under Clause 11.1 or such lesser period as provided in special clause 4.

Commencing from the 1st day of September Year 2006

THE SUB-LESSOR as the proprietor of the above LEASE HEREBY SUB-LEASES TO THE SUB-LESSEE the land above described subject to the encumbrances as shown hereon being the (Note 6) **PART** of the land in the said lease to be held by the Sub-Lessee for the above term at the clear yearly rental of (Note 7).

Seventy-seven thousand five hundred and sixty-one dollars and five cents (\$77,561.05) per annum.

PAYABLE (Note 8)

in quarterly instalments in accordance with Part 4 for a total Plantation Crop area of 374.9 hectares and subject to review in accordance with Clauses 4.3 and 13.2(a), together with certain rights in respect of any neighbouring land owned by the Sub-Lessor specified in Clauses 9.3, 9.4 and 9.5.

Subject to the covenants and powers implied under the Transfer of Land Act 1893 as amended (unless hereby negated or modified) and also to the covenants and conditions contained herein.

The following covenants by the sub-lessee are to be construed according to section ninety - four of the Transfer of Land Act 1893 as amended (Note 9)

RECITALS

1. TIMBERCORP LIMITED (ACN 055 185 067) (by its former name TIMBERCORP EUCALYPTS LIMITED) entered into the Original Lease with the previous registered proprietor (NEIL ROCHESTER) in or around February 1996.
2. The Original Lease was not registered.
3. TIMBERCORP LIMITED (ACN 055 185 067) has assigned all its right title and interest in the Original Lease to the Sub-Lessee.
4. Harvest of the Plantation Crop for the initial term of the Original Lease is due to be completed on 31 August 2006 and the Sub-lessee has given notice to the Sub-lessor of its intention to extend the term of the Original Lease in accordance with clause 10.1 of the Original Lease.
5. TIMBERCORP LIMITED, the Sub-Lessee and the Registered Proprietor have agreed that this Sub-Lease shall be registered.

DEFINITIONS

Annual Rental at the commencement of the means, subject as provided in Clause 4.6, the sum of seventy-seven thousand five hundred and sixty-six dollars and five cents (\$77,561.05) per annum, (calculated at the rate of two hundred and six dollars and eighty three cents (\$206.83) per plantable hectare of the Leased area).

Further Term means the term shown on the front cover of this Sub-lease.

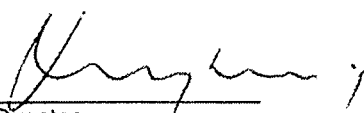
Leased Area means the land described on the front cover of this Sub-lease.

Original Lease means the deed of lease made in 1996 between Neil Rochester as sub-lessor and TIMBERCORP LIMITED (ACN 055 185 067) (by its former name TIMBERCORP EUCALYPTS LIMITED) as sub-lessee and relating to the Leased Area.

SPECIAL CONDITIONS

1. The Sub-Lessee and the Sub-Lessor enter into this Sub-Lease for the Further Term and on the same terms and conditions as if the Original Lease had continued with the Sub-Lessee as sub-lessee, but to the extent of any inconsistency between the terms of the contained in the Original Lease and the cover sheet of this Sub-lease, the terms on the cover sheet prevail
2. Clauses 4.1, 4.6, 10.1 and the Schedule of the Original Lease do not apply to this Sub-lease.
3. Upon termination of this Sub-lease, is the Annual Rental has been paid in respect of any period after the date of termination, the Sub-lessor will immediately refund that amount to the Sub-lessee and, if the Annual Rent has not been paid in respect of any period up to and including the date of termination, the Sub-Lessee will immediately pay that amount to the Sub-lessor.
4. Notwithstanding the term of Sub-lease is shown as 12 years on the front cover of this Sub-lease, this Sublease shall terminate on the date harvest of the Plantation Crop planted during this Further Term is completed.
5. Each party will use all reasonable endeavours to have this Sub-lease registered.
6. The cost of drafting and registration of this Sub-lease shall be borne by the Sub-lessee.

Executed by TIMBERCORP LIMITED
A.C.N. 055 185 067 in accordance with
Section 127 of the Corporations Act:



Signature of Director

John Morton Vaughan

Print name of Director



Signature of Director/Secretary

Mark Hamilton Pryn

Print name of Director/Secretary

* Delete whichever does not apply

~~South~~
Fish Track.

Dated Feb 1996

HEAD SUB-LEASE
(1996 TIMBERCORP EUCALYPTS PROJECT)

BETWEEN

NEIL ROCHESTER
(the "Sub-Lessor")

AND

TIMBERCORP EUCALYPTS LIMITED
A.C.N. 055 185 067
(the "Sub-Lessee")

D15765K

THIS HEAD SUB-LEASE is made on

1996.

BETWEEN:

THE PERSON DESCRIBED IN ITEM 1 OF THE SCHEDULE

(the "Sub-Lessor")

AND

TIMBERCORP EUCALYPTS LIMITED (ACN 055 185 067) of 7th Floor,
Stalbridge Chambers, 443 Little Collins Street, Melbourne, Victoria

(the "Sub-Lessee")

RECITALS:

- A. The Sub-Lessor is the lessee of the Leased Area pursuant to a Perpetual Lease dated 4 November 1956 granted by Elizabeth the Second Queen, Head of the Commonwealth, Defender of the Faith under the War Service Land Settlement Scheme Act 1954 of Western Australia (the "Head Lease").
- B. The Sub-Lessor has agreed to sub-lease the Leased Area to the Sub-Lessee on the terms and conditions contained in this Head Sub-Lease.

OPERATIVE PROVISIONS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Head Sub-Lease, the following words and expressions have the following meanings:

"Annual Rent" means the rent specified in Item 3 of the Schedule as reviewed from time to time in accordance with clause 4.3.

"Commencement Date" means 8 January 1996.

"Drought" means a 20% deficit of annual average rainfall for two consecutive calendar years, or a 40% deficit in any one calendar year, "annual average rainfall" being that recorded by the official Australian Bureau of Meteorology rainfall reporting station with at least 15 years of annual rainfall records, nearest to the Leased Area.

"Further Term" means the period for which this Head Sub-Lease may be extended pursuant to clause 10.1.

"Leased Area" means the land described in Item 2 of the Schedule (as reduced pursuant to this Head Sub-Lease if applicable).

"month" means calendar month.

"Plantation Crop" means the plantation or plantations of eucalyptus trees planted on the Leased Area by the Sub-Lessee (as reduced pursuant to this Head Sub-Lease if applicable).

"Rent Payment Dates" means each 30 June, 30 September, 31 December and 31 March during the Term.

"Review Dates" means the dates referred to in clause 4.3.

"Term" means the term specified in Item 4 of the Schedule and, where the context permits, includes any extension or renewal of that term.

1.2 Interpretation

In this Head Sub-Lease unless the context otherwise requires:

- (a) the singular number includes the plural and vice versa and a word denoting one gender includes each of the other genders;
- (b) "person" includes a firm, a corporation and any incorporated body;
- (c) headings are for convenience only and do not affect the interpretation of this Head Sub-Lease;
- (d) a reference to an Act of Parliament is to be read as a reference to that Act as amended, modified or replaced from time to time and includes any regulations, by-laws, orders, ordinances or rules made under that Act;
- (e) a reference to a party to this Head Sub-Lease includes that party's successors and permitted assigns;
- (f) if the Sub-Lessee comprises more than one person, the provisions of this Head Sub-Lease binds all of them jointly and each of them severally; and
- (g) except to the extent that the Representative may assume the rights of the Sub-Lessee, if the Sub-Lessee or any of the persons comprising the Sub-Lessee is a trustee, this Head Sub-Lease binds that person in its capacity as trustee and personally.

2. GRANT OF HEAD SUB-LEASE

2.1 Head Sub-Lease

The Sub-Lessor leases to the Sub-Lessee the Leased Area for the Term for the purpose of growing and harvesting a plantation or plantations of eucalyptus trees.

3. CONDITIONS

3.1 Contents and Approvals

This Head Sub-Lease is subject to and conditional upon the obtaining of the following consents and approvals to the satisfaction of the Sub-Lessee within twelve (12) months after the date of execution of this Head Sub-Lease:

- (a) the approval of this Head Sub-Lease by the Western Australian Planning Commission under section 20(1)(a) of the Town Planning Development Act 1928 (if such approval is required); and
- (b) all local, State and Commonwealth government approvals, licences or permissions required for the establishment of the Plantation Crop.

The condition referred to in paragraph (b) is a condition subsequent.

3.2 Sub-Lessee Must Apply for Approvals

If it has not already done so, the Sub-Lessee must apply for such approvals as soon as is reasonably practicable after the date of this Head Sub-Lease.

3.3 Each Party to Use Best Endeavours to Ensure Conditions Satisfied

Each of the parties will use its best endeavours to ensure that the conditions specified in clause 3.1 are satisfied as soon as is reasonably practicable, and where required will keep the other party fully informed as to progress towards satisfaction of the conditions.

3.4 Failure of conditions

If any of the conditions referred to in clause 3.1 are not satisfied within the time limited in that clause, this Head Sub-Lease will be at an end and be deemed never to have been of any force or effect.

4. RENT

4.1 Annual Rent

The initial Annual Rent will be the amount specified in Item 2 of the Schedule.

4.2 Payment of Rent

Subject to Clause 4.6, the Sub-Lessee will pay the Annual Rent quarterly in advance on the Rent Payment Dates with the first instalment of rent being due on the Commencement Date and if the Commencement Date is not a Rent Payment Date the Sub-Lessee will pay proportionate instalments of rent on the Commencement Date (for the period from the Commencement Date until the next rent payment date) and on the last Rent Payment Date.

4.3 Rent reviews

The Annual Rent will be reviewed on the first 30 June after the date of execution of this Head Sub-Lease (whether or not the date of execution of this Head Sub-Lease falls before or after the Commencement Date) and each 30 June thereafter during the Term (as extended or renewed) ("Review Dates"). The Annual Rent payable on and from each Review Date will be the greater of:

- (a) the Annual Rent payable immediately prior to the relevant Review Date; and
- (b) the amount calculated in accordance with the following formula

$$NR = R \times \frac{NCPI}{CPI}$$

Where:

NR is the Annual Rent payable on and from the relevant Review Date.

R is the Annual Rent payable immediately prior to the relevant Review Date.

NCPI is the Consumer Price Index (All Groups) for the City of Perth (or any substitute accepted by the government of the Commonwealth of Australia) as last published by the Australian Bureau of Statistics prior to the relevant Review Date.

CPI is the Consumer Price Index (All Groups) for the City of Perth (or any substitute accepted by the government of the Commonwealth of Australia) as last published by the Australian Bureau of Statistics

prior to the immediately preceding Review Date or, in the case of the first review, as last published by the Australian Bureau of Statistics prior to the date of execution of this Head Sub-Lease.

4.4 Discontinuation or suspension of CPI

If the Consumer Price Index (All Groups) for the City of Perth is discontinued or suspended, the method of review set out in clause 4.3 will cease to apply and will be replaced with such alternative method as is mutually agreed between the Sub-Lessor and the Sub-Lessee or, if the parties fail to agree, such alternative method as in the opinion of an expert appointed by the President for the time being of the Institute of Chartered Accountants (Western Australia Division) at the request of either party most closely reflects changes in the cost of living for the City of Perth. The cost of any expert determination carried out under this clause will be borne equally between the parties.

4.5 Limit on Increase

Notwithstanding anything to the contrary contained or implied in this Head Sub-Lease, the Annual Rent payable as from any Review Date must not be greater than 107% of the Annual Rent payable immediately prior to that Review Date.

4.6 Actual Rent Payable

Despite anything to the contrary contained or implied in this Head Sub-Lease, the amounts payable by the Sub-Lessee to the Sub-Lessor for or on account of rent under this Head Sub-Lease will be:

- (a) for each of the initial two years of the Term, 150% of the annual Rent which but for this Clause 4.6, would be payable by the Sub-Lessee; and
- (b) for each other year during the term, 87.5% of the Annual Rent which, but for this Clause 4.6, would be payable.

5. SUB-LESSEE'S OBLIGATIONS

The Sub-Lessee agrees with the Sub-Lessor that the Sub-Lessee will at the Sub-Lessee's expense during the Term:

5.1 Permitted use

Use the Leased Area solely for the purpose of growing and harvesting a plantation or plantations of eucalyptus trees.

5.2 Forestry practice

Comply with sound silvicultural and environmental practices adopted within the forestry industry.

5.3 Comply with laws

Comply with all laws and regulations relating to the use and occupancy of the Leased Area.

5.4 Repairs

Promptly repair any damage caused by the Sub-Lessee or its employees, agents or contractors to any roads, tracks or fences on the Leased Area or on any neighbouring land.

5.5 Interference with activities

Take all reasonable steps to avoid interfering with the activities carried out on any neighbouring land by the owner or occupier of that land.

5.6 Chemicals and dangerous substances

Not store or use any chemical, inflammable, noxious or dangerous substances in a manner which is likely to result in damage to vegetation, livestock, crops or water reserves on the Leased Area.

5.7 Native vegetation

Not cut down, damage or destroy any native vegetation on the Leased Area without the prior written consent of the Sub-Lessor.

5.8 Land degradation

Take all reasonable measures to prevent and combat land degradation on the Leased Area.

5.9 Buildings

Not erect any buildings, structures or dwellings or use any caravans on the Leased Area for accommodation purposes except to the extent that such facilities are reasonably required by the Sub-Lessee for the bona fide management of the Plantation Crop.

5.10 Remove facilities

Remove any building, structure, dwelling or caravan from the Leased Area as soon as it is no longer reasonably required by the Sub-Lessee for the bona fide management of the Plantation Crop.

5.11 Permit Sub-Lessor to enter

Permit the Sub-Lessor and its employees, agents and contractors to enter upon the Leased Area from time to time with or without equipment for the purpose of performing the Sub-Lessor's obligations under this Head Sub-Lease.

5.12 Insurance

Keep current with a reputable insurer a public risk insurance policy to cover the liability of the Sub-Lessor and Sub-Lessee in respect of their interests in the Leased Area in which the limit of public risk (being the amount which may be paid arising out of any single claim) will be not less than \$5,000,000.00 AND the policy will include all provisions as are normally contained in insurance policies for public risk.

6. SUB-LESSOR'S OBLIGATIONS PRIOR TO THE COMMENCEMENT DATE

The Sub-Lessor agrees with the Sub-Lessee that the Sub-Lessor will at the Sub-Lessor's expense prior to the Commencement Date (or such later date as the Sub-Lessee may agree):

6.1 Boundary fence

Construct or cause to be constructed a fence along the external boundary of the Leased Area, or in such other location as the Sub-Lessor deems fit, suitable to restrain livestock from straying onto the Leased Area.

6.2 Declared plants and animals

Take or cause to be taken all reasonable steps to control any plants or animals on or about the Leased Area which are "declared plants" or "declared animals" within the meaning of the Agriculture and Related Resources Protection Act 1976.

SUB-LESSOR'S OBLIGATIONS DURING THE FIRST YEAR OF THE TERM

7.1 Declared plants and animals

The Sub-Lessor agrees with the Sub-Lessee that the Sub-Lessor will at the Sub-Lessor's expense during the first year of the Term take or cause to be taken all reasonable steps to control any plants or animals on or about the Leased Area which are "declared plants" or "declared animals" within the meaning of the Agriculture and Related Resources Protection Act 1976.

8. OTHER OBLIGATIONS OF THE SUB-LESSOR

The Sub-Lessor agrees with the Sub-Lessee that the Sub-Lessor will at the Sub-Lessor's expense during the Term:

8.1 Quiet enjoyment

Allow the Sub-Lessee to peaceably and quietly hold and enjoy the Leased Area without any interruption by the Sub-Lessor or any person claiming through or under the Sub-Lessor.

8.2 Maintain boundary fence

Maintain or cause to be maintained the fence constructed pursuant to clause 6.1 on the Leased Area in good and substantial repair and condition.

8.3 Rates and taxes

Duly and punctually pay or cause to be paid all rates, taxes and other charges levied by any government or other authority in respect of the Leased Area.

8.4 Comply with laws

Comply with all laws and regulations relating to the use and occupancy of any neighbouring land occupied by the Sub-Lessor.

8.5 Chemicals and dangerous substances

Not store or use any chemical, inflammable, noxious or dangerous substances in a manner which is likely to result in damage to vegetation, livestock, crops or water reserves on the Leased Area.

8.6 Graze livestock

To the extent that the Sub-Lessor is reasonably able to do so, graze livestock on the Leased Area in a manner which will reduce the fire hazard of grass growing on the Leased Area but will not damage the Plantation Crop.

8.7 Control of fires

Take all necessary measures to ensure that any fires which may occur or be lit on any neighbouring land occupied by the Sub-Lessor are properly controlled and supervised.

8.8 Lighting of fires

Not light any fires on the Leased Area at any time during the Term except with the prior approval of the Sub-Lessee.

8.9 Encumbrances

Not create any encumbrances over the Leased Area or any part thereof ranking in priority to the interests of the Sub-Lessee under this Head Sub-Lease.

9. SUB-LESSEE'S RIGHTS

9.1 General

The Sub-Lessor hereby grants to the Sub-Lessee the rights set out in this part to be exercised by the Sub-Lessee during the Term.

9.2 Harvest

The Sub-Lessee will be entitled to harvest the Plantation Crop and to remove and sell the products derived from the Plantation Crop and to retain all income from such sale.

9.3 Access

The Sub-Lessee and its employees, agents and contractors will be entitled to full and free access with or without vehicles to the Leased Area along any road or track on any neighbouring land in respect of which the Sub-Lessor has similar rights and which gives access to the Leased Area from a public road.

Construct roads and tracks

The Sub-Lessee may with the prior written consent of the Sub-Lessor (which consent must not be unreasonably withheld) construct and maintain such roads and tracks (including, if necessary, bridges and culverts) on the Leased Area or on any neighbouring land in respect of which the Sub-Lessor has similar rights, as are reasonably required by the Sub-Lessee to provide access to the Leased Area from a public road for log haulage.

9.5 Use of sand and gravel

For the purposes of constructing and maintaining the roads and tracks referred to in clause 9.4 the Sub-Lessee may take and use sand, gravel and other material available from a place approved by the Sub-Lessor on the Leased Area or on any neighbouring land in respect of which the Sub-Lessor has similar rights, in such quantities as the Sub-Lessee reasonably requires. If the Sub-Lessee exercises its rights under this clause, the Sub-Lessee must rehabilitate the surface of the land to an appearance as near as possible to the appearance of the surface of the surrounding land.

9.6 Graze livestock

The Sub-Lessee may graze livestock on the Leased Area and retain all income derived therefrom.

9.7 Bees

The Sub-Lessee may keep bees on the Leased Area.

9.8 Security

The Sub-Lessee may at its own expense padlock any gates on roads or tracks entering the Leased Area and take such other measures to exclude trespassers as the Sub-Lessee reasonably considers appropriate.

9.9 Signs

The Sub-Lessee may at its own expense erect and maintain a sign on the Leased Area detailing the name, area, tree species, year of planting and such other matters as the Sub-Lessee reasonably considers appropriate.

EXTENSION OF TERM

10.1 Sub-Lessee may Extend Term

The Sub-Lessee may by giving written notice to the Sub-Lessor not less than three (3) months prior to the expiration of the Term, elect to extend the Term in respect of the whole or any part of the Leased Area for the Further Term specified in item 5 of the Schedule to enable a second Plantation Crop to be harvested. If the Sub-Lessee elects to extend the Term under this clause in respect of part only of the Leased Area, references in this Head Sub-Lease to the "Leased Area" will during the period of extension be deemed to be references to that part of the Leased Area.

10.2 Sub-Lessee may Terminate during Further Term

Despite anything to the contrary contained or implied in this lease, the Sub-Lessee may at any time by not less than 3 months prior notice in writing to the Sub-Lessor terminate this lease during the Further Term.

11. FORCE MAJEURE

11.1 Extension for late harvesting

If the Sub-Lessee is prevented from:

- (a) harvesting the Plantation Crop;
- (b) removing from the Leased Area the products derived from the Plantation Crop; or
- (c) processing the products derived from the Plantation Crop,

due to an Event of Force Majeure, the Sub-Lessee may by giving written notice to the Sub-Lessor elect to extend the Term for a period of time equal to the duration of the Event of Force Majeure.

