



PRIMARY SECURITIES LTD

Our Ref: PR36-39/Ltrs to Investors

14 July 2010

«Given_Name_1» «Surname_1» «Given_Name_2» «Surname_2»

«Account_Name»

«Address_1»

«Address_2»

«Address_3»

«SUBURB» «STATE» «POST_CODE»

Dear Investor

Templegate Forestry Trust Hamilton (ARSN 093 014 325) ("Hamilton")
Templegate Forestry Trust Mossgrove (ARSN 093 014 272) ("Mossgrove")
Templegate Forestry Trust Jeremy 1 (ARSN 093 014 012) ("Jeremy 1")
Templegate Forestry Trust Jeremy 2 (ARSN 093 014 192) ("Jeremy 2")

INTRODUCTION

When we were appointed at meetings of scheme investors ("Lessees"), we undertook to provide the following (for a fee per scheme of \$66,000 plus GST):

- (a) To make a proper professional assessment of the Plantation and likely returns and costs, and the optimum date for harvest;
- (b) To consider whether or not it is better for Lessees to attempt to sell their interest in the Plantations now or wait for harvest;
- (c) To commence negotiations with any person willing to carry out maintenance and harvest services on the Plantation in exchange for a share of Proceeds or otherwise and to enter into an agreement on behalf of Lessees if thought in their best interest;
- (d) To commence negotiations with any person willing to purchase the entire interest of Lessees in the Plantation and to enter into an agreement on behalf of Lessees if thought in their best interest;
- (e) To claim so much of the Trust (Maintenance) Fund as is possible (but not to mount a claim in court or arbitration without approval of the budget by Lessees by ordinary resolution unless it is necessary to protect the fund);
- (f) To bring financial reporting and audit obligations up to date;
- (g) To form a committee of Lessees to consult in relation to such matters;
- (h) To call a meeting to approve a budget for the following financial year.

We put ourselves under a tight timetable to achieve the above, giving ourselves until the end of June 2010. Unfortunately, we did not take into account the slowness on the part of the receivers and managers and also the liquidators of Great Southern Managers Australia Limited (Receivers and Managers Appointed) (In Liquidation) (**GSMAL**). The flow of documents and information to us up until recent times has been very disappointing and ultimately on 1 June 2010 Primary Securities Ltd was forced to commence legal proceedings against GSMAL and the liquidators for orders in relation to the delivery of money and documents. These delays have held up the completion of this report.

STATUS OF TRUST MONEYS

We have been Responsible Entity for more than 3 months but have so far received none of the trust funds held by the liquidators.

1. Extent of Trust Account Monies

The liquidators of GSMAL, Ferrier Hodgson, have provided us with details of monies they hold in various Trust Accounts. These are-

ACCOUNT NAME	AMOUNT
<u>Term Deposits (Trust Maintenance Funds)</u>	
Hamilton – Term Deposit	42,879.09
Mossgrove- Term Deposit	354,708.95
Jeremy 1-Term Deposit	67,380.81
Jeremy 2-Term Deposit	62,010.70
<u>Total Term Deposits Balance</u>	<u>526,979.55</u>
<u>Other Trust Accounts</u>	
Hamilton Trust Account	92,866.21
Mossgrove Thinnings Trust Account	34,747.24
Mossgrove Insurance Trust Account	398,961.86
Mossgrove Salvage Trust Account	194,246.46
Jeremy 1 Trust Account	51,633.66
<u>Total Trust Account Balance</u>	<u>772,455.63</u>
TOTAL	<u>1,299,435.18</u>

The liquidator requires the protection of a court order before making any payment to Primary Securities (which may be achieved by consent).

2. Proceedings in the Federal Court of Australia

In early June 2010, the liquidators of GSMAL informed us that following receipt of the legal opinions, they proposed to apply some of the money they held in the trust accounts for the Templegate schemes. We had no alternative but to immediately commence proceedings in the Federal Court of Australia to prevent them from dealing with the money and requiring them to hand the money to us as the new Responsible Entity for the schemes.

These proceedings are listed for hearing on 15 August 2010 but we are in discussions with the liquidators and hope to resolve the proceedings amicably.

