

Wood Supply Agreement

Eden Management Area

SOUTH EAST FIBRE EXPORTS PTY LTD
AND
THE FORESTRY CORPORATION OF NSW

Regrowth Forest and
Plantation Hardwood
Pulp Logs

June 2018



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THIS AGREEMENT is made the 29th day of June 2018.

1. PARTIES

1.1 THE FORESTRY CORPORATION OF NSW, a statutory State-owned corporation constituted by the Forestry Act, 2012 ("FCNSW")

1.2 SOUTH EAST FIBRE EXPORTS PTY LTD (ABN. 85 000604795) ("Company")

2. RECITALS

2.1 The Company FCNSW and the State of NSW entered into an agreement on 5 March 1999 (the Existing Agreement) under which FCNSW agreed to supply pulpwood timber to the Company for 20 years from 1 January 1999 from the Eden Management Area. During the term of the Existing Agreement a practice developed under which FCNSW made available part of its annual supply from FCNSW's South Coast Region ("the South Coast Supply").

2.2 The Existing Agreement made provision for a further agreement upon its expiration. This Agreement is the further agreement for the purposes of the Existing Agreement except that the parties propose to negotiate a separate agreement in relation to the South Coast Supply.

3 DEFINITIONS AND INTERPRETATION

3.1 In this Agreement unless inconsistent with the context or subject matter -

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

"Allocation 1" for a Year means a quantity of Timber comprised of the types of Timber identified in the Specifications as being Allocation 1 Timber and being the quantity determined for that Year in accordance with clauses 6.2 and 6.3, as that quantity may be amended in accordance with clause 9.1;

"Allocation 2 Timber" means Timber, the Specifications of which are to be determined in accordance with clause 6.6;

"Area of Supply" means the Eden Management Area;

"BDMT" means Bone Dry Metric Tonne.

"Business" means the manufacture by the Company of woodchips from pulpwood timber and the disposal of residues from such operations;

"Business Days" means the days Monday to Friday inclusive but excluding Public Holidays and rostered days off;

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

"Chipmill" means the chipmill at Jews head, Eden, NSW;

"Code of Procedure" means the Code of Procedure set out as Schedule 8;



"Commencement Date" means the date set out in **Item 1 of Schedule 1**;

"Compartment" means an identified administrative area from which FCNSW will make a supply of Timber available to the Company in accordance with a Harvesting Plan;

"Contract Harvesting" means the felling, extraction, sorting, processing, grading, loading, hauling, and delivery of Timber and ancillary works including roading, tracking, log dump construction and site rehabilitation by a Contractor engaged by FCNSW;

"Contract Harvesting Date" means the date FCNSW intends to commence Contract Harvesting part or whole of the Allocation 1;

"Contractor" includes servants and agents of that contractor;

"Delivered Cost" means either:

- (a) in the case of timber being made available by FCNSW issuing licenses under the Act to the Company: - the total of the Stumpage Prices payable on the timber taken and the Company's costs and expenses of harvesting and hauling the timber to the Chipmill; or
- (b) in the case of timber being made available by FCNSW carrying out Contract Harvesting: - the Delivered Prices for the timber.

"Delivered Price" means the prices payable for Timber delivered to the Company, in the course of FCNSW conducting Contract Harvesting determined in accordance with **clauses 14.2, 15 and 16**.

"Delivery Charge" has the meaning set out in clause 7 of **Schedule 6** and as calculated in accordance with **Schedule 7**;

"Eden Management Area" means the area identified as the Eden Management Area on the map annexed as **Schedule 2**;

"Existing Agreement" means the agreement between the Company, the State of NSW and FCNSW dated 5 March 1999 under which FCNSW agreed to supply pulpwood timber to the Company for 20 years from 1 January 1999 from the Eden Management Area.

"Force Majeure" means

- (i) an event (other than the payment of money) arising from an act of God, industrial dispute, act or omission of government or government department or instrumentality, war, sabotage, riot, civil disobedience, epidemic, disease, fire, explosion, failure of power supply, accident, natural disaster, calamity or unlawful act by other person, or any similar cause which prevents a party from performing its obligations (in whole or in part) under this Agreement;
- (ii) the expiration of the Regional Forest Agreement signed 26 August 1999 between the State and Commonwealth of Australia without a renewal of that agreement or other arrangement that allows forestry operations in the Area of



Supply without approval under the Environment Protection and Biodiversity Conservation Act;

- (iii) The Chipmill and/or associated infrastructure is damaged or destroyed by fire or other calamity;
- (iv) the continuance of the production of woodchips in an economic manner is rendered impossible by any cause beyond control of the Company for a period of 6 months or more; or
- (v) by reason of war, strike, lockout or action in the nature of a strike or lockout, the Company is prevented from obtaining timber under this Agreement
- (vi) the Company is unable to sell all or a significant part of the products it produces from Timber under this Agreement because of:
 - (a) a major collapse of the international market for hardwood chips;
 - (b) the provisions of any international treaty affecting the sale of hardwood chips; or
 - (c) an act of parliament or other government decision affecting the sale of hardwood chips; and
 - (d) the Company has demonstrated to the reasonable satisfaction of FCNSW that it has used its best endeavours to sell the said products or on-sell the Timber or otherwise mitigate the effects of the cause;
- (vii) in the case of FCNSW the inability to sell Sawlogs that are capable of arising from Integrated Harvesting from which Timber can be supplied under this Agreement;

"Integrated Supply" means the quantity of Timber which each Year is to be made available to the Company by FCNSW from Integrated Operations (other than Thinning Operations);

"Integrated Operation" and **"Integrated Harvesting"** means a harvesting operation in which two or more types of timber products are harvested and sorted into discrete categories to be supplied to more than one person;

"Log Dump" means a place nominated by FCNSW, where timber is stored and serviced prior to delivery to a sawmill or processing plant;

"Monthly Delivery Schedule" has the meaning given to that term in **Schedule 6**;

"Salvage" means the taking of windthrown timber or damaged timber, pushed over or felled for purposes other than timber harvesting, including road construction, powerline construction and extraction of forest materials;

"Sawlogs" means timber which are capable of being converted into sawn timber products;

"Specifications" means the Specifications for timber set out in **Schedule 3**;

"Stumpage Price" means the price for Timber taken by the Company under licence issued under the Act determined in accordance with **clause 15**;



“Stumpage Price Review Mechanism” means the Stumpage Price review process set out in **Schedule 4**;

“Term” means the duration of this Agreement;

“Thinning Operations” means the routine scheduled thinning of stands for the purpose of enhancing sawlog production in the stands;

“Thinning Supply” means the quantity of Timber which each Year is to be made available to the Company by FCNSW from Thinning Operations;

“Threshold Supply” for a Year means:

(a) For each of the first 10 Years from the Commencement Date: 120,000 Tonnes;

(b) For each Year thereafter: 75% of Allocation 1;

“Timber ” means that hardwood timber which meets the Specifications;

“Tonne” means one tonne of debarked logs as determined on an accredited weighbridge.

“Year” means the 12 month period commencing on 1 July.

3.2 In this Agreement unless the context requires otherwise;

3.2.1 a reference to the Act includes all amendments, regulations, rules, by-laws and proclamations under the Act;

3.2.2 words and phrases defined in the Act will have the same meanings attributed to those words and phrases in the Act unless the word or phrase is defined in this Agreement in which case the word or phrase will have the meaning attributed to it in this Agreement;

3.2.3 headings are for convenience only and do not affect the interpretation of this Agreement;

3.2.4 words importing the singular include the plural and vice versa;

3.2.5 words importing a gender include any gender;

3.2.6 a reference to a person includes a company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;

3.2.7 a reference to anything includes a part of that thing;

3.2.8 a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of and a party, annexure, exhibit or schedule to this Agreement;

3.2.9 a reference to a document includes all amendments or supplements or replacements or novations of that document;

3.2.10 a reference to a party to a document includes that party’s successors and permitted assigns;

3.2.11 no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this agreement or any part of it;

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- 3.2.12 a reference to dollars or \$ is a reference to the lawful currency of the Commonwealth of Australia.
- 3.2.13 a reference to the Minister is a reference to the Minister acting in his capacity as representative of the Crown in the right of the State of New South Wales but not as a statutory officer under the Act.
- 3.2.14 a reference to FCNSW making Timber available is a reference to making Timber available by either of the methods described in **clause 10**.
- 3.2.15 a reference to the Company taking Timber is a reference to the Company either taking Timber from Crown-timber land under licence or accepting delivery of Timber delivered by FCNSW to the Company in the course of FCNSW conducting Contract Harvesting.
- 3.2.16 a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether of the same or any other legislative authority having jurisdiction);

4. SCOPE OF AGREEMENT

- 4.1 From the Commencement Date FCNSW shall sell and the Company shall purchase timber at the prices provided for in **clause 14** upon the terms and conditions set forth in this Agreement.
- 4.2 The Existing Agreement is terminated on and from the Commencement Date.
- 4.3 The Company and FCNSW each hereby release and discharge the other together with the State of NSW from all liability in respect of any prior agreements or arrangements, in particular the Existing Agreement, relating to the supply of timber from the Area of Supply and from all actions, suits, causes of action, claims, demands, costs, charges and expenses whatsoever which either party now has or at any time hereafter may have or but for the execution of this Agreement could or might have had against them or any of them for or in respect of any breach of the provisions of any prior agreements or arrangements as aforesaid except to the extent the liability relates to Timber taken under the existing agreement but not paid for.

5. DURATION OF AGREEMENT

- 5.1 This Agreement shall commence on and shall remain in force for a term of 15 years from the Commencement Date unless sooner terminated or later extended in accordance with this Agreement.
- 5.2 FCNSW may at the request of the Company made by notice in writing to FCNSW negotiate with the Company for the purpose of extending the Term by 5 years. Subject to **clause 5.3** the Term may be extended by more than one 5-year extension.



5.3 A request to negotiate may be made by the Company not earlier than 6 years before and not later than 5 years before the end of the Term.

5.4 In the event of a request being made in pursuance of **Clause 5.2** FCNSW shall within three months from the date of the request notify the Company whether it will agree to negotiate with the Company for the purpose of extending the Term.

6. QUANTITIES

6.1 Each Year of this Agreement FCNSW must make Allocation 1 (or such lesser quantity as may be requested by the Company) available to the Company from the Area of Supply.

6.2 For each of the Years in the first 10 Years from the Commencement Date unless otherwise agreed Allocation 1 shall be that quantity nominated as Allocation 1 by the Company in writing provided the Company's nomination:

6.2.1 Must be provided prior to 30 March in the Year before the Year to which the nomination applies except in relation to the Year commencing on the Commencement Date where the parties acknowledge Allocation 1 shall be 200,000 Tonnes;

6.2.2 Must, subject to clause 6.2.3 be a quantity that is not less than 120,000 Tonnes and not greater than 200,000 Tonnes;

6.2.3 Must not, when aggregated with the Allocation 1 nominated for all the preceding Years exceed 1,600,000 Tonnes;

such that nothing in this Agreement requires FCNSW to make a quantity of the Timber that comprises Allocation 1 in excess of 1,600,000 Tonnes in the first 10 Years after the Commencement Date.

6.3 Allocation 1 for each Year of the remainder of the Term shall be 160,000 Tonnes unless amended in accordance with **clause 9.1**.

6.4 Nothing in this Agreement requires FCNSW to make Allocation 1 available in particular proportions of:

(a) the types of Timber comprising Allocation 1;

(b) Thinning Supply or Integrated Supply.

6.5 By no later than 31 May each Year FCNSW shall consult with the Company in relation to the proportions of Allocation 1 that it proposes to make available as Thinning Supply and Integrated Supply.

6.6 The Company may in addition to taking Allocation 1 in any Year take any Allocation 2 Timber up to a quantity of 40,000 Tonnes and arising in the course of its harvesting operations in relation to Allocation 1, subject to the parties reaching agreement on the Stumpage Price and Specifications for that Timber and the Allocation 2 Timber being brought into account in accordance with the Code of Procedure.



7. RIGHT TO SUPPLY FROM OUTSIDE THE AREA OF SUPPLY

FCNSW may make an Allocation, or any part thereof, available from any area ("the substituted area") outside the Area of Supply provided always that FCNSW must ensure that the Delivered Cost from the substituted area does not exceed the average Delivered Cost which would be payable if the timber made available was made available from within the Area of Supply.

8. PAYMENT FOR UNDERCUT

8.1 The Company shall be bound in each Year to either -

8.1.1 take not less than the Threshold Supply; or

8.1.2 if for reasons other than the default of FCNSW or Force Majeure it takes less than the Threshold Supply, to pay on demand an amount of money to FCNSW equal to the Stumpage Prices which would have been payable had the Company taken the Threshold Supply less the Stumpage Prices payable for the Timber taken by the Company in that Year provided:

(a) such payment to be made within 90 days after the demand;

(b) in calculating the amount payable it shall be assumed that the Thinning Supply was as specified in the Plan of Operations for that Year.

