

TEMPLEGATE - HAMILTON

BUDGET, 12 MONTHS1 JULY 2010 TO 30 JUNE 2011

<u>3 Months Ending</u>	<u>Sept</u> <u>2010</u>	<u>Dec</u> <u>2010</u>	<u>March</u> <u>2011</u>	<u>June</u> <u>2011</u>	<u>Total</u>
Cash Inwards					
Trust Monies	119,014	-	-	-	119,014
Harvest Proceeds	-	25,000	50,000	44,000	119,000
Cash In	119,014	25,000	50,000	44,000	238,014
Cash Outwards					
Operating Expenses	17,200	40,000	15,800	-	73,000
R.E. & Other Costs	75,000	10,000	5,000	-	90,000
Harvest Fee	9,300 (1)	-	-	6,000	15,300
Cash Out	101,500	50,000	20,800	6,000	178,300
Net Cash	17,514	(15,000)	29,200	38,000	59,714
Cash Balance	17,514	2,514	36,714	59,714	

(1) Assuming payable to GSMAL/Ferrier Hodgson

TEMPLEGATE - HAMILTON

OPTION 1 - THIN & CLEARFELL

OPTION 2 - CLEARFELL NOW

PLANTATION SPECIFICATIONS

Gross Area	121.9 ha
Planted Area	99.5 ha
Years of Planting	1975 and 1977
Number of Lots	122

Thinning

Non-Commercial 2001	95 ha
Commercial 2008/2009	40 ha
Scheduled for 2011	60 ha

Commercial Thinning 2008/2009

Harvest Volumes	
CarterHolt Harvey	3,930 tonnes
Other (Export) estimated	870 tonnes

Est. Gross Harvest 4,800 tonnes

Est. Tonnes/Hectare 120

Proposed Clearfell

Option 1	2015/2016
Option 2	2010/2011

TEMPLEGATE - HAMILTON

OPTION 1 - THIN & CLEARFELL

1. SUMMARY OF PROJECTED REVENUE AND EXPENSES

YEAR	10/11	11/12	12/13	13/14	14/15	15/16	TOTAL
<u>Revenue</u>							
Thinning	119,000						119,000
Clearfell						982,000	982,000
Proj. Revenue	119,000					982,000	1,101,000
<u>Expenses</u>							
Operating	73,000	14,000	14,000	15,000	15,000	57,000	188,000
R.E.	75,000	75,000	75,000	75,000	75,000	75,000	450,000
Audit, P.I. & Other	15,000	15,000	15,000	15,000	15,000	15,000	90,000
Harvest Royalty	6,000					49,000	55,000
Proj. Expenses	169,000	104,000	104,000	105,000	105,000	196,000	783,000
Net Profit/(Loss)	(50,000)	(104,000)	(104,000)	(105,000)	(105,000)	786,000	318,000

Purchase Offers for Hamilton Timber

	<u>Sale Price</u>	<u>R.E. Fees</u>	<u>Net</u>
Mt David Group	\$ 408,000	\$ 100,000	\$ 308,000
Humes	\$ 500,000	\$ 100,000	\$ 400,000

- (1) See Royalty Calculation Schedule attached.
 Royalty of \$30.77/t rounded down to \$30.00/t

TEMPLEGATE - HAMILTON

OPTION 1 - THIN & CLEARFELL

2. THINNING - PROJECTED REVENUE AND OPERATING EXPENSES 2010/2011

Hectares 60 Total Tonnes 7,200
Projected t/ha 120

	<u>Sawlog</u>	<u>Export</u>	<u>Pulp</u>	<u>TOTAL</u>
Tonnes	2,160	720	4,320	7,200
%	30%	10%	60%	100%
Royalty/tonne	\$ 30.00 (1)	\$ 25.00	\$ 8.47	\$ 16.58
<u>Gross Revenue</u>	\$ 64,800	\$ 18,000	\$ 36,600	<u>\$ 119,400</u>

Operating Expenses

Roads, construction and upgrade	\$ 35,000
Supervision	\$ 9,000
Marking clearway, trees @ \$120/ha	\$ 7,200
ROW - Use of Humes roads @ 50c/t	\$ 3,800
Insurance, fire and public liability	\$ 10,000
Dust Suppression (water truck)	\$ 8,000
	<u>\$ 73,000</u>

TEMPLEGATE - HAMILTON

OPTION 1 - THIN & CLEARFELL

3. OPERATING EXPENSES - 5 YEARS TO 2016

YEAR	11/12	12/13	13/14	14/15	15/16	TOTAL
Weeds, F/Breaks	2,000	2,000	2,000	2,000		8,000
Maintenance	2,000	2,000	2,000	2,000		8,000
Insurance	10,000	10,000	11,000	11,000		42,000
Water truck					12,000	12,000
Roads					20,000	20,000
Supervision					25,000	25,000
	14,000	14,000	15,000	15,000	57,000	115,000

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OPTION 1 - THIN & CLEARFELL

4. **CLEARFELL IN 2016**

Hectares	99.5
Projected tonnes/ha	340
Total tonnes	33,830

Revenue

<u>Quality</u>	<u>Sawlog/Export</u>	<u>Pulp</u>	<u>TOTAL</u>
Tonnes	25,372	8,458	33,830
%	75%	25%	100%
Av. Royalty/tonne	\$ 35.90 (2)	\$ 8.47	\$ 29.04
Gross Revenue	<u>\$ 910,800</u>	<u>\$ 71,600</u>	<u>\$ 982,400</u>

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OPTION 1 - THIN & CLEARFELL

(1) **Royalty per Tonne is Estimated as follows**

<u>Diameter</u>	<u>Classification</u>	<u>Royalty</u>	<u>%</u>	<u>Apportion</u>
SED 18-24 cm	S2	\$ 15.76	50%	\$ 7.88
SED 24.1-32 cm	S3	\$ 41.36	40%	\$ 16.54
SED 32.1-45 cm	S4	\$ 63.54	10%	\$ 6.35
Average Royalty				\$ 30.77

(2) **Royalty per Tonne is Estimated as follows**

<u>Diameter</u>	<u>Classification</u>	<u>Royalty</u>	<u>%</u>	<u>Apportion</u>
SED 18-24 cm	S2	\$ 15.76	30%	\$ 4.73
SED 24.1-32 cm	S3	\$ 41.36	60%	\$ 24.82
SED 32.1-45 cm	S4	\$ 63.54	10%	\$ 6.35
Average Royalty				\$ 35.90

TEMPLEGATE - HAMILTON
OPTION 2 - CLEARFELL NOW

2. EXPENSES

Roads	50,000
Supervision	25,000
ROW - Humes Roads @ 50c/t	16,000
Insurance	10,000
Dust Supervision	12,000
R.E. Fees	75,000
Audit, P.I. & Other	15,000
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	203,000
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