3. **Maintenance Trust Account Moneys**

The first four accounts (Term Deposits) and the Hamilton and Jeremy 1 Trust Accounts are believed to be Maintenance Trust Accounts and we are confident that these monies will be turned over to us for the following reasons. These trust accounts were originally set up from the fees paid by Lessees at the very start of the schemes, hence the money is the Lessees' money. Some Lessees will be aware that there was a provision in the 2000 Constitution to the effect that on a change of Responsible Entity, the new Responsible Entity had to put up the same amount as was in the trust accounts and the former Responsible Entity could keep the amounts it held for its own purposes. This "poison pill" clause was inserted by GSMAL without approval of the Lessees and is void because GSMAL did not have the power to insert such a clause without the approval of Lessees at a meeting held for the purpose. Further, the Corporations Act prevents the taking of a fee by the former Responsible Entity except in relation to the performance of its duties and for the proper performance of those duties, which is not the case. We believe that our entitlement to the trust maintenance account moneys is overwhelming and we believe that the liquidator will shortly agree to pay us these moneys.

4. **Mossgrove Thinnings Account Money**

The Mossgrove thinnings trust account probably represents proceeds from thinning and this account should be paid to us subject to a claim by GSMAL for 10%. The Mossgrove Lessees are entitled to a set-off our counterclaim which should cancel out any 10% entitlement. These counterclaims are the fees payable by Growers to us as Responsible Entity plus the difference in returns if the schemes had been allowed to run their full course. This matter is being discussed with the liquidator.

5. **Mossgrove Insurance Trust Account Moneys**

As to the money held in the Mossgrove insurance and salvage trust accounts, we have not seen the agreement with the insurance company, however we understand from the liquidators that the amount in the Mossgrove Salvage Account must be paid to the insurance company and does not belong to Lessees. We understand from the liquidators that more than \$2,200,000 in insurance compensation was paid to Mossgrove Lessees and therefore the amount in the insurance account must be either salvage money (payable to the insurance company), insurance premium reimbursements from Lessees, or moneys from some other source such as other companies in the Great Southern group.

The entitlement of Lessees who have been paid out is also unclear. GSMAL initially made a mistake by paying out only those Lessees whose Leased Areas had been destroyed by fire. They later realised that the Constitution for the scheme provided that insurance proceeds had to be paid to all Lessees and not only to those whose trees had been destroyed. We are aware that some of the Lessees who have been fully paid out have been removed from the register. We understand that Lessees who were overpaid were asked to return their overpaid portion and many refused to do so.

The liquidators do not have all the documents relating to the fire, the claim and the payout to Lessees, or the payments into the insurance account. The information is with the receivers or in the GSMAL computers. Some of GSMAL's computers are leased and the data needed to sort out these problems has possibly been deleted or is about to be. The resolution of the position in relation to the money in the insurance trust accounts may take some time.

PAYMENT OF INITIAL FEE

We stated in the Explanatory Memorandum for the meetings of Lessees held on 1 April 2010 that Primary Securities is a "fee for service" Responsible Entity. We require to be paid fees and to be reimbursed for specified out-of-pockets. Our interim services were for a fee of \$66,000 per scheme plus GST. This was approved by Special Resolution at the meetings for each Scheme.

In the case of Hamilton, we indicated to those persons co-ordinating votes that we might be willing to defer this fee if the scheme was unviable or "under water" as the writer put it at the meeting of Lessees, as initial figures indicated. However, it quickly transpired that Hamilton was indeed viable which removed the basis for any deferment and the fee was therefore invoiced.

We were aware that a fixed fee per scheme meant that Lessees in some schemes were paying more per Leased Land than other schemes because they were in smaller schemes. This was clearly pointed out in the Explanatory Memorandum for the first meeting. The original promoters of these schemes chose to separate investors into different "Plantations" and not group all investors in one large scheme. This meant that when the Prescribed Interest Schemes converted to the Managed Investment Scheme regime in 2000, it had to be converted into four separate Managed Investment Schemes with four separate sets of compliance costs, administrative costs, accounting and audit costs, professional indemnity insurance costs and reports to Lessees.

We conduct the same investigative, compliance, accounting and reporting work for each of the four Schemes. Our fee for each Scheme is properly and appropriately the same amount.

There has been a very low rate of payment of the initial fee. We are not being funded by the bulk of the Lessees who wanted us and voted for us to rescue them, nor have we received any funds from the liquidators.

We are entitled to render further invoices for administrative fees to those Lessees who are in default and will do so. Under the Corporations Act, 2001, we are obliged to treat Lessees equally. This means that we are obliged to recover unpaid moneys from those who have not paid.