8.2 If before making a demand under **clause 8.1.2** FCNSW secures an alternative market for the Timber in relation to which it may make the demand, any payment received for the alternative sale (other than payment for the FCNSW's costs associated with harvesting and delivering the Timber) shall be offset against the amount FCNSW was otherwise entitled to demand.

8.3 If the Company, during the Year next following a Year in which the Company made a payment of an amount demanded under **clause 8.1**, takes more than the Threshold Supply (the excess being "the Excess Quantity"), then the Stumpage Prices payable on the Excess Quantity shall be reduced by the amount of money paid.

9. OTHER EFFECTS OF UNDERCUT

9.1 Where for reasons other than the default of FCNSW or Force Majeure the Company takes less than the Threshold Supply in each of any two consecutive Years after the first 10 Years from the Commencement Date, FCNSW may after consultation with the Company amend Allocation 1 by reducing it to the annual average of the quantity taken during those two Years.

9.2 If the Company takes less than the Threshold Supply for two consecutive Years on more than one occasion then FCNSW shall be entitled to Terminate the Agreement upon notice given in writing to the Company.



9.3 Subject to binding commitments of the Company in force on 1st January 1999, the Company must use its best endeavours to ensure that Timber made available under this Agreement is its first priority as its source of supply.

10. METHOD OF SUPPLY

10.1 FCNSW may issue licences under the Act enabling the Company to take Timber or it may elect to make Timber available by conducting Contract Harvesting operations or it may elect to do both.

10.2 The provisions of **Schedule 5** shall apply in relation to Timber made available to the Company by FCNSW issuing licences to the Company.

10.3 The provisions of **Schedule 6** shall apply in relation to Timber made available to the Company by FCNSW conducting Contract Harvesting.

11. CONTRACT HARVESTING

11.1 At any time during the Term FCNSW may elect to make any or all of the Allocation 1 available to the Company by Contract Harvesting.

11.2 If FCNSW intends to undertake Contract Harvesting it must, as soon as practicable after it forms the intention, give the Company written notice of its intention, the details of the extent of the prospective operations and when it intends to commence Contract Harvesting ("the Contract Harvesting Date") which in any event must be at least 2 years from the date of the notice.

11.3 The Company warrants that it has not at the date of this Agreement engaged a Contractor for the harvesting or haulage of Timber on terms that both extend into the Term and require 24 months or more notice to terminate the engagement.

11.4 After the execution of this Agreement the Company must not without first obtaining the written consent of FCNSW, engage the services of a Contractor to harvest or haul Timber to be made available under this Agreement, on terms which require 24 months or more notice to terminate the services. FCNSW may not unreasonably withhold consent if the proposed contract will not prejudice FCNSW's engagement of contractors to carry out Contract Harvesting to make the Allocation 1 available.

11.5 FCNSW may after consultation with the Company vary any Plan of Operations to take into account the introduction of Contract Harvesting operations and must where necessary or appropriate to do so submit any varied Plan of Operations to the Harvesting Approval Process for approval or endorsement. FCNSW must provide a copy of any Plan of Operations as varied to the Company as soon as reasonably practicable after it has been so approved or endorsed.



11.6 FCNSW may commence the Contract Harvesting operations at any date after the Contract Harvesting Date.

12. TITLE AND RISK

12.1 Ownership of the Timber taken by the Company will pass to the Company on payment for the Timber.

12.2 The risks of ownership of the Timber will pass to the Company when the Company takes delivery of it.

12.3 The Company will be deemed to have taken delivery of Timber:

12.3.1 if the Timber is harvested by the Company or a person engaged by the Company: - when the Timber has been felled;

12.3.2 if the Timber is harvested by Contract Harvesting: - when the Timber is delivered to the Delivery Site.

13. SPECIFICATIONS

13.1 FCNSW must make available or supply and the Company must take any timber which conforms with the Specifications and is within other requirements of this Agreement.

13.2 Subject to the Company's right specified in **Schedule 6** to object to timber delivered in the course of Contract Harvesting, Timber will be deemed to conform with the Specifications if the Company takes delivery of it.

13.3 If quantities of Timber which conform to the Specification, and which the Company is entitled to under this Agreement in a Year, are not available in the Year as a consequence of Force Majeure or in breach of this Agreement:

13.3.1 the Company and FCNSW must within a reasonable period of time confer with a view to exploring the possibility of the Company accepting timber from categories of logs which are not within the Specifications, in replacement of the quantities of Timber that are not available. FCNSW must give written notice to the Company as soon as practicable and in any event within 28 days of becoming aware of a likely shortage and will in the same notice provide an opportunity for the Company to meet with FCNSW and provide particulars of:

- (a) the extent and consequences of the shortage;
- (b) details of other timber which FCNSW can supply by way of replacement timber ("Replacement Timber"); and
- (c) the terms and conditions (including price) on which FCNSW would supply, or make available such Replacement Timber; and

13.3.2 The Company will not be entitled to claim any damages for breach against FCNSW unless both parties have in good faith made all reasonable endeavours to meet the Company's needs for Timber from Replacement Timber available from FCNSW but outside the scope of the Specifications.

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- 13.4 Replacement Timber supplied to the Company under the provisions of **clause 13.3** will be deemed to be Timber supplied under this Agreement.
- 13.5 At the request of the Company, FCNSW must consult with the Company with respect to the terms and conditions (including price) upon which FCNSW is prepared to supply or make available Replacement Timber.
- 13.6 The Company has no obligation to accept Replacement Timber on the terms proposed or at all.

14 PRICES

- 14.1 If FCNSW makes Timber available to the Company by issuing licences under the Act enabling the Company to take Timber the price payable for the Timber shall be the Stumpage Price for the Timber.
- 14.2 If FCNSW makes Timber available to the Company by delivering it to the Company in the course of Contract Harvesting the price payable for the Timber shall be the Delivered Price which shall be the total of:
- 14.2.1 the Stumpage Price; and
 - 14.2.2 the Delivery Charge;
- for the Timber involved.

15. STUMPAGE PRICES

- 15.1 There may be different Stumpage Prices for the Integrated Supply and the Thinnings Supply. The Stumpage Prices at the Commencement of this Agreement shall be the Stumpage Prices agreed between the parties and identified as those Stumpage Prices in a confidential document signed by both parties prior the date of this Agreement.
- 15.2 The parties must apply and comply with **Schedule 4** each Year, and Stumpage Prices must be reviewed and may be varied by agreement each Year.
- 15.3 The Parties must review the Stumpage Prices and Stumpage Price Review Mechanism:
- 15.3.1 In conjunction with any introduction of Contract Harvesting consistent with **clause 11**;
 - 15.3.2 If a major change in the Company's end-product sales occurs which results in the E52 product representing less than 80% of the total volume of end-products produced from the Timber under this Agreement,
 - 15.3.3 Before 1 April of 2023, 2028 and at five yearly intervals thereafter while the Wood Supply Agreement is in effect;
 - 15.3.4 In the circumstances referred to in **clause 27.1.3**;

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and negotiate in good faith to reach agreement on whether to amend the Stumpage Prices or amend or replace the Stumpage Price Review Mechanism.

16. DELIVERY CHARGES

16.1 If FCNSW makes Timber available to the Company by delivering it to the Company in the course of Contract Harvesting, Delivery Charges shall be established and varied in accordance with **Schedule 7**.

17. PAYMENT

17.1 Each calendar month FCNSW will issue an invoice, or at the option of FCNSW the Company will issue a Recipient Created Tax Invoice, for Timber taken by it in the previous calendar month.

17.2 The Company must pay any invoice by the end of the month of its issue.

17.3 If any amount of an invoice payable by the Company is not paid within the time specified by **Clause 17.2**, FCNSW may, without limiting the obligations of the Company or FCNSW's rights under **clauses 8 and 9**, after giving to the Company seven (7) days notice in writing of its intention to do so, suspend the Company's rights to Timber under this Agreement until payment has been made.

18. GOODS AND SERVICES TAX

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

18.2 The GST may be imposed on the Stumpage Prices and Delivery Charges for Timber made available under this Agreement.

18.3 If GST is or will be imposed on a supply made under this Agreement, the supplier may:
18.3.1 increase the consideration otherwise provided for that supply under this Agreement by the amount of that GST; or
18.3.2 otherwise recover from the recipient the amount of that GST.

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

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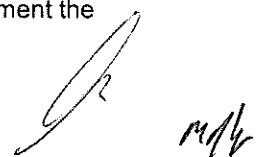
- 18.5 Costs required to be reimbursed or indemnified under this Agreement must exclude any amount in respect of GST included in the costs for which an entitlement arises to claim an input tax credit provided that the reimbursement or indemnification does not amount to consideration for a taxable supply.
- 18.6 If the consideration for a supply under this Agreement is calculated by reference to the consideration or value of other supplies, in performing that calculation, the consideration or value for those other supplies excludes any amount in respect of GST payable on those supplies.
- 18.7 In this clause:
- 18.7.1 **Adjustment Note** includes any document or record treated by the Commissioner of Taxation as an adjustment note or as enabling the claiming of an input tax credit for which an entitlement otherwise arises;
 - 18.7.2 **GST** includes any replacement or subsequent similar tax;
 - 18.7.3 **GST Act** means A New Tax System (Goods and Services Tax) Act 1999 (Cth);
 - 18.7.4 **New Tax System changes** has the same meaning as in the Trade Practices Act 1974 (Cth);
 - 18.7.5 **Tax Invoice** includes any document or record treated by the Commissioner of Taxation as a tax invoice or as enabling the claiming of an input tax credit for which an entitlement otherwise arises; and
 - 18.7.6 Terms defined in the GST Act have the same meaning in this clause unless provided otherwise.

19. COMPLIANCE

- 19.1 The Company must comply with:
- 19.1.1 the provisions of the Act;
 - 19.1.2 the Code of Procedure;
 - 19.1.2 conditions of licences issued to the Company under the Act;
 - 19.1.4 the Harvesting Plans; and
 - 19.1.5 the requirements of any person acting in the exercise of statutory powers (State or Commonwealth) enabling them to give directions in connection with or affecting the availability, taking, supply or delivery of Timber.
- 19.2 The Company must ensure that its respective agents, contractors or other persons under their respective control or direction comply with **clause 19.1**;

20. DETERMINATION OF QUANTITIES

- 20.1 The method of determination of the quantity of Timber upon which the price is payable under this Agreement will be as set out in the Code of Procedure. Either party may propose amendments to the Code of Procedure. If a party proposes an amendment the

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parties must as soon as practicable negotiate in good faith to reach agreement as to the amendment of the Code of Procedure. In default of agreement the Code of Procedure may be amended by FCNSW as may be considered necessary by FCNSW from time to time but FCNSW will consult with and take into account any comments of the Company before any amendments are effected or implemented.

- 20.2 Any determination by FCNSW to amend or not amend the Code of Procedure and the terms of any amendment must be made and conveyed to the Company in writing within a reasonable period after the conclusion of negotiations.
- 20.5 If the Company provides a weighbridge or other measuring device approved by FCNSW, the Company must maintain and verify the weighbridge or other device as required by the manufacturer's specifications.
- 20.6 FCNSW may from time to time undertake an independent verification of the operation and accuracy of the weighbridge or other device used in the measurement of Timber upon which the price is payable under this Agreement.

21. SALE OF TIMBER ETC TO OTHER PERSONS

- 21.1 Nothing in the Agreement shall affect the rights, powers and privileges acquired by any person (whether before or after the commencement of this Agreement) under the Act, or any other Act.
- 21.2 Subject to the rights of the Company under this Agreement to take Timber in the Area of Supply nothing in this Agreement shall restrict FCNSW' powers pursuant to the Act, including but not limited to the right to sell to any other company, person or persons or to issue licences to any other company, person or persons, to obtain timber of any kind, products or forest materials, within the Area of Supply.

22. INDEMNITY AND INSURANCE

- 22.1 The Company indemnifies FCNSW against all actions, proceedings, claims, demands and expenses by any person in respect of or arising out of the negligent performance by the Company of its obligations under this Agreement.
- 22.2 FCNSW indemnifies the Company against all actions, proceedings, claims, demands and expenses by any person in respect of or arising out of the negligent performance by FCNSW of its obligations under this Agreement.
- 22.3 The Company will take out and maintain Public Liability Insurance with a licensed insurance company in an amount not less than \$10 million for each and every occurrence and not limited in the aggregate for any one period of claim.