11.2 Definition of Event of Force Majeure

In clause 11.1, "Event of Force Majeure" means:

- (a) Act of God, fire, explosion, earthquake, landslide, flood, wash-out, lightning, storm or tempest;
- (b) Drought;
- (c) strikes, lockouts, stoppages, restraints of labour or other industrial disturbances;

- (d) war, acts of public enemies, riot, civil commotion or sabotage;
- (e) breakdown of or accident to plant, machinery or equipment (excluding a breakdown caused by any failure of the Sub-Lessee to maintain plant, machinery or equipment in a proper manner);
- (f) restraints, embargoes or other unforeseeable actions by the government of Western Australia or the government of the Commonwealth of Australia; or
- (g) any Act of Parliament, regulation, by-law, order, ordinance or rule.

12. TERMINATION FOR DEFAULT

12.1 Termination by Sub-Lessor

The Sub-Lessor may terminate this Head Sub-Lease with immediate effect if:

- (a) the Sub-Lessee fails to pay any instalment of Annual Rent by the due date for payment and such amount is not paid in full within 2 months after the Sub-Lessor has served a written notice on the Sub-Lessee requesting payment; or
- (b) the Sub-Lessee commits a breach of this Head Sub-Lease and fails to remedy the breach or make reasonable compensation in money within 1 month after the Sub-Lessor has served a written notice on the Sub-Lessee requiring the Sub-Lessee to remedy the breach.

12.2 Termination by Sub-Lessee

The Sub-Lessee may terminate this Head Sub-Lease with immediate effect if the Sub-Lessor commits a breach of this Head Sub-Lease and fails to remedy the breach or make reasonable compensation in money within one month after the Sub-Lessee has served a written notice on the Sub-Lessor requiring the Sub-Lessor to remedy the breach.

13. TERMINATION OF HEAD SUB-LEASE OR REDUCTION OF LEASED AREA

13.1 Loss of Plantation Crop

- (a) If:
 - (i) the whole or a substantial part of the Plantation Crop is damaged or destroyed whether by fire or any other cause whatsoever; or

- (ii) an independent forestry consultant commissioned by the Sub-Lessee reasonably determines that the whole or a substantial part of the Plantation Crop is no longer commercially viable,

the Sub-Lessee may terminate this Head Sub-Lease by giving not less than one month written notice of such termination to the Sub-Lessor. Termination under this clause will take effect on and from the Rent Payment Date next following the expiration of the period of notice.

- (b) If so directed by the Sub-Lessor in writing within two (2) months after receipt of the Sub-Lessee's notice of termination, the Sub-Lessee must forthwith remove from the Leased Area all trees, logs, stumps and debris forming part of or derived from the Plantation Crop and re-seed pasture on the Leased Area.

13 Reduction of the Leased Area

(a) If:

- (i) the whole or any part of the Plantation Crop on the Leased Area is damaged or destroyed whether by fire or any other cause whatsoever; or
- (ii) an independent forestry consultant commissioned by the Sub-Lessee reasonably determines that the whole or any part of the Plantation Crop on the Leased Area is no longer commercially viable,

the Sub-Lessee may terminate this Head Sub-Lease in respect of that portion of the Leased Area on which the affected part of the Plantation Crop is or was growing ("the surrendered area"), by giving not less than one month written notice of such termination to the Sub-Lessor. Termination under this clause will take effect on and from the earlier of:

- (iii) the Rent Payment Date next following the expiration of the period of notice; and
 - (iv) the date on which the Sub-Lessee has met all of its obligations under clause 13.2(b).
- (b) If so directed by the Sub-Lessor in writing within two (2) months after receipt of the Sub-Lessee's notice of termination, the Sub-Lessee must forthwith remove from the surrendered area all trees, logs, stumps and debris forming part of or derived from the Plantation Crop and, provided it is reasonably practicable to do so, fence off the surrendered area from the remainder of the Leased Area, re-seed pasture on the surrendered area and

provide the Sub-Lessor with reasonable access to the surrendered area.

Effect of termination

Termination of the whole or any part of this Head Sub-Lease under clause 12.1, 12.2, 13.1 or 13.2 will be without prejudice to any rights or obligations which may have accrued prior to the date of termination.

14. RIGHTS AND OBLIGATIONS ON EXPIRATION OR TERMINATION

14.1 Removal of stumps, roads and tracks

The Sub-Lessor acknowledges and agrees with the Sub-Lessee that the Sub-Lessee will not be liable to remove or to pay for the removal of:

- (a) any stumps or debris from the Leased Area; or
- (b) any roads or tracks constructed on the Leased Area or on any neighbouring land under clause 9.4,

at the expiration or earlier termination of this Head Sub-Lease.

14.2 Removal of products and equipment

During the three (3) month period following the expiration of this Head Sub-Lease, the Sub-Lessee and its employees, agents and contractors may enter upon the Leased Area and remove any plant, equipment, implements or other things brought onto the Leased Area by or on behalf of the Sub-Lessee during the Term.

14.3 Products and equipment left by the Sub-Lessee

- (a) Any plant, equipment, implements or other things brought onto the Leased Area by or on behalf of the Sub-Lessee, which are not removed by the Sub-Lessee within the three (3) month period referred to in clause 14.2; and
- (b) any part of the Plantation Crop not harvested by the Sub-Lessee during the Term (as extended or renewed),

will be the property of the Sub-Lessor.

15. DEALINGS

15.1 Sub-Lessee may Sub-Sub-Lease

- (a) Subject to paragraph (b) the Sub-Lessee may not without first obtaining the consent of the Sub-Lessor (which consent must not be unreasonably withheld) sub-sub-let or grant a licence to occupy the whole or any part of the Leased Area.
- (b) The Sub-Lessor hereby consents to the Sub-Lessee granting one or more sub-sub-leases in respect of the whole or any part of the Leased Area to any person whose application to become a grower under the Timbercorp Eucalypts Project 1996 prospectus or the Timbercorp Eucalypts Project 1997 is accepted and PROVIDED THAT such sub-sub-lease or licence:
 - (i) is on terms and conditions consistent with this Head Sub-Lease; and
 - (ii) does not relieve the Sub-Lessee from any obligations under this Head Sub-Lease.

15.2 Assignment or Transfer by Either Party

Subject to clauses 15.1 and 15.3 neither party may assign, transfer or part with possession of this Head Sub-Lease without first obtaining the consent of the other party (which consent must not be unreasonably withheld) and arranging (at the assigning party's cost) for the assignee to enter into a deed of covenant with the other party in a form reasonably approved by the other party under which the assignee agrees to comply with and be bound by the provisions of this Head Sub-Lease as if the assignee were named in this Head Sub-Lease in the place of the assigning party.

15.3 Sub-Lessee Ceasing to be Project Manager

The Sub-Lessor covenants and agrees in favour of PERMANENT TRUSTEE COMPANY LIMITED (ACN 000 000 993) of 294-296 Collins Street, Melbourne, Victoria (the "Representative") that if for any reason whatsoever the Sub-Lessee ceases to be the project manager under the Agency Deed made between the Sub-Lessee as project manager and the Representative dated 1 May 1992 (as amended from time to time) ("the Agency Deed") the Sub-Lessor will consent to the assignment of this Head Sub-Lease to any person fulfilling the position of project manager under the Agency Deed for the time being, subject to the proposed assignee assuming all of the obligations of the Sub-Lessee under this Head Sub-Lease.

15.4 The Representative

The Sub-Lessor covenants and agrees in favour of the Representative that if the Sub-Lessee has failed to pay any instalment of Annual Rent or any other monetary sum payable by the Sub-Lessee under this Head Sub-Lease and the Sub-Lessor has

served notice on the Sub-Lessee requesting payment the Representative may, at its sole discretion, remedy such default by the Sub-Lessee and, upon doing so, and for so long as it continues to perform all duties and meet all liabilities of the Sub-Lessee under this Head Sub-Lease, assume all the rights of the Sub-Lessee under this Head Sub-Lease PROVIDED THAT:

- (a) the Representative will assume no personal liability for doing so but will do so only in its capacity as Representative under the Agency Deed; and
- (b) except for the requirement to provide the Sub-Lessor with reasonable access to the surrendered area the Representative will not be bound to comply with clause 13.2(b).

16. MINING AND PETROLEUM ACTIVITIES

16.1 Definitions

In this part, the following expressions have the following meanings:

"Mining Activities" means all activities that may be carried out pursuant to a Mining Tenement.

"Mining Tenement" means any right or title available under the Mining Act 1978, and includes a permit to enter on private land.

"Petroleum Activities" means all activities that may be carried out pursuant to a Petroleum Title.

"Petroleum Title" means any right or title available under the Petroleum Act 1967, and includes a permit to enter on private land.

16.2 Application for Mining Tenement or Petroleum Title

If any person applies for a Mining Tenement or a Petroleum Title over any part of the Leased Area, then the following provisions apply:

- (a) The Sub-Lessor must promptly notify the Sub-Lessee.
- (b) The Sub-Lessor must not consent to the application or do any act or thing that may assist the grant of the application.
- (c) The Sub-Lessee will be entitled to object to or resist the application or to restrict the scope of the rights to be obtained by virtue of the grant of the application, to the fullest extent permitted by law.

- (d) For the purpose of giving full effect to paragraph (c) above, the Sub-Lessor must sign such documents as the Sub-Lessee may require, and the Sub-Lessee will be entitled to take such proceedings in the name of the Sub-Lessor as the Sub-Lessee considers appropriate.
- (e) The Sub-Lessor hereby appoints the Sub-Lessee its lawful attorney to execute the documents and to do the things referred to in paragraph (d) above.

16.3 Grant of Mining Tenement or Petroleum Title

If a Mining Tenement or a Petroleum Title is granted over any part of the Leased Area, then the following provisions apply:

- (a) The Sub-Lessor must keep the Sub-Lessee informed as to the Mining Activities or Petroleum Activities carried out upon the Leased Area, and must forward copies of all communications with the persons carrying out or proposing to carry out such activities.
- (b) The Sub-Lessor must not consent to any use of water, felling of trees, stripping of bark or cutting of timber on the Leased Area.
- (c) If any compensation becomes payable by virtue of or in respect of Mining Activities or Petroleum Activities on the Leased Area, then the Sub-Lessor and the Sub-Lessee will be entitled to compensation according to their respective interests in the area affected by those activities. The Sub-Lessor and the Sub-Lessee will each be responsible for negotiating and recovering such compensation.

17. GENERAL

1 Warranties

The Sub-Lessor represents and warrants that:

- (a) as at the date of execution of this Head Sub-Lease the Head Lease is valid and subsisting;
- (b) the Sub-Lessor is entitled to grant this Head Sub-Lease to the Sub-Lessee;
- (c) any consents which may be required to the granting of this Head Sub-Lease (other than those referred to in clause 3.1) have been obtained or will be obtained on or prior to 30 June 1996; and

- (d) it will duly and punctually perform and observe the covenants and conditions on the part of the Sub-Lessor to be performed and observed as Lessee pursuant to the Head Lease.

17.2 Mortgagee's Consent

If the Sub-Lessor has not already done so, then within 14 days after the date of this Head Sub-Lease the Sub-Lessor must produce to the Sub-Lessee the unconditional written consent to this Head Sub-Lease of every mortgagee of the Leased Area.

17.3 Costs

- (a) The Sub-Lessee agrees to pay the legal costs of the Sub-Lessor in respect of this Head Sub-Lease up to an amount of \$1,000.00.
- (b) Each party must pay its own costs of and incidental to the preparation and service of any notice requiring the other party to remedy a default under this Head Sub-Lease.
- (c) The Sub-Lessee agrees to pay all stamp duty payable on this Head Sub-Lease.

17.4 Caveat

- (a) The Sub-Lessee may lodge a subject to claim caveat at the Office of Titles, Midland in respect of its interest under this Head Sub-Lease.
- (b) The Sub-Lessor agrees to provide to the Sub-Lessee all plans and other details reasonably necessary to enable the Sub-Lessee to lodge a subject to claim caveat.
- (c) Upon the expiration or earlier termination of this Head Sub-Lease, the Sub-Lessee must promptly withdraw at its own expense any caveat lodged under this clause.

17.5 Further assurances

Each party agrees to sign such documents and do all such acts, matters and things as may be reasonably required by the other party to give effect to this Head Sub-Lease.

17.6 Voiding insurances

Each party agrees that it will not do or permit or suffer to be done any act, matter or thing which may prejudice or render void or voidable any insurances in respect

of the Leased Area or the Plantation Crop or result in the premiums for such insurances being increased.

17.7 Transfer of Land Act

To the extent permitted by law, all provisions implied by the Transfer of Land Act 1893 are expressly excluded from this Head Sub-Lease.

17.8 Property Law Act

The provisions of sections 80 and 82 of the Property Law Act 1969 do not apply to this Head Sub-Lease.

17.9 No partnership

Nothing contained in this Head Sub-Lease constitutes any party the partner or agent of any other party and each party agrees that it will not hold itself out as the partner or agent of the other party.

17.10 Waivers

No waiver by a party of any breach of this Head Sub-Lease will be deemed a waiver of any preceding or succeeding breach of this Head Sub-Lease.

17.11 Proper law

This Head Sub-Lease is governed by and construed in accordance with the laws of the State of Western Australia and the parties submit to the jurisdiction of the courts of that State.

17.12 Severability

If any provision of this Head Sub-Lease is or becomes void or unenforceable, that provision will be severed from this Head Sub-Lease to the intent that the remaining provisions of this Head Sub-Lease will continue in full force and effect.

17.13 Parties may act through agents

All rights granted to a party and all obligations imposed on a party under this Head Sub-Lease may be enjoyed or performed (as the case may be) by that party's employees, agents and contractors.

17.14 Indemnity

The Sub-Lessee will indemnify the Sub-Lessor from and against all claims, demands, proceedings, judgements, damages, costs and losses of any nature which

the Sub-Lessor may suffer or incur in connection with the loss of life and/or personal injury to any person or damage to any property wheresoever occurring arising from an occurrence at the Leased Area or the use by the Sub-Lessee of the Leased Area during the Term except where the loss of life and/or personal injury or damage to property is the result of an act of default or neglect by the Sub-Lessor or the Sub-Lessor's invitees.

18. NOTICES

18.1 Form of Notice

Notices and other communications under this Head Sub-Lease:

- (a) must be in writing; and
- (b) may be signed by an authorised officer of the relevant party.

18.2 Service of Notice

Notices and other communications relating to this Head Sub-Lease must be served:

- (a) personally on the person;
- (b) if to a natural person, by leaving it at or posting it by prepaid post (or prepaid airmail if to an address outside Australia) to the person's current address for service;
- (c) if to a company, by addressing it to the company and leaving it at or posting it by prepaid post (or prepaid airmail if to an address outside Australia) to the company's registered office or place of business;
- (d) by facsimile to the person's current number for service; or
- (e) by any other method authorised by law.

18.3 Particulars for Service

- (a) The particulars for service are:

the Sub-Lessor: the details set out in Item 1 of the Schedule

the Sub-Lessee:

address: Level 7
Stalbridge Chambers
443 Little Collins Street
MELBOURNE VIC 3000

facsimile: (03) 9670 4271

- (b) Each party may change its particulars for service by written notice to each other party.

18.4 Time of Service

- (a) A letter posted in Australia to an Australian address is deemed to be received two Business Days after posting and in any other case seven Business Days after posting.
- (b) A facsimile is deemed received at the time indicated on the transmission report produced by the sender's facsimile machine indicating that the facsimile was sent in its entirety to the addressee's facsimile.
- (c) A letter or facsimile received after 6.00 pm in the place of receipt or on a day which is not a Business Day is deemed received at 9.00 am on the next Business Day.
- (d) For the purposes of this Clause "Business Day" means a day which is not a Saturday, Sunday or gazetted public holiday in Western Australia.

19. REPLACEMENT SUB-LEASE

19.1 Substitution of Head Sub-Lease

The Sub-Lessor covenants in favour of the Sub-Lessee and the Representative that it will at the written request of the Sub-Lessee replace this document with another document between the Sub-Lessor, the Sub-Lessee and the Representative in respect of the Leased Area (the "replacement sub-lease") on substantially the same terms and conditions as those contained in this Head Sub-Lease PROVIDED THAT:

- (a) any such request by the Sub-Lessee must be received by the Sub-Lessor on or before 30 June 1996;
- (b) the replacement sub-lease does not contain any terms and conditions that adversely affect the Sub-Lessor; and

- (c) the Sub-Lessee will pay all costs associated with the replacement sub-lease including but not limited to the Sub-Lessor's legal and other costs and stamp duty.

19.2 Effect of Substitution of Head Sub-Lease

A substitution of this sub-lease under clause 19.1 will have the effect of terminating this Head Sub-Lease immediately upon the replacement sub-lease coming into effect.

SCHEDULE

ITEM 1 THE SUB-LESSOR

Name: Neil Rochester

Address: RMB 35
Manypeaks WA 6328

Telephone/Facsimile No.: (098) 461 309

ITEM 2 LEASED AREA (attach map showing net plantable area):

That portion of Plantagenet Location 5962 Crown Lease Number 1081/1962 as is delineated by shading and cross hatching on the attached map.

ITEM 3 ANNUAL RENT:

Subject as provided in Clause 4.6, sixty nine thousand three hundred and fifty six dollars and fifty cents (\$69,356.50) per annum (calculated at the rate of one hundred and eighty five dollars (\$185.00) per plantable hectare of the Leased Area).

PROVIDED THAT upon termination of this Head Sub-Lease, if Annual Rent has been paid in respect of any period after the date of termination, the Sub-Lessor will immediately refund that amount to the Sub-Lessee and, if Annual Rent has not been paid in respect of any period up to and including the date of termination, the Sub-Lessee will immediately pay that amount to the Sub-Lessor.

ITEM 4 TERM:

The period commencing on 8 January 1996 (the "Commencement Date") and expiring on the earliest of:

- (a) twelve (12) years after the Commencement Date; and
- (b) the date harvest of the Plantation Crop is completed for the first time.

EM 5

FURTHER TERM:

- (a) twelve (12) years after the commencement of the Further Term; and
- (b) the date harvest of the Plantation Crop is completed for the second time.

EXECUTED as a deed.

SIGNED by the said
NEIL ROCHESTER
in the presence of:

Witness signature:

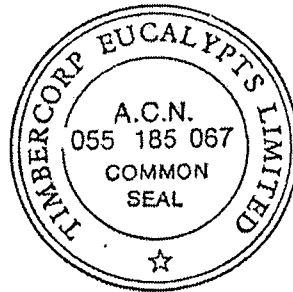
Address: *L.H.B. 3070 Dumbarton Rd
ALBANY 6520*

Occupation:

THE COMMON SEAL of
TIMBERCORP EUCALYPTS LIMITED
was hereunto affixed by
authority of the Directors
in the presence of:

Director

Director/Secretary



ATTESTATION SHEET

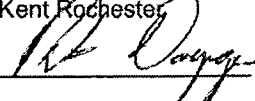
Dated this	20	day of	June August	Year 2006
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SUB - LESSOR/S SIGN HERE (Note 10)

Signed:


 Kent Rochester

In the presence of:



Witness Name:

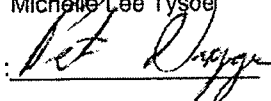
RONALD PETER DRYGAN
 Witness address: RMB 8060 DEMPSTER RD
 ALBANY 6330
COMMISSIONER FOR DECLARATIONS

Witness occupation: LAND MANAGER

Signed:


 Michelle Lee Tysoe

In the presence of:



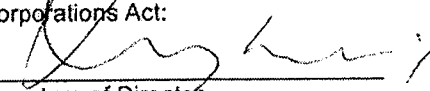
Witness Name:

RONALD PETER DRYGAN
 Witness address: RMB 8060 DEMPSTER RD
 ALBANY 6330
COMMISSIONER FOR DECLARATIONS


Witness occupation: LAND MANAGER

SUB - LESSEE/S SIGN HERE (Note 10)

 Executed by TIMBERCORP SECURITIES
 LIMITED A.C.N. 092 311 469 in
 accordance with Section 127 of the
 Corporations Act:


 Signature of Director

John Morton Vaughan
 Print name of Director


 Signature of Director/Secretary*

Mark Hamilton Pryn
 Print name of Director/Secretary*

* Delete whichever does not apply

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet, Form B1, should be used with appropriate headings. The boxed sections should only contain the words "see page ..."
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by the parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the persons signing this document and their witnesses.
4. Duplicate Lease to be produced.