If we were to pay out the defaulters (use trust moneys to pay their outstanding initial fees), we would at the same time have to reimburse those who paid the initial fee. It is in the interest of Lessees as a whole that we apply trust funds to future fees and expenses, not arrears of unpaid fees.

NET PROCEEDS FEES

We will be paid a fee of 5% of moneys deposited into the Proceeds account. The Prospectus and Lease and Management Agreement for each scheme also provide for a fee to the Responsible Entity of 10% of the net proceeds of sale. The total entitlement of the Responsible Entity is 15%.

Given the poor payment rate on behalf of Lessees, we will claim the full 15%, however, to encourage Lessees to pay their initial fees, we propose to rebate the 10% fee to Lessees who are not in default in relation to the initial fee or any future payment obligation.

CLAIM OVER JEREMY 3 AND JEREMY 4 TREES

We have recently established that Lessees in Jeremy 1 and Jeremy 2 did pay insurance premiums for both Jeremy 3 and Jeremy 4 for a number of years. This gives rise to a claim of a constructive trust over the trees in Jeremy 3 and Jeremy 4. We are still gathering evidence and have not as yet made any formal claim to the liquidators (or the receivers and managers) of GSMAL and any claim is likely to involve court proceedings. We do not propose that Jeremy 1 or Jeremy 2 Lessees be asked to pay for the up-front cost of any proceedings. If proceedings have to be commenced, we will fund these costs and be reimbursed out of proceeds.

Proceedings may be able to be avoided by agreement with the liquidators to split the proceeds from harvest of Jeremy 3 and Jeremy 4 in some negotiated proportion.

HARVESTING MOSSGROVE

We arranged for harvesting to commence at Mossgrove on 31 May 2010 in relation to the southern end of the plantation which is of lower quality. Carter Holt Harvey/Borg Panels/Highland Pine Products (CHH) are carrying out the harvest. A harvesting plan was prepared by our contractor John Byrne and agreed with CHH. The plan provides for continuous harvesting of up to 300 hectares of timber.

CHH agreed to allow us to maximize the value of the cut by putting aside logs that do not meet CHH specifications but could be sold to another company, Green Canopies, as China A grade logs. This is an unusual deal as CHH would normally want much of this material as pulp. The difference in price is \$25.50 per green metric tonnes (GMT) for China A grade log as opposed to \$8.47 GMT for pulp.

CHH have initially provided two harvesters and an on-site chipper. To June 2010, we estimate (based on movements and existing stockpiles) that 9,840 tonnes have been cut. Proceeds are starting to be received by us. The harvest volume per hectare is in line with our Mossgrove Projections and value per tonne is, slightly ahead of projections at \$14.80 per GMT.

INSURANCE

Fire Insurance will be taken out for each scheme on 1 October 2010 and Lessees will be charged their proportion accordingly. Based on the values we have prescribed for each scheme/plantation there exists an argument that Great Southern may have been over insuring in the past. On the other hand, if the previous insurance values are correct, then we have undervalued the timber in our Projections and Lessees will benefit from any upside.

We understand that the receivers took out or arranged insurance for the period 1 October 2009 to 1 October 2010 and that Lessees received invoices for their proportion of the premium(s).

We have yet to obtain any data from the receivers/liquidators on current insurance arrangements and so cannot comment on those arrangements.

We do however understand from a number of Lessees that they refused to pay. There may be a claim for these unpaid monies against any Lessee proceeds by the receivers/liquidators. We understand that there are, in most schemes, arrears of unpaid insurance costs due by a number of Lessees and it is likely those will be recouped from proceeds going forward.

We have taken out public risk insurance in relation to each plantation.

FINANCIAL STATEMENTS

We have received draft financial reports for the last two years from the receivers and managers and we have put these on our website for the benefit of Lessees. Please bear in mind that these financial reports are unaudited drafts. We are providing the information because it is the best information we are able to give, but the financial statements were not prepared by us and are not approved by us.

We have also entered all financial data provided by the receivers and managers and by the liquidator. However, a number of source documents are missing and we are currently unable to complete the financial statements. This matter is part of the claim against the liquidators in the Federal Court of Australia.

Another issue is the appearance in the Mossgrove scheme accounts of a debt owing to the Great Southern companies of \$362,784, and an overpayment of \$362,784 to certain Mossgrove Lessees. See note 7 of the 31 December 2009 accounts. We do not recognise the debt as a proper debt of the scheme but as a debt of GSMAL in its own right. It arises from the error in overpaying some Lessees their insurance proceeds. Those Lessees who received an overpayment and did not reimburse GSMAL will have future proceeds entitlements withheld and given back to GSMAL to that extent.