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22.4 FCNSW will maintain Public Liability Insurance with a licensed insurance company in an amount not less than \$10 million for each and every occurrence and not limited in the aggregate for any one period of claim.

23. FORCE MAJEURE

23.1 If FCNSW is prevented from performing all or any of its obligations under this Agreement by reason of Force Majeure:

23.1.1 the Company will have no claim against FCNSW under this Agreement, to the extent that the non-performance is due to the Force Majeure;

23.1.2 if FCNSW is unable to resume the performance of its obligations within a period of 12 months from the date of the occurrence of the Force Majeure or the date when the occurrence of the Force Majeure first became apparent (the 'relevant date') either party may terminate this Agreement by written notice. The right to give notice under this clause must be exercised within a period of 15 months from the relevant date and in this regard, time will be of the essence; and

23.1.3 If due to Force Majeure the amount of Timber available in the Area of Supply is reduced below the level necessary to make the Allocation 1 available to the Company FCNSW may allocate any Timber which is available to the Company and other persons in a manner which reflects FCNSW functions and obligations under the Act and accords with any directions of the Minister.

23.2 If the Company is prevented from taking Timber by Force Majeure and:

23.2.1 the Force Majeure was not caused by any unlawful act or omission on the part of the Company or any employee or agent of the Company;

23.2.2 the Company had taken all reasonable or practicable precautions to prevent the Force Majeure; and

23.2.3 the Company has made all reasonable efforts to contain the effect of the Force Majeure,

then FCNSW will have no claim against the Company for non-fulfilment of the Company's obligations under this Agreement, to the extent that the non-fulfilment is due to the event of Force Majeure;

23.3 FCNSW, upon any such application by the Company, shall not unreasonably withhold a suspension of the said obligations or a reasonable modification of their extent or operation or an extension of time for their performance or observance provided always that if the reasons for seeking any suspension or modification will have effect for more



than 2 years FCNSW may after consultation with the Company terminate this Agreement at the expiration of the 2 year period by 28 days notice in writing.

23.4 A party must give initial notice of the existence or occurrence of the Force Majeure as soon as is practicable to do so and in any case, it must provide a more detailed notice within 28 days of the Force Majeure being apparent which provides clear details of the event or occurrence claimed as Force Majeure and setting out particulars of the likely effects of the event or occurrence in question.

24. NOT USED

25. LIMITATION OF LIABILITY

25.1 Where FCNSW is in breach of this Agreement by reason of any failure to make timber available or to supply or deliver timber any claim for loss suffered by the Company will be limited to the lesser of;

25.1.1 the loss, damage or expense which would be incurred by the Company as a direct result of obtaining the timber (which FCNSW failed to make available, supply or deliver) from the most economic alternate source; or

25.1.2 the Company's loss of profits,
and will not otherwise include any consequential loss.

26. ASSIGNMENT

26.1 Subject to **clause 26.3** the Company shall not without the prior consent of FCNSW assign its rights and responsibilities under this Agreement to any person.

26.2 If the Company is a corporation, any Change in Control of the Company (or if the Company is a subsidiary, any Change in Control of its holding company) will be deemed to be an assignment of the Company's rights and entitlements under this Agreement.

26.3 The Company may assign its interest in this Agreement to Allied Natural Wood Exports Pty Ltd ACN 607 144 089 ("ANWE") without prior consent of FCNSW but subject to the Company and ANWE providing not less than 30 days notice of the proposed assignment.

26.4 In considering whether to give its consent to any proposed assignment FCNSW shall have regard to the public interest and in particular may take into account the capacity of the proposed assignee to perform the Company's obligations under this Agreement, the acceptability of the proposed assignee to the State of NSW, the quantum of any consideration paid or to be paid to the Company by the proposed assignee, the likely socio-economic effects of the proposed assignment, possible future developments in the industry and any other matter it thinks fit, provided that its consent shall not be unreasonably withheld.



26.5 Any such consent given by FCNSW may be subject to such conditions as may be determined by FCNSW and accepted by the assignee but without limiting the generality of the foregoing shall be subject to the assignee executing all agreements and other documents which FCNSW considers necessary for the purpose of ensuring that the assignee shall be subject to all the obligations and conditions imposed upon the Company by this Agreement so far as they remain in force and are capable of taking effect.

27. TERMINATION

27.1 If -

27.1.1 the Company enters into liquidation (other than by a voluntary liquidation for the purposes of reconstruction and assignment of rights under this Agreement);
or

27.1.2 the Company contravenes or fails to comply with the terms and conditions of this Agreement and such default is not remedied by the Company to the satisfaction of FCNSW, within a period of thirty (30) days after notice of same has been served on the Company;

27.1.3 the application of the Stumpage Price Review Mechanism results in FCNSW paying a Reconciliation Amount, as defined in **Schedule 4**, which exceeds 44% of the total amount that would be payable to FCNSW for all of the Allocation 1 Timber taken by the Company in the Year if the Stumpage Prices payable were those Stumpage Prices that applied on the Commencement Date and FCNSW has complied with its obligations under **clause 15.3**.

FCNSW may thereupon terminate this Agreement.

27.2 If for reasons other than Force Majeure FCNSW fails for 2 consecutive Years to make 50% or more of the Allocation 1 available to the Company, the Company may, by notice in writing to FCNSW, terminate this Agreement.

27.3 The expiration or termination of this Agreement shall not affect the right of either party to enforce any right, obligation or liability previously acquired hereunder.

28. RESOLUTION OF DISPUTES

28.1 If a dispute or difference between the parties arises out of or in connection with this Agreement or concerning the interpretation or operation of any provision of this Agreement which cannot be settled by the parties within fourteen (14) days, the parties agree that they must endeavour to settle the dispute or difference by mediation before having recourse to arbitration. The mediator must be a person agreed by the parties or failing agreement a party may request the Australian Disputes Centre (ADC) to appoint a mediator and the mediator will be so appointed.

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

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

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

- 28.3 The Arbitrator or some person appointed on the Arbitrator's behalf may investigate the Company's and FCNSW' affairs and accounts so far as may be necessary to assist the Arbitrator to determine any matter referred for arbitration. The Company and FCNSW must give the Arbitrator full access to all accounts and papers necessary for that purpose and must afford the Arbitrator full information and assistance.

- 28.4 In so far as the provisions of this **Clause 28** apply to a dispute concerning the determination of Stumpage Prices or Delivery Charges ("the disputed matter") the issue for consideration by any mediation or arbitration, shall be limited to a determination as to whether proper consideration was given to the factors set out in this Agreement to be taken into account in the disputed matter. To avoid any doubt any such arbitration may not review the Stumpage Price or Delivery Charge on its merits and may not determine the Stumpage Price or Delivery Charge which is to apply.

- 28.5 If an arbitration regarding a disputed matter determines improper consideration was given to the factors required to be taken into account, the FCNSW determination of the disputed item will be void ab initio and FCNSW must:

- 28.5.1 promptly redetermine the Stumpage Price or the Delivery Charge as the case may be which will then apply from the first date it was originally intended to apply;
- 28.5.2 refund to the Company any over payment made as a result of the disputed matter.

- 28.6 Any re-determination under **Clause 28.5** may be subject to arbitration in accordance with **Clause 28.4**.

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28.7 Any mediation or arbitration must be held in Sydney, NSW and either party may be represented by a legal practitioner.

29. VARIATION

29. No variation or amendment of this Agreement shall be binding unless made in writing and signed by the parties.

30. NOTICE

30.1 Any notice required to be served under this Agreement may be served at the places specified for each party as set out in **Item 2 of Schedule 1**.

30.2 The parties may change the address for service of notice from time to time by notice in writing to the other party.

30.3 A notice under this Agreement must:

30.3.1 be in writing and directed to the other party as specified in clause 30.1 or the address last notified by the intended recipient to the sender; and

30.3.2 forwarded to the address or the email address of that party.

30.4 A notice under this Agreement will be deemed to be served:

30.4.1 in the case of delivery in person – when delivered to the recipient's address for service and a signature received as evidence of delivery;

30.4.2 in the case of delivery by post – within three business days of posting;

30.4.3 in the case of delivery by email, on receipt of confirmation by the sender that the recipient has received the email at the address identified in Schedule 1.

30.5 Despite the preceding clause, if delivery or receipt of a communication is on a day which is not a business day in the place to which the communication is sent or is later than 5 pm (local time in that place) it will be deemed to have been duly given or made at 9 am (local time at that place) on the next business day in that place.

31. INTEREST

31.1 In the event that the Company fails to pay any money due to FCNSW when required to do so by this Agreement, interest will accrue on all unpaid money from the date of default until payment in full at the rate of interest 3% higher than the rate of interest payable at the date of default section 101 of the Civil Procedure Act 2005 (NSW) in relation to unpaid judgement debts.

32. GOVERNING LAW

32.1 This Agreement shall be governed by and interpreted in accordance with the Laws of New South Wales.

33. SEVERABILITY

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

34. CONFIDENTIALITY

- 34.1 The parties acknowledge that this Agreement is a class 3 contract for the purposes of section 31 of the Government Information (Public Access) Act 2009 and consequently a copy of this Agreement is required to be included on FCNSW's government contract register.

- 34.2 A party must not disclose:

- 34.2.1 any information or documents received by it in connection with the negotiation of this Agreement;
- 34.2.1 any information or documents received by it in connection with or pursuant to the provisions of this Agreement;
- 34.2.3 any information including without limitation Stumpage Prices or Delivery Charges calculated or determined or agreed upon in accordance with this Agreement:

without the prior written consent of the other party, except to the extent that:

- 34.2.4 the information is available to the public generally;
- 34.2.5 that party is required to make the disclosure by law or to make any filing, recording or registration required by law;
- 34.2.6 the disclosure is necessary or advisable for the purpose of obtaining any consent, authorisation, approval or licence from any public body or authority;
- 34.2.7 it is necessary that the disclosure be made to any taxation or fiscal authority;
- 34.2.8 the disclosure is made on a confidential basis to the professional advisers of that party for the purpose of obtaining advice in relation to this Agreement or the enforcement of this Agreement or otherwise for the purpose of consulting those professional advisers;
- 34.2.8 The disclosure is made on a confidential basis to a potential financier of the party, purchaser of the party or shares in the party, or assignee of the party's interest in this Agreement;
- 34.2.9 the disclosure is required or desirable to be made in pursuance of any procedure for discovery of documents and any proceedings before any court, tribunal or regulatory body.
- 34.2.10 in the case of FCNSW the disclosure is for the purpose of briefing the Minister administering the Act or any person nominated by that Minister for the purpose of briefing the State of NSW in relation to the arrangements between FCNSW and the Company.

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34.3 The parties acknowledge that a disclosure in breach of this clause will prejudice their respective legitimate business, commercial, professional and financial interests and will found an action for breach of confidence

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EXECUTED AS A DEED

EXECUTED for and on behalf of)
the **FORESTRY CORPORATION**)
OF NEW SOUTH WALES)
by its delegate)

N.J.V. ROSS)

in the presence of:)

[Signature])

Witness)

[Signature]
Delegate

EXECUTED by **SOUTH EAST FIBRE**)
EXPORTS PTY LTD)
by [two directors] or [a director and)
its secretary] or [its sole director])

[Signature]