NOTES

1. DESCRIPTION OF LAND

Lot and Diagram/Plan/Strata/Survey-Strata Plan number or Location name and number to be stated.

Extent - Whole, part or balance of the land comprised in the Certificate of Title to be stated. If part, define by recital and/or sketch.

The Volume and Folio number to be stated.

2. LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS

In this panel show (subject to the next paragraph) those Limitations, interests, encumbrances and notifications affecting the land being sub-leased recorded against the lease:

- (a) On the certificate(s) of title:
 - (i) In the Second Schedule; or
 - (ii) If no Second Schedule, that are encumbrances;
- (b) On the lease, that are encumbrances not recorded on the certificate(s) of title (unless to be removed by action or document before registration hereof).

Do not show any:

- (a) Easement Benefits or Restrictive/Covenant Benefits; or
 - (b) Subsidiary interests or changes affecting a limitation, etc, that is to be entered in the panel (eg, if a mortgage is shown, do not show any partial discharges or any document affecting either).
- The documents shown are to be identified by nature and number. The plan/diagram encumbrances shown are to be identified by nature and plan/diagram number. Strata/survey-strata plan encumbrances are to be described as "interests on strata/survey-strata plan". If none show "nil".

3. SUB-LESSOR

State the full name of the Sub-Lessor/Sub-Lessors (Lessee as shown in Lease) and the address/addresses to which future notices can be sent.

4. SUB-LESSEE

State full name of the Sub-Lessee/Sub-Lessees and the address/addresses to which future notices can be sent.

5. TERM OF LEASE

Term of Sub-Lease must be less than Head Lease. Term to be stated in years, months and days or as the case may be and commencement day of Sub-Lease to be shown.

6. State whole or part of land in Head Lease.

7. State amount of yearly rental in figures.

8. State term of payment.

9. Insert any Covenants required.

10. SUB-LESSOR/SUB LESSEE EXECUTION

A separate attestation is required for every person signing this document. Each signature should be separately witnessed by an Adult Person. The address and occupation of the witness must be stated.

OFFICE USE ONLY

1K 62505.

SUB-LEASE

Lodged By Williams & Hughes
1st Floor
Address 25 Richardson Street
WEST PERTH WA 6005
Phone No. 9481 2040
Fax No. 9481 2041
E-Mail
Reference No. JB:17902L2(1996)
Issuing Box No. 139Q

Prepared By Williams & Hughes
Address 25 Richardson Street
West Perth, WA, 6005
Phone No. (08) 9481 2040
Fax No. (08) 9481 2041
E-Mail juanita@willhu.com.au
Reference No. (JIB)
Issuing Box No. 139

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO OTHER THAN LODGING PARTY.

TITLES, LEASES, DECLARATIONS ETC. LODGED HERewith

1. _____	Received Items
2. _____	Nos.
3. _____	
4. _____	
5. _____	Receiving Clerk
6. _____	

Registered pursuant to the provisions of the TRANSFER OF LAND ACT 1893 as amended on the day and time shown above and particulars entered in the Register.

EXAMINED

DEED OF SUB-LEASE – WESTERN AUSTRALIA

2005 TIMBERCORP (SINGLE PAYMENT) TIMBERLOT PROJECT

[Post 30 June Growers]

[Sub-Lease entered into pursuant to the Agreement for Sub-Lease]

B E T W E E N

TIMBERCORP SECURITIES LIMITED

ACN. 092 311 469

("Timbercorp Securities")

- and -

EACH SEVERAL GROWER

(the "Grower")

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SUB-LEASE

DATE OF DEED:

BETWEEN:

FIRST

PARTY: TIMBERCORP SECURITIES LIMITED, ACN. 092 311 469 of 8th Floor, 461 Bourke Street, Melbourne, Victoria ("Timbercorp Securities"); and

SECOND

PARTY: Each several person who is named or otherwise described in Part 2 of the Schedule and their transferees and assigns (as permitted under the Project Deed) with each several person being called a "**Grower**"; and a particular Grower in any circumstance is called "**the relevant Grower**", and "**relevant Growers**" means all such Growers.

RECITALS:

- A. Timbercorp Securities holds leases or sub-leases over the pieces of land described in Part 1 of the Schedule (each such piece of land being called in this Sub-Lease a "Plantation").
- B. Timbercorp Securities has agreed to sub-let to each relevant Grower one or more separate Timberlots as set out in Part 2 of the Schedule, each Timberlot comprising part of one of the Plantations, for the purpose of planting, tending and harvesting a plantation of eucalyptus trees on the basis that the relevant Grower will pay rent and upon the further terms and conditions set out in this Sub-Lease.
- C. Pursuant to the provisions of the Project Deed each relevant Grower (or its predecessor in title) has engaged Timbercorp Securities to provide certain plantation services for the Grower.

OPERATIVE PROVISIONS:

1. DEFINITIONS

In this Sub-Lease unless the context otherwise requires:

"**Commencement Date**" means the date of this Sub-Lease.

"**Debris**" means all those parts of Trees which are not Wood (including branches and treetops), but excluding stumps and roots, wire, rope and miscellaneous rubbish.

"**Delivery**" means the delivery of the Wood for the purpose of processing and sale.

"**Force Majeure**" has the meaning set out in clause 10.2.

"**GST**" means GST within the meaning of A New Tax System (Goods and Services Tax) Act 1999 (as amended).

"**Harvest**" means the cutting down, felling or logging of the Trees on the relevant Timberlots and the extraction and/or processing of the Trees so cut down, fallen or logged to a loading point either on or adjacent to the relevant Plantation, whether conducted as one operation or more than one operation, and "**Harvested**" and "**Harvesting**" have a similar meaning.

"Head Lease" means the lease set out adjacent to the description of the Plantation in Part 1 of the Schedule and made between Timbercorp Securities (in its personal capacity, as lessee or sub-lessee, as the case may be) and the person listed as the proprietor (as lessor or sub-lessor as the case may be) whereby Timbercorp Securities has been, or will be, granted a lease or sub-lease over the Plantation.

"Management Agreement [Post 30 June Growers]" means the agreement for the carrying out of certain plantation services on the relevant Timberlots and on the relevant Plantation between each several Grower as a Post 30 June Grower and Timbercorp Securities, in its personal capacity.

"Management Plan" means the plan for the management of a Plantation (as varied by Timbercorp Securities) which plans are annexed to the Management Agreement [Post 30 June Growers].

"month" means calendar month.

"Net Proceeds" means Proceeds after deduction of all costs of Harvesting and Delivery and sale of the Wood.

"Party" means a party to this Sub-Lease and includes the transferees, successors and permitted assigns of that party.

"Plantation" has the meaning set out in Recital A. The "relevant Plantation" is the Plantation which contains a relevant Timberlot.

"Post 30 June Growers" has the same meaning as in the Project Deed.

"Proceeds" has the same meaning as in sub-clause 1.1 of the Project Deed.

"Project" means the 2005 Timbercorp (Single Payment) Timberlot Project.

"Project Deed" means the deed made between Timbercorp Securities as Responsible Entity and each several Grower constituting the Project.

"relevant Timberlots" means the Timberlot or Timberlots to which the relevant Grower is entitled under the provisions of this Sub-Lease as specified in Part 2 of the Schedule and more particularly delineated on the maps in Part 1 of the Schedule, each Timberlot being an area of approximately 0.33 hectares of eucalyptus plantation land.

"Rent" has the meaning set out in clause 5 and the Schedule.

"Responsible Entity" means the responsible entity from time to time of the Project.

"Schedule" means the schedule appearing at the back of this Sub-Lease.

"Term" means the term of this Sub-Lease as specified in Part 3 of the Schedule and any extension under clause 10.1.

"Trees" means the Post 30 June Growers' crop of eucalyptus trees the subject of the Management Plan planted and tended or to be planted and tended on the relevant Timberlots, or on the relevant Plantation, whichever is applicable.

"Wood" means any saleable wood derived from Trees grown pursuant to this Sub-Lease and the Management Agreement [Post 30 June Growers] on the relevant Timberlots, or on

the relevant Plantation, whichever is applicable, whether in the form of trees, logs, timber or otherwise.

2. INTERPRETATION

2.1 Interpretation

In this Sub-Lease, unless the context otherwise requires:

- (a) The singular number includes the plural and vice versa and a word denoting one gender includes each of the other genders.
- (b) "person" includes a firm, corporation and any incorporated body.
- (c) Headings are for convenience only and do not affect the interpretation of this Sub-Lease.
- (d) A reference to an Act of Parliament will be read as a reference to that Act as amended, modified or replaced from time to time and includes any regulations, by-laws, orders, ordinances or rules made under that Act.
- (e) A reference to a Party to this Sub-Lease includes that Party's transferees, successors and permitted assigns.
- (f) If the relevant Grower comprises more than one person, this Sub-Lease binds all of them jointly and each of them severally. If any of the persons comprising the relevant Grower is a trustee, this Sub-Lease binds that person in its capacity as a trustee and personally.
- (g) Where the word "include" or "includes" is used, it is to be read as if the expression "(but is not limited to)" immediately followed such word and where the word "including" is used, it is to be read as if the expression "(but not limited to)" immediately followed such word.
- (h) Words and expressions used in this Sub-Lease have the same meaning as in the Project Deed unless the contrary requires otherwise.

2.2 Capacity of Timbercorp Securities

Timbercorp Securities enters into this Sub-Lease in its personal capacity.

2.3 Sub-Lease is not Scheme Property

This Sub-Lease does not form part of "scheme property", as defined in section 9 of the Corporations Act, of the Project.

3. GRANT OF SUB-LEASE

Timbercorp Securities sub-leases to the relevant Grower the Timberlot or Timberlots described against the name of the relevant Grower in Part 2 of the Schedule for the Term for the purpose of growing, tending and harvesting a plantation or plantations of eucalyptus trees.

4. CONDITIONS

4.1 Consents and approvals

This Sub-Lease is subject to and conditional upon the obtaining of all local, State and Commonwealth government approvals, licences or permissions required for the establishment of the Trees within twelve (12) months after the date of execution of the Sub-Lease:

- (a) the approval of the Western Australian Planning Commission under section 20(1)(a) of the Town Planning and Development Act 1928 (if such approval is required); and
- (b) all local, State and Commonwealth government approvals, licences or permissions required for the establishment of the Trees.

The condition referred to in paragraph 4.1(b) is deemed to be a condition subsequent.

4.2 Other agreements

This Sub-Lease is subject to and conditional upon Timbercorp Securities entering into the Head Lease on or before the Commencement Date.

4.3 Use all reasonable endeavours to ensure conditions satisfied

Each of Timbercorp Securities and the relevant Grower will use all reasonable endeavours to ensure that the conditions specified in clauses 4.1 and 4.2 are satisfied as soon as is reasonably practicable, and where required will keep each other fully informed as to progress towards satisfaction of the conditions.

4.4 Failure of conditions

If any of the conditions referred to in clause 4.1 or clause 4.2 of this Sub-Lease or any like conditions referred to in the Head Lease are not obtained within the time limited in those clauses, this Sub-Lease will be at an end.

5. RENT

5.1 Rent

In consideration of the performance by Timbercorp Securities of its duties and obligations under this Sub-Lease, the relevant Grower agrees to pay to Timbercorp Securities Rent for the Term in the amount specified in Part 4 of the Schedule.

5.2 Payment of Rent

The Rent payable under clause 5.1 must be paid by the Responsible Entity on behalf of the Grower, out of the Net Proceeds at the time the Net Proceeds (less any deductions permitted under this Sub-Lease and the Constitution) are paid by the Responsible Entity to the Grower. The Grower covenants that it has authorised and directed the Responsible Entity under the Project Deed to make such payment of rent on behalf of the Grower.

5.3 Capacity

All Rent and other amounts payable to Timbercorp Securities under this Sub-Lease are paid to Timbercorp Securities in its personal capacity.

6. RELEVANT GROWER'S OBLIGATIONS

The relevant Grower agrees with Timbercorp Securities that the relevant Grower will at the relevant Grower's expense during the Term:

6.1 Permitted use

Use the relevant Timberlots solely for the purpose of growing, tending and harvesting a plantation or plantations of eucalyptus trees.

6.2 Forestry practice

Comply with sound silvicultural and environmental practices adopted within the forestry industry.

6.3 Comply with laws

Comply with all laws and regulations relating to the use and occupancy of the relevant Timberlots.

6.4 Repairs

Promptly repair any damage caused by the relevant Grower or its employees, agents or contractors to any roads, tracks or fences on the relevant Timberlots or on any neighbouring land.

6.5 Interference with activities

Take all reasonable steps to avoid interfering with the activities carried out on any neighbouring land by the owner or occupier of that land.

6.6 Chemicals and dangerous substances

Not store or use any chemical, inflammable, noxious or dangerous substances in a manner which is likely to result in damage to vegetation, livestock, crops or water reserves on any neighbouring land.

6.7 Buildings

Not erect any buildings, structures or dwellings or use any caravans on the relevant Timberlots for accommodation purposes.

6.8 Permit Timbercorp Securities to enter

Permit Timbercorp Securities to enter upon the relevant Timberlots from time to time with or without equipment for the purpose of performing Timbercorp Securities' obligations under this Sub-Lease.

6.9 Comply with other agreements

Comply or procure compliance with the provisions of the Management Agreement [Post 30 June Growers].

6.10 Give access to owners of adjoining Timberlots

Give such rights of way and free access to the owners or occupiers of any Timberlot adjoining the relevant Timberlots as are necessary for their proper use and enjoyment of their Timberlots, but such rights of access are limited to the unimpeded use of any existing access roads, pathways or fire-breaks on or about their Timberlot.

7. TIMBERCORP SECURITIES' OBLIGATIONS

7.1 Construction of Boundary Fence prior to Commencement Date

Timbercorp Securities agrees with the relevant Grower that Timbercorp Securities will at Timbercorp Securities' expense prior to the Commencement Date (or such later date as the relevant Grower may agree) construct or cause to be constructed a fence along the external boundary of the relevant Plantation, or in such other location as Timbercorp Securities deems fit, suitable to restrain livestock from straying onto the relevant Timberlots.

7.2 During the Term

Timbercorp Securities agrees with the relevant Grower that Timbercorp Securities will at Timbercorp Securities' expense during the Term:

(a) Quiet enjoyment

Allow the relevant Grower to peaceably and quietly hold and enjoy the relevant Timberlots without any interruption by Timbercorp Securities or any person claiming through or under Timbercorp Securities.

(b) Maintain boundary fence

Maintain or cause to be maintained the fence constructed pursuant to clause 7.1 in good and substantial repair and condition.

(c) Rates and taxes

Duly and punctually pay or cause to be paid all rates, taxes and other charges levied by any government or other authority in respect of the relevant Timberlots.

(d) Comply with laws

Comply with all laws and regulations relating to the use and occupancy of any neighbouring land occupied by Timbercorp Securities.

(e) Chemicals and dangerous substances

Not store or use any chemical, inflammable, noxious or dangerous substances in a manner which is likely to result in damage to vegetation, livestock, crops or water reserves on the relevant Timberlots.

- (f) Comply with Head Lease

Comply with the provisions of the Head Lease.

- (g) Control of fires

Take all necessary measures to ensure that any fires which may occur or be lit on any neighbouring land owned or occupied by Timbercorp Securities are properly controlled and supervised.

- (h) Not create any encumbrances

Not create any encumbrances over the relevant Plantation or the relevant Timberlots or any part thereof ranking in priority to the interests of the relevant Growers under this Sub-Lease other than the Management Agreement [Post 30 June Growers].

8. RELEVANT GROWER'S RIGHTS

8.1 General

Timbercorp Securities grants to the relevant Grower the rights set out in this clause 8 to be exercised by the relevant Grower during the Term.

8.2 Harvest

The relevant Grower is to harvest the Trees and to remove and sell the products derived from the Trees and to retain all income from such sale.

8.3 Trees are property of the relevant Grower

The parties acknowledge and agree that the Trees are and will remain the property of the relevant Grower until the end of the Term.

8.4 Access

The relevant Grower is entitled to full and free access for any purpose whatsoever to the relevant Timberlots along any road or track on any neighbouring land in respect of which Timbercorp Securities has similar rights and which gives access to the relevant Timberlots from a public road.

8.5 Construct roads and tracks

The relevant Grower may with the prior written consent of Timbercorp Securities, which consent must not be unreasonably withheld, construct and maintain such roads and tracks (including, if necessary, bridges and culverts) on the relevant Timberlots or on any neighbouring land in respect of which Timbercorp Securities has similar rights, as are reasonably required by the relevant Grower to provide access to the relevant Timberlots from a public road for log haulage.

8.6 Use of sand and gravel

For the purposes of constructing and maintaining the roads and tracks referred to in clause 8.5 the relevant Grower may take and use sand, gravel and other material available from a place approved by Timbercorp Securities on the relevant Timberlots or on any neighbouring land in respect of which Timbercorp Securities has similar rights, in such

quantities as the relevant Grower reasonably requires. If the relevant Grower exercises its rights under this clause, the relevant Grower must rehabilitate the surface of the land to an appearance as near as possible to the appearance of the surface of the surrounding land.

8.7 Security

The relevant Grower may at its own expense padlock any gates on roads or tracks entering the relevant Timberlots and take such other measures to exclude trespassers as the relevant Grower reasonably considers appropriate. Upon request, the relevant Grower must provide Timbercorp Securities with a key to any padlocks, or if the relevant Grower has taken any other measures under this clause, such other means of entry, to the relevant Timberlots.

9. TIMBERCORP SECURITIES' RIGHTS

9.1 General

The Grower hereby grants to Timbercorp Securities the rights set out in this clause 9 to be exercised by Timbercorp Securities during the Term.

9.2 Graze livestock

Timbercorp Securities or its invitees may graze livestock on the relevant Timberlots and retain all income derived from them.

9.3 Bees

Timbercorp Securities or its invitees may keep bees on the relevant Timberlots and retain all income derived from them.

9.4 Access

Timbercorp Securities is entitled to full and free access for the purposes of carrying out its rights and obligations with or without vehicles to the relevant Timberlots along any road or track or any neighbouring land owned or occupied by Timbercorp Securities which gives access to the relevant Timberlots from a public road.

9.5 Further access

Timbercorp Securities is entitled to full and free access with or without vehicles to the relevant Timberlots for the purpose of accessing neighbouring land owned or occupied by Timbercorp Securities.

9.6 Use of sand and gravel

Timbercorp Securities may with the approval of the Grower take and use sand, gravel and other material from a place on the relevant Timberlots which does not derogate from the productivity of the Trees. The Grower may withhold the approval in the event that it believes that the removal of the sand, gravel and other material will derogate from the productivity of the Trees.

9.7 Signs

Timbercorp Securities may at its own expense erect and maintain a sign on the relevant Timberlots detailing such matters as Timbercorp Securities reasonably considers appropriate.

10. FORCE MAJEURE

10.1 Extension for late harvesting

If the relevant Grower is prevented from:

- (a) harvesting the Trees;
- (b) removing from the relevant Timberlots the products derived from the Trees;
or
- (c) processing the products derived from the Trees,

due to an event of Force Majeure, the Grower may by giving written notice to Timbercorp Securities elect to extend the Term for a period of time equal to the duration of the event of Force Majeure.

10.2 Definition of Force Majeure

In this clause 10 "Force Majeure" means:

- (a) Act of God, fire, explosion, earthquake, landslide, flood, wash-out, lightning, storm or tempest;
- (b) strikes, lockouts, stoppages, restraints of labour or other industrial disturbances;
- (c) war, acts of public enemies, riot, civil commotion or sabotage;
- (d) breakdown of or accident to plant, machinery or equipment (excluding a breakdown caused by any failure of the person claiming Force Majeure to maintain plant, machinery or equipment in a proper manner);
- (e) restraints, embargoes or other unforeseeable actions by the government of Western Australia or the government of the Commonwealth of Australia; or
- (f) any Act of Parliament, regulation, by-law, order, ordinance or rule.