The financial statements refer to a lien over proceeds claimed by the receivers and managers. We are not aware of any specific amount being claimed by the receivers and managers of GSMAL as it appears that the receivers and managers did not authorise any maintenance work on the plantations, or if they did, it was minimal.

AUSTRALIAN TAX OFFICE

The Australian Tax Office has been monitoring what has happened in relation to these schemes and we are reporting to them.

PROJECTED RETURNS TO LESSEES IF THE SCHEMES CONTINUE TO HARVEST

We formed, met with and reported to the Lessees' Committee on 25 May 2010 and presented preliminary draft Profitability Analysis Schedules for each of the 4 plantations. We did not release those Schedules to Lessees as we needed more time to refine and check the numbers.

We are now pleased to present Profitability Projections for your scheme(s) on the basis that the Scheme continues for the optimum period for producing quality timber capable of being saw-milled. The Schedules attached to this report are Projections only. They are not forecasts, nor estimates, which provide a higher degree of certainty as to outcome.

Now following is a summary of those Schedules:

<u>SUMMARY BY SCHEME</u>						
<u>Scheme</u>	<u>Clearfell Date</u>	<u>Hectares Planted</u>	<u>No of Lots</u>	<u>Projected Yield</u>	<u>Yield/Planted Ha</u>	<u>Yield/Lot</u>
Hamilton		99.5	122			
- Option 1	15/16			\$318,000	\$3,196	\$2,606
- Option 2	10/11			\$414,000	\$4,160	\$3,393
Mossgrove	12/13	489 (1)	797	\$2,478,000	\$5,067	\$3,109
Jeremy 1	11/12	156	230			
- No J 3+4 proceeds				\$591,000	\$3,788	\$2,569
- With J 3+4 proceeds				\$863,000	N/A	\$3,753
Jeremy 2	11/12	113.9	161			
- No J 3+4 proceeds				\$91,000	\$799	\$565
- With J 3+4 proceeds				\$282,000	N/A	\$1,749

NOTES

1. 194 hectares previously cleared as a result of fire damage. Total original planting is 683 hectares.
2. The Projected Yield for each scheme has been determined after providing for all projected costs after 1 July 2010, including harvesting costs (operating expenses), insurance costs, Responsible Entity and other costs. It does not include nor take into account the initial fee nor certain other costs which are deductible out of proceeds.

3. Woodlots were allocated/issued over the gross area of each plantation including areas that were not, nor could ever be planted. Areas not planted are occupied by roads, tracks, firebreaks and unplatable slopes.
4. Hamilton – Option 1 is for a further thinning followed by a clearfell in 2015/2016. This is the optimum time for obtaining maximum “gross” yield for the plantation, but provides less returns to Lessees than Option 2.

Hamilton – Option 2 is for a clearfell now. This provides a better net return to Lessees but may not be possible if no buyer can be found.
5. Jeremy 1 and Jeremy 2 – On a speculative basis, we have allowed for an outcome in the Summary above, whereby Lessees are entitled to half the net proceeds from both Jeremy 3 and Jeremy 4. However, this is only an assumption and Jeremy 1 and Jeremy 2 Lessees need to also consider the prospect that a claim is not successful. Also, the costs of making a claim are not included.
6. Detailed Profitability Projections for each Scheme and the underlying assumptions are attached to this report and should be read carefully.

TRADE SALE OF TIMBER RIGHTS: ALTERNATIVE COURSE OF ACTION

1. GSMAL attempted trade sale

GSMAL, in the months prior to their administration, invited expressions of interest/offers to purchase the standing trees from each scheme and the land, as separate transactions, that is, a trade sale of all timber rights.

The Receivers and Managers, McGrath Nichol, did not accept any offers and have refused to provide us with any information other than a dollar number for the timber and the name of a buyer for each scheme. These are presented below-

SCHEME	HI	LOW
Hamilton	500,000	408,000
Mossgrove	3,545,000	2,200,000
Jeremy 1	531,000	-
Jeremy 2	354,000	-

We do not know what the terms and conditions were, nor what the offers for the land only amounted to.

We have been in regular communication with the two parties that expressed interest and have requested that they submit new indicative offers. We now know that all purchase offers for the timber were conditional upon the purchase of the underlying land in each case.