Secretary/Director

[Signature]
Director

PARTICULARS**ITEM 1**

Commencement Date: 1 July 2018

ITEM 2 – CONTACT DETAILS OF THE PARTIES**(a) Company**

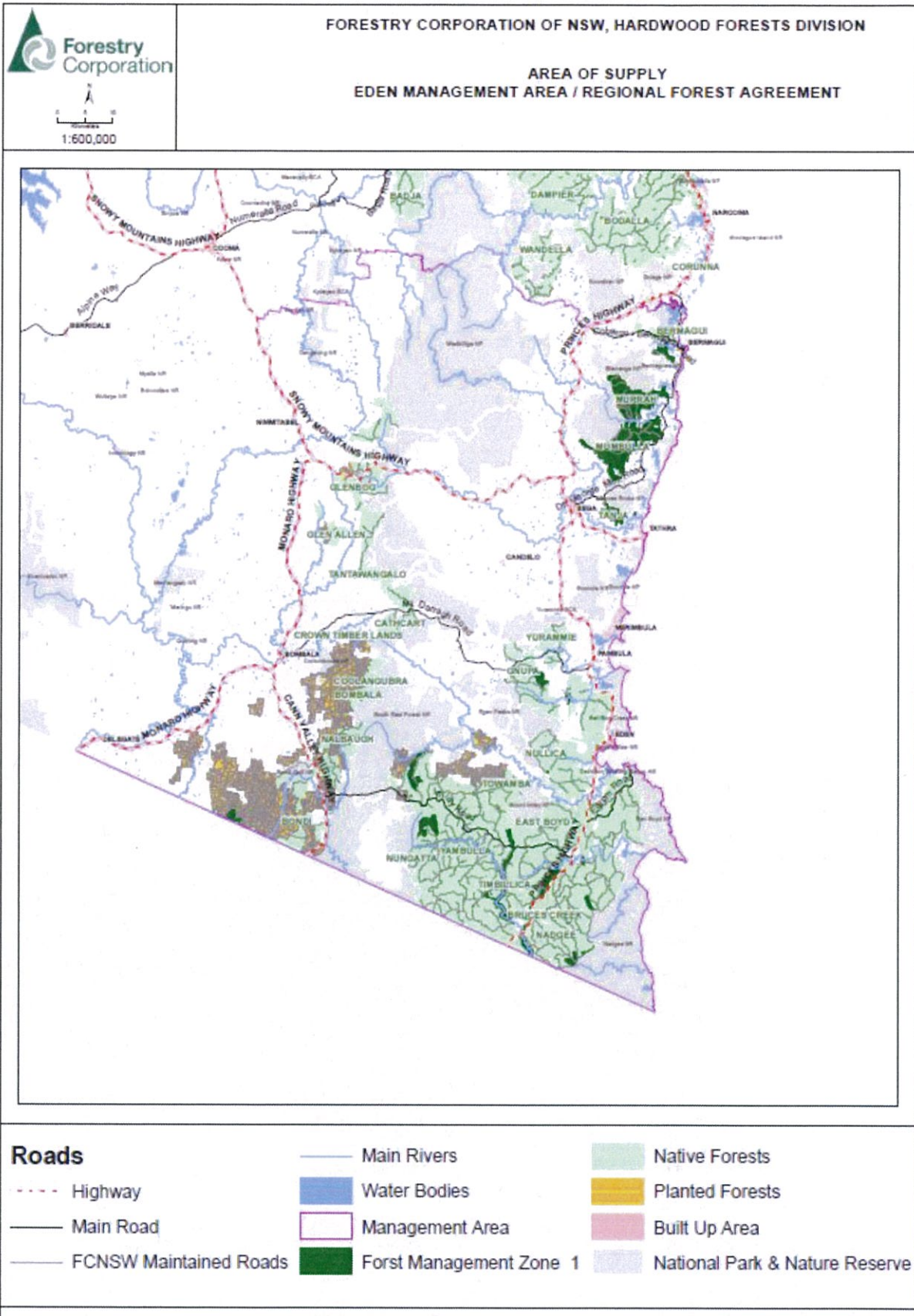
Company Name: SOUTH EAST FIBRE EXPORTS PTY LTD	
Name(s) of Principal(s):	Malcolm McComb and Ian Sedger
Australian Company Number:	000 604 795
Australian Business Number	ABN 85 000 604 795
Business Address:	JEWS HEAD, EDROM ROAD, EDEN NSW 2551 AUSTRALIA
Telephone Number(s):	03 9621 7900
E-mail	info@anwe.com.au , m.mccomb@anwe.com.au

(b) FCNSW

Title:	THE GENERAL MANAGER – HARDWOOD FORESTS
Business Address:	THE FCNSW, PO Box 100, BEECROFT NSW 2119
Telephone Number:	02 9872 0111
Email	Dean.Anderson@fcnsw.com.au



AREA OF SUPPLY



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PULPWOOD SPECIFICATIONS

Doc No. FS FOR WI-02.0

Rev 2.0

Issue Date:01/12/2016

A. Allocation 1 Specifications

Three common Log Grades are included in Allocation 1 Specifications, these are E0, E1 and E2.

1. Purpose

This document sets out the specification for Pentarch Forest Products P/L (Pentarch) hardwood pulpwood from NSW native forest harvesting operations.

2. Load Sizing

Three types of load classifications are recognised:

a) E0 - Selected High Pulp Yield Species

- These are loads where all pieces are under 80cm large end diameter. Split wood from solid logs (no pipe defect) is allowed.
- Silvertop Ash, Alpine Ash, Shining Gum and White Ash thinnings from native forest stands.
- Silvertop Ash regrowth, Alpine Ash White Ash and Silver Wattle logs from integrated operations.
- Shining Gum logs from plantations and regrowth.
- If Alpine Ash, Silvertop Ash, White Ash, Shining Gum and Silver Wattle has internal pipe defect, **then any piece size < 40cm is E1 and > 40cm is E2**

b) E1 - Under 40cm

- These are loads where all pieces are under 40cm large end diameter. No split wood is allowed.

c) E2 - Over 40cms and under 80cms

- These are loads of acceptable species where all pieces present are not more than 80cm large end diameter and at least one piece is greater than 40cm large end diameter. Split wood is allowed.

3. General Specifications

Logs must meet these specifications:

- Free of all Charcoal
- All log timber must be supplied with 100% of outer bark removed
- The length of all logs must be between 2.0 metres and 12.0 metres
- Logs must be flush trimmed and shattered ends and jagged slovens must be removed
- Logs must be harvested from green standing trees or from previously fallen trees which have not completely dried out
- Logs are to be free of pronounced bends or sharp sweep. Gradual sweep is acceptable
- Logs greater than 80cm at widest point must be split so that all pieces become less than 80cm
- Logs with a pipe of 20cm or greater must be split and all rot removed
- Split logs must be completely clean of all rot
- SEDUB 10cm minimum (either whole or split logs)
- Spiral grain less than half diameter over 2.4 metres

4. Defect tolerances

- For logs under 40cm diameter, defect must not exceed 50% of the diameter
- For logs all sizes there must be an average of 10cm of solid wood between the pipe and the outside circumference of the log.



DESIRABLE PULPWOOD SPECIES		
Common Name	Size Class (cm piece size)	
	0 - 40	> 40 - 80
Alpine Ash (<i>E.delegatensis</i>) Regrowth	E0	E0
Shining Gum (<i>E.nitens</i> ,) – Plantation & regrowth	E0	E0
Silvertop Ash (<i>E.sieberi</i>) - Regrowth	E0	E0
White Ash (<i>E.fraxinoides</i>) - Regrowth	E0	E0
Silver Wattle (<i>A.dealbata</i>) - Regrowth	E0	E0
Black Wattle (<i>A.mearnsii</i>)	E1	E1
Blackwood (<i>A.melanoxylon</i>)	E1	E1
Alpine Ash (<i>E.delegatensis</i>) – with pipe defect	E1	E2
Shining Gum (<i>E.nitens</i> ,) - with pipe defect	E1	E2
Silvertop Ash (<i>E.sieberi</i>)	E1	E2
Cut tail (<i>E.fastigata</i>)	E1	E2
Manna Gum (<i>E.viminalis</i>)	E1	E2
River Peppermint (<i>E.elata</i>)	E1	E2
Blue Gum (<i>E.globulus</i> ssp.)	E1	E2
Maidens Gum (<i>E.maidenii</i>)	E1	E2
Gully Gum (<i>E.smithii</i>)	E1	E2
Swamp Gum (<i>E.ovata</i>)	E1	E2
Blackbutt (<i>E.pilularis</i>)	E1	E2
Sydney Blue Gum (<i>E.saligna</i>)	E1	E2
White Ash (<i>E.fraxinoides</i>)	E1	E2
Spotted Gum (<i>Corymbia.maculata</i>)	E1	E2
Sydney Peppermint (<i>E.piperita</i>)	E1	E2

LOG SEGREGATION DIAGRAM FOR DESIRABLE SPECIES

Stump diameter under bark(cm)

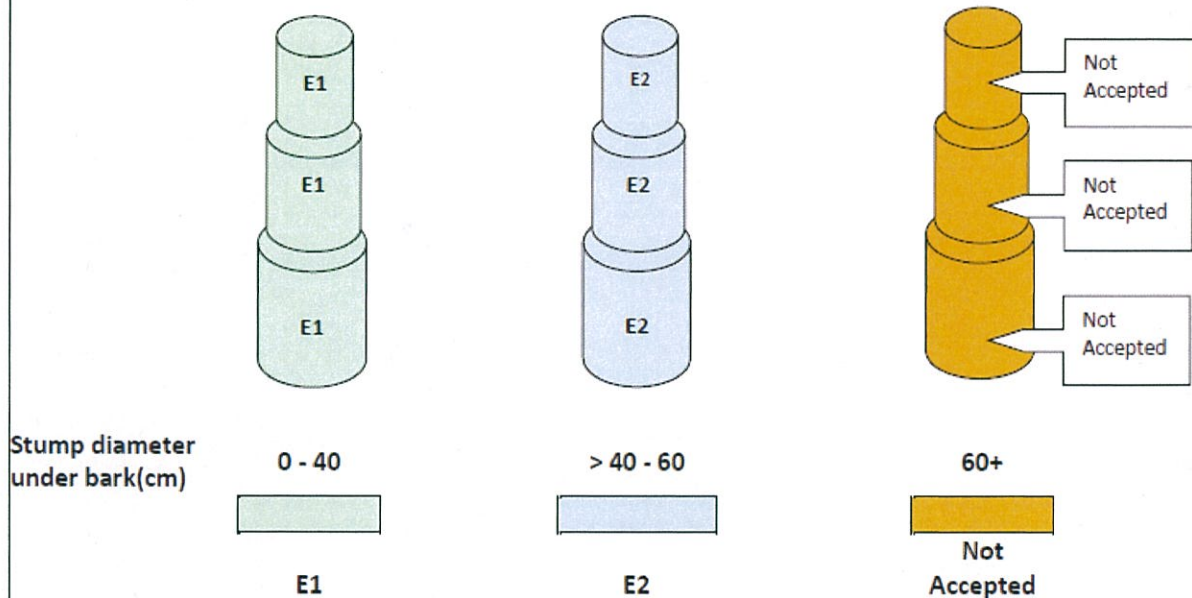
<80
<40
>40 - 80

E0
E1
E2

Notes Desirable species are measured on piece size at widest point
 All split wood (except mountain ash, white ash, alpine ash, shining gum and wattle) is E2

UNDESIRABLE PULPWOOD SPECIES			
Common Name	Size Class (cm at stump)		
	0 - 40	> 40 - 60	60+
Messmate (<i>E.obliqua</i>)	E1	E2	No
Grey Gum/Monkey Gum (<i>E.cypellocarpa</i>)	E1	E2	No
Yellow Stringybark (<i>E.muellerana</i>)	E1	E2	No
White Stringybark (<i>E.globoidea</i>)	E1	E2	No
Red Stringybark (<i>E.macroryncha</i>)	E1	E2	No
Brown Stringybark (<i>E.baxteri</i>)	E1	E2	No
Mahogany (<i>E.botryoides/ E.robusta</i>)	E1	E2	No
Apple-topped Box (<i>E.angophoroides</i>)	E1	E2	No
Blue Leaf Stringybark (<i>E.agglomerata</i>)	E1	E2	No
Mountain Gum (<i>E.dalrympleana</i>)	E1	E2	No
Candle Bark (<i>E.rubida</i>)	E1	E2	No

LOG SEGREGATION DIAGRAM FOR UNDESIRABLE SPECIES



Notes Undesirable species are at stump measurement under bark
 Stump diameter is measured at half stump diameter above ground level.
 All split wood (except mountain ash, alpine ash, Shining Gum and wattle) is E2

PULPWOOD SPECIES NOT ACCEPTED	
Common Name	Scientific Name
Ironbark	(<i>E.tricarpa</i>)
Woollybutt	(<i>E.longifolia</i>)
Greybox, Redbox	(<i>E.bosistoana, E.polyanthemos</i>)
Yertchuk	(<i>E.consideniana</i>)
Bloodwood	(<i>E.gummifera</i>)
Broad Leaf Peppermint	(<i>E dives</i>)
Narrow Leaf Peppermint	(<i>E.radiata/ E.croajingolensis</i>)

A. Allocation 2 Specifications

Specifications for Eucalypt Low Fibre (ELF) Pulp Log Grade Logs are to be negotiated in good faith prior to commencement of Allocation 2 consistent with Clause 6.6.

STUMPAGE PRICE REVIEW

1. Definitions

1.1 In this Schedule 4 unless a contrary intention appears:

"Average Exchange Rate" for a Review Period means daily average AUD to USD exchange rate reported by the Reserve Bank of Australia over the Review Period

"Chipping Loss Percentage" means an agreed percentage of the total of the Tonnes Taken for each Log Grade that is lost to the Company for export in the chipping process and in default of agreement it means 3.5%.

"Chipping, Storage and Loading Costs" for a Review Period means the actual cost to the Company of chipping, storing and loading per Tonne of Timber taken by the Company under this Agreement during the Review Period

"Delivered Log Cost" during a Review Period, for a Log Grade, means the sum of Stumpage Price for the Log Grade that applied for the last 10 months of the Review Period and the Harvest and Haul Costs for Timber of that Log Grade during the Review Period.