11. EARLY TERMINATION AND REDUCTION OF THE RELEVANT TIMBERLOTS

11.1 Termination for default

- (a) The relevant Grower may terminate this Sub-Lease in respect of the relevant Timberlots with immediate effect if Timbercorp Securities commits a material breach of this Sub-Lease and fails to remedy the breach or make reasonable compensation in money within thirty (30) days after the relevant Grower has served a written notice on Timbercorp Securities requiring Timbercorp Securities to remedy the breach.
- (b) Timbercorp Securities may terminate this Sub-Lease in respect of the relevant Timberlots with immediate effect if the relevant Grower commits a material breach of this Sub-Lease and fails to remedy the breach or make reasonable compensation in money within thirty (30) days after Timbercorp

Securities has served a written notice on the relevant Grower requiring the relevant Grower to remedy the breach.

11.2 Loss of Trees

(a) If, in respect of any of the relevant Timberlots:

- (i) the whole or a substantial part of the Trees is damaged or destroyed whether by fire or any other cause whatsoever; or
- (ii) an independent forestry consultant commissioned by the relevant Grower and Timbercorp Securities jointly reasonably determines that the whole or a substantial part of the Trees is no longer commercially viable,

the relevant Grower may terminate this Sub-Lease in respect of the relevant Timberlots by giving not less than four (4) months' prior written notice of such termination to Timbercorp Securities. Termination under this clause takes effect on and from the 30 June next following the expiration of the period of notice.

(b) If so directed by Timbercorp Securities in writing within two (2) months after receipt of the relevant Grower's notice of termination, the relevant Grower must, subject to clause 18.11, at the relevant Grower's expense forthwith remove from the relevant Timberlots all trees, logs, stumps and debris forming part of or derived from the Trees and re-seed pasture on the relevant Timberlots.

11.3 Reduction of the relevant Timberlots

(a) If in respect of any of the relevant Timberlots:

- (i) part of the Trees are damaged or destroyed whether by fire or any other cause whatsoever; or
- (ii) an independent forestry consultant commissioned by the relevant Grower and Timbercorp Securities jointly reasonably determines that part of the Trees are no longer commercially viable,

the relevant Grower may terminate this Sub-Lease in respect of that portion of the relevant Timberlots on which the affected part of the Trees is or was, growing ("the surrendered area"), by giving not less than four (4) months prior written notice of such termination to Timbercorp Securities. Termination under this clause takes effect on and from the later of:

- (i) the 30 June next following the expiration of the period of notice; and
- (ii) the date on which the relevant Grower has met all of its obligations under paragraph 11.3(b).

(b) If so directed by Timbercorp Securities in writing within two (2) months after receipt of the relevant Grower's notice of termination, the relevant Grower must, subject to clause 18.11, at the relevant Grower's expense forthwith remove from the surrendered area all trees, logs, stumps and debris forming part of or derived from the Trees and, provided it is reasonably practicable to

do so, fence off the surrendered area from the remainder of the relevant Timberlots, re-seed pasture on the surrendered area and provide Timbercorp Securities and the lessor or sub-lessor under the Head Lease with reasonable access to the surrendered area.

11.4 Effect of termination

- (a) Termination of this Sub-Lease under clauses 11.1 or 11.2 or reduction of the relevant Timberlots under clause 11.3 is without prejudice to any rights or obligations which may have accrued prior to the date of termination.
- (b) Termination of this Sub-Lease in respect of a relevant Timberlot or part of a relevant Timberlot under this clause 11 does not affect the rights or obligations of the Parties in respect of any other relevant Timberlot or other part of the relevant Timberlot.

11.5 Limited right of termination

Except as expressly provided in this clause 11, neither Timbercorp Securities nor the relevant Grower is entitled to terminate or rescind this Sub-Lease and Timbercorp Securities is not entitled to re-enter the relevant Timberlots or forfeit this Sub-Lease, at any time prior to the expiration of the Term.

12. RIGHTS AND OBLIGATIONS ON EXPIRATION OR TERMINATION

12.1 Removal of stumps, roads and tracks

Timbercorp Securities acknowledges and agrees with the relevant Grower that, except to the extent that paragraphs 11.2(b) and 11.3(b) apply, the relevant Grower will not be liable to remove or to pay for the removal of:

- (a) any stumps from the relevant Timberlots; or
- (b) any roads or tracks constructed on the relevant Timberlots or on any neighbouring land under clause 8.5,

at the expiration or earlier termination of this Sub-Lease.

12.2 Removal of products and equipment

During the three (3) month period following the expiration of this Sub-Lease, the relevant Grower may enter upon the relevant Timberlots and remove any products derived from the Trees and any plant, equipment, implements or other things brought onto the relevant Timberlots by or on behalf of the relevant Grower during the Term.

12.3 Products and equipment left by the relevant Grower

- (a) Any plant, equipment, implements or other things brought onto the relevant Timberlots by or on behalf of the relevant Grower, which are not removed by the relevant Grower within the three (3) month period referred to in clause 12.2; and
- (b) any part of the Trees not harvested by the relevant Grower during the Term (as extended or renewed),

will be the property of Timbercorp Securities.

13. OWNERSHIP OF THE TREES

13.1 Ownership

Timbercorp Securities acknowledges and agrees with the relevant Grower the Trees will be and will remain the property of the relevant Grower for:

- (a) the Term; and
- (b) the period referred to in paragraph 13.3(b).

13.2 Additional Rights

Timbercorp Securities hereby transfers and grants to the relevant Grower the following rights in addition to the other rights granted to the relevant Grower under this Sub-Lease:

- (a) to establish, tend and manage the Trees and to cultivate and plant seedling trees as part of the Trees;
- (b) to enter upon the relevant Timberlots with or without vehicles and, to the exclusion of Timbercorp Securities and all other persons, to harvest the Trees and remove and sell the products derived from the Trees; and
- (c) to exercise and enjoy such of the rights and powers granted to the relevant Grower under this Sub-Lease as may be necessary to enable the relevant Grower to exercise the rights referred to in paragraphs 13.2(a) and (b) above.

13.3 Independent Proprietary Interest

- (a) The rights and interests granted to the relevant Grower under clauses 13.1 and 13.2 constitute an independent and severable grant of a proprietary interest in the relevant Timberlots by Timbercorp Securities to the relevant Grower.
- (b) In the event that the Term or the leasehold interest of the relevant Grower under this Sub-Lease:
 - (i) ends; or
 - (ii) is terminated (other than by effluxion of time or by the operation of clauses 4 or 11); or
 - (iii) becomes void whether by reason of some act or default of Timbercorp Securities or of the trustee in bankruptcy, receiver, receiver and manager, controller, administrator or liquidator of Timbercorp Securities, or for any other reason whatsoever,

the rights and interests granted to the relevant Grower under clauses 13.1 and 13.2, unless expressly surrendered by the relevant Grower, continue in full force and effect and may be exercised and enjoyed by the relevant Grower until the date on which the Term would have ended by effluxion of time.

14. **MINING AND PETROLEUM ACTIVITIES**

14.1 **Definitions**

In this clause 14, the following expressions have the following meanings:

"Mining Activities" means all activities that may be carried out pursuant to a Mining Tenement.

"Mining Tenement" means any right or title available under the Mining Act 1978 and includes a permit to enter on private land.

"Petroleum Activities" means all activities that may be carried out pursuant to a Petroleum Title.

"Petroleum Title" means any right or title available under the Petroleum Act 1967 and includes a permit to enter on private land.

14.2 **Application for Mining Tenement or Petroleum Title**

If any person applies for a Mining Tenement or a Petroleum Title over any part of the relevant Timberlots, then the following provisions will apply:

- (a) Timbercorp Securities must promptly notify the relevant Grower.
- (b) Neither Timbercorp Securities nor the Grower may consent to the application or do any act or thing that may assist the grant of the application.
- (c) The relevant Grower will be entitled to object to or resist the application or to restrict the scope of the rights to be obtained by virtue of the grant of the application, to the fullest extent permitted by law.
- (d) For the purpose of giving full effect to paragraph 14.2(c) above, Timbercorp Securities must sign such documents as the relevant Grower may require, and the relevant Grower will be entitled to take such proceedings in the name of Timbercorp Securities as the relevant Grower considers appropriate. The relevant Grower hereby indemnifies Timbercorp Securities for any loss suffered by Timbercorp Securities as a direct consequence of the relevant Grower exercising its rights under this paragraph 14.2(d).
- (e) Timbercorp Securities hereby appoints the relevant Grower its lawful attorney to execute the documents and to do the things referred to in paragraph 14.2(d).

14.3 **Grant of Mining Tenement or Petroleum Title**

If a Mining Tenement or a Petroleum Title is granted over any part of the relevant Timberlots, then the following provisions will apply:

- (a) Timbercorp Securities must keep the relevant Grower informed as to the Mining Activities or Petroleum Activities carried out upon the relevant Timberlots, and must forward copies of all communications with the persons carrying out or proposing to carry out such activities.
- (b) Timbercorp Securities must not consent to any use of water, felling of trees, stripping of bark or cutting of timber on the relevant Timberlots.

- (c) If any compensation becomes payable by virtue of or in respect of Mining Activities or Petroleum Activities on the relevant Timberlots, then Timbercorp Securities and the relevant Grower will be entitled to compensation according to their respective interests in the area affected by those activities. Timbercorp Securities and the relevant Grower will each be responsible for negotiating and recovering such compensation.
- (d) If this Sub-Lease is terminated under clause 11.2 or area of the relevant Timberlots is reduced under clause 11.3 as a result of Mining Activities or Petroleum Activities being carried out on the relevant Timberlots, the provisions of paragraphs 11.2(b) and 11.3(b) will not apply in respect of such termination or reduction.

15. **WARRANTIES**

Timbercorp Securities represents and warrants that:

- (a) as at the date of execution of this Sub-Lease, the Head Lease is valid and subsisting;
- (b) Timbercorp Securities is entitled under the Head Lease to grant this Sub-Lease to the relevant Grower; and
- (c) any consents which may be required to the granting of this Sub-Lease (other than those referred to in clause 4.1) have been obtained.

16. **NOTICES**

All notices, consents, approvals and other communications required or authorised to be given under this Sub-Lease ("Notices") must be in writing and may be personally delivered or sent by pre-paid post or facsimile to the addressee's address specified in this Sub-Lease or such other address as the addressee may have notified from time to time. A Notice shall be deemed to be received:

- (a) if personally delivered, upon receipt;
- (b) if sent by pre-paid post within Australia, on the third day after posting;
- (c) if sent by pre-paid post outside Australia, on the seventh day after posting; and
- (d) if sent by facsimile, upon production of a successful transmission report by the sender's facsimile machine.

17. **CAVEAT**

- (a) The relevant Grower may at its own expense lodge a subject to claim caveat at the Office of Titles, Midland in respect of its interest under this Sub-Lease.
- (b) Timbercorp Securities agrees to provide to the relevant Grower all plans and other details reasonably necessary to enable the relevant Grower to lodge a subject to claim caveat.

- (c) Upon the expiration or earlier termination of this Sub-Lease, the relevant Grower must promptly withdraw at its own expense any caveat lodged under this clause.
- (d) The relevant Grower irrevocably appoints Timbercorp Securities its attorney to execute a withdrawal of any caveat required to be withdrawn by the Grower pursuant to clause 17(c) in the event of the relevant Grower failing promptly to do so.
- (e) The relevant Grower agrees to ratify anything done by the attorney in accordance with clause 17(d).

18. GENERAL

18.1 Further assurances

Each Party agrees to sign such documents and do all such acts, matters and things as may be reasonably required by any other Party to give effect to this Sub-Lease.

18.2 Voiding insurances

Each Party agrees that it will not do or permit or suffer to be done any act, manner or thing which may prejudice or render void or voidable any insurances in respect of the relevant Timberlots or the Trees or result in the premiums for such insurances being increased.

18.3 Transfer of Land Act

To the extent permitted by law, all provisions implied by the Transfer of Land Act 1893 are expressly excluded from this Sub-Lease.

18.4 Property Law Act

The provisions of section 80 and 82 of the Property Law Act 1969 do not apply to this Sub-Lease.

18.5 Proper law

This Sub-Lease is governed by and construed in accordance with laws of the State of Western Australia and where applicable of the Commonwealth of Australia and the parties agree to submit to the jurisdiction of the courts of that State.

18.6 Severability

If any provision of this Sub-Lease is or becomes void or unforeseeable, that provision will be severed from this Sub-Lease to the intent that the remaining provisions of this Sub-Lease will continue in full force and effect.

18.7 Parties may act through agents

All rights granted to a Party and all obligations imposed on a Party under this Sub-Lease may be enjoyed or performed (as the case may be) by that Party's employees, agents and contractors.

18.8 No Partnership

Nothing contained in this Sub-Lease may constitute a partnership between the Parties to this Sub-Lease. No Party may hold itself out as the partner of the other of them. This Sub-Lease is not for the benefit of any person not a party to this Sub-Lease and is not to be deemed to give any right or remedy to any such party whether referred to in this Sub-Lease or not.

18.9 Waivers

No waiver by any Party of any breach of this Sub-Lease is to be deemed a waiver of any preceding or succeeding breach of this Sub-Lease.

18.10 Assignment

- (a) The relevant Grower covenants that Timbercorp Securities does have the full and free right to deal with any of its rights and interests under this Sub-Lease to such other parties and on such terms and conditions as Timbercorp Securities sees fit, providing at all times that Timbercorp Securities may not transfer, lease, mortgage, charge, assign, part with possession or otherwise dispose of its interest in the relevant Timberlots without first obtaining a deed of covenant by the proposed transferee, lessee, mortgagee, chargee, assignee, person who acquires possession or person who receives the disposal (the "Grantee") containing a covenant by the Grantee in favour of the relevant Grower that the Grantee will at all times during the Term observe and perform all or any of the covenants contained or implied in this Sub-Lease to be observed or performed by Timbercorp Securities.
- (b) All costs associated with the preparation, completion and stamping of any deed of covenant required by paragraph 18.10(a) must be paid by Timbercorp Securities or Grantee, and the relevant Grower will not be required to contribute in any way to such costs.
- (c) The relevant Grower may only transfer, mortgage, assign or otherwise dispose of this Sub-Lease or any of its rights or interests under this Sub-Lease in accordance with the provisions of the Project Deed and otherwise may not assign sub-let or part with possession of the relevant Timberlots or any part thereof or otherwise by any act or deed to procure or allow or suffer (either voluntarily or involuntarily) the relevant Timberlots or any part thereof to be assigned transferred or sub-let or the possession thereof parted with and for all or any part of the term AND IT IS HEREBY DECLARED that nothing contained or implied in sections 80 and 82 of the Property Law Act 1969 applies to this Sub-Lease and both sections are hereby expressly excluded.

18.11 Limitation of liability of relevant Grower

- (a) Despite any other provision of this Sub-Lease (other than clause 18.13), in no circumstances is the relevant Grower obliged to contribute any money or incur any other liability under this Sub-Lease in excess of the aggregate of Rent, the amount of the fees set out in Part 1 of the Schedule to the Management Agreement [Post 30 June Growers] and the Proceeds.
- (b) Once a transmission, transfer, mortgage, assignment or other disposal of the entire interest of the relevant Grower has been perfected in accordance with the provisions of the Project Deed, then the relevant Grower no longer remains liable under this Sub-Lease.

18.12 Delegation

The relevant Grower may, for the better performance of its obligations under this Sub-Lease, employ any person as an agent and all rights granted and obligations imposed upon the relevant Grower (except the grant to the relevant Grower of the leasehold estate) may be enjoyed and performed by the relevant Grower's agent, contractors and their employees, but delegation of any of the relevant Grower's obligations under this Sub-Lease does not release it from liability under this Sub-Lease.

18.13 Goods and Services Tax

- (a) If any supply made by a party ("Supplier") to the other ("Recipient") under this Sub-Lease 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 Sub-Lease, 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.
- (c) The GST payable under paragraph 18.13(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 Sub-Lease.
- (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 a claim under or in connection with this Sub-Lease, 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 18.13 (b).
- (f) If a party has a claim under or in connection with this Sub-Lease 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.
- (g) If a party has a claim under or in connection with this Sub-Lease 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 the amount is separate or included as part of a larger amount.

18.14 Project Deed

The rights and obligations of the parties under this Sub-Lease are subject to the terms and conditions of the Project Deed.

18.15 Amendment

- (a) This Sub-Lease may be amended by another document in writing and duly signed by the parties to this Sub-Lease.

- (b) Subject to paragraph 18.15(c), Timbercorp Securities, may amend the provisions of this Sub-Lease to such extent as may be required to:
 - (i) satisfy the requirements of any statute, ordinance, rule, regulation or by-law which may be passed and which affects the Project;
 - (ii) comply with the effect of any judicial decision; or
 - (iii) enable the provisions of this Sub-Lease, or the Project, to be more conveniently, advantageously, profitably or economically administered or managed.
- (c) Before Timbercorp Securities may amend this Sub-Lease as provided under paragraph 18.15(b), the Responsible Entity must be reasonably satisfied that the amendment does not adversely affect the rights of all the Growers.
- (d) Timbercorp Securities may make the amendments on behalf of itself, and the Responsible Entity on behalf of the Participant Growers. To give effect to this clause, the Participant Grower appoints the Responsible Entity as its attorney to make amendments to this Sub-Lease.
- (e) If the Responsible Entity cannot be satisfied that it can consent to the amendments in accordance with the paragraph 18.15(c), then amendments may only be made in accordance with paragraph 18.15(a).

19. **DISPUTE RESOLUTION**

19.1 **Referral by the Grower**

- (a) Any dispute or difference whatsoever in connection with this Sub-Lease must be dealt with by the Grower as follows in the event that the dispute or difference is unable to be resolved by Timbercorp Securities to the Grower's satisfaction:
 - (i) if the dispute or difference falls within the rules of the Financial Industry Complaints Service (**FICS**) or Insurance Brokers Disputes Limited (**IBD**), the Grower may refer the dispute or difference to FICS or IBD, for determination in accordance with FICS' or IBD's rules, as the case requires; or
 - (ii) if:
 - (A) the dispute or difference does not fall within the rules of FICS or IBD; or
 - (B) the Grower does not wish to refer the dispute or difference to FICS or IBD in accordance with paragraph 19.1(a)(i),

the dispute or difference must be submitted by the Grower to arbitration in accordance with, and subject to, the Institute of Arbitrators and Mediators of Australia Expedited Commercial Arbitration Rules, and to the extent permitted under those rules:

 - (C) the Arbitrator will be a person recommended by the Victorian Chapter of the Institute of Arbitrators and Mediators of Australia; and
 - (D) the arbitration will be conducted in Melbourne, Victoria.

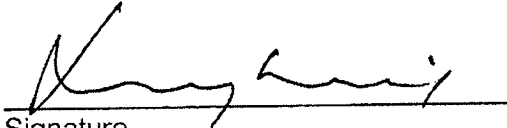
- (b) The Grower and Timbercorp Securities:
 - (i) subject to any right of appeal contained in the rules of FICS or IBD, agree to accept the determination of FICS, IBD or the arbitrator, as the case requires, in accordance with paragraph 19.1(a) as final and binding; and
 - (ii) submit to the non-exclusive jurisdiction of the Courts in Victoria for the enforcement of any such determination.

19.2 Timbercorp Securities

- (a) Clause 19.1 is for the benefit of Timbercorp Securities only, and it does not prevent Timbercorp Securities from:
 - (i) commencing proceedings against the Grower in any relevant jurisdiction;
 - (ii) submitting any dispute or difference whatsoever with a Grower in connection with this Sub-Lease to arbitration in accordance with, and subject to, the Institute of Arbitrators and Mediators of Australia Expedited Commercial Arbitration Rules, and to the extent permitted under those rules:
 - (A) the Arbitrator will be a person recommended by the Victorian Chapter of the Institute of Arbitrators and Mediators of Australia; and
 - (B) the arbitration will be conducted in Melbourne, Victoria.
- (b) The Grower and Timbercorp Securities:
 - (i) agree to accept the determination of the arbitrator in relation to any dispute or difference referred to arbitration in accordance with paragraph 19.2(a), as final and binding; and
 - (ii) submit to the non-exclusive jurisdiction of the Courts in Victoria for the enforcement of any such determination.
- (c) Timbercorp Securities must ensure that it has an internal complaints handling procedure that conforms where reasonably possible to the procedure set out in clauses 24.2, 24.3 and 24.4 of the Project Deed.