The liquidators of GSMAL, Ferrier Hodgson, have been very co-operative in our new sales effort and have advised that they willing sellers of the land. They have provisionally agreed to work with us on a joint sales effort to achieve the best outcome for all parties.

2. Advantages of a Trade Sale of All Timber Rights

A trade sale of all timber rights coupled with the sale of the land has two benefits to most Lessees-

1. No further outlays
2. Taxation benefits, as a wholesale sale of all rights may be taxed as a Capital Gain.

NET RETURN ANALYSIS

A comparison of gross returns from harvesting versus a trade sale of all timber rights is shown below. These are translated to a total return to Lessees in each Scheme after taking into account trust moneys and other costs.

Scheme	Projected	2009 Sale	Insured Value	Trust	Initial	Other	Total Returns	
	Yield	Price	2008/09	Monies	Fee	Costs	Low	High
Hamilton								
- Option 2	\$414,000	\$500,000	\$1,222,000	\$98,000	(66,000)	(\$14,500)	\$446,000	\$502,000
					PER LOT		\$3,538	\$3,996
Mossgrove	\$2,478,000	\$3,500,000	\$5,255,000	\$400,000	(66,000)	(\$14,500)	\$2,812,000	\$3,834,000
					PER LOT		\$3,510	\$4,729
Jeremy 1	\$863,000	\$531,000	\$1,665,000	\$100,000	(66,000)	(\$14,500)	\$625,000	\$897,000
					PER LOT		\$2,654	\$3,837
Jeremy 2	\$282,000	\$354,000	\$1,246,000	\$62,000	(66,000)	(\$14,500)	\$87,000	\$350,000
					PER LOT		\$450	\$2,084

NOTE:

1. Projected Yields are determined after allowing for harvesting, fire insurance, Responsible Entity and other costs. These gross yields are used in determining high / low returns.
2. Sale prices are believed to have been offered in 2009 and have lapsed or offers have been withdrawn.
3. (Past) Insured Values are shown for comparative purposes only.
4. Mossgrove: we have allowed for \$400,000 maintenance trust moneys, however there may be substantially more if Lessees and not the insurance company are entitled to the money in the insurance fund.
5. Other costs are the costs incurred to date which are payable out of proceeds. These are the cost of the meetings, ASIC fees and litigation costs assuming that agreement is reached with the liquidator. Jeremy 2 has not been charged for the cost of the second meeting.
6. As each Lease and Management Agreement is separately registered on the relevant title, on termination of each Scheme there could be a fee for removal of the encumbrance. We are obtaining advice as to whether or not this can be done with one instrument or whether separate instruments and separate fees are required. These costs are not included in the above projections.

BUDGET FOR THE FINANCIAL YEAR 2010 / 2011

Lessees should refer to the Appendix in the additional sheets attached to this report for projected expenses and revenue for your scheme(s) having regard to the different options available. The anticipated expenses for each year are set out.

In accordance with the Constitution, Lessees will be asked to approve these Budgets at the meeting of Lessees. Note that the budgets above include:

1. the \$75,000 Responsible Entity fee which is the subject of a separate resolution;
2. fire insurance; and
3. other Responsible Entity costs such as audit and Professional Indemnity insurance **(PI)**.

FURTHER FEES BY LESSEES

We are conscious of Lessee concerns over paying more money to maintain their Schemes. We propose amendments to the Constitution of each Scheme to allow us to use trust moneys to pay for any ongoing maintenance costs, fees and out-of-pockets. This will reduce the need to require Lessees to pay further money.

If these Constitutional amendments are carried, there is a fair possibility that we do not have to ask for further cash payments from Lessees on some Schemes.

Budgets for the next 12 months are shown in attached Appendices and are summarised below.

Hamilton

We believe that Hamilton can be cash flow positive for the next 12 months provided a thinning or clearfell harvest commences in early summer and subject to the qualification shown below.

Mossgrove

We expect Mossgrove will be cash flow positive from now on, subject to the qualifications shown below.

Jeremy 1

We expect Jeremy 1 will be cash flow positive from now on, subject to the qualifications shown below.

We are endeavouring to negotiate an early harvest programme on acceptable terms or trade sale to ensure the Scheme remains cash flow positive.

Jeremy 2

Jeremy 2 is currently projected to show a shortfall of \$37,990 over the next 12 months.