"Delivered Log Cost Differential" for a Review means the Weighted Average Delivered Log Residual Value calculated for the Review minus the Weighted Average Delivered Log Cost calculated for the Review.

"Dry Matter Content" or **"DMC"** for a Review Period means the weighted average on board dry matter content per Tonne of timber products derived from Timber taken under this Agreement and shipped by the Company during the Review Period and calculated from samples taken by the Company from each shipment.

"FOB Price" for a Review Period means the weighted average Free-On-Board (FOB) price achieved by the Company during the Review Period for its shipments of timber derived from Timber taken under this Agreement as identified in its contracts with its customer(s).

"Harvest and Haul Costs" for a Review Period, for a Log Grade, means the weighted average cost in \$/Tonne paid by the Company during the Review Period for the harvesting and haulage of Timber of that Log Grade to the Chipmill.

"Log Grade" means Log Grades E0, E1, E2 and ELF referred to in the Specifications in Schedule 3;

"Margin" means a fixed figure of 5% of the applicable FOB Price for a Review Period

"Price Review Model" means the table in this Schedule 4 headed Price Review Model and the worked example of a Review set out in that table.

"Reconciliation Amount" means an amount calculated in a Review by multiplying the Stumpage Price Adjustment Amount determined in the Review by the Total Tonnes Taken during the Review Period relevant to the Review.

"Review" means a review to calculate the Stumpage Price Adjustment Amount and the Reconciliation Amount using the Price Review Model.

"Review Period" means the 12-month period from 1 May to 30 April in the Year, except in the case of the first Review Period where it means the 10 month period from 1 July 2018 to 30 April 2019.

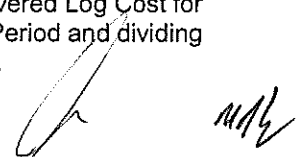
"Stockpile Loss Percentage" for a Review Period means an agreed percentage of the total of the Tonnes Taken for each Log Grade that is lost for export during the Review Period by deterioration in the woodchip stockpiling process and in default of agreement it means 3.5%.

"Stumpage Price Adjustment Amount" means the amount calculated by the Price Review Model being a proportion of the Delivered Log Cost Differential determined by reference to the weighted average Stumpage Price and the FOB Log Value identified by the Price Review Model.

"Tonnes taken" for a Log Grade for a Review Period means the quantity of that Log Grade taken under this Agreement during the Review Period.

"Total Tonnes Taken" for a Review Period means the Tonnes of the Timber comprising Allocation 1 that was taken under this Agreement during the Review Period.

"Weighted Average Delivered Log Cost" during a Review Period means the weighted average figure in \$/Tonne calculated by totalling the product, for each Log Grade, of the Delivered Log Cost for the Log Grade multiplied by the Tonnes taken of that Log Grade during the Review Period and dividing the total of those products by the Total Tonnes Taken during for the Review Period.



"Weighted Average Delivered Log Residual Value" means a weighted average amount in \$/Tonne that the Company could pay for logs delivered to the Chipmill as a residual price calculated by deducting various costs from the FOB Price as described in the Price Review Model.

2. Stumpage Price Review Mechanism

- 2.1 Stumpage Prices to apply for each Log Grade harvested from the Commencement Date will be agreed between the parties in advance of this date and confirmed in writing. These Stumpage Prices will be commercial-in-confidence.
- 2.2 No later than 30 May of each Year, the parties will confer to provide the information that is required by the Price Review Model and conduct a Review in order to calculate payments (defined as the "Reconciliation Amount") required to be made between the parties before the end of the current Year because the actual performance figures used to populate the Price Review Model for the Review differed from the performance figures that underpinned the calculation of the Stumpage Prices.
- 2.3 The Review shall be conducted by populating the Price Review Model with figures under each heading in the Price Review Model, with those figures determined either by reference to the definition of the term of each heading in the Price Review Model provided in clause 1.1 of this Schedule 4, or as an outcome of the process set out in the Price Review Model. The Price Review Model provides a worked example of the method of calculating the Stumpage Price Adjustment Amount and the Reconciliation Amount.
- 2.4 The Company must ensure throughout the Term that each employee, contractor or agent of the Company who receives the information and documents relevant to Reviews maintains and keeps all such information and documents together with all documentation which may verify the accuracy of the information and documents.
- 2.5 FCNSW may request the information and documents referred to in clause 2.4 from the Company including any documentation verifying the accuracy of such information.
- 2.6 The Company must:
 - 2.6.1 ensure it has a legal right to require each person referred to in clause 2.4 to provide it with the information and documents referred to in clause 2.5;
 - 2.6.2 ensure it has a legal right to provide that information and documents FCNSW on a confidential basis; and
 - 2.6.3 provide that information and documents as soon as reasonably practicable, on a confidential basis, to FCNSW.
- 2.7 If a Review establishes that the Stumpage Price Adjustment Amount is negative FCNSW must, subject to receiving a tax invoice for the related Reconciliation Amount, pay the Reconciliation Amount to the Company before the commencement of the next Year.
- 2.8 If a Review establishes the Stumpage Price Adjustment Amount is positive the Company must, subject to receiving a tax invoice for the related Reconciliation Amount, pay the Reconciliation Amount to FCNSW before the commencement of the next Year.
- 2.9 At the end of June, September and December each year, the parties will confer to review any available information in required by the Price Review Model for the purposes of gaining an understanding of the likely quantity of the Stumpage Adjustment Amount and the Reconciliation Amount in the next Review.



Worked Example:

A	B	C	D	E	F	G	H
2	Price Review Model						
3	Actual Review Period Outcomes						
4	Log Grade	Volume (GMT)	Volume %	Stumpage Prices (\$/GMT)	Harvest and Haul Costs (\$/GMT)	Delivered Log Cost (\$/GMT)	
5	E0	=O13	=+C5/\$C\$9	=L13	=M13	=+F5+E5	
6	E1	=O14	=+C6/\$C\$9	=L14	=M14	=+F6+E6	
7	E2	=O15	=+C7/\$C\$9	=L15	=M15	=+F7+E7	
8							
9	Total	=SUM(C5:C8)		=SUMPRODUCT(C5:C8,E5:E8)/C9	=SUMPRODUCT(C5:C8,F5:F8)/C9	=SUMPRODUCT(C5:C8,G5:G8)/C9	127
10		Total Tonnes Taken for the Review Period (GMT)		Weighted Average Stumpage Price for the Review Period (\$/GMT)	Weighted Average Harvest and Haul Cost for the Review Period (\$/GMT)	Weighted Average Delivered Log Cost for the Review Period (\$/GMT)	Actual Weighted Average FOB Price for the Review Period (\$AUD/BDMT)
12	Chip Return						
13	FOB Price						=H9
14	Less Margin						To be advised =+H13*G14
15	FOB Price	USD/BDMT					=+H13-H14
16	Average Exchange Rate						To be advised
17	FOB Value	AUD/BDMT					=H15/G16
18	Dry Matter Content (DMC)						To be advised
19	FOB Log Value	AUD/GMT					=+H17*G18
20	Less	Chipping, Storage and Loading Costs					17
21	Gross Weighted Average Log Equivalent Value AUD/GMT						=+H19-H20
22	Less	Chipping loss Percentage				To be advised	=+H19*G22
23		Stockpile Loss Percentage				To be advised	=+H19*G23
24	Weighted Average Delivered Log Residual Value (AUD/GMT)						=+H21-H22-H23
25	Delivered Log Cost Differential (AUD/GMT)						=+H24-G9
26	Proportion of Weighted Average Stumpage to FOB log value (AUD/GMT)						=+E9/H19
27	Stumpage Price Adjustment Amount (\$AUD/GMT)						=+H26*H25
28	Reconciliation Amount						=C9*H27

Worked Example Formulas 2

	K	L	M	N	O
2	FY2019 Delivered Cost Actuals				
3	Eden FMA	Stumpage	Harvest and Haulage	Delivered Price	Tonnes
4	Thinnings E0	To be advised	To be advised	=+M4+L4	TBA
5	Thinnings E1	To be advised	To be advised	=+M5+L5	TBA
6	Thinnings E2	To be advised	To be advised	=+M6+L6	TBA
7					
8	Integrated E0	To be advised	To be advised	=+M8+L8	TBA
9	Integrated E1	To be advised	To be advised	=+M9+L9	TBA
10	Integrated E2	To be advised	To be advised	=+M10+L10	TBA
11					
12					
13	Total E0	$=+(L4*O4)+(L8*O8)/(O4+O8)$	$=+(M4*O4)+(M8*O8)/(O4+O8)$	$=+(N4*O4)+(N8*O8)/(O4+O8)$	=+O8+O4
14	Total E1	$=+(L5*O5)+(L9*O9)/(O5+O9)$	$=+(M5*O5)+(M9*O9)/(O5+O9)$	$=+(N5*O5)+(N9*O9)/(O5+O9)$	=+O9+O5
15	Total E2	$=+(L6*O6)+(L10*O10)/(O6+O10)$	$=+(M6*O6)+(M10*O10)/(O6+O10)$	$=+(N6*O6)+(N10*O10)/(O6+O10)$	=+O10+O6
16	Total E49				
17					
18	FCNSW Total	$=(L13*O13+L14*O14+L15*O15+L17*O17)/O18$	$=(M13*O13+M14*O14+M15*O15+M17*O17)/O18$	$=(N13*O13+N14*O14+N15*O15+N17*O17)/O18$	=+SUM(O13:O15,O17)

COMPANY HARVESTING AND HAULAGE CONDITIONS**1. Definitions**

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

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

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

'**Plan of Operations**' means a plan prepared by FCNSW indicating the proposed quantity of the Allocation 1 to which the Plan applies, the Compartments from which it is proposed the Allocation 1 be harvested and the order of working those Compartments, reviewed and approved in accordance with a Harvesting Approval Process;

2. Source of Timber

2.1 The Company must take the Timber as directed by FCNSW from time to time from any source including (without limitation):

2.1.1 Integrated Operations;

2.1.2 Thinning Operations; and

2.1.3 Salvage operations.

2.2 Under Integrated Operations conducted by the Company, sawlog timber shall be removed to a log dump as directed by FCNSW and other timber not suitable for timber processing and not meeting the Specifications shall, as far as is practicable, be left at the stump unless otherwise directed by FCNSW.

3. Plan of Operations

3.1 No later than 30 May in each Year and after consultation with the Company, FCNSW will prepare and supply to the Company a draft Plan of Operations for the following Year. In the course of such consultation the Company must advise in writing the quantity of Timber it proposes to take in the following Year.

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

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

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

3.5 If FCNSW considers a modification or variation of a Plan of Operations is necessary to enable or facilitate the taking of any Timber under this Agreement, FCNSW will consult with the Company in respect of the proposed modification or variation and take into account its views. After doing so it may modify or vary the Plan of Operations to enable or to facilitate the taking of any Timber and where necessary seek approval through the Harvesting Approval Process for a variation of the Plan of Operations. Nothing in this clause will relieve FCNSW of its obligations under **clause 6.1**.

3..7 Where any Timber in a Compartment has been damaged or destroyed by fire, disease or other natural cause or access to the Compartment is otherwise effected by Force Majeure FCNSW must review any Plan of Operations to evaluate whether it is possible to harvest Timber from the damaged forest by way of Salvage operations or whether any other Compartments are able to be made available. If FCNSW considers a variation of a Plan of Operations is necessary, FCNSW will consult with the Company and take into account its views and may modify or vary the Plan of Operations and where necessary seek approval through the Harvesting Approval Process for a variation of the Plan of Operations.



3.8 The Company recognises that the Plan of Operations may schedule Integrated Operations.

4. Harvesting Plan

4.1 FCNSW must prepare and issue to the Company Harvesting Plans applicable to the taking of the Allocation 1. A Harvesting Plan must detail conditions relevant to the supply of Timber under this Agreement as determined by FCNSW.

4.2 The Company must not conduct any harvesting operations except in accordance with a Harvesting Plan issued by FCNSW.

5. Construction of Roads and Log Dumps

5.1 FCNSW shall construct and maintain those forest roads depicted as "FCNSW" on the electronic data layer titled "Eden Roads". This layer titled "Eden Roads" will be supplied to the Company prior to the Commencement Date and is referred to in **Schedule 9**. These roads will conform to a minimum standard of all-weather to a general maximum grade of twelve and one half per cent with a permissible grade up to twelve and one half per cent for distances not exceeding 500 metres, and will be of a minimum formation width of 4.2 metres and a pavement width of 3.0 metres and of at least twenty kilometres per hour design speed standard as determined by FCNSW. If State forest road access is not available to enable Timber to be harvested from a specified Compartment or Compartments, FCNSW must use reasonable endeavours to investigate and negotiate alternative access arrangements.