EXECUTED as a Deed

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


 Signature
 John Vaughan

Full Name

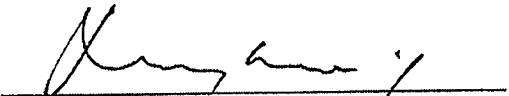
Director


 Signature
 Mark Pryn

Full Name

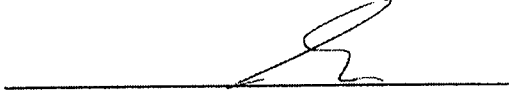
Director/ Secretary

EXECUTED by TIMBERCORP)
 SECURITIES LIMITED as agent and)
 attorney for and on behalf of each)
 several grower in accordance with)
 section 127 of the Corporations)
 Act:)
)


 Signature
 John Vaughan

Full Name

Director


 Signature
 Mark Pryn

Full Name

Director/ Secretary

SCHEDULE

PART 1: THE PLANTATIONS AND HEAD LEASE DETAILS

PART 2: NAMES AND ADDRESSES OF GROWERS AND RELEVANT TIMBERLOTS

PART 3: Term

In respect of a relevant Grower, means the period commencing on the Commencement Date and expiring on the earliest of:

- (a) 30 June 2019;
- (b) the date Harvesting is completed; and
- (c) the day immediately preceding the termination date of the Head Lease.

PART 4: Rent

An amount equal to 3% of the Net Proceeds.

Deed of Grant Carbon Rights Fish Track Treefarm

TIMBERCORP SECURITIES LIMITED
(ACN 092 311 469) (Timbercorp)

KENT ROCHESTER and MICHELLE LEE TYSOE
(Grantees)

Williams & Hughes
Barristers & Solicitors

1ST FLOOR 25 RICHARDSON STREET WEST PERTH
WESTERN AUSTRALIA 6005
TELEPHONE: 61 8 9481 2040 FACSIMILE: 61 8 9481 2041

Williams & Hughes Pty Ltd (ACN 109 119 253) trading as Williams
& Hughes

Ref:RM:17902

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THIS DEED OF GRANT is made on

20 *November*

2006

PARTIES

- (1) **TIMBERCORP SECURITIES LIMITED** (ACN 092 311 469) of Level 8, 461 Bourke Street, Melbourne, Victoria (**Timbercorp**)
- (2) **KENT ROCHESTER** and **MICHELLE LEE TYSOE** both of 50 Yatana Road, Bayonet Head, Western Australia (**Grantees**)

ABN 66 012 878 629
WESTERN AUSTRALIA STAMP DUTY
23/11/06 16:08 002412190-001
DUP \$ ***** 5.00
O/S \$ *****20.00

RECITALS

- (A) The Grantees are the registered proprietors of a lease granted under the *War Service Land Settlement Scheme Act 1954*, and registered as lease number I144452 (the Lease) under the *Transfer of Land Act 1893* over the Land.
- (B) The Grantees are the owners of certain
- (C) By the Lease Agreements Timbercorp is the sub lessee of various portions of the Land (**Leased Area**).
- (D) Under the Lease Agreements, Timbercorp is the owner of the Plantation Crop.
- (E) Timbercorp wishes to create Carbon Rights over the Leased Area and has agreed with the Grantees to share those Carbon Rights (once created) with the Grantees in accordance with the provisions of this Deed.
- (F) The Grantees are the owners of the Remnant Vegetation.
- (G) The Grantees wish to create Carbon Rights over the Balance Area, and utilise the marketing opportunities arising from sharing those Carbon Rights with Timbercorp.

OPERATIVE PART

1. DEFINITIONS

Balance Area means those portions of the Land that do not form a part of the Leased Area;

Carbon Credits means any tradeable credits or rights associated with the Plantation Crop resulting from the ability of the Plantation Crop to absorb greenhouse gases.

Commencement Date means the date of this Deed;

GST means GST within the meaning of A New Tax System (Goods and Services Tax) Act 1999 (as amended);

Land means Lot 5962 on Deposited Plan 206218, the whole of the land in Certificate of Crown Land Title Volume 3082 Folio 369;

Lease Agreements means:

- (a) the Agreement titled Head Sub Lease (**1996 Sub-Lease**) dated 20 February 1996 and made between Neil Rochester, a predecessor in title to the Grantees as lessor, and Timbercorp as lessee, and currently protected by Caveat H110465; and,
- (b) the Agreement titled Lease (**1998 Sub Lease**) dated 26 March 1998 and made between William Neil Rochester, a predecessor in title to the Grantees as lessor and Timbercorp as lessee, and currently protected by Caveat H134124; and
- (c) the Agreement titled Sub-Lease (**1999 Sub-Lease**) dated 13 January 1999 and made between William Neil Rochester, a predecessor in title to the Grantees as sub lessor and Timbercorp as sub lessee, and registered under the Transfer of Land Act as Sub-Lease H137369;

Leased Area means those portions of the Land the subject of the Lease Agreements, and marked with the letters A, B and C on the deposited plan to be created to comply with the registration requirements of the Department of Land Information;

Plantation Crop means the crop or crops of eucalyptus trees planted and tended or to be planted and tended or to be coppiced and tended on the Leased Area by the Timbercorp;

Remnant Vegetation means the vegetation of whatever kind currently growing, or to be planted and tended or to be coppiced and tended on the Balance Area by the Grantees;

Term means the four separate periods each commencing on the date of this Deed, and:

- (a) in relation to the 1996 Sub Lease, and applicable only to the portion of the Land in it, continuing until the expiration of the term of the 1996 Sub Lease, including any extension or renewal of that term;
 - (b) in relation to the 1998 Sub Lease, and applicable only to the portion of the Land in it, continuing until the expiration of the term of the 1998 Sub Lease, including any extension or renewal of that term;
 - (c) in relation to the 1999 Sub Lease, and applicable only to the portion of the Land in it, continuing until the expiration of the term of the 1999 Sub Lease, including any extension or renewal of that term;
 - (d) in relation to the Balance and applicable only to the portion of the Land in it, continuing until the expiration of the term (including any extension or renewal of that term) of the last remaining of the subleases referred to in sub clauses (a), (b) or (c) of this clause.
-

2. OWNERSHIP OF THE PLANTATION CROP

2.1 Plantation Crop

The Grantees acknowledge and agree with Timbercorp that for so long as the Lease Agreements or any of them have not been terminated on the grounds of any default by Timbercorp under any of the Lease Agreements, and Timbercorp continues perform its obligations under the Lease Agreements, the Plantation Crop and any rights, benefits and credits derived from the Plantation Crop, including Carbon Credits will, subject to this Deed, be and will remain the property of Timbercorp (or any other person or entity deriving title to the Plantation Crop through Timbercorp) for the Term.

2.2 Remnant Vegetation

Timbercorp acknowledges and agrees with the Grantees that the Remnant Vegetation and any rights, benefits and credits derived from the Remnant Vegetation, including Carbon Credits will, subject to this Deed, be and will remain the property of the Grantees (or any other person or entity deriving title to the Remnant Vegetation Crop through the Grantees).

3. CARBON CREDITS

3.1 Creation of Carbon Rights

The Grantees agree to the carbon rights being created in respect of the Leased Area and the Balance (**Carbon Rights**) and will execute all documents required to enable the creation of the Carbon Rights.

3.2 Consolidation of Carbon Credits

The Grantees and Timbercorp agree to consolidate each of their respective entitlement to any Carbon Credits associated with the Plantation Crop and the Remnant Vegetation the during the term of this Lease (**joint carbon credits**).

3.3 Sale of Carbon Credits

The Grantees hereby appoint Timbercorp as their agent to sell or otherwise trade or turn to account their share of the joint carbon credits on such terms and conditions as Timbercorp may, in its absolute discretion, determine.

3.4 Division of Proceeds of Sale of Carbon Credits

The Parties agree that the Grantees and Timbercorp will be entitled to any proceeds derived from the joint carbon credits, after deducting from those proceeds any costs of selling, trading or turning to account the joint carbon credits and retaining such allowance for actual, prospective and contingent carbon debits or offsets as Timbercorp in its absolute discretion determines, in the following proportions:

- (a) one third to the Grantees; and
- (b) two thirds to Timbercorp.

For the purposes of this clause, the Parties authorise Timbercorp to deduct any costs of selling, trading or turning to account the joint carbon credits and to retain such allowance for actual, prospective and contingent carbon debits or offsets as Timbercorp in its absolute discretion determines.

4. TERMINATION OF CARBON CREDITS

4.1 Grantees may terminate

The Grantees may terminate the Carbon Rights created over the Balance Area, or a part of the Balance Area, at any time by giving Timbercorp three months notice specifying the extent of the Balance Area to which the termination is to take effect.

4.2 Termination effective

The termination will become effective upon the approval under the Transfer of Land Act 1893 of a deposited plan specifying those areas of the Land which will remain the subject of Carbon Rights, and an instrument of surrender of the Carbon Rights, which will not remain.

4.3 Facilitation

If the Grantees give a termination notice to Timbercorp under sub clause 4.1 of this clause 4, Timbercorp will promptly execute all documents required, and do all other such things as the Grantees shall reasonably require to be done to enable the termination to be made effective.

4.4 Costs

The Grantees shall pay all of the costs, including stamp duty, legal, survey and registration costs arising from a termination under this clause 4.

5. NOTICES

All notices, consents, approvals and other communications required or authorised to be given under this Deed ("notices") must be in writing and may be personally delivered or sent by pre-paid post or facsimile to the addressee's address specified in this Deed or such other address as the addressee may have notified from time to time. A notice will be deemed to be received:

- (a) if personally delivered, upon receipt;
 - (b) if sent by pre-paid post within Australia, on the third day after posting;
 - (c) if sent by pre-paid post outside Australia, on the seventh day after posting;
and
 - (d) if sent by facsimile, upon production of a successful transmission report by the sender's facsimile machine.
-

6. GOODS AND SERVICES TAX

- (a) If any supply made by a party (**Supplier**) to the other (**Recipient**) under this Deed 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 (**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 Deed, 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
- (c) The GST payable under sub clause (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 Lease.
- (d) The right of a Supplier to payment under this clause 6 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 a claim under or in connection with this Deed, 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 sub clause (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 Deed, 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 Deed 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, including a reduced input tax credit or an adjusted input tax credit.
- (h) If a party has a claim under or in connection with this Deed 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.

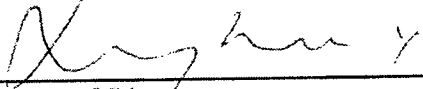
7. COSTS

Each Party shall pay their own costs of and incidental to the instructions for, preparation and execution of this Deed in duplicate, and Timbercorp shall pay all stamp duty hereon.

Deed of Grant – Carbon Rights

Executed as a Deed on the date first mentioned.


EXECUTED by **TIMBERCORP**)
SECURITIES LIMITED (ACN 092 311)
469) in accordance with Section 127 of the)
Corporations Act 2001 by authority of its)
directors:)



Signature of Director

John Morton Vaughan

Name of Director (block letters)

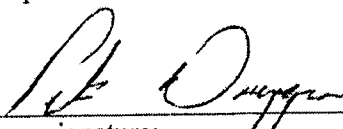


Signature of ~~Director~~/Secretary*

Mark Hamilton Pryn

Name of ~~Director~~/Secretary* (block letters)
* delete whichever is not applicable

SIGNED by **KENT ROCHESTER**)
in the presence of:)
)



Witness signature:

RONALD PETER DRYGAN

Witness name

323 DEMPSTER ROAD

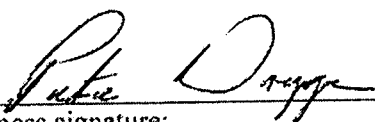
KALGAN 6330 W.A.

Witness address:

LAND MANAGER

Witness Occupation

SIGNED by **MICHELLE LEE TYSOE**)
in the presence of:)
)



Witness signature:

RONALD PETER DRYGAN

Witness name

323 DEMPSTER ROAD

KALGAN 6330 W.A.

Witness address:

LAND MANAGER

Witness Occupation

Witness name

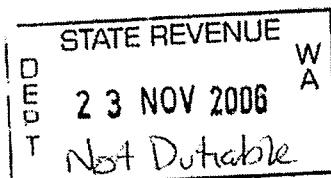


Signature of ~~Director~~/Secretary*



Signature of ~~Director~~/Secretary*

WESTERN AUSTRALIA
TRANSFER OF LAND ACT 1893 AS AMENDED
CARBON RIGHTS ACT 2003



CARBON RIGHT

DESCRIPTION OF AFFECTED LAND (Note 1)

Lot 5962 on Deposited Plan 206218

EXTENT

Whole

VOLUME

Lease

FOLIO

1144452

ESTATE AND INTEREST (Note 2)

Leasehold

LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS (Note 3)

Soil Conservation Memorial G915513

Lease H134124 Sub leases H137369, K062505 and K062506

REGISTERED PROPRIETOR OF AFFECTED LAND (Note 4)

KENT ROCHESTER and MICHELLE LEE TYSOE both of 50 Yatana Road Bayonet Head

CONSIDERATION (Note 5)

The terms of a Deed of Grant of Carbon Rights (**Deed of Grant**) made on 20 November 2006 between TIMBERCORP SECURITIES LIMITED (ACN 092 311 469) (Timbercorp) as grantor and the Registered Proprietors as Grantees

CARBON RIGHT HOLDER (Note 6)

KENT ROCHESTER and MICHELLE LEE TYSOE, (the Registered Proprietors) as to one third share and TIMBERCORP of Level 8, 461 Bourke Street, Melbourne, Victoria as to two third shares.

TIMBERCORP SECURITIES LIMITED

TERM OF CARBON RIGHT (Note 7)

For the term commencing the 20 day of November 2006 and continuing for the period specified in the Deed of Grant.

On the registration of this form under the Transfer of Land Act 1893, a carbon right is created pursuant to the Carbon Rights Act 2003 in favour of the Carbon Right Holder/s for the above term. The Carbon Right is created in respect of the Affected Land, subject to the encumbrances shown hereon.

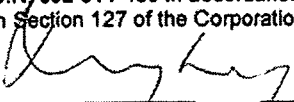

Dated this 20 day of November Year 2005-2006

CARBON RIGHTS HOLDER/S SIGN HERE (Note 8)

(See page 2)

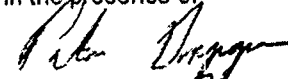
CARBON RIGHTS HOLDER/S SIGN HERE (Note 8)

Executed by **TIMBERCORP SECURITIES LIMITED**
 A.C.N. 092 311 469 in accordance
 with Section 127 of the Corporations Act:

	
Signature of Director	Signature of Director/Secretary
John Morton Vaughan	Mark Hamilton Pryn
Name of Director	Name of Director/Secretary

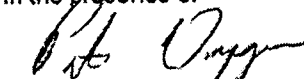
Signed By
KENT ROCHESTER
 In the presence of




 RONALD PETER DRYGAN

Signed by
MICHELLE LEE TYSOE
 In the presence of




 RONALD PETER DRYGAN

CONSENT OF PERSONS WHO HAVE A REGISTERED INTEREST IN THE LAND IN
RESPECT OF WHICH THIS CARBON RIGHT IS CREATED

Registered Proprietor Signs Here

Signed:

KENT ROCHESTER

In the presence of:

Witness Name:

Witness address:

Witness occupation:

Consent of Lessee

Executed by TIMBERCORP SECURITIES LIMITED

A.C.N. 092 311 469 in accordance

with Section 127 of the Corporations Act:

Signature of Director

John Morton Vaughan

Name of Director

Signature of Director/Secretary

Mark Hamilton Pryn

Name of Director/Secretary

Signed:

MICHELLE LEE TYSOE

In the presence of:

Witness Name:

Witness address:

Witness occupation:

Consent of the Commissioner for Soil and Land Conservation under memorial G915513

ANDREW WATSON
ANDREW WATSON.

COMMISSIONER OF SOIL AND LAND
CONSERVATION,
20/3/07

In presence of: J. Brown

WITNESS NAME JOSEPHINE BROWN

WITNESS ADDRESS: DAFWA 3 BARON-HAYCT
KENSINGTON

WITNESS OCCUPATION RECEPTIONIST

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet, Form B1 should be used with appropriate headings. The boxed sections should only contain the words "see page..."
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by the parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the persons signing this document and their witnesses.
4. Duplicate Crown Lease or where issued, the Duplicate Certificate of Title is required to be produced or if held by another party then arrangements must be made for its production.

NOTES

1. DESCRIPTION OF AFFECTED LAND

If the Registered Proprietor of the Affected Land is not the proprietor of the fee simple interest in the title or the Crown, but has for example a leasehold interest or plantation interest then the following should be included in this panel (eg. as to Plantation Interest H..... over Lot... on Plan).
ot and Diagram/Plan/Strata/Survey-Strata Plan number or Location name and number to be stated.
Extent - Whole, part or balance of the land comprised in the Certificate of Title to be stated. If part, refer to Deposited Plan depicting the area of the affected land.
The Volume and Folio number to be stated.

2. ESTATE AND INTEREST

If the Affected Land is comprised in a Certificate of Title, state - Fee Simple, Leasehold or as the case may be in the land.
If the Affected Land is comprised in a Crown Land Title, state - Crown Land, Leasehold or as the case may be in the land.

3. LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS

In this panel show (subject to the next paragraph) those limitations, interests, encumbrances and notifications affecting the Affected Land in respect of which the Carbon Right is being created, that are recorded on the certificate(s) of title:

- a) in the Second Schedule;
- b) if no Second Schedule, that are encumbrances.

(Unless to be removed by action or document before registration hereof)

Do not show any:

- (a) Easement Benefits or Restrictive/Covenant Benefits; or
 - (b) Subsidiary interests or changes effecting a limitation, etc, that is to be entered in the panel (eg, if a mortgage is shown, do not show any partial discharges or any document affecting either).
- The documents shown are to be identified by nature and number. The plan/diagram encumbrances shown are to be identified by nature and relevant plan/diagram. Strata/survey-strata plan encumbrances are to be described as "Interests on strata/survey-strata plan".
If none show "nil".

4. REGISTERED PROPRIETOR OF AFFECTED LAND

State the full name of the Registered Proprietor of the Affected Land in respect of which the Carbon Right is being created, as shown on the certificate of title.

5. CONSIDERATION

If a sum of money only, to be expressed in figures and every other case to be concisely stated in words.

6. CARBON RIGHT HOLDER

State the full name of the Carbon Right Holder and the address/addresses to which future notices can be sent. If a minor, state date of birth. If two or more state tenancy e.g. Joint Tenants, Tenants in Common. If Tenants in Common specify shares.

7. TERM OF CARBON RIGHT

Where fixed, term to be stated in years, months and days or as the case may be. If in perpetuity, state "in perpetuity". Commencement date to be stated.

8. EXECUTION

A separate attestation is required for every person signing this document. Each signature must be separately witnessed by an Adult Person. The address and occupation of the witness must be stated.

OFFICE USE ONLY

16 6 25 07

CARBON RIGHT

LODGED BY	Williams & Hughes
ADDRESS	Level 1 25 Richardson Street WEST PERTH WA 6005
PHONE No.	9481-2040
FAX No	9481-2041
REFERENCE No.	RM 17902
ISSUING BOX No.	139Q

PREPARED BY	Williams & Hughes
ADDRESS	Level 1 25 Richardson Street WEST PERTH WA 6005
PHONE No.	9481 2040
FAX No.	9481 2041

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO OTHER THAN LODGING PARTY.

TITLES, LEASES, DECLARATIONS ETC. LODGED HEREWITH

1. _____	Received Items
2. _____	Nos.
3. _____	
4. _____	
5. _____	
6. _____	Receiving Clerk

Registered pursuant to the provisions of the TRANSFER OF LAND ACT 1893 as amended on the day and time shown above and particulars entered in the Register.