A director of Primary Securities, Tony Treadgold, will be meeting with representatives of Visy at Burruga this week to discuss Jeremy 2 and other timber which may currently be available for clear-felling. Visy's requirements are for pulp only, though they will arrange for other third parties to take the higher value sawlog.

In discussions with Visy, they have commented that Jeremy 2 is not an all weather site, meaning it can only be harvested in summer for a period of between 3 and 6 months. For Visy to mobilise a harvester and supporting equipment they require a period of 12 months' continuous work.

Jeremy 2 on its own will not provide this. It may be possible for the weaker areas of Jeremy 1 to be allocated to supplement timber from Jeremy 2. These are areas in Jeremy 1 that CHH will not take. The liquidators of GSMAL are prepared to consider a proposal that Jeremy 2, Jeremy 3 and Jeremy 4 be harvested together to provide to Visy the required continuity of work.

Primary Securities will invoice its Annual Responsible Entity Fee but will not seek payment from Jeremy 2 Lessees (apart from the initial fee). We will continue to work on a solution for the next few months.

A critical time will be October when fire insurance will have to be taken out and work on fire breaks arranged. If no sale or clear-felling is arranged by that date, we will have to terminate the Scheme.

QUALIFICATIONS

The qualifications referred to above are as follows:

- the approval of Constitutional amendments as per in the Notice of Meeting
- the approval of the Budgets as per in the Notice of Meeting

MERGING SCHEMES

We have considered seeking to merge Schemes together to reduce administrative costs (principally our fees).

It may be possible to merge Mossgrove and Hamilton as one Scheme because their returns are similar. We do not see a merger of these two Schemes as a matter of urgency.

Likewise a merger of Jeremy 1 and Jeremy 2 may be possible, particularly because they share a common issue in relation to the claim on Jeremy 3 and Jeremy 4.

Mergers require Constitutional amendments and the passing of Special Resolutions by Lessees of both schemes that are merging. This is not always easy to achieve as a merger must be for the benefit of Lessees in both Schemes and scheme meetings involve cost.

We will continue to consider merger as an option for Jeremy 2 Lessees.

Merging will only be proposed if Trade Sales of all timber rights cannot be achieved and merger is in the interest of Lessees as a whole in both schemes being merged.

APPORTIONMENT OF EXPENSES BETWEEN SCHEMES

When we incur expenses on behalf of all four schemes (such as court action costs for the benefit of all Lessees), we have an obligation to treat the Scheme investors fairly. We will apportion the costs in proportion to the projected yield (choosing the most conservative option). This results in an apportionment of overall expenses as follows:

Hamilton	9.31%
Mossgrove	60.84%
Jeremy 1	17.56%
Jeremy 2	12.29%

MEETINGS OF LESSEES

To enable us to proceed, in accordance with the Constitutional amendments as approved by Lessees at the last meetings, we now need the support of an ordinary resolution at a meeting of Lessees of each scheme to approve the continuation of our work for the fees we indicated. Attached is an Explanatory Memorandum for your scheme explaining the purpose of the meeting.

CONCLUSION

We refer to the Introduction section in which we advised what we undertook to complete and now conclude on how we have achieved these undertakings:

- (a) To make a proper professional assessment of the Plantation and likely returns and costs, and the optimum date for harvest; [**done in this report**]
- (b) To consider whether or not it is better for Lessees to attempt to sell their interest in the Plantations now or wait for harvest; [**done in this report**]
- (c) To commence negotiations with any person willing to carry out maintenance and harvest services on the Plantation in exchange for a share of Proceeds or otherwise and to enter into an agreement on behalf of Lessees if thought in their best interest; [**not applicable**]
- (d) To commence negotiations with any person willing to purchase the entire interest of Lessees in the Plantation and to enter into an agreement on behalf of Lessees if thought in their best interest; [**commenced**]
- (e) To claim so much of the Trust (Maintenance) Fund as is possible (but not to mount a claim in court or arbitration without approval of the budget by Lessees by ordinary resolution unless it is necessary to protect the fund); [**at our own cost a claim in the Federal Court was commenced as a matter of urgency to protect the funds**]
- (f) To bring financial reporting and audit obligations up to date; [**under way, but held up because of lack of documents from liquidators**]
- (g) To form a committee of Lessees to consult in relation to such matters; [**done**]
- (h) To call a meeting to approve a budget for the following financial year [**done: attached to this report**].

Yours faithfully

PRIMARY SECURITIES LTD



Rob Garton Smith
Managing Director



Tony Treadgold
Director