5.2 The Company will construct and/or maintain all roads depicted as "ANWE" in the electronic data layer titled "Eden roads" and Log Dumps necessary to take the timber, at its own expense and as directed by FCNSW. FCNSW will provide design and environmental specifications for these roads in Harvesting Plans. The location design and construction of these roads shall be subject to the approval of FCNSW; provided that FCNSW, or any person authorised by it, shall be empowered to use such roads and dumps at any time and for any purposes.

5.3 FCNSW shall maintain Imlay and Edrom Road, while they remain State forest, at its existing design standard and in a reasonable and stable condition. Upgrading and reconstruction will be at FCNSW' discretion.

5.4 FCNSW shall construct all drainage feature crossings on those forest roads depicted as "FCNSW" in the electronic data layer titled "Eden roads".

5.5 The Company shall construct all drainage feature crossings on those forest roads depicted as "ANWE" in the electronic data layer titled "Eden roads", unless FCNSW determines that they will construct the crossing on the grounds of a high environmental risk. Under that circumstance FCNSW will consult with the Company and will invoice the Company for full costs. Itemised invoices will be submitted monthly by FCNSW to the Company for these works.

5.6 The electronic data layer titled "Eden roads" can be amended by FCNSW after commencement of this Agreement following consultation with the Company.

6. Silviculture

6.1 The Company must place all harvesting debris in a stump to stump line around boundaries during harvesting operations to facilitate post-harvest burning.

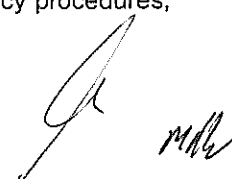
7. Other Works

7.1 The Company shall be responsible for forest health wash-down procedures as specified in Harvesting Plans.

8. Safety Requirements

8.1 In this clause 8 of this Schedule 5:

"**Safety Management System**" means a documented system for the management of all matters relating to Workplace Health and Safety including, but not limited to induction records, emergency procedures,

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inspections, consultation, training programs, incident reporting, accident records, safe working systems, hazard management and performance monitoring.

“Workplace Fatality” means a fatality that occurs during the taking or removal of Timber supplied under this Agreement.

“Notifiable Incident” means an incident notifiable under Work Health and Safety Act 2011 to the regulator (WorkCover NSW). This includes a dangerous incident or the death, serious injury or illness of a person.

“Lost Time Incident” means an incident during the taking or removal of Timber supplied under this Agreement where an employee or sub-contractor is injured and as a result is unable to perform normal duties for more than one working day after the day of injury.

“Medical Treatment Incident” means an incident during the performance of this Agreement where an employee or sub-contractor is injured and requires professional medical treatment.

“Reportable Incident” means an event that took place during the taking or removal of Timber supplied under this Agreement that either caused harm or had the potential to cause harm to a person.

“Equipment” means the machinery, vehicles and plant used in the taking or removal of Timber supplied under this Agreement.

8.2 The Company must ensure its harvesting and haulage contractors must have functioning Safety Management Systems. The Company must provide details of these Safety Management Systems to FCNSW or its agent as requested.

8.3 The Company must notify FCNSW:

- i) Immediately of a Workplace Fatality or Notifiable Incident occurring during the taking or removal of Timber supplied under this Agreement.;
- ii) Within twenty-four (24) hours of a Loss Time Incident or Medical Treatment Incident occurring during the taking or removal of Timber supplied under this Agreement.
- iii) Within seven (7) days of a Reportable Incident, the Company must forward a written incident report and if requested by FCNSW a written incident investigation report within twenty-one (21) days. FCNSW may request to participate in or observe the Company investigation or undertake its own investigation. The Company must assist FCNSW to complete its own investigation.

8.4 The Company must ensure its harvesting and haulage contractors maintain Equipment in good, safe running order and condition. The Equipment must comply at all times with the relevant legislation, Codes, and any other specification reasonably nominated by FCNSW, in particular but not limited to, regarding operator protective structures.

8.5 The Company must ensure that all personnel engaged in its harvesting and haulage operations are properly trained and hold relevant national competency accreditation for the equipment which they operate and the tasks which they perform, except in relation to operators in training where the Company must ensure these persons are provided with adequate instruction and supervision. All competency assessment must be conducted by a person who is suitably qualified to undertake such assessments and records must be available upon request.

8.6 FCNSW may conduct audits and inspections of the Company's harvesting and haulage operations to check for compliance with the relevant legislation and operational standards. If requested in writing by FCNSW the Company must provide FNSW with certified copies, or other evidence as reasonably required, to demonstrate compliance.

9. Integrated Harvesting

9.1 In this clause 9 of this Schedule 5:

“Condition Principles” means the principles set out in clause 9.7 of this Schedule 5;

“Delivery Conditions” means the conditions of a Delivery Contract;

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“Delivery Contract” means an arrangement or a series of arrangements with any Third Party under which the Third Party engages the Company or a contractor engaged by the Company to deliver the Third Party’s Timber to it;



“Independent Expert” means a person having expertise in the area of contracts for and the costs of harvesting and hauling native forest timber appointed by agreement or in default of agreement appointed by FCNSW

“Third Party” means a third party with whom FCNSW has entered a contract to supply timber products that arise from the Integrated Harvesting conducted by the Company;

“Third Party’s Timber” means the timber products FCNSW has contracted to supply a Third Party out of Integrated Harvesting conducted by the Company

A reference to the Company includes a reference to a contractor that the Company has procured to perform its obligations under this clause 9 of **Schedule 5**.

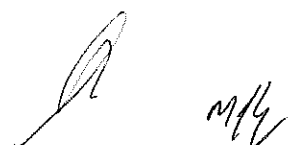
- 9.2 If the Company is conducting Integrated Harvesting then subject to clauses 9.3 and 9.4 of this **Schedule 5** the Company must, if required by FCNSW from time to time, enter into a Delivery Contract with any Third Party nominated by FCNSW.
- 9.3 The delivery point for the Third Party’s Timber must be within 200km or by negotiation with the Company if longer than 200km.
- 9.4 FCNSW must ensure that any Third Party nominated by it is bound by provisions reciprocal to those set out in clauses 9.5 to 9.8 inclusive of this **Schedule 5**.
- 9.5 The Company must negotiate in good faith to reach agreement with the Third Party upon the Delivery Conditions.
- 9.6 In default of agreement upon any or all of the Delivery Conditions within 21 days of commencing negotiations the Delivery Conditions shall be those conditions determined by an Independent Expert in accordance with clause 9.8 of this **Schedule 5**.
- 9.7 Any agreement or Independent Expert determination on Delivery Conditions must meet the following requirements:
- 9.7.1 must result in the Third Party paying fair and reasonable rates taking into account the Delivery Contract as a whole;
- 9.7.2 must recognise the cost to the Company of administering the delivery arrangements including costs associated with the Company’s work health and safety and heavy vehicle transport chain of responsibility obligations arising from the Delivery Contract but otherwise the Delivery Contract may not provide for the Company to profit from those arrangements;
- 9.7.3 must recognise the respective work health and safety and heavy vehicle transport chain of responsibility obligations of the both parties to the Delivery Contract;
- 9.7.4 must if the Delivery Contract is for a period in excess of a year make provision for the annual review of rates which fairly and reasonably gives effect to possible changes to the costs associated with the harvesting and delivering Third Party Timber to the Third Party.
- 9.8 If any Delivery Conditions are to be referred to an Independent Expert the following shall apply:
- 9.8.1 The Company (or its contractor, as the case may be) and the Third Party must attempt to reach agreement upon an Independent Expert and in default of agreement within 7 days of so attempting the Company must promptly request FCNSW to nominate the Independent Expert.
- 9.8.2 The referral to the Independent Expert:
- (a) must request that the Independent Expert determine those Delivery Conditions the Company and the Third Party are unable to agree upon taking into account the Condition Principles;
- (b) must allow for each of the Company and the Third Party to make written submissions to the Independent Expert (which are to be served on each other).
- 9.8.3 A decision of the Independent Expert must be made within one (1) month of the appointment of the expert.

9.8.4 A decision of the Independent Expert will be final and binding on the parties.

9.8.5 The cost of the independent expert must be shared equally by the parties.

9.9 Prior to commencement of Integrated Harvesting under this clause 9 FCNSW and the Company will confer to negotiate in good faith an amendment to the Code of Procedure contemplated by Schedule 8 in relation to Integrated Harvesting and supplying a Third Party.

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CONTRACT HARVESTING CONDITIONS

1. Definitions

1.1 In this Schedule 6 unless a contrary intention appears:

'Annual Delivery Plan' means a schedule prepared by FCNSW for the Year to which it applies which must provide for the supply of the Annual Quantity under Contract Harvesting and which sets out relevant information regarding:

- (i) the various Compartments from which that supply is intended;
- (ii) the monthly quantities of Timber proposed to be delivered to the Delivery Site.

"Annual Quantity" means the quantity of Timber proposed to be made available to the Company in a Year by FCNSW carrying out Contract Harvesting. The Annual Quantity for a Year may not exceed the quantity of Timber the Company advises FCNSW prior to the commencement of the Year that it proposes to take in that Year.

'Base Indicator Rate' see Schedule 7;

'Cost Item' see Schedule 7;

'Current Indicator Rate' see Schedule 7;

'Delivery Hours' means:

- (i) 0700 hours to 1700 hours Mondays to Fridays inclusive except on public holidays and mill maintenance or shut periods. Such maintenance or shut periods to be advised to FCNSW at least 2 weeks prior to the event unless outside the control of ANWE;
- (ii) Such hours (if any) as may be agreed between the parties for public holidays and Saturdays and Sundays;

'Delivery Charge Review Mechanism' means the mechanism and procedures set out in Schedule 7 as amended in accordance with this Agreement;

'Delivery Charge Schedule' means the schedule of the Delivery Charges prepared and amended from time to time in accordance with clause 20 of this Schedule 6;

'Delivery Site' means the Chipmill or such other site agreed between the parties in writing;

"DC Year" means the 12 month period commencing 1 September in any Year.

'Indicator' see Schedule 7;

'Indicator Rate' see Schedule 7;

'Indicator Weighting' see Schedule 7;

'Monthly Delivery Schedule' means a schedule stating the quantity of Timber to be delivered by FCNSW under Contract Harvesting to the Delivery Site. The quantity will be based on, but not bound to, the indicative information in the Annual Delivery Plan for that month, and must:

- (i) provide for the need for the Company to stockpile Timber in some months to compensate for events preventing Contract Harvesting;
- (ii) provide for the need for the Company to otherwise manage its mill site stockpiles to control inventory costs and minimise deterioration in the quality of stockpiled Timber; and
- (iii) take into account the cumulative performance of monthly deliveries against the Annual Delivery Plan;

'Price Zone' means an area of land (whether Crown-timber land or any other type of land) within the Area of Supply nominated by FCNSW from time to time as a Price Zone for the purposes of setting Delivery Charges and being a generally contiguous geographical area of forest which in the opinion of FCNSW is suitable for uniformity in pricing of Timber;

'Turnaround Time' means:

- (i) In the case of Timber delivered by 6 axled haulage vehicles: - 45 minutes;
- (ii) In the case of Timber delivered by 9 axled haulage vehicles: - 60 minutes; and
- (iii) In the case of Timber delivered by 12 axled haulage vehicles: - 90 minutes.

3. Annual Delivery Plan

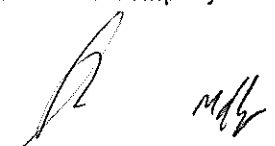
- 3.1 Not less than 3 months prior to the Contract Harvesting Date, FCNSW and the Company must confer and negotiate in good faith to reach agreement on the Annual Delivery Plan to apply to the period from the Contract Harvesting Date until the end of the Year in which the Contract Harvesting Date occurred. In default of agreement within 28 days of the Contract Harvesting Date FCNSW may determine the Annual Delivery Plan for that period.
- 3.2 No later than April in each Year after the Contract Harvesting Date, FCNSW and the Company must confer and negotiate in good faith to reach agreement on the Annual Delivery Plan for the following Year. In default of agreement by the end of April FCNSW may determine the Annual Delivery Plan for the following Year.
- 3.3 In the course of negotiation of an Annual Delivery Plan the Company must specify in writing the quantity of Timber it intends to take under this Agreement during that Year
- 3.4 Any agreement or determination of the Annual Delivery Plan must recognise:
 - 3.4.1 the need for the Company to stockpile Timber in some months to compensate for events preventing delivery such as wet weather or mechanical breakdowns preventing harvesting of Timber; and
 - 3.4.2 the need for the Company to otherwise manage its mill site stockpiles to control inventory costs and minimise deterioration in the quality of stockpiled Timber.
- 3.5 FCNSW must provide the Company with a copy of the Annual Delivery Plan for a Year not less than 21 days before the commencement of the Year to which it applies.
- 3.6 The parties acknowledge that each Annual Delivery Plan contains indicative information and the parties must co-operate in the implementation of each Annual Delivery Plan and each must use their reasonable endeavours to comply with it.