IN THE FEDERAL COURT OF AUSTRALIA
VICTORIA DISTRICT REGISTRY

No. 541 of 2009

IN THE MATTER OF TIMBERCORP SECURITIES LIMITED (IN LIQUIDATION)
ACN: 092 311 469

AND

IN THE MATTER OF TIMBERCORP LIMITED (IN LIQUIDATION)
ACN: 055 185 067

TIMBERCORP SECURITIES LIMITED (IN
LIQUIDATION) and OTHERS
(ACN 092 311 469)

Plaintiff

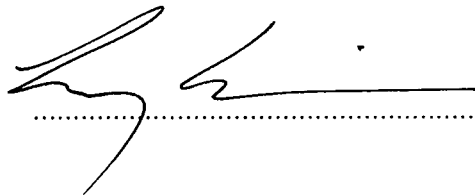
WA CHIP & PULP CO. PTY LTD
and OTHERS
(ACN 008 720 518)

Defendants

CERTIFICATE IDENTIFYING EXHIBIT

This is the exhibit marked "**MAK-7**" now produced and shown to **MARK ANTHONY KORDA** at the time of swearing his affidavit on 23 July 2009.

Before me:



LUCY HANNAH KIRWAN
Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne 3000

An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

Filed on behalf of the Plaintiffs

ARNOLD BLOCH LEIBLER
Lawyers and Advisers
Level 21
333 Collins Street
Melbourne 3000

DX 38455 Melbourne
Tel: 9229 9999
Fax: 9229 9900
Ref: 01-1499489
(Leon Zwier/Lucy Kirwan)

ZAMB 512 now 926

LEASE

DESCRIPTION OF LAND (Note 1)

DESCRIPTION OF LAND (Note 1)	EXTENT	VOLUME	FOLIO
That part of Lot 5794 on Deposited Plan 206516 delineated and stippled on the sketch attached to this Lease	PART	1869	646

LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS (Note 2)

Mortgage J979190 to the Commonwealth Bank of Australia *Profit a Pender F 369972*

ESTATE AND INTEREST

Fee simple

LESSOR (Note 3)

EDVIGE MARY BICE ZAMBONETTI of Road Mail Box , Jackson Road Napier via Albany, and KEN ANTHONY ZAMBONETTI and ANGELA MARIE ZAMBONETTI both of PO Box 253 Albany, and EDWIN JOHN ZAMBONETTI and CHRISTINE MICHELE ZAMBONETTI both of 2200 Settlement Road Napier

LESSEE (Note 4)

TIMBERCORP SECURITIES LIMITED (ACN 092 311 469) of Level 8, 461 Bourke Street, Melbourne, Victoria

TERM OF LEASE (Note 5)

For the period commencing on the date of commencement, below, and expiring on 15 April 2020, together with the right of the Lessee to extend the Term as provided in clause 8.3.

Commencing from the 1st day of October Year 2008

THE LESSOR HEREBY LEASES TO THE LESSEE the land above described subject to the encumbrances as shown hereon (Note 6) together with certain rights in respect of any neighbouring land owned or occupied by the Lessor specified in Clauses 7.3, 7.4 and 7.5.

for the above term for the clear yearly rental of (Note 7) \$14,820.79 payable (Note 8) in annual instalments in accordance with Special Clause 1 for a total Plantation Crop Area of 54.3 Hectares and subject to review in accordance with Clauses 4.2

Subject to the covenants and powers implied under the Transfer of Land Act 1893 as amended (unless hereby negated or modified) and also to the covenants and conditions contained herein.

The following covenants by the lessee are to be construed according to section ninety - four of the Transfer of Land Act 1893 as amended (Note 9)

SPECIAL CONDITIONS

Notwithstanding anything to the contrary contained or implied in this Lease:

1. Payment of Rent Annually

- (a) "Rent Payment Dates" means 1 July 2009, and 1 July on each succeeding year.
- (b) The Lessee will pay the Owner the Rent annually in advance on the Rent Payment Dates.

2. Acknowledgement of receipt of pre-paid rent.

The Owner acknowledges receipt of rental payment for the period from the date of commencement of the Lease until 30 June 2009.

3. Grazing of Livestock

The Lessor agrees with the Lessee that the Lessor will, at the Lessor's expence during the Term and to the extent that the Lessor is reasonably able to do so, graze livestock on the Leased Area in a manner which will reduce the fire hazard of grass growing on the Leased Area but will not damage the Plantation Crop.

4. Authorisation to complete lease details

- (a) The Owner and Lessee authorise the Lessee's solicitors to complete this Lease by filling in blank dates on the front cover of this Lease.
- (b) The parties will be bound by the lease created by this instrument notwithstanding that this instrument may not have been completed as contemplated in this Special Clause.

5. Deletion of Further Term

Clauses 8.1 and 8.2 are hereby deleted.

6. First Right of Refusal

Notwithstanding anything to the contrary contained or implied in this Lease:

- (a) If at the expiration of the Term the Lessor wishes to lease the Leased Area, the Lessor shall give the Lessee written notice (the "Notice") of the term, rent and other terms and conditions on which the Lessor will be prepared to lease the Leased Area to any other person.
- (b) If the Lessee wishes to accept the offer contained in the Notice, the Lessee shall within 30 days after receipt of the Notice cause to be delivered to the Lessor a notice in writing accepting such offer.
- (c) In absence of acceptance by the Lessee within the period of 30 days (as to time shall be of the essence) or other mutual agreement between the Lessor and the Lessee as to the term, rent and other terms and conditions of any new lease of the Leased Area then the Lessee shall have no further claim to a lease of the Leased Area and the Lessor may lease the Leased Area to any other person, but not at a rent or a term and upon terms and conditions more favourable to that other person than which were previously offered to the Lessee unless the Lessor has first offered the Lessee a lease of the Leased Area on that more favourable basis and the Lessee has not accepted that offer within 28 days (as to which time shall be of the essence) of receiving written notice thereof.

RECITALS:

- (A) The Owner is the proprietor of the land described as the “lessor” on the front cover of this Lease.
- (B) The Owner has agreed to lease the Leased Area to the Lessee on the terms and conditions contained in this Lease.

OPERATIVE PROVISIONS**1. DEFINITIONS AND INTERPRETATION****1.1 Definitions**

In this Lease, the following words and expressions have the following meanings:

Annual Rent means the rent specified on the front cover of this Lease as reviewed from time to time in accordance with clause 4.2;

Carbon Credits means any tradeable credits or rights associated with the Plantation Crop resulting from the ability of the Plantation Crop to absorb greenhouse gases.

Commencement Date means the date set out on the front cover of this Lease;

Drought means a 10% deficit of annual average rainfall for two consecutive calendar years, or a 25% deficit in any one calendar year, “annual average rainfall” being that recorded by the official Australian Bureau of Meteorology rainfall reporting station with at least 15 years of annual rainfall records, nearest to the Leased Area;

Force Majeure means:

- (a) Act of God, fire, explosion, earthquake, landslide, flood, wash-out, lightening, storm or tempest;
- (b) drought;
- (c) strikes, lockouts, stoppages, restraints of labour or other industrial disturbances;
- (d) war, acts of public enemies, riot, civil commotion or sabotage;
- (e) breakdown of or accident to plant, machinery or equipment (excluding a breakdown caused by any failure of the Lessee to maintain plant, machinery or equipment in a proper manner);
- (f) restraints, embargoes or other unforeseeable actions by the government of Western Australia or the government of the Commonwealth of Australia; or

(g) any Act of Parliament, regulation, by-law, order, ordinance or rule;

Further Term means the period for which this Lease may be extended pursuant to clause 8.1;

GST means GST within the meaning of A New Tax System (Goods and Services Tax) Act 1999 (as amended);

Late Planting means planting which is completed more than 12 months and less than 24 months after the Commencement Date;

Leased Area means the land described on the front cover of this Lease;

Month means calendar month;

Plantation Crop means the crop or crops of eucalyptus trees planted and tended or to be planted and tended or to be coppiced and tended on the Leased Area by the Lessee (as reduced pursuant to this Lease if applicable);

Rent Payment Dates means each 30 June, 30 September, 31 December and 31 March during the Term;

Review Dates means the dates referred to in clause 4.2;

Term means the term specified on the front cover of this Lease and, where the context permits, includes any extension or renewal of that term, but subject to any variation or termination of the Term in accordance with this Lease.

1.2 Interpretation

In this Lease unless the context otherwise requires:

- (a) the singular number includes the plural and vice versa and a word denoting one gender includes each of the other genders;
- (b) person includes a firm, a corporation and any incorporated body;
- (c) headings are for convenience only and do not affect the interpretation of this Lease;
- (d) a reference to an Act of Parliament shall be read as a reference to that Act as amended, modified or replaced from time to time and includes any regulations, by-laws, orders, ordinances or rules made under that Act;
- (e) a reference to a party to this Lease includes that party's successors and permitted assigns;
- (f) if any party comprises more than one person, the provisions of this Lease binds all of them jointly and each of them severally;

- (g) if the Owner or any of the persons comprising the Owner is a trustee, this Lease binds that person in its capacity as trustee and personally; and
- (h) where the word "include" or "includes" is used, it is to be read as if the expression A(but is not limited to)" immediately followed such word and where the word "including" is used, it is to be read as if the expression "(but not limited to)" immediately followed such word.

1.3 Capacity of the Lessee

The parties acknowledge that the Lessee has entered into this lease in its personal capacity.

1.4 Lease is not scheme property

This Lease does not form part of "scheme property" as defined in Section 9 of the Corporations Act, for any activity carried on, on the Leased Area, by the Lessee.

2. PURPOSE OF LEASE

The Owner leases to the Lessee the Leased Area for the Term for the principal purpose of growing, tending and harvesting a plantation or plantations of eucalyptus trees, whether by planting or coppicing.

3. CONDITIONS AND CONSENTS

3.1 Consents and approvals

This Lease is subject to and conditional upon the obtaining of the following consents and approvals to the satisfaction of the Lessee:

- (a) the approval (if required) of this Lease by the Western Australian Planning Commission under section 138 of the Planning and Development Act 2005, within 12 months after the date of execution of this Lease;
- (b) all local, State and Commonwealth government approvals, licences or permissions required for the establishment of the Plantation Crop, within three (3) months after the date of execution of this Lease, or such later date as the Lessee may nominate from time to time, (but in any event before planting seedling trees on the Leased Area); and
- (c) the consent to this Lease of all mortgagees and encumbrancers to the Leased Area in the form of consent in the back of this Lease or such other form as the Lessee reasonably requires, within one (1) month after the date of execution of this Lease or such later date as the Lessee may agree.

The conditions referred to in paragraphs (b) and (c) are deemed to be conditions subsequent, and if such conditions have not been fulfilled to the satisfaction of the Lessee within required time, the Lessee may terminate this Lease without prior notice.

3.2 Each party to use best endeavours to ensure conditions satisfied

Each of the parties will use its best endeavours to ensure that the conditions specified in clause 3.1 are satisfied as soon as is reasonably practicable, and where required will keep the other party fully informed as to progress towards satisfaction of the conditions.

3.3 Failure of conditions

If any of the conditions referred to in clause 3.1 are not satisfied within the time limits described in that clause, the Lessee may at any time prior to planting of seedling trees on the Leased Area, terminate this Lease, and this Lease will be at an end and be deemed never to have been of any force or effect and the Owner agrees to repay any amounts of Annual Rent paid up to that time by the Lessee to the Owner pursuant to this Lease.

4. RENT

4.1 Payment of rent

The Lessee will pay to the Owner the Annual Rent in advance in equal successive quarterly instalments or as otherwise agreed between the parties on or before the Rent Payment Dates with the first instalment of rent being due on the Commencement Date. If the Commencement Date is not a Rent Payment Date, the Lessee will pay proportionate instalments of rent on the Commencement Date (for the period from the Commencement Date until the next Rent Payment Date) and on the last Rent Payment Date.

4.2 Rent reviews

The Annual Rent will be reviewed on the first 30 June after the date of execution of this Lease (whether or not the date of execution of this Lease falls before or after the Commencement Date) and each 30 June thereafter during the Term (as extended or renewed) ("Review Dates") provided that, subject to clause 8.2, the Annual Rent payable from any Review Date cannot be less than the Annual Rent payable immediately prior to that Review Date, the Annual Rent payable on and from each Review Date will be the lesser of:

- (a) 107% of the Annual Rent payable immediately prior to the relevant Review Date; and
- (b) the amount calculated in accordance with the following formula:

$$NR = R \times \frac{NCPI}{CPI}$$

Where:

NR is the Annual Rent payable from the relevant Review Date.

R is the Annual Rent payable immediately prior to the relevant Review Date.

NCPI is the Consumer Price Index (All Groups) for the Weighted Average of Eight Capital Cities as last published by the Australian Bureau of Statistics prior to the relevant Review Date.

CPI is the Consumer Price Index (All Groups) for the Weighted Average of Eight Capital Cities as last published by the Australian Bureau of Statistics prior to the immediately preceding Review Date or, in the case of the first review, as last published by the Australian Bureau of Statistics prior to the date of execution of this Lease.

4.3 Discontinuation or suspension of CPI

If the Consumer Price Index (All Groups) for the Weighted Average of Eight Capital Cities is discontinued or suspended, the method of review set out in clause 4.2 will cease to apply and will be replaced with such alternative method as is mutually agreed between the Owner and the Lessee or, if the parties fail to agree, such alternative method as in the opinion of an expert appointed by the President for the time being of the Institute of Chartered Accountants (Western Australian Division) at the request of either party most closely reflects changes in the cost of living for the Weighted Average of Eight Capital Cities. The cost of any expert determination carried out under this clause will be borne equally between the parties.

4.4 Capacity

Any monies received by the Lessee from licensees and or sub-lessees are received by the Lessee in its personal capacity.

5. THE LESSEE'S OBLIGATIONS

The Lessee agrees with the Owner that the Lessee will at the Lessee's expense during the Term:

5.1 Permitted use

Be entitled to use the Leased Area for the purpose of growing, tending and harvesting of a plantation or plantations of eucalyptus trees. The Lessee may use any part of the Leased Area not used for such purpose, for any other agricultural purpose, or for any ancillary purpose..

5.2 Forestry practice

Comply with sound silvicultural and environmental practices adopted within the plantation forestry industry, including relevant codes of practice.

5.3 Comply with laws

Comply with all laws, by-laws and regulations relating to the use and occupancy of the Leased Area.

5.4 Repairs

Promptly repair any damage caused by the Lessee to any roads, tracks or fences on the Leased Area.

5.5 Chemicals and dangerous substances

Not store or use any chemical, inflammable, noxious or dangerous substances in a manner which is likely to result in damage to vegetation, livestock, crops or water reserves on any neighbouring land owned or occupied by the Owner.

5.6 Native vegetation

Not cut down, damage or destroy any native vegetation on the Leased Area without the prior written consent of the Owner.

5.7 Buildings

Not erect any buildings, structures or dwellings or use any caravans on the Leased Area for accommodation purposes.

5.8 Permit Owner to enter

Permit the Owner to enter upon the Leased Area from time to time with or without equipment for the purpose of performing the Owner's obligations under this Lease and for accessing neighbouring land owned or occupied by the Owner.

5.9 Indemnity

Indemnify the Owner from and against all claims, demands, proceedings, judgments, damages, costs and losses of any nature which the Owner may suffer or incur in connection with the loss of life and/or personal injury to any person or damage to any property wheresoever occurring arising from an occurrence at the Leased Area or the use by the Lessee of the Leased Area during the Term except where the loss of life and/or personal injury or damage to property is the result of an act or omission by the Owner or the Owner's invitees.

6. OWNER'S OBLIGATIONS

6.1 Boundary fence

The Owner agrees with the Lessee that the Owner will at the Owner's expense prior to the Commencement Date (or such later date as the Lessee may agree) construct or cause to be constructed a fence along the external boundary of the Leased Area, or in such other location as the Lessee agrees, suitable to restrain livestock from straying onto the Leased Area and thereafter during the Term to maintain the fence in good and substantial repair and condition.

6.2 During the Term

The Owner agrees with the Lessee that the Owner will at the Owner's expense during the Term:

(a) Quiet enjoyment

Allow the Lessee to peaceably and quietly hold and enjoy the Leased Area without any interruption by the Owner or any person claiming through or under the Owner.

(b) Rates and taxes

Duly and punctually pay or cause to be paid all rates, taxes and other charges levied by any government or other authority in respect of the Leased Area.

(c) Comply with laws

Comply with all laws, by-laws and regulations relating to the use and occupancy of any neighbouring land occupied by the Owner.

(d) Comply with mortgages, etc

Comply with the provisions of all mortgages, leases, licences and charges relating to the Leased Area.

(e) Chemicals and dangerous substances

Not store or use any chemical, inflammable, noxious or dangerous substances in a manner which is likely to result in damage to the Plantation Crop.

(f) Control of fires

Take all necessary measures to ensure that any fires which may occur or be lit on any neighbouring land owned or occupied by the Owner are properly controlled and supervised.

(g) Lighting of fires

Not without the prior written approval of the Lessee light any fires on the Leased Area.

(h) Notification of fires

Where reasonably practical, promptly notify the Lessee or its named contractor (if any) named on the entrance to the Leased Area of:

- (i) any fire in the vicinity of the Leased Area which may threaten the Plantation Crop; and
- (ii) any notice or notification received by the Owner from the owner or occupier of any adjoining land pursuant to the provisions of the Bush Fires Act 1954 or any other Act of Parliament or regulation relating to bush fires.

6.3 Warranties

The Owner acknowledges that the Lessee has entered into this Lease in reliance of the Owner's warranties that the Owner is not aware of any:

- (a) aboriginal sites, artefacts or places
- (b) heritage buildings, trees or permanent structures
- (c) protected, rare or endangered native flora, fauna or habitat,

other than as disclosed by the Owner, in writing, prior to the commencement of this Lease, that will reduce the ability of the Lessee to use the whole of the Leased Area for commercial forestry, and that a breach of this warranty renders the Owner liable to an action for damages, including consequential loss.

6.4 Other notices

Other than as disclosed by the Owner, in writing, prior to the commencement of this lease, the Owner is not aware of any agreements with third parties entered by the Owner or previous owners of the Leased Area, which will reduce the ability of the Lessee to use the whole of the Leased Area for commercial forestry, and that a breach of this warranty renders the Owner liable to any action for damages, including consequential loss.

6.5 Lease registration

- (a) The Owner agrees that it will, within 14 days of the Lessee's request (and at the Lessee's cost), produce or cause to be produced the duplicate certificate(s) of title to the Leased Area at Landgate, Midland to enable this Lease to be registered. Failure to do renders the Owner liable to an action for damages, including consequential loss.
- (b) If this Lease is a lease of a part lot which requires the lodgement of a deposited plan, the Lessee will, at the Lessee's cost, arrange for the lodgement of the deposited plan.

6.6 Power of Attorney for lease registration

The Owner appoints the Lessee, or any person claiming to be the solicitor of the Lessee, the Owner's attorney for the purpose of procuring the production of the title or titles to the Land to Landgate, and endorsing such orders on the title(s) as are considered (by the Lessee) necessary to ensure registration of this Lease.

7. THE LESSEE'S RIGHTS

7.1 General

The Owner hereby grants to the Lessee the rights set out in this clause 7 to be exercised by the Lessee during the Term.

7.2 Harvest

The Lessee will be entitled to harvest the Plantation Crop and to remove and sell or otherwise deal in the products and any rights, benefits and credits derived from the Plantation Crop and subject to clause 16, to retain all income from such sale or dealing.

7.3 Access

The Lessee will be entitled to full and free access with or without vehicles to the Leased Area along any road or track on any neighbouring land in respect of which the Owner has similar rights and which gives access to the Leased Area (or any other neighbouring land in which the Lessee has an interest) from a public road.

7.4 Construct roads and tracks

The Lessee may with the prior written consent of the Owner (which consent must not be unreasonably withheld) construct and maintain such roads and tracks (including, if necessary, bridges and culverts) on the Leased Area or on any neighbouring land in respect of which the Owner has similar rights, as are reasonably required by the Lessee to provide access to the Leased Area (or any other neighbouring land in which the Lessee has an interest) from a public road.