4. Monthly Delivery Schedule

- 4.1 Each Year FCNSW will use reasonable endeavours to ensure that the Annual Quantity is delivered substantially in accordance with the Monthly Delivery Schedules for that Year.
- 4.2 Each calendar month no later than 7 days prior to the next month the parties must confer and negotiate in good faith to reach agreement on the Monthly Delivery Schedule for the next month. In default of agreement the Monthly Delivery Schedule for the next month will be determined by FCNSW provided:
 - 4.2.1 FCNSW will have due regard to the Company's requests; and
 - 4.2.2 If the Company has a special requirement regarding quantity in a particular month FCNSW will, with due regard to the practicalities and the rights of other persons supplied with Timber by FCNSW, use all reasonable endeavours to meet the Company's request.
- 4.3 If FCNSW or the Company wishes to vary a current Monthly Delivery Schedule, it must notify the other party as soon as practicable and FCNSW and the Company must negotiate in good faith to reach agreement on an amended Monthly Delivery Schedule. In default of agreement the original Monthly Delivery Schedule shall apply.

5. Amendment of Annual Delivery Plan or Monthly Delivery Schedules

- 5.1 From time to time during the term of this Agreement the Company may request FCNSW, by notice in writing, to consider any modifications or change to an Annual Delivery Plan which the Company believes is necessary to enable or facilitate the Contract Harvesting of any Timber under this Agreement. If FCNSW is satisfied that the requested modification or changes are necessary and reasonable, with due regard to the practicalities and the rights of other persons supplied with Timber by FCNSW, FCNSW must amend or vary the Annual Delivery Plan in the manner requested by the Company.
- 5.2 If FCNSW considers a modification or variation of an Annual Delivery Plan is necessary to enable or facilitate the Contract Harvesting of Timber under this Agreement, FCNSW will consult with the Company



in respect of the proposed modification or variation and take into account its views. After doing so it may modify or vary the Annual Delivery Plan to enable or to facilitate the Contract Harvesting. Nothing in this clause will relieve FCNSW of its obligations under **clause 6.1**.

- 5.3 Where any timber in a Compartment has been damaged or destroyed by fire, disease or other natural cause or access to a Compartment intended to supply an Allocation is otherwise prevented by Force Majeure, FCNSW may, after consultation with the Company, amend any Annual Delivery Plan or Monthly Delivery Schedule as it deems necessary to facilitate Salvage operations or to adjust to the unavailability of timber in Compartments. Subject to Force Majeure nothing in this clause will relieve FCNSW of its obligations under **clause 6.1**.
- 5.4 FCNSW must provide the Company with a copy of any varied Annual Delivery Plan or Monthly Delivery Schedule for period to which it applies:
- 5.4.1 in the case of an Annual Delivery Plan or Monthly Delivery Schedule varied under **clause 5.3 of this Schedule 6**: - as soon as practicable and in any event before the commencement of the period to which it applies; and
- 5.4.2 in any other case: - at least 28 days before the commencement of the period to which it applies.

6. Delivery

- 6.1 FCNSW must effect delivery of Timber by delivering it:
- 6.1.1 to the Delivery Site; and
- 6.1.2 during the Delivery Hours and
- the Company may not refuse Timber or fail to unload Timber delivered to the Delivery Site:
- 6.1.3 in accordance with this **clause 6**;
- 6.1.4 substantially in accordance with the relevant Monthly Delivery Schedule; and
- 6.1.5 otherwise in accordance with this Agreement.
- 6.2 Except where the parties have agreed that FCNSW' contractors will unload the Timber (in which case **clause 6.3 of this Schedule 6** shall apply) the Company must:
- 6.2.1 promptly unload Timber delivered to it in accordance with this Agreement with due regard to the practicalities and available unloading equipment, but in any event within the Turnaround Time for the particular haulage vehicle; and
- 6.2.2 ensure that all unloading operations carried out by it at the Delivery Site are performed in a safe manner in accordance with:
- (a) any relevant code issued by New South Wales WorkCover or other relevant agency which replaces or exercises the functions carried out by New South Wales WorkCover; and
- (b) the Company's safety policies for the Delivery Site.
- 6.3 If the parties have agreed that FCNSW' Contractors are to unload the Timber FCNSW must ensure that its Contractors:
- 6.3.1 promptly unload Timber for delivery in accordance with this Agreement with due regard to the practicalities and available unloading equipment; and
- 6.3.2 ensure that all unloading operations carried out by them at the Delivery Site are performed in a safe manner in accordance with:
- (a) any relevant code issued by New South Wales WorkCover or other relevant agency which replaces or exercises the functions carried out by New South Wales WorkCover; and
- (b) the Company's safety policies for the Delivery Site.
- 6.4 If Timber is delivered to the Company in the course of Contract Harvesting the Timber will be deemed to conform with the Specifications if it is unloaded at the Delivery Site in accordance with this Agreement and that Company does not object to its failure to meet Specifications by notice in writing to FCNSW within seven days of its delivery.
- 6.5 If the Company objects to timber in terms of **clause 6.4 of this Schedule 6** it must set the timber aside for inspection. FCNSW must arrange for the inspection of the timber by a suitably qualified FCNSW officer, in company with a representative of the Company, within 7 days after receipt of the objection. The adjudication of the disputed timber must be dealt with in accordance with the Code of Procedure. Despite the foregoing the FCNSW' officer must provide a written determination in respect of the adjudication of the disputed timber.

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- 6.6 A decision of a suitably qualified FCNSW officer that the timber is Timber, will (except in the case of manifest error) be accepted by the parties as final and binding on the parties. If a party disputes the adjudication on the grounds of manifest error the provisions of **clause 28** shall apply to the adjudication.
- 6.7 If the suitably qualified FCNSW officer decides that any timber does not meet the Specifications and the parties cannot agree on terms upon which the Company agrees to purchase the timber, FCNSW must within 7 days remove that timber from the Delivery Site at its own cost.
- 7. Delivery Charge**
- 7.1 A Delivery Charge for Timber harvested from a Price Zone and hauled to the Delivery Site will be the total of:
- 7.2.1 A cost per tonne for the type of Timber being an aggregate of costs for the various items of work comprising the Contract Harvesting necessary to harvest and haul the Timber from the particular Price Zone to the Delivery Site; and,
- 7.2.2 A cost per tonne for FCNSW' management and administration of the Contract Harvesting involved which the parties agree at the Commencement Date this Agreement takes effect is \$2.80 per tonne.
- 7.2 If FCNSW elects to undertake Contract Harvesting then, as soon as practicable after FCNSW informs the Company of its election FCNSW and the Company must confer and negotiate in good faith to reach agreement on the Delivery Charges to apply. In default of agreement by 30 days prior to the Contract Harvesting Date, FCNSW may determine the Delivery Charges to apply and prepare the Delivery Charge Schedule accordingly.
- 7.3 Any agreement or determination of a Delivery Charge under **clauses 7.2** of this **Schedule 6** must take into account the following factors:
- 7.3.1 the market rates for the various items of work comprising the Contract Harvesting necessary to harvest and haul the Timber involved from the particular Price Zone to the particular Delivery Site being considered provided:
- (a) those rates are comparable, having regard to the type of Timber produced, the yield per hectare, operation type, physical circumstances of harvesting and haulage and the particular Price Zone and Delivery Site being considered;
- (b) the party tabling rates as relevant must verify them to the reasonable satisfaction of the other parties;
- 7.3.2 the costs to FCNSW of managing and administering the Contract Harvesting necessary to harvest and haul the Timber involved from the particular Price Zone to the particular Delivery Site;
- 7.3.3 the benefits to the Company which arise because FCNSW' conduct of the Contract Harvesting has relieved the Company of liabilities associated with their conduct of harvesting and haulage operation including without limitation liabilities related to Work Health and Safety obligations, workers compensation, environmental compliance obligations, and contractual arrangements with harvesting and haulage contractors; and
- 7.3.4 the benefits to FCNSW or the Company, as the case be, arising because the other party has introduced measures related to the harvesting haulage or delivery of Timber resulting in efficiency gains.
- 7.4 In each Year and commencing no later than the end of July the parties must confer to review the Delivery Charge Schedule and must negotiate in good faith to reach agreement on amendments to the Delivery Charge Schedule to apply for the following Year. In default of an agreement on the required amendments by one week prior to the commencement of the following Year FCNSW may determine which amendments it considers are necessary. FCNSW may amend any of the rates specified in the Delivery Charge Schedule in accordance with the agreement of the parties or the determination of FCNSW as the case may be, and those rates will apply from the first day of the following DC Year.
- 7.5 Any agreement or determination under **clause 7.4** of this **Schedule 6** must take into account:
- 7.5.1 changes in the level of the costs of conducting Contract Harvesting which have occurred during the preceding 12-month period, as determined by the Delivery Charge Review Mechanism; and
- At the request of either party the agreement or determination must also take into account:
- 7.5.2 Changes in the physical circumstances of harvesting, including yield per hectare, timber piece size, slope and ground conditions, forecasted to apply in the relevant Year when compared to those physical circumstances forecasted in the last review to apply in the Year prior to the relevant Year;

- 7.5.3 Changes in the physical circumstances of haulage, including average lead distance to the Delivery Site, road classifications, delivery hours and unloading times at the Delivery Site, forecasted to apply in the relevant Year when compared to those physical circumstances forecasted in the last review to apply in the Year prior to the relevant Year;
- 7.5.4 the market rates for the various items of work comprising the Contract Harvesting under this Agreement provided:
- (c) those rates are comparable, having regard to the type of Timber produced and the physical circumstances of harvesting and haulage referred to in **clauses 7.5.2 and 7.5.3 of this Schedule 6**;
 - (d) the party tabling rates as relevant must verify them to the reasonable satisfaction of the other party;
 - (e) any comparison between market rates and Delivery Charges must take into account the cost to FCNSW of administering and managing Contract Harvesting associated with this Agreement,
- 7.6 If the Company disputes a determination by FCNSW under **clause 7.2, or 7.4 of this Schedule 6** on the grounds that an amendment to the Delivery Charge determined by FCNSW is, when compared to the matters referred to in **clause 7.2, or 7.4 of this Schedule 6** as the case may be, fair reasonable and competitive, it may not, in the course of dispute resolution under **clause 25**, rely upon information which it has not provided to FCNSW under **clause 7.3.1 or 7.5.4 of this Schedule 6** as the case may be, during the relevant review.
- 7.7 Commencing 6 months prior to each of the 5th, 10th and 15th anniversary of the Contract Harvesting Date FCNSW and the Company must meet to review in good faith the matters set out under **clause 7.5 of this Schedule 6** and to reach agreement if possible regarding amendments to those matters (if any) necessary to ensure they result in amendments to the Delivery Charge which are reasonable in relation to the requirements of **clause 7.10 of this Schedule 6** including:
- 7.7.1 the addition of other matters to be taken into account;
 - 7.7.2 the deletion or modification of existing considerations;
 - 7.7.3 amendments to the Delivery Charge Review Mechanism to vary the weight given to any Cost Item or Indicator by the mechanism;
 - 7.7.4 amendments to the Delivery Charge Review Mechanism to include any cost factor;
 - 7.7.5 the replacement of the Delivery Charge Review Mechanism; or
 - 7.7.6 Any or all of the above.
- 7.8 If FCNSW and the Company are unable to reach agreement on appropriate amendments referred to in **clause 7.7 of this Schedule 6** within 3 months of the commencement of the review FCNSW may determine the amendments it considers necessary and implement those amendments in time to be taken in account in the review of the Delivery Charge Schedule to apply in the following DCYear. If the Company disputes any such amendment **clause 25** will apply and for the purposes of **clause 25.5** the matters to be taken into account in determining the amendments are whether they are reasonable relation to the requirements of **clause 7.10 of this Schedule 6**.
- 7.9 FCNSW may from time after consultation with the Company amend the area of any Price Zone or to introduce a new Price Zone. At any time FCNSW advises the Company it intends to amend the area of any Price Zone or to introduce a new Price Zone, FCNSW and the Company must review the Delivery Charge Schedule and negotiate in good faith to reach agreement on amendments if any to the Delivery Charge Schedule. In default of agreement FCNSW may determine amendments if any to apply. Any amendments agreed or determined shall apply from the date the amended or new Price Zone takes effect.
- 7.10 FCNSW must ensure that the Delivery Charges which it determines under this **clause 7 of this Schedule 6** are fair, reasonable and competitive.
- 7.11 FCNSW must promptly provide the Company with a copy of the Delivery Charge Schedule as amended from time to time.



DELIVERY CHARGE REVIEW MECHANISM***Part 1 – Definitions***

In this Schedule 7 unless the context indicates to the contrary:

'Base Indicator Rate' means the percentage, index, or value, as specified in Column 3 of the table annexed in Part 3 of Schedule 7, to be used in calculating the Base Item Rate.

'Base Item Rate' means those listed in Column 6 of the table annexed in Part 3 of Schedule 7 calculated in accordance with Column 5 of the table annexed in Part 3 of Schedule 7, using the Base Indicator Rates.

'Base Item Weighting' means those listed in Column 7 of the table annexed in Part 3 of Schedule 7.

'Current Item Rate' means the percentage, index, or value to be used in calculating the Rate Review Factor as calculated in accordance with Column 5 of the table annexed in Part 3 of Schedule 7, using the Current Indicator Rates.

'Current Indicator Rate' means the percentage, index, or value, as specified in Part 2 of Schedule 7, to be used in calculating the Current Item Rate.

'DC Year' means the 12 month period commencing 1 September in any Year.

'Indicator' means an Indicator of an Item, more specifically being any Indicator set out in column 2 of the tables annexed in Parts 2 and 3 of Schedule 7.

'Item' means a factor relevant to the cost of Harvesting Operations or Haulage Operations, more specifically being any item set out in Column 1 of the table annexed in Part 3 of Schedule 7.

'Item Weighting' for the first rate review under this agreement the Item Weighting means the Base Item Weighting. For all subsequent Rate Reviews the Item Weighting will be ascertained by calculating what percentage each Item contributed to the Rate Review Factor in the most recent Rate Review as described in Part 5 of Schedule 7.

'Movement Factor' for all rate reviews under this agreement means those listed in Column 8 of the table annexed in Part 3 of Schedule 7.

'Previous Item Rate' for the Rate Review used to calculate the Delivery Charges to apply in the first rate review means the Base Item Rate. For all subsequent rate reviews the Previous Item Rate means the rate assigned to an Item in the most recent Rate Review.

'Rate Review Factor' means the value calculated by the method described in Part 4 of Schedule 7.

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

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Part 2– Current Indicator Rates Definition

Item	Indicator	Source	Period to use
CPI	CPI	<p>ABS Consumer Price Index Cat No 6401 table 1 and 2 (Series ID A2325846C; Index Numbers; All groups; Australia)</p> <p>As published by the Australian Bureau of Statistics (ABS) at www.abs.gov.au</p>	<p>The index for the quarter ending 30th of June in the Year, prior to the Year in which the rates calculated in the Rate Review will take effect.</p> <p>For example: When calculating the Delivery Charge that will apply to the DC Year starting 1st September 2018, use the indices for the period 1st April 2018 to 30th June 2018 being the June Quarter 2018.</p>
Fuel	Terminal Gate Price	<p>Daily average Terminal Gate Price, in dollars per litre (including GST), of Diesel in Sydney</p> <p>As published by the Australian Institute of Petroleum (AIP) at www.aip.com.au</p>	<p>Average price for the Year previous to the Year in which the rates calculated in the Rate Review will take effect. For clarity this will be an average of all days within the specified period where the AIP has reported and recorded the Terminal Gate Price of Diesel in Sydney.</p> <p>For example: When calculating the Delivery Charge that will apply to the DC Year starting 1st September 2018, average those daily prices reported during the period 1st July 2017 to 30th June 2018.</p>
	GST	GST as specified by the ATO	Average rate during the period determined for the Terminal Gate Price.
	On Road Tax Credit	<p>Fuel Tax Credit rates applicable to liquid fuels for heavy vehicles traveling on public roads</p> <p>As published at www.ato.gov.au</p>	Average rate during the period determined for the Terminal Gate Price.

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Part 3 – Base Item Rates

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Item	Indicator	Base Indicator Rate	Base Indicator Date	Calculation	Base Item Rate	Base Item Weighting	Movement Factor
Item 1: CPI	CPI	TBA	June Quarter 2015	None Required	TBA	80.0%	90%
Item 2: Fuel	Terminal Gate Price	TBA	Average 1/7/14 to 30/6/15	Terminal Gate Price Minus GST Minus the On Road Tax Credit	TBA	20.0%	100%
	GST	TBA	Average 1/7/14 to 30/6/15				
	On Road Tax Credit	TBA	Average 1/7/14 to 30/6/15				
Total						100.0%	

Part 4 – Formulas used to calculate the Rate Review Factors

$$R = \left(\frac{C_1 - P_1}{P_1} \times W_1 \times M_1 \right) + \left(\frac{C_2 - P_2}{P_2} \times W_2 \times M_2 \right)$$

where;

- R = the Rate Review Factor;
- C₁ = the Current Item Rate for CPI;
- P₁ = the Previous Item Rate for CPI;
- W₁ = the Item Weighting for CPI;
- M₁ = the Movement Factor for CPI;
- C₂ = the Current Item Rate for Fuel;
- P₂ = the Previous Item Rate for Fuel;
- W₂ = the Item Weighting for Fuel;
- M₂ = the Movement Factor for Fuel;

Part 5 – Formulas used to calculate the Item Weightings to use during the next Rate Review

$$I_1 = \frac{W_1 \times \left(1 + \frac{C_1 - P_1}{P_1} \times M_1 \right)}{1 + R}$$

$$F_1 = 1 - I_1$$

where;

- I₁ = the Item Weighting to use for CPI during the next Rate Review;
- F₁ = the Item Weighting to use for Fuel during the next Rate Review;
- R = the Rate Review Factor;
- C₁ = the Current Item Rate for CPI;
- P₁ = the Previous Item Rate for CPI;
- W₁ = the Item Weighting for CPI;
- M₁ = the Movement Factor for CPI;

Part 6 – Rate Review Calculation

The formula in Part 4 of Schedule 7 will be used to calculate the Rate Review Factor.

The Delivery Charge listed in the previous DC Year's Delivery Charge Schedule, will be multiplied by the Rate Review Factor plus one, to produce the new Delivery Charge to list in the Delivery Charge Schedule.

For removal of doubt the Delivery Charge will be calculated as follows:

$$\text{New Delivery Charge} = \text{Previous Delivery Charge} \times (1 + \text{the Rate Review Factor})$$

Part 7 – Rounding

The purpose of this clause is to ensure that sufficient information is given to enable the delivery charge calculations to be reconciled against advice provided in hard copy.

- The Current Indicator Rate for both the Terminal Gate Price and the On Road Tax Credit will be presented in dollar value and rounded to 5 decimal places before being used in subsequent calculations. For example, \$1.23456
- The Current Item Rates will be rounded to 5 decimal places before being used in subsequent calculations. They will remain rounded to 5 decimal places when they become Previous Item Rates when used in subsequent Rate Reviews.
- The Rate Review Factor will be rounded to 3 decimal places before being used in subsequent calculations. For example a Rate Review Factor of 0.0236872 would be rounded to 0.024 and would appear as 2.4% signifying a 2.4% rate increase.
- The Item Weightings will be rounded to 3 decimal places before being used in subsequent calculations. They will remain rounded to 3 decimal places when they are used in subsequent Rate Reviews. For example a Rate Review Factor of 0.7236872 would be rounded to 0.724 and would appear as 72.4%.
- The New Delivery Charge, as described in Part 6 of Schedule 7, will be rounded to 2 decimal places for application. It will remain rounded to 2 decimal places when it is subsequently used as the Previous Delivery Charge.



CODE OF PROCEDURE**A. SIMPLE STUMPAGE SALES****1. PARTIES**

FCNSW: THE FORESTRY CORPORATION OF NEW SOUTH WALES, a statutory State owned corporation constituted under the Forestry Act 2012 (NSW)

COMPANY: ALLIED NATURAL WOOD EXPORTS PTY LTD (ANWE)

2. DEFINITION OF TERMS

"HARVESTING MANAGER" means a FCNSW employed Harvesting Manager

"BARCODE" means a barcode recording all details as set out in Clause 6.1. The barcode request form will be subject to agreement between FCNSW and the Company and approved by FCNSW.

"HARVESTING CONTRACTOR" means the entity that conducts or is responsible for Harvesting Operations.

"HARVESTING OPERATIONS" means the selection and felling of trees, servicing of trees into log products, extraction of log products to log dump, debarking, segregation and stockpiling of log products at the log dump, and ancillary works including roading, tracking, log dump construction, site rehabilitation and the moving of harvesting equipment between Harvesting Areas and the loading of log products on to vehicles at the log dump.

"HARVESTING AREA" means a unit of State forest or other Crown-timber land deemed by FCNSW to be homogeneous for harvesting and accounting purposes.

"LOGS" means hardwood logs meeting specifications as set out in **Schedule 3** of this agreement.

3. ADHERENCE BY OPERATORS/CONTRACTORS

It is the Timber Licensee's responsibility to inform Harvesting Contractors involved in their licensed harvesting operations, of the requirements of this Code of Procedure.

4. SALE BY WEIGHT

4.1 Logs meeting specifications as set out in **Schedule 3** of this agreement are to be sold by weight. A certified weighbridge will be used to determine the weight of each truckload.

5. BARCODE AND DELIVERY PROCEDURE

5.1 Prior to commencement of harvesting Operations FCNSW will submit to the Company a barcode request form with the following information:

1. Date requested
2. State Forest and Compartment numbers
3. Harvesting contractor
4. Product type
5. Estimated tonnes
6. Operation type
7. Certification status
8. AFS Certification number

5.2 Logs must not leave the Harvesting Area without an approved Barcode attached to the load.

5.3 On a certified weighbridge each loaded vehicle will be weighed. The gross weight of each loaded vehicle will be recorded electronically to the nearest 0.02 tonne. The electronic weighbridge file will be forwarded to FCNSW weekly in Microsoft Excel format.

6. CHECKING PROCEDURES

The Harvesting Manager or representative shall have the right to make the following checks.

6.1 Random Sight Checks

FCNSW may randomly inspect loaded vehicles at the Harvesting Area, on the delivery route or at the delivery site to verify the Barcode and Logs being taken are in accordance with this Agreement.

6.2 Random Weight Checks

FCNSW may have weighed loads reweighed at an alternative weighbridge, with the weighbridge cost being borne by FCNSW.

6.3 Weighbridge Certification

Weighbridges used must have verification annually by the Department of Business and Consumer Affairs. Record of verification must be supplied to FCNSW annually.

7. ACCOUNTING PROCEDURES

7.1 FCNSW will use the electronic weighbridge data provided by the Company to invoice for royalty payable for the weight of product taken in the calendar month in accordance with clause 17 of this agreement.

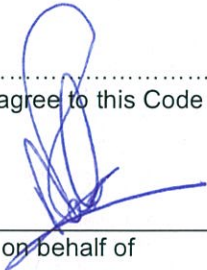
8. ALTERATIONS TO THIS CODE

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

9. ACKNOWLEDGMENT OF AGREEMENT

FCNSW and ANWE

.....
Hereby agree to this Code of Procedure.



For and on behalf of

FCNSW

Date: 29th June 2018



For and on behalf of

ANWE

Date: 29 JUNE 2018

B. INTEGRATED STUMPAGE SALES

The parties will revise the above Code of Procedure to account for additional factors should the requirement arise for the supply of log products to third parties under Integrated Harvesting as described in Clause 9 of **Schedule 5**.



Eden Roads Electronic Data Layer – To be supplied in advance of the Commencement Date.

Name	Type	Compressed size	Password ...	Size	Ratio	Date modified
<input type="checkbox"/> EdenRoads.cpg	CPG File	1 KB	No	1 KB	0%	1/06/2018 11:33 AM
<input type="checkbox"/> EdenRoads.dbf	DBF File	44 KB	No	1,269 KB	97%	1/06/2018 11:33 AM
<input type="checkbox"/> EdenRoads.prj	PRJ File	1 KB	No	1 KB	40%	1/06/2018 11:33 AM
<input type="checkbox"/> EdenRoads.sbn	SBN File	69 KB	No	112 KB	39%	1/06/2018 11:33 AM
<input type="checkbox"/> EdenRoads.sbx	SBX File	3 KB	No	5 KB	49%	1/06/2018 11:33 AM
<input type="checkbox"/> EdenRoads.shp	SHP File	3,083 KB	No	4,802 KB	36%	1/06/2018 11:33 AM
<input type="checkbox"/> EdenRoads.shp	XML Document	16 KB	No	308 KB	95%	1/06/2018 11:33 AM
<input type="checkbox"/> EdenRoads.shx	SHX File	50 KB	No	92 KB	47%	1/06/2018 11:33 AM