7.5 Use of sand and gravel

For the purposes of constructing and maintaining the roads and tracks referred to in Clause 7.4 the Lessee may take and use sand, gravel and other material available from a place approved by the Owner (which approval must not be unreasonably withheld) on either the Leased Area, or any neighbouring land in respect of which the Owner has similar rights, in such quantities as the Lessee reasonably requires. If the Lessee exercises its rights under this clause, the Lessee must rehabilitate the surface of the land to an appearance as near as possible to the appearance of the surface of the surrounding land.

7.6 Graze Livestock

The Owner shall not graze livestock on the Leased Area (before or after the establishment of the Plantation Crop) unless expressly agreed with the Lessee.

7.7 Security

Subject to clause 5.8, the Lessee may at its own expense padlock any gates on roads or tracks entering the Leased Area and take such other measures to exclude trespassers as the Lessee reasonably considers appropriate.

7.8 Signs

The Lessee may at its own expense erect and maintain a sign or signs on the Leased Area detailing such matters as the Lessee reasonably considers appropriate.

8. EXTENSION OF TERM

8.1 Lessee may extend Term

The Lessee may by giving written notice to the Owner not less than three (3) months prior to the expiration of the Term, elect to extend the Term for the purpose of growing, tending and harvesting a further rotation of the Plantation Crop (whether by way of coppice or replant) in respect of the whole or any part of the Leased Area (as nominated by the Lessee in such notice) for the period commencing immediately upon expiry of the Term and expiring on the earlier of:

- (a) 6 years after the commencement of the Further Term; and
- (b) the date harvesting of the Plantation Crop is completed for the second time.

8.2 Extension for part only

If the Lessee elects to extend the Term under this clause in respect of part only of the Leased Area, references in this Lease to the "Leased Area" will during the period of extension be deemed to be references to that part of the Leased Area and the Annual Rent will be adjusted immediately from the date of extension in accordance with the following formula:

$$NR = R \times \frac{2PCA}{PCA}$$

Where:

NR is the Annual Rent payable on and from the date of extension.

R is the Annual Rent payable immediately prior to the date of extension.

2PCA is the area in hectares of the Plantation Crop that is extended to enable a second rotation of the Plantation Crop to be harvested.

PCA is the original area in hectares of the Plantation Crop as set out on the front page of this Lease subject to any adjustments made under clause 9.5.

provided that the rent actually to be paid shall be determined and paid in accordance with Clause 4.1.

8.3 Extension for late harvesting

If the Lessee is prevented from:

- (a) harvesting the Plantation Crop;
- (b) removing from the Leased Area the products derived from the Plantation Crop; or
- (c) processing the products derived from the Plantation Crop,

due to an event of Force Majeure or Late Planting, but continues to pay instalments of Annual Rent, the Lessee may by giving written notice to the Owner elect to extend the Term (on the terms and conditions of this Lease) for a period of time equal to the duration of the event of Force Majeure, or if Late Planting, for no more than two years.

9. TERMINATION

9.1 Non payment of Annual Rent

The Owner may terminate this Lease with immediate effect if the Lessee is in arrears in respect of one quarterly instalment of Annual Rent and such arrears are not paid in full within 3 months after the Owner has served a written notice on the Lessee requesting payment.

9.2 Termination upon harvest

- (a) Until such time as the Term is extended under clause 8.1, the Lessee may terminate this Lease at any time after completion of the first harvest of the Plantation Crop by giving not less than three (3) months prior notice in writing to the Owner.
- (b) In the event that the Term is extended under clause 8.1 for the purpose of growing, tending and harvesting a further rotation of the Plantation Crop, the Lessee may terminate this Lease at any time after completion of the second harvest of the Plantation Crop by giving not less than three (3) months prior notice in writing to the Owner.

9.3 Material breach

The Lessee may terminate this Lease with immediate effect if the Owner commits a material breach of this Lease and fails to remedy the breach or make reasonable compensation in money within one month after the Lessee has served a written notice on the Owner requiring the Owner to remedy the breach.

9.4 Effect of termination

Termination of the whole or any part of this Lease under this clause 9 will be without prejudice to any rights or obligations which may have accrued prior to the date of termination.

9.5 Loss of Plantation Crop

If:

- (a) the whole or a substantial part of the Plantation Crop is damaged or destroyed whether by fire or any other cause whatsoever; or
- (b) an independent forestry consultant commissioned by the Lessee reasonably determines that the whole or a substantial part of the Plantation Crop is no longer commercially viable,

the Lessee may terminate this Lease by giving not less than one (1) month prior written notice of such termination to the Owner. Termination under this clause will take effect on and from the Rent Payment Date next following the expiration of the period of notice.

If so directed by the Owner in writing within two (2) months after receipt of the Lessee's notice of termination in paragraph (a) above, the Lessee must immediately remove from the Leased Area all trees, logs, stumps and debris forming part of or derived from the Plantation Crop and re-seed pasture on the Leased Area

9.6 Reduction of the Leased Area

If:

- (a) the whole or any part of the Plantation Crop on the Leased Area is damaged or destroyed whether by fire or any other cause whatsoever; or
- (b) an independent forestry consultant commissioned by the Lessee reasonably determines that the whole or any part of the Plantation Crop on the Leased Area is no longer commercially viable,

the Lessee may terminate this Lease in respect of that portion of the Leased Area on which the affected part of the Plantation Crop is or was growing ("the surrendered area") by giving not less than one month prior written notice of such termination to the Owner and the Annual Rent will be recalculated in accordance with the following formula from the date on which termination takes effect:

$$NR = R \times \frac{(PCA - SA)}{PCA}$$

Where:

NR is the Annual Rent payable on and from the date termination takes effect;

R is the Annual Rent payable immediately prior to the date termination takes effect;

PCA is the original area in hectares of the Plantation Crop as set out on the front page of this Lease subject to any adjustments made under clause 8.1; and

SA is the area in hectares of the Plantation Crop which is to be surrendered under this clause

Termination under this clause will take effect on and from the earlier of:

- (c) the Rent Payment Date next following the expiration of the period of notice; and.
- (d) the date on which the Lessee has met all of its obligations under clause 9.5(b).

If so directed by the Owner in writing within two (2) months after receipt of the Lessee's notice of termination, the Lessee must forthwith remove from the surrendered area all trees, logs, stumps and debris forming part of or derived from

the Plantation Crop and, provided it is reasonably practicable to do so, fence off the surrendered area from the remainder of the Leased Area, re-seed pasture on the surrendered area and provide the Owner with reasonable access to the surrendered area.

9.7 Limited right of termination

Except as expressly provided in this clause 9 neither Party shall be entitled to terminate or rescind this Lease and the Owner will not be entitled to re-enter the Leased Area or forfeit this Lease at any time prior to the expiration of the Term (as extended or renewed).

10. RIGHTS AND OBLIGATIONS ON EXPIRATION OR TERMINATION

10.1 Removal of stumps, roads and tracks

Unless otherwise expressly agreed in writing, the Lessee acknowledges and agrees with the Owner that at the expiration or earlier termination of this Lease, the Lessee will not remove or authorise the removal of:

- (a) any stumps or debris from the Leased Area; or
- (b) any roads or tracks constructed on the Leased Area or on any neighbouring land under clause 7.4,

and that any crop which subsequently grows from the stumps will be the property of the Owner.

10.2 Removal of equipment

The Lessee will remove all plant, equipment, implements or other things brought onto the Leased Area by or on behalf of the Lessee during the Term within three (3) months after the expiration or earlier termination of this Lease.

11. OWNERSHIP OF THE PLANTATION CROP

11.1 Ownership

Subject to clause 16, the Owner acknowledges and agrees with the Lessee that for so long as this Lease has not been terminated for non-payment of Annual Rent under clause 9.1 and the Lessee continues to pay the instalments of Annual Rent, the Plantation Crop and any rights, benefits and credits derived from the Plantation Crop will be and will remain the property of the Lessee (or any other person or entity deriving title to the Plantation Crop through the Lessee) for the period referred to in clause 11.3.

11.2 Additional rights

The Owner hereby transfers and grants to the Lessee the following rights in addition to the other rights granted to the Lessee under this Lease:

- (a) to establish, tend and manage the Plantation Crop;

- (b) to enter upon the Leased Area with or without vehicles and, to the exclusion of the Owner and all other persons, to harvest the Plantation Crop and remove and sell the products and any rights, benefits and credits derived from the Plantation Crop; and
- (c) to exercise and enjoy such of the rights and powers granted to the Lessee under this Lease as may be necessary to enable the Lessee to exercise the rights referred to in paragraphs (a) and (b) above.

11.3 Independent proprietary interest

- (a) The rights and interests granted to the Lessee under clauses 11.1 and 11.2 constitute an independent and severable grant of a proprietary interest in the Leased Area by the Owner to the Lessee.
- (b) In the event that the Term or the leasehold interest of the Lessee under this Lease:
 - (i) ends; or
 - (ii) is terminated (other than by effluxion of time or by the operation of clauses 3, 8 or 9); or
 - (iii) becomes void whether by reason of some act or default of the Owner or of the trustee in bankruptcy, receiver, receiver and manager, controller, administrator or liquidator of the Owner, or for any other reason whatsoever,

the rights and interests granted to the Lessee under clauses 11.1 and 11.2 shall, unless expressly surrendered by the Lessee, continue in full force and effect and may be exercised and enjoyed by the Lessee until the date on which the Term (as extended or renewed) would have ended by effluxion of time.

11.4 Tree Plantation Agreement

- (a) For the purposes of the Tree Plantation Agreement Act 2003, each clause of this document, including this clause 11.4 is deemed to be repeated and shall separately constitute a tree plantation agreement in addition to a lease in respect of the Leased Area ("Tree Plantation Agreement").
- (b) If so required by the Lessee, the Owner will:
 - (i) execute a separate instrument; and
 - (ii) produce or procure the production of the necessary consents and deeds,

to enable the Lessee to register this Tree Plantation Agreement.

12. DEALINGS

12.1 By the Owner

- (a) The Owner may sell, transfer, assign, lease, licence, mortgage, charge or otherwise dispose of or part with possession of or encumber the whole or any part of the Leased Area or the Owner's interest in the Leased Area or agree to do the same provided that the Owner first arranges (at the Owner's cost) for the other party or parties to the transaction to enter into a deed of covenant with the Lessee under which such party or parties agree to comply with and be bound by the provisions of this Lease as if such party or parties were named in this Lease in place of the Owner.
- (b) The Owner agrees with the Lessee that the Owner will not create any encumbrances over the Leased Area or any part thereof ranking in priority to the interests of the Lessee under this Lease.

12.2 By the Lessee

- (a) Grants of sub-lease or licence

Subject to clause 16 the Lessee may:

- (i) sub-lease or grant a licence to occupy the whole or any part of the Leased Area; or
- (ii) assign, transfer or deal with all or part of the Plantation Crop and all products, rights, benefits and credits derived from the Plantation Crop,

on such terms and conditions as the Lessee deems fit without having to obtain the consent of the Owner but no such sub-lease, licence or other dealing shall relieve the Lessee from any obligations under this Lease.

- (b) Assignment or transfer

Subject to clause 12.2(a) the Lessee may with the consent of the Owner (which consent must not be unreasonably withheld) assign or transfer this Lease upon the Lessee arranging (at the Lessee's cost) for the assignee to enter into a deed of covenant with the Owner under which the assignee agrees to comply with and be bound by the provisions of this Lease as if the assignee were named in this Lease in the place of the Lessee.

- (c) Ceasing to be responsible entity

The Owner covenants and agrees that, notwithstanding anything to the contrary express or implied in this Lease, if for any reason whatsoever the Lessee ceases to be the responsible entity under the constitution of any of the Timbercorp eucalypts/timberlot/forestry interest projects (as amended from time to time) ("the Constitution") the Owner will consent to the assignment of this Lease to any person fulfilling the position of responsible

entity under the Constitution for the time being, subject to the proposed assignee assuming all of the obligations of the Lessee under this Lease.

13. MINING AND PETROLEUM ACTIVITIES

13.1 Definitions

In this part, the following expressions have the following meanings:

Mining Activities means all activities that may be carried out pursuant to a Mining Tenement.

Mining Tenement means any right or title available under the Mining Act 1978 and includes a permit to enter on private land.

Petroleum Activities means all activities that may be carried out pursuant to a Petroleum Title.

Petroleum Title means any right or title available under the Petroleum Act 1967 and includes a permit to enter on private land.

13.2 Application for Mining Tenement or Petroleum Title

If any person applies for a Mining Tenement or a Petroleum Title over any part of the Leased Area, then the following provisions apply:

- (a) the Owner must promptly notify the Lessee;
- (b) neither the Owner nor the Lessee shall consent to the application or do any act or thing that may assist the grant of the application without the prior written consent of the other Party;
- (c) the Lessee will be entitled to object to or resist the application or to restrict the scope of the rights to be obtained by virtue of the grant of the application, to the fullest extent permitted by law;
- (d) for the purpose of giving full effect to paragraph (c) above, the Owner must sign such documents as the Lessee may require, and the Lessee will be entitled to take such proceedings in the name of the Owner as the Lessee considers appropriate;
- (e) the Owner hereby appoints the Lessee its lawful attorney to execute the documents and to do the things referred to in paragraph (d) above.

13.3 Grant of Mining Tenement or Petroleum Title

If a Mining Tenement or a Petroleum Title is granted over any part of the Leased Area, then the following provisions apply:

- (a) the Owner must keep the Lessee informed as to the Mining Activities or Petroleum Activities carried out upon the Leased Area, and must forward

copies of all communications with the persons carrying out or proposing to carry out such activities;

- (b) the Owner must not consent to any use of water, felling of trees, stripping of bark or cutting of timber on the Leased Area;
- (c) if any compensation becomes payable by virtue of or in respect of Mining Activities or Petroleum Activities on the Leased Area, then the Owner and the Lessee will be entitled to compensation according to their respective interests in the area affected by those activities. The Owner and the Lessee will each be responsible for negotiating and recovering such compensation.

14. GENERAL

14.1 Warranties

The Owner represents and warrants that it is the registered proprietor of the Leased Area and that it is entitled to grant this Lease to the Lessee.

14.2 Costs

- (a) Each party must pay its own costs of and incidental to the preparation of this Lease.
- (b) The Lessee agrees to pay all stamp duty and registration fees payable on this Lease.

14.3 Further assurances

Each party agrees to sign such documents and do all such acts, matters and things as may be reasonably required by the other party to give effect to this Lease.

14.4 Voiding insurances

Each party agrees that it will not do or permit or suffer to be done any act, matter or thing which it knows or reasonably should know may prejudice or render void or voidable any insurances in respect of the Leased Area or the Plantation Crop or result in the premiums for such insurances being increased.

14.5 Transfer of Land Act

To the extent permitted by law, all provisions implied in leases by the Transfer of Land Act 1893 are expressly excluded from this Lease.

14.6 Property Law Act

The provisions of sections 80 and 82 of the Property Law Act 1969 do not apply to this Lease.

14.7 No partnership

Nothing contained in this Lease constitutes any party the partner or agent of any other party and each party agrees that it will not hold itself out as the partner or agent

of the other party. Subject to clause 12.2, this Lease is not for the benefit of any person not a party to this Lease and will not be deemed to give any right or remedy to any such person.

14.8 Waivers

No waiver by a party of any breach of this Lease will be deemed a waiver of any preceding or succeeding breach of this Lease.

14.9 Proper law

This Lease is governed by and construed in accordance with the laws of the State of Western Australia and the parties submit to the jurisdiction of the courts of that State.

14.10 Severability

If any provision or part of a provision of this Lease is or becomes void or unenforceable, that provision or part of a provision will be severed from this Lease to the intent that the remaining provisions of this Lease will continue in full force and effect.

14.11 Parties may act through agents

All rights granted to a party and all obligations imposed on a party under this Lease may be enjoyed or performed (as the case may be) by that party's employees, agents and contractors.

14.12 Approval of Planning Commission

This Lease is subject to and conditional upon the approval (if required) of this Lease by the Western Australian Planning Commission under section 138 of the Planning and Development Act 2005 within 12 months after the date of execution of this Lease.

14.13 Special Clauses

The Special Conditions (if any) set out on the front cover of this lease shall be deemed to be incorporated in and form a part of this Lease. If any of the Special Conditions are inconsistent with or ambiguous to the terms of this Lease, the Special Conditions shall prevail over the terms of this Lease to the extent of such inconsistency or ambiguity.

15. NOTICES

All notices, consents, approvals and other communications required or authorised to be given under this Lease ("notices") must be in writing and may be personally delivered or sent by pre-paid post or facsimile to the addressee's address specified in this Lease or such other address as the addressee may have notified from time to time. A notice will be deemed to be received:

- (a) if personally delivered, upon receipt;
- (b) if sent by pre-paid post within Australia, on the third day after posting;

- (c) if sent by pre-paid post outside Australia, on the seventh day after posting; and
- (d) if sent by facsimile, upon production of a successful transmission report by the sender's facsimile machine.

16. CARBON CREDITS

16.1 Creation of Carbon Rights

The Owner agrees to the carbon rights being created in respect of the Leased Area ("Carbon Rights") and will execute all documents and so all such things necessary to enable the creation (and registration) of the Carbon Rights.

16.2 Consolidation of Carbon Credits

The Owner and the Lessee agree to consolidate each of their respective entitlement to any Carbon Credits associated with the Plantation Crop during the term of this Lease (joint carbon credits).

16.3 Sale of Carbon Credits

The Owner hereby appoints the Lessee as its agent to sell or otherwise trade or turn to account its share of the joint carbon credits on such terms and conditions as the Lessee may, in its absolute discretion, determine.

16.4 Division of Proceeds of Sale of Carbon Credits

The Parties agree that the Owner and the Lessee will be entitled to any proceeds derived from the joint carbon credits, after deducting from those proceeds any costs of selling, trading or turning to account the joint carbon credits and retaining such allowance for actual, prospective and contingent carbon debits or offsets as the Lessee in its absolute discretion determines, in the following proportions:

- (a) one third to the Owner; and
- (b) two thirds to the Lessee.

For the purposes of this clause, the Parties authorise the Lessee to deduct any costs of selling, trading or turning to account the joint carbon credits and to retain such allowance for actual, prospective and contingent carbon debits or offsets as the Lessee in its absolute discretion determines.

17. GOODS AND SERVICES TAX

- (a) If any supply made by a party (**Supplier**) to the other (**Recipient**) under this Lease 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 (**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 Deed, 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

- (c) The GST payable under sub clause (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 Lease.
- (d) The right of a Supplier to payment under this clause 17 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 a claim under or in connection with this Lease, 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 sub clause (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 Lease, 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 Lease 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, including a reduced input tax credit or an adjusted input tax credit.
- (h) If a party has a claim under or in connection with this Lease 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.
- (i) In this clause 17, GST Law means the same as in the A New Tax System (Goods and Services Tax) Act 1999 (as amended).

ANNEXURE - FORM OF MORTGAGEE'S CONSENT (Clause 3.1(c))

The COMMONWEALTH BANK OF AUSTRALIA (ABN 48 123 123 124) of 150 St George's Terrace Perth Western Australia ("Mortgagee") being the mortgagee named in Mortgage No. J979190 registered against the Leased Area ("Mortgage") hereby consent(s) to the grant to Timbercorp Securities Limited (ACN 092 311 469) ("Lessee") of the within Lease and to the grant of the various other rights over the Leased Area and the neighbouring land owned or occupied by the Owner as set out in the within Lease and agrees that:

- (a) the Owner may create Carbon Rights over the Leased Area and consents to such creation;
- (b) the Plantation Crop and any rights, benefits and credits derived from the Plantation Crop will be and shall remain the property of the Lessee or any other person or entity that derives title to the Plantation Crop through the Lessee;
- (c) the Mortgagee will at the Lessee's request (and at the Lessee's cost) produce the duplicate certificate(s) of title relating to the Leased Area at the Landgate, Midland to enable the within Lease and the Carbon Rights to be registered;
- (d) the Mortgagee will at the Lessee's request (and at the Lessee's cost) provide to the Lessee a deed releasing the Plantation Crop and the products, rights, benefits and credits derived from the Plantation Crop from the Mortgages;
- (e) the Mortgagee will, in the event of the exercise of the power of sale or any other power or remedy of the Mortgagee on default under either or both of the Mortgages, exercise the same subject to the rights of the Lessee under the within Lease; and
- (f) the Mortgagee will not assign either or both of the Mortgages or any rights under those Mortgages without first arranging for the assignee to enter into a deed of covenant with the Lessee under which the assignee agrees to comply with and be bound by the provisions of this mortgagee's consent as if named in this mortgagee's consent in the place of the Mortgagee.

Except as provided in this mortgagee's consent, this mortgagee's consent shall be without prejudice to the rights, powers and remedies set out in the Mortgages.

In this mortgagee's consent:

- 1. references to the "Lessee" and to the "Mortgagee" shall include their respective successors and assigns; and
- 2. words and expressions defined in the within Lease shall have the same meaning when used in this mortgagee's consent.

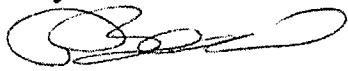
Executed as a deed.


Dated this 27 day of OCTOBER 2008.

[EXECUTION BY MORTGAGEE]

Travis Edmonds

SIGNED BY.....
The Attorney of
COMMONWEALTH BANK OF AUSTRALIA
ACN 123 123 124 and signed as Attorney on
behalf of the said bank in the presence of
Phyllis Bobridge..... An Officer of the said Bank

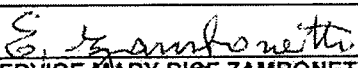


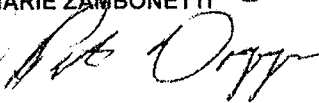
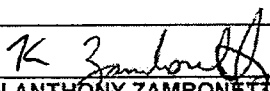

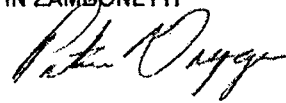



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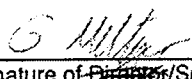

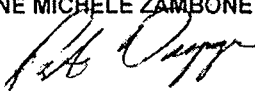
ATTESTATION SHEET

Dated this	27	day of	October	Year 2008
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LESSOR/S SIGN HERE (Note 10)

<p>Signed: <u></u> EDVIGE MARY BICE ZAMBONETTI</p> <p>In the presence of: <u></u></p> <p>Witness Signature:</p> <p>Witness Name : Ronald Peter Drygan</p> <p>Witness address : 323 Dempster Road KALGAN WA 6330 Senior Manager, Land</p> <p>Witness occupation :</p> <p>Signed: <u></u> ANGELA MARIE ZAMBONETTI</p> <p>In the presence of: <u></u></p> <p>Witness Signature:</p> <p>Witness Name : Ronald Peter Drygan</p> <p>Witness address : 323 Dempster Road KALGAN WA 6330 Senior Manager, Land</p> <p>Witness occupation :</p>	<p>Signed: <u></u> KEN ANTHONY ZAMBONETTI</p> <p>In the presence of :</p> <p>Witness Signature:</p> <p>Witness Name : Ronald Peter Drygan</p> <p>Witness address : 323 Dempster Road KALGAN WA 6330 Senior Manager, Land</p> <p>Witness occupation</p> <p>Signed: <u></u> EDWIN JOHN ZAMBONETTI</p> <p>In the presence of : <u></u></p> <p>Witness Signature:</p> <p>Witness Name : Ronald Peter Drygan</p> <p>Witness address : 323 Dempster Road KALGAN WA 6330 Senior Manager, Land</p> <p>Witness occupation :</p>
--	--

LESSEE/S SIGN HERE (Note 10)

<p>Executed by TIMBERCORP SECURITIES LIMITED A.C.N. 092 311 469 in accordance with Section 127 of the Corporations Act</p> <p style="text-align: center;"><u></u></p> <p>Signature of Director</p> <p style="text-align: center;">Sol Charles Rabinowicz</p> <p>Print name of Director</p> <p style="text-align: center;"><u></u></p> <p>Signature of Director/Secretary*</p> <p style="text-align: center;">Gideon Meltzer</p> <p>Print name of Director/Secretary*</p> <p>* Delete whichever does not apply</p>	<p>ADDITIONAL LESSEE SIGNATURE</p> <p>Signed: <u></u> CHRISTINE MICHELE ZAMBONETTI</p> <p>In the presence of: <u></u></p> <p>Witness Signature:</p> <p>Witness Name : Ronald Peter Drygan</p> <p>Witness address : 323 Dempster Road KALGAN WA 6330 Senior Manager, Land</p> <p>Witness occupation :</p>
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INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet, Form B1, should be used with appropriate headings. The boxed sections should only contain the words "see page ..."
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by the parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the persons signing this document and their witnesses.
4. Where issued, the Duplicate Certificate of Title is required to be produced or if held by another party then arrangements must be made for its production.

NOTES

1. DESCRIPTION OF LAND

Lot and Diagram/Plan/Strata/Survey-Strata Plan number or Location name and number to be stated.

Extent - Whole, part or balance of the land comprised in the Certificate of Title to be stated. If part, define by recital and/or sketch.

The Volume and Folio number to be stated.

2. LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS

In this panel show (subject to the next paragraph) those Limitations, interests, encumbrances and notifications affecting the land being leased that are recorded on the certificate(s) of title:

- (a) In the Second Schedule; or
- (b) If no Second Schedule, that are encumbrances; (unless to be removed by action or document before registration hereof).

Do not show any:

- (a) Easement Benefits or Restrictive/Covenant Benefits; or
- (b) Subsidiary interests or changes affecting a limitation, etc, that is to be entered in the panel (eg, if a mortgage is shown, do not show any partial discharges or any document affecting either).

The documents shown are to be identified by nature and number. The plan/diagram encumbrances shown are to be identified by nature and plan/diagram number. Strata/survey-strata plan encumbrances are to be described as "interests on strata/survey-strata plan". If none show "nil".

3. LESSOR

State the full name of the Lessor/Lessors (REGISTERED PROPRIETOR) as shown in certificate of title and the address/addresses to which future notices can be sent.

4. LESSEE

State full name of the Lessee/Lessees and the address/addresses to which future notices can be sent. If two or more state tenancy e.g. Joint Tenants, Tenants in Common. If Tenants in Common specify shares.

5. TERM OF LEASE

Must exceed 3 years. Term to be stated in years, months and days or as the case may be. Commencement date to be stated. Options to renew to be shown.

6. RECITE ANY EASEMENTS TO BE CREATED

Here set forth any Easements to be created as appurtenant to the lease commencing with the words "together with" and/or any Reservations hereby created encumbering the lease commencing with the words "reserving to".

7. State amount in figures.

8. State term of payment.

9. Insert any Covenants required.

10. LESSOR/LESSEE EXECUTION

A separate attestation is required for every person signing this document. Each signature should be separately witnessed by an Adult Person. The address and occupation of the witness must be stated.

EXAMINED

OFFICE USE ONLY

Registered as
K 762094

LEASE

LODGED BY	Williams & Hughes
ADDRESS	25 Richardson Street WEST PERTH
PHONE No.	(08) 9481 2040
FAX No	(08) 9481 2041
REFERENCE No.	RM:19506 (Zambonetti B512 Treefarm)
ISSUING BOX No.	139

PREPARED BY	Williams & Hughes
ADDRESS	25 Richardson Street WEST PERTH
PHONE No.	(08) 9481 2040
FAX No.	(08) 9481 2041

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO OTHER THAN LODGING PARTY.

TITLES, LEASES, DECLARATIONS ETC. LODGED HEREWITH

1.	_____	Received Items
2.	_____	Nos.
3.	_____	
4.	_____	
5.	_____	
6.	_____	Receiving Clerk

Registered pursuant to the provisions of the TRANSFER OF LAND ACT 1893 as amended on the day and time shown above and particulars entered in the Register.

**2007/2008 Timbercorp (Single Payment) Timberlot
Project**

**Agreement for Sub-Lease
[Post 30 June Growers]**

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 Agreement for Sub-Lease

Date of the Agreement:

In respect of each several Grower means the date on which Timbercorp Securities has accepted the Grower's application for Timberlots offered under the Product Disclosure Statement.

Parties to the Agreement:

1. **TIMBERCORP SECURITIES LIMITED**
ACN 092 311 469
Level 8, 461 Bourke Street
Melbourne Victoria 3000
(Timbercorp Securities)
2. The Grower named in Schedule 1 to this Agreement
(Grower)

Background to the Agreement

- A. The relevant Grower wishes to plant, tend and maintain a plantation of eucalyptus trees on the relevant Timberlots for commercial wood production.
- B. Timbercorp Securities has expertise in relation to the management of eucalyptus plantations.
- C. The relevant Grower has engaged Timbercorp Securities under the Management Agreement to carry out all such plantation services as are required to plant, tend, maintain and harvest a plantation of eucalyptus trees on the relevant Timberlots in accordance with a management plan and then to sell the Wood on behalf of the relevant Grower.
- D. Timbercorp Securities has identified land that will be suitable for the establishment of a plantation of eucalypt trees for the purposes of the Project and, subject to the terms and conditions of this Agreement, it will negotiate, and enter into, a Head Lease of such land, and then sub-lease a Timberlot to the relevant Grower.
- E. Timbercorp Securities must arrange for the relevant Grower to enter into a Sub-Lease in sufficient time for it to perform the Establishment Services and Planting Services under the Management Agreement within the Initial 12-month Establishment Period.

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 out opposite each of them:

ASIC:	the Australian Securities and Investments Commission.
Attorney:	the person appointed as the Grower's attorney under clause 5.1.
Business Day:	a day other than a Saturday, Sunday or a public holiday on which all trading banks are open for general banking business in Melbourne, Victoria.
Commencement Date:	the date of this Agreement.
Constitution:	the Constitution entered into by Timbercorp Securities as responsible entity and the Growers and which governs the Project.
Corporations Act:	the <i>Corporations Act 2001</i> of the Commonwealth of Australia.
Establishment Services:	has the meaning given to that term in the Management Agreement.
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 several person (or if more than one person, those persons jointly) who is named or otherwise described Schedule 1.
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 the GST Law.
Head Lease:	the deed made between Timbercorp Securities, in its personal capacity (as lessee or sub-lessee as the case may be) and the person listed as the proprietor (as lessor or sub-lessor as the case may be) whereby Timbercorp Securities has been, or will be, granted a lease or sub-lease over the Plantation.
Initial 12-month Establishment Period:	has the meaning given to that term in the Constitution.
Management Agreement:	the agreement of the same date for the carrying out of certain plantation services on the relevant Timberlots and on the relevant Plantation between each several Grower and Timbercorp Securities, in its personal capacity.
Plantation:	the pieces of land over which Timbercorp Securities obtains

	leases or sub-leases and which will be specified in the Sub-Lease.
Planting Services:	has the meaning given to that term in the Management Agreement.
Power of Attorney:	the power of attorney granted under clause 5.1.
Proceeds:	has the same meaning as in the Constitution.
Product Disclosure Statement:	the product disclosure statement or other disclosure document inviting applications or offers to subscribe for Timberlots in the Project.
Project:	the 2007/2008 Timbercorp (Single Payment) Timberlot Project.
relevant Plantation:	the Plantation which contains a relevant Timberlot.
relevant Timberlots:	the Timberlot or Timberlots of an area of approximately 0.33 hectares on the Plantation that is the subject of the Head Lease to which the relevant Grower is entitled under the provisions of the Sub-Lease.
Sub-Lease:	the sub-lease to be entered into on behalf of a Grower in accordance with the terms and conditions of this Agreement.
Term:	the term of this Agreement as set out in clause 6.1.

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;
- (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 permitted assigns and transferees;
- (g) a reference to a gender includes the other genders;
- (h) a reference to a clause, recital or schedule is to a clause, recital or schedule in or to this Agreement;
- (i) if a party comprises two or more persons, this Agreement binds them jointly and each of them severally unless a contrary intention is expressed in the Agreement;
- (j) if any of the persons comprising the Grower is a trustee, this Agreement binds that person in its capacity as a trustee and personally; and
- (k) the word "**include**" or "**includes**" is to be read as if the expression "**(but is not limited to)**" immediately followed such word and the word "**including**" is to be

read as if the expression "(but not limited to)" immediately followed such word.

1.2 Headings

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

1.3 Grower and Agreement

- (a) The term "**Grower**" in this Agreement is a reference to the particular Grower accepted into the Project on or after 1 July 2007 and on or before 30 June 2008 and named in the Schedule to this Agreement, in respect of the Timberlots that have been allotted to them.
- (b) The term "**Growers**" in this Agreement is a reference to all Growers accepted into the Project on or after 1 July 2007 and on or before 30 June 2008 and that hold Timberlots in the Project and according to the context, the term "**Growers**" may also include the Grower.
- (c) This Agreement is entered into in respect of the Grower's Timberlots referred to in Schedule 1 and, must be read as if it were a separate Agreement on the terms and conditions of this Agreement in respect of each Timberlot held by the Grower.

1.4 Capacity of Timbercorp Securities

Timbercorp Securities enters into this Agreement in its personal capacity.

1.5 Agreement for Sub-Lease is not Scheme Property

This Agreement does not form part of "Scheme Property", as defined in section 9 of the Corporations Act, of the Project.

2. CONSTITUTION

The rights and obligations of the parties under this Agreement are subject to the terms and conditions of the Constitution.

3. CONDITION PRECEDENT

This Agreement is subject to, and conditional on, the Grower entering into the Management Agreement with Timbercorp Securities on or before the Commencement Date.

4. ARRANGE SUB-LEASE

4.1 Acknowledgments

Timbercorp Securities acknowledges that it has identified and is continuing to identify land that meets, or will meet the land selection criteria described in the Independent Forester's Report reproduced in the Product Disclosure Statement.

4.2 Arrange Sub-Lease in Sufficient Time

In consideration for the Grower entering into the Management Agreement, Timbercorp Securities agrees that it will in sufficient time for it to perform the Establishment Services and Plantation Services under the Management Agreement within the Initial 12-month

Establishment Period, and arrange for the Attorney to enter into a sub-lease of a Timberlot as attorney for the Grower.

4.3 Terms and Conditions of Sub-Lease

The terms and conditions of the Sub-Lease must in all respects contain terms and conditions that are substantially the same as the sub-lease attached as Third Schedule to the Constitution for "Post 30 June Growers", subject to any variations arising from differences in laws and practice in Western Australia, Victoria or South Australia.

4.4 Date of Sub-Lease

The Sub-Lease will be dated as of the day on which it is executed.

5. ENTRY INTO SUB-LEASE

5.1 Grower Accepts Sub-Lease

The Grower agrees to lease the Timberlots under the Sub-Lease arranged by Timbercorp Securities under this Agreement and irrevocably appoints Timbercorp Securities, as its attorney to enter into any Sub-Lease arranged by Timbercorp Securities under this Agreement.

5.2 Timbercorp Securities' Obligations Before Execution

Immediately before arranging for execution of the Sub-Lease, Timbercorp Securities must be satisfied that:

- (a) the Head Lease is valid and subsisting;
 - (b) it is entitled under the Head Lease to grant the Sub-Lease to the relevant Grower;
 - (c) any consents which may be required to the granting of the Sub-Lease (other than those which are conditions subsequent to the granting of the Sub-Lease) have been obtained; and
 - (d) the Timberlots the subject of the Sub-Lease are not subject to any encumbrance or restriction which detrimentally affects the Grower's interest, other than those already disclosed in the Product Disclosure Statement.
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6. TERM

6.1 Term of Agreement

- (a) This Agreement will commence on the Commencement Date.
- (b) Subject to clauses 6.2 and 6.3, this Agreement will continue until the earlier of:
 - (i) the grant of the Sub-Lease to the Grower; and
 - (ii) termination of the Project.

6.2 Termination for Default by Grower

The Grower may terminate this Agreement with immediate effect if Timbercorp Securities commits a material breach of this Agreement and fails to remedy the breach or make reasonable compensation in money within 30 days after the Grower has served a written notice requiring it to remedy the breach.

6.3 Termination for Default by Timbercorp Securities

Timbercorp Securities may terminate this Agreement with immediate effect if the Grower commits a material breach of this Agreement and fails to remedy the breach or make reasonable compensation in money within 30 days after it has served a written notice on the Grower requiring the Grower to remedy the breach.

7. ASSIGNMENT

- (a) Timbercorp Securities may not assign or otherwise dispose of its rights or obligations under this Agreement without first obtaining a deed of covenant by the proposed assignee or person who receives the disposal (the "**Grantee**") containing a covenant by the Grantee in favour of the Grower that the Grantee will at all times during the Term observe and perform all or any of the covenants contained or implied in this Agreement to be observed or performed by Timbercorp Securities.
 - (b) All costs associated with the preparation, completion and stamping of any instrument required pursuant to paragraph 7(a) must be paid by Timbercorp Securities or the Grantee, and the Grower must not be required to contribute in any way to such costs.
 - (c) The Grower may only transfer, mortgage, assign or otherwise dispose of this Agreement or any of its rights or interests under it in accordance with the provisions of the Constitution.
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8. GOODS AND SERVICES TAX

- (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 8(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 8(b).
- (f) If a Government Agency 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 Government Agency 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.

9. LIMITATION OF LIABILITY OF GROWER

Despite anything else contained in this Agreement, the liability of the Grower is absolutely limited to the rent payable under the Sub-Lease, the fees and costs paid or payable to Timbercorp Securities under the Management Agreement and the Constitution and to any Proceeds to which the Grower is entitled.

10. PROPER LAW

This Agreement is governed by and to be interpreted 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.

11. AMENDMENTS

- (a) This Agreement may be amended by another document in writing and duly signed by the parties to this Agreement.
- (b) Subject to paragraph 11(c), Timbercorp Securities may amend the provisions of this Agreement to such extent as may be required to:
 - (i) satisfy the requirements of any statute, ordinance, rule, regulation or by-law which may be passed and which affects the Project;
 - (ii) comply with the effect of any judicial decision; or
 - (iii) enable the provisions of this Agreement, or the Project, to be more conveniently, advantageously, profitably or economically administered or managed.
- (c) Before amending the provisions of this Agreement under paragraph 11(b), Timbercorp Securities must be reasonably satisfied that the amendment does not adversely affect the rights of Growers.
- (d) Timbercorp Securities may make the amendments under paragraph 11(b) on behalf of itself, and then on behalf of the Growers. To give effect to this clause 11, each of the Growers appoints Timbercorp Securities as its attorney to make amendments to this Agreement.

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- (e) If Timbercorp Securities cannot be satisfied that it can make the amendments in accordance with paragraph 11(c), then amendments may only be made in accordance with paragraph 11(a).
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12. DISPUTES

If a dispute arises under this Agreement between any parties it must be referred for resolution under the dispute resolution provisions of the Constitution.

13. NOTICE

13.1 Form of Notice

Any notice to be given under or in connection with this Agreement must 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.

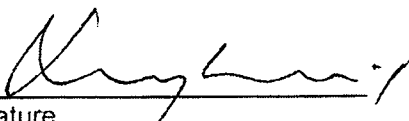
13.2 Receipt of Notice

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.
-

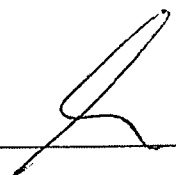
Executed as an Agreement

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



Signature
John Morton Vaughan

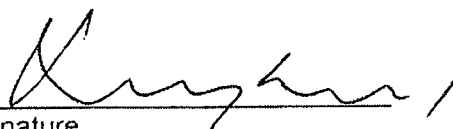
Full Name
Director



Signature
Mark Hamilton Pryn

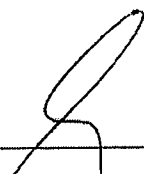
Full Name
~~Director~~ Secretary

EXECUTED by TIMBERCORP
SECURITIES LIMITED as agent
and attorney for and on behalf of
each several grower in
accordance with section 127 of
the Corporations Act:



Signature
John Morton Vaughan

Full Name
Director



Signature
Mark Hamilton Pryn

Full Name
~~Director~~ Secretary

SCHEDULE 1

Grower Details

Name:

Address:

Contact Phone No:

Contact Fax No:

Contact Email Address:

Date Application Accepted: