



Corporate Directory

NTT MAHOGANY PROJECT 2006-2008

ARSN 118 011 457

RESPONSIBLE ENTITY ISSUER OF THIS PDS

Primary Securities Ltd ABN 96 089 812 635 Holder of Australian Financial Services Licence No. 224107 13 Nairn Street Fremantle WA 6160

DIRECTORS OF THE RESPONSIBLE ENTITY

Anne Thoume (Chair)
Robert Garton Smith (Managing Director)
Brian Millmore

CUSTODIAN AND SOLICITORS FOR RESPONSIBLE ENTITY

Garton Smith & Co 13 Nairn Street Fremantle WA 6160

CONSULTANT FORESTER

Yulebar Enterprises (Mr Robin Yule) P0 Box 460 Gympie QLD 4570

SUB-CONTRACTORS

PLANTATION ESTABLISHMENT

Northern Tropical Timbers Pty Ltd ABN 43 100 784 192 ("Planting Co")

PLANTATION MAINTENANCE

NTT Forestry Pty Ltd ABN 16 117 103 956 ("Land Co")

TIMBER MILLING AND MARKETING

NTT Timber Products Pty Ltd A.C.N. 117 103 929 ("Timber Co")

All being sub-contractors of the Responsible Entity and all of: Suite 3, Level 15 499 St Kilda Road Melbourne VIC 3004

DIRECTORS OF NORTHERN TROPICAL TIMBERS PTY LTD

Greg Hooker (Managing Director)
John Dick

DIRECTOR OF NTT FORESTRY PTY LTD & NTT TIMBER PRODUCTS PTY LTD

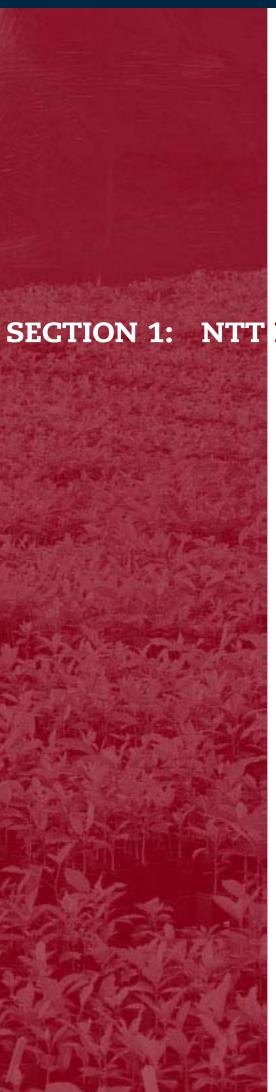
Greg Hooker

African Mahogany trees pictured in this PDS are not assets of NTT Mahogany Project 2006 - 2008

Contents

Section		Page
	CORPORATE DIRECTORY	
	CONTENTS	
1	NTT MAHOGANY PROJECT 2006-2008	3
2	THE TIMBER INDUSTRY	7
3	PLANTATION SITE AND DEVELOPMENT	13
4	WHAT YOU NEED TO KNOW ABOUT THE OFFER	17
5	FEES AND OTHER COSTS	25
6	QUESTIONS AND ANSWERS	29
7	PROJECT MANAGEMENT	33
	The Responsible Entity	
	The Sub-contractors	
8	TAXATION	37
9	KEY RISK FACTORS AND SAFEGUARDS	38
10	CONSULTANT FORESTER'S REPORT	41
11	ADDITIONAL INFORMATION	46
12	KEY AGREEMENTS	49
13	GLOSSARY OF DEFINED TERMS AND TECHNICAL TERMS	55
14	INSTRUCTIONS FOR LONGMENT	59





The NTT Mahogany Project 2006-2008 provides you with an opportunity to carry on the business of commercially growing mahogany trees in the Northern Territory. The timber from the Plantation will produce high value hardwood for use in the furniture and building industries.

As a Grower, you will receive a licence to grow mahogany on a minimum of 2

What you receive

When you become a Grower, you will receive:

- a confirmation of Allotment (or of Allocation) which will include details of your Woodlots (or Woodlot numbers);
 and
- a statement of Application Fees paid, GST, details and dates of payment to assist in the preparation of your income tax return.

MAHOGANY PROJECT 2006-2008

Woodlots, each Woodlot being 0.25 hectares or approximately .625 acre in size, on which the Planting Co (as a subcontractor to the Responsible Entity) will plant an average of no less than 142 Trees. Your Woodlots will be established within 12 months of your application being accepted.

As a sub-contractor to the Responsible Entity, the Land Co will maintain the Woodlots on your behalf.

Under the terms of the Maintenance
Agreement, the Land Co undertakes that
there will be an average of at least 142
healthy Trees on each Woodlot at the end
of the 13-month period following planting.
Should the average not exceed the
minimum planting density of 142 healthy
Trees, the Land Co will have replacement
Trees planted to ensure the minimum
planting density.

And the Timber Co, as a sub-contractor to the Responsible Entity, will Harvest the Trees on your behalf and market and sell the Timber. Three thinnings or harvests will be undertaken during the term of the Woodlots. Half the trees will be thinned prior to year 6, a second thinning of 25% will take place at approximately year 11 and the final harvest of the balance will take place around year 16 of the Project. The Grower will receive any proceeds from thinnings or harvests and 50% of any carbon credits. Harvesting, milling, drying and marketing costs will be deducted prior to distribution of income.

During the Project you will receive:

- annual reports on the progress of the Plantation; and
- · annual financial reports.

How much does it cost?

The Application Fee for each Woodlot is \$6,900 (including GST) payable on Application. You must apply for at least 2 woodlots.

At the time of harvest, Growers will also pay a Harvest Fee (to pay for Harvesting and Milling costs), which will be deducted from the proceeds of the sale of the Timber (to give Net Proceeds of Sale). In addition, Growers will pay a Licence Fee, Maintenance Fee and Marketing Fee together totalling 15% of Net Proceeds of Sale to give Net Harvest Return.

There may be a Last Resort Management Fee, explained on page 26.

In addition, an Incentive Fee of 25% of Net Harvest Return (including GST) once the cumulative Net Harvest Return exceeds \$45,000 per Woodlot, will be paid to the Responsible Entity to be passed on to the Land Co and the Timber Co.

Other possible ongoing costs for Growers will be interest if they choose to borrow.



Plantation Management over the life of the Project

Under the Agreements and the Planting Plan and Maintenance Plan, the Responsible Entity will (through the Sub-contractors):

Year 1

- Ensure that suitable land has been selected and assessed by the Consultant Forester;
- Prepare the Woodlots for planting. This
 process includes fertilising to correct any
 nutrient imbalance, deep ripping and weed
 control;
- Install fire breaks to meet forestry code of practice, and implement the Consultant Forester's recommendations to protect your Woodlots;
- Select seedlings grown from a range of imported provenances to insure that the best available seed stock is used and plant African mahogany plants at an average density of 142 plants per Woodlot;
- Monitor the Plantation on a regular basis for insects and for any necessary replacement of seedlings;
- Provide Growers with a report;

Year 2 - 16

- Replant any additional seedlings to ensure minimum stocking density;
- Conduct regular tests for nutrient levels through soil and foliage analysis and apply fertiliser if required;
- Conduct regular inspections for insect infestation and spray if required;
- Conduct regular inspections for weeds or other pest issues and undertake weed and pest control measures as required;
- Maintain firebreaks;
- Maintain general property infrastructure including fencing;
- Undertake thinning at times determined by the Consultant Forester;
- Coordinate regular inspections by the Consultant Forester;
- Provide annual reports to Growers;
- Arrange for the harvesting to be undertaken by suitably qualified contractors who apply best practice standards;
- Arrange for the logs to be transported to the timber mill for milling and drying;
- Market the timber for the best possible price, be it on the domestic or international market.



GROWER

Licenses Woodlots from the Responsible Entity and contracts the Responsible Entity under the Project Operations Agreement to carry out Planting Services, Maintenance Services, Processing Services and Marketing Services

Receives the Net Proceeds of Sale / Receipts

Project Structure

RESPONSIBLE ENTITY PRIMARY SECURITIES LTD

Issues the PDS

Licenses Woodlots to Growers.

Contracted to establish and maintain the Woodlots and carry out Planting Services, Maintenance Services, Processing Services and Marketing Services for the Grower

Agent for Grower

CUSTODIAN

(Agent for the Responsible Entity Holds Growers' money)

Garton Smith & Co

NORTHERN TROPICAL TIMBERS PTY LTD

("Planting Co")

Sub-contracted by the Responsible Entity under the Planting Agreement to establish the Woodlots by carrying out Planting Services

NTT FORESTRY PTY LTD

("Land Co")

Leases Land to Responsible Entity Sub-contracted by the Responsible Entity under the Maintenance Agreement to maintain the Woodlots by carrying out Maintenance Services

NTT TIMBER PRODUCTS PTY

("Timber Co")

Sub-contracted by the Responsible Entity under the Processing and Marketing Agreement to harvest and market the timber Pays proceeds to Custodian





THE TIMBER INDUSTRY

Plantations for Australia:
The 2020 Vision
In 1997 the Australian Government
introduced the 'Plantations for Australia:
The 2020 Vision'. The 2020 Vision strategy
is designed to foster the expansion of
Australia's plantation resource to
encourage investment in value-adding
regional development and the future longterm growth of an environmentally
sustainable industry.

The plantation industry is the key to the success of the Plantations 2020 Vision. While not publicly prominent, timber processing is Australia's second largest manufacturing industry, with an annual output in excess of AUD15 billion. The industry is a significant employer, bringing capital and skill investment to regional Australia.

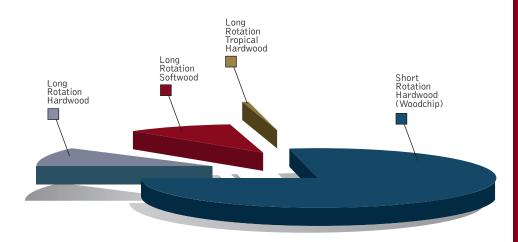
The processing sector of the plantation timber industry provides a fundamental driver for plantation establishment, as the first market outlet for many products grown in plantations. In regions which have achieved a critical mass of plantation resource, such as the Green Triangle in south east South Australia and western Victoria, and the Murray Valley in north east Victoria and the south west slopes of NSW, there is an integrated industry which value adds to

all plantation products. There is great potential for other towns in suitable regions to reap similar benefits if the plantation area is expanded. Timber production provides an opportunity for some rural and regional communities to diversify their production.

In the eight years since its inception, over half a million hectares of new plantations have been established, with over 70% of all new plantations being established with private capital. This is an average rate of approx 75,000 hectares annually. The increase in private plantations has significantly increased investment opportunities and developed a more competitive industry. Australian forestry products also earn high returns overseas with exports of more than \$2.1billion a year. This includes huge markets for Australiangrown plantation timber in Asia where consumption of wood products is outstripping production capacity to the tune of some 200 million m3 annually.



The inevitable tightening of reliable supply from these sources presents an opportunity for supply being substituted from sustainably managed plantations as against the over cutting of forests often for fuel wood in the African countries.



Green fields investment by type, 1994–2003

The majority of Australia's new plantings are short rotation hardwood (eucalypts) mostly established with private capital raised through managed investment scheme (MIS) plantation projects. The following chart indicates in what areas plantation expenditure has been directed over the last 10 years:-

By contrast it is estimated that only 1,000 hectares of tropical hardwood plantations have been established in Australia over the last 10 years. The percentage of plantations established for the high value timber trade is very low and therefore remains an area for great potential especially for tropical timbers that are typically high value.

Existing supplies of luxury timbers

The supply of luxury timber from plantations is a viable alternative to harvesting timber from rapidly diminishing natural rainforests. Khaya senegalensis is currently on the IUCN (The World Conservation Union) red list of species listed as vulnerable (VU A1cd) and in danger of extinction in the wild across its entire range in the following African countries: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Ivory Coast, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Mali, Niger, Nigeria, Senegal, Sierra Leone, Sudan, Togo, and Uganda. The inevitable tightening of reliable supply from these sources presents an opportunity for supply being substituted from sustainably managed plantations as against the over cutting of forests often for fuel wood in the African countries.

Policies are being developed in the European Union and other OECD nations to ensure only timber and timber product from renewable resources will be accepted into the marketplace. Protocols are currently being developed (Montreal and Helsinki) to assist in implementing a certification system establishing not only the timber's origin, but also the chain of custody of the value added products from this resource to encourage the further development of timber grown under plantation conditions.

In Australia timber resources are undergoing similar pressures to those globally with policies in place for significant expansion of plantation activity to arrest the decline to meet future demand.

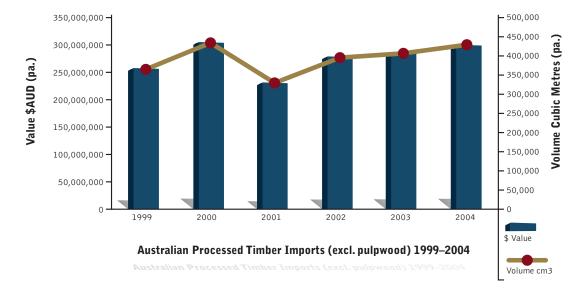
African Mahogany

African mahogany is well known as a luxury timber. The timber has an established market on the international scene and is high in demand. Its uses include but are not limited to high-grade furniture, interior windows and doors, external joinery including timber decking and boat building and fittings.

The Northern Territory Government
Primary Industry Group paper entitled
"African mahogany Timber Industry
Strategy for the Top End of the
Northern Territory" (Version 2,
February 2003) states:

The vision for the Timber Industry Strategy is that it will provide the Darwin / Katherine region with a plan to become a recognised centre for the production of African mahogany timber, while anticipating and meeting consumer demands. It will also encourage the development of a domestic and overseas market for African mahogany products to enable investors to optimise profitability, employment and development, through the availability of stable high quality products. It will also seek to balance the economic, environmental and social values of the region.

The NTT Group is committed to the establishment of a viable Australian African mahogany timber industry.



A number of trial plantations of Khaya varieties have been established in the Northern Territory and North Queensland over the last 30 years. Khaya senegalensis has been recommended as a species with potential, in terms of its quality, growth rates and suitability to the Northern Territory northern savannah region and in the North Queensland dry tropics region.

Australia's forest industry – stability and growth

Investment in new plantations has totalled more than \$4 billion since 1997. Australia is consistently ranked among the top countries for international investors due to its stable political and financial structures, geographical position within the Asia Pacific region, high technical skills, a high consuming and affluent society. Australia's timber production is relatively cost competitive, possessing particular strengths in the areas of resource, transport and power.

Australia's forest industry is based on sustainably managed native and plantation forest resources. We have supplemented those resources by way of timber imports. From 1999 to 2004 Australia imported in excess of 2.5 million cm3 of processed

timber (excluding pulpwood) valued at approximately \$1.6 billion.

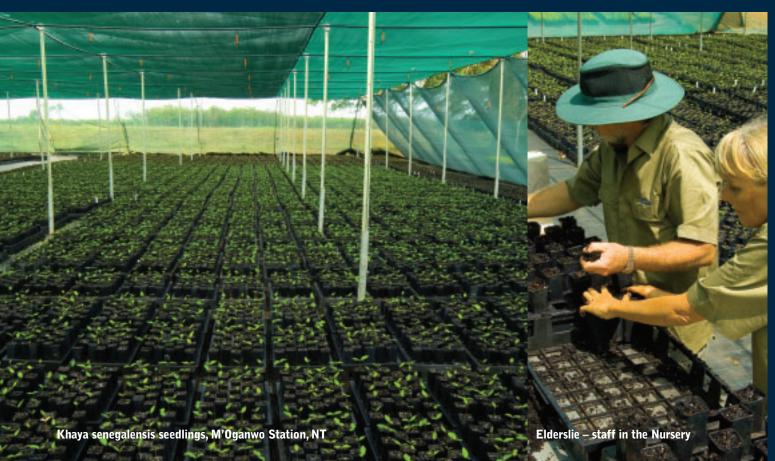
Therefore, Australia's wood production has been unable to meet domestic consumption demands. In 1999-2000 Australian forests produced only 70 per cent of the total wood based products consumed in Australia.

Demand for wood products is expected to continue, with world demand for forest products forecast to increase by 1.2 per cent per annum until at least 2020. Australia's domestic demand is expected to increase 5 to 15 percent over the same period.

Expanding plantation estates will provide additional product to meet increases in domestic demand and provide export market opportunities.

Australia's strong domestic consumption provides a sound basis for an integrated investment strategy targeting import replacement and international markets.





Environmental and Social Benefits

The establishment of large-scale African mahogany plantations will assist in meeting the anticipated world wide shortage and increasing demand for this diminishing resource which is listed as being vulnerable and in danger of extinction. The inevitable tightening of reliable supply presents an opportunity for supply being substituted from sustainably managed plantations as against the over cutting of native forests. In Australia there has also been pressure to conserve what native forests remain, which will create further shortage in cabinet timber supplies evidenced by the void created by the World Heritage listing of Queensland's rain forests. The void is being filled by ecologically sustainable plantations utilizing exotic high value wood species which have had a long history of research and development in the region.

The plantations are being developed on cleared agricultural land. It will also bring a new industry to the tropical regions of Australia where employment opportunities are limited.

The outlook is bright for the plantation sector and there are major opportunities for investors in hardwoods. Australia has the technical expertise, the land and the climate to establish new timber industries and significantly expand its commercial wood production.

Research and Development

Although the mahogany industry is in its infancy in Australia, there has been significant research undertaken over the last 30 years by the forestry divisions of both the Northern Territory and Queensland State governments and also by the CSIRO. The NTT Group is committed to continuing the research and development initiatives and will establish a tree breeding program to develop advanced propagating techniques using clonal material from the best performing trees planted in Australia and Africa.







THE LOCATION

The plantations for the Project will be located in the Douglas Daly region in the Northern Territory.

The important attributes necessary to achieve maximum growth for African mahogany are sunshine, summer rainfall, warm temperatures, plentiful water supply, open soils and nutrients.

If there are oversubscriptions, further land will be purchased or leased by the Land Co as required in the Northern Territory. Before being purchased or leased, any additional land must be approved by the Consultant Forester and the Responsible Entity as being Suitable Land for the Project.

Climate

The rainfall in the Douglas Daly area is more reliable than in the drier regions of Australia.

PLANTATION SITE & DEVELOPMENT

The Land

The land to be used for the Project has been or is to be purchased or leased by the Land Co, which allows for the ultimate flexibility in location and choice of land so that quality is assured. The interest of Growers will be protected on the title by the Responsible Entity holding a lease or sub-lease in trust for the Growers over the Land.

All land selected has been or will be physically assessed by the Consultant Forester as being suitable for the establishment of tropical timber plantations to ensure that the attributes required for successful plantation establishment are present. The geological structure of the property is assessed and the soil is tested for nutrients and salinity levels and rated according to soil type, colour, ability to hold moisture, texture and physical characteristics with regard to drainage and depth.

Unless there are oversubscriptions, this Project will be conducted on land called M'Oganwo Station, and will comprise up to 1,000 hectares (or around 2,500 acres) of timber plantation after allowing for the construction of firebreaks and roads, soil types and native forest retention. M'Oganwo Station is situated approximately 160 km inland from Darwin in the Douglas Daly region. For further details regarding the land and soil, refer to the Consultant Forester's report in Section 10.

The average annual rainfall for the region is 800 - 1200 mm with the lowest rainfall recorded of 800mm. Since the African Mahogany trees occur naturally in a zone where the mean annual rainfall may vary from 400 to 1750 mm, survival of the trees in this project should not be compromised in a drought situation.

M'Oganwo Station is located outside of the cyclone risk zone.

Water Supply and Irrigation

There are two bores located on M'Oganwo Station that have a combined capacity of 227 megalitres p.a. Although this project will not be irrigated, the water from these bores will be used in other parts of the property including the seed propagation and nursery activities of the Planting Co.

The Land Owner currently owns the entire infrastructure and other capital works it has carried out, including the water licences and any water storage equipment.

PLANTATION ESTABLISHMENT

The Planting Plan covers every aspect of plantation management to ensure optimum growth and takes into account management of potential plantation risks. The Planting Plan will also incorporate any applicable Territory Code of Forest Practice guidelines as part of the plan.

Yields, harvest and processing

A non-commercial thinning of 50% of the trees will take place prior to year 6. It is expected that the first commercial harvest of 25% of the original trees on the Woodlot will be undertaken in the winter of the 11th year of the Project and the harvest of the remaining 25% of the trees on the Woodlot will be undertaken in the winter of the 16th year of the Project. Actual harvest times may vary from these times due to events outside the control of the Timber Co.

The Planting Co and the Land Co will carry out Planting Services and Maintenance Services with the objective of producing a crop with a mean annual increment [MAI] of 10-15 m3 of commercial round log timber per hectare per annum over a rotation of 16 years. It is estimated that a rough sawn recovery after milling the log timber of 50% will be achieved.

This yield forecast is based on the figures of the Consultant Forester in his report in Section 10 and is subject to the risks set out from pages 38 to 40. Of course actual yields may vary from these figures due to events outside the control of the Planting Co and the Land Co. Further, the Woodlots may produce yields that are higher or lower than the estimated yields.

After being harvested, the Trees will either be milled onsite or be transported to a mill which the Timber Co intends to establish in Darwin where the logs will be milled into boards and dried. The timber will be marketed by the Timber Co which will obtain the best possible price for the timber.

Certification

The Planting Co and the Land Co will use their best endeavours to obtain and maintain certification under the Australian Forestry Standard. The objective of the Australian Forestry Standard is to provide forest managers and owners with economic, social, environmental and cultural criteria and requirements that support the sustainable management of forests for wood production. By adopting an environmental certification management system, the Planting Co and the Land Co will be able to address environmental concerns by identifying and controlling operations that produce adverse environmental impacts.

Fire breaks and access roads are defined, bores are specified and constructed. The planting block layout will be identified in the Woodlot plan which forms part of the Planting Plan. Prior to the planting rows being pegged out, an application of broad-acre weed spray and pre-planting fertilizer will be applied to each block as required. The tree rows will be deep ripped and the tree locations marked out.

The Trees will be planted to a minimum density of 570 stems per hectare. This will allow the Trees to grow without undue crowding and allows machinery to travel along the rows for weed control without damaging the trees.

Fertiliser will be added as required in the early growth phase to ensure that a long butt length is achieved. Pruning and a non-commercial thinning of 50% of the Woodlot will be undertaken prior to year 6 at the direction of the Consultant Forester.

Best genetic stock available

Seed from selected superior trees has been and is being imported from Mali, Senegal, Burkina Faso and Ghana to supply the needs of the Project.







WHAT YOU NEED TO KNOW ABOUT THE OFFER

The Offer of Woodlots

Investors are offered a total of 4,000 uniquely identifiable Woodlots, of which 1143 have already been Allotted to 2006 Growers), each comprising a minimum of 0.25 hectares with an average of no less than 142 Trees to be planted on all the Woodlots. Applicants must apply for at least 2 Woodlots. The Responsible Entity may accept oversubscriptions in which case there may be more than 4,000 Woodlots.

Provided there continues to be Suitable Land, upon acceptance of an application by the Responsible Entity, the Applicant will be deemed to:

- have become a Grower in the Project;
- · be bound to the Constitution and Rules;
- have taken an Allotment of Woodlots as specified by the Responsible Entity at the time of Allotment
- have become a party to the Woodlot Licence and the Project Operations Agreement.

The first 4,000 Woodlots will be at M'Oganwo Station which has already been certified by the Consultant Forester as Suitable Land. Refer to the Consultant Forester's Report on pages 41 to 45. Planting of the 1143 Woodlots already Allotted will commence in January 2007.

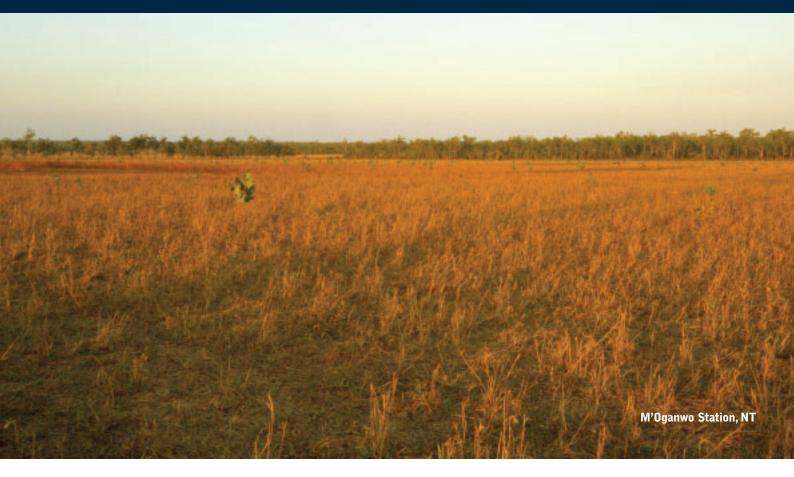
If there are oversubscriptions but no Suitable Land for the time being, then refer to page 22.

Woodlot Licence

Growers will take a Woodlot Licence of their Woodlots from the Responsible Entity, according to the number of Woodlots they apply for in the Application Form and are Allotted to them.

The Term of the Woodlot Licence will initially be from Allotment to 12 years from Allotment because the Northern Territory government prohibits such licences for a term longer than 12 years. As lessee of the Land and as attorney for the Grower, the Responsible Entity has the power to extend the licence under the Woodlot Licence to the Grower until 30 June 2022 to 2024 when appropriate. The Woodlot Licence gives the Grower the right to be a tree farmer and to grow Trees on the specific area of the Woodlot, in return for the payment of the Application Fee.

A summary of the Woodlot Licence, other than the Application Fee, is contained in Section 12.



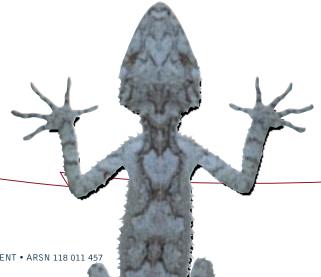
Project Operations Agreement

The Project Operations Agreement provides for the Responsible Entity to establish and maintain the Woodlots that are licensed to Growers. Planting will be managed in accordance with the Planting Plan.

Thereafter, each Woodlot will be managed in accordance with the Maintenance Plan.

These plans are to be prepared by the Planting Co and the Land Co respectively. These plans may be varied with the approval of the Responsible Entity.

Processing of the Trees and Timber and marketing and sale of the Timber will be managed for the Responsible Entity by the Timber Co who is to prepare a Processing Plan and a Marketing Plan prior to the commencement of Harvesting.





Finance

An applicant may prefer to borrow funds for the purpose of investing in this Project. Please discuss your financing options with your financial adviser. Where an applicant is unable to secure finance by 30 June 2007 for 2007 Growers or 30 June 2008 for 2008 Growers the applicant may apply to the Responsible Entity to become a Terms Option Grower. If the Grower is accepted as a Terms Option Grower (in the absolute discretion of the Responsible Entity) payment of the application fee is by 12 equal instalments over a 12 month period with the first instalment at the end of the July following Allotment.

Promised Survival Rate

The Land Co gives an undertaking in relation to the survival rate of the Trees to the end of the first critical 13-month period. If the Plantation does not have an average planting density of at least 142 trees per Woodlot 13 months after planting, the Plantation will be re-stocked by the Land Co at its expense to bring the average planting density to 142 trees per Woodlot.

Minimum Subscription

A minimum number of 100 Woodlots must be applied for in order for the Project to proceed.

Proposed Processing Plan

A non-commercial thinning of 50% of the trees will be undertaken at the time determined by the Consultant Forester.

Although this is categorized as a non-commercial thinning, in the event that a market is found for small logs/timber and the timber is sold from this thinning, the proceeds from such sale accrue to the Grower.

The first commercial harvest of 25% of the trees is expected to commence in year 11 of the Project with the remaining trees being harvested in year 16 of the Project.



Selling the Timber

Unless an election to sell their own timber is received in writing from a Grower by the Responsible Entity on or before 30th June 2009, the Responsible Entity will sell the Timber on behalf of the Grower for the highest price practicable.

Reports

Growers will receive regular reports on the Plantation on or about 30 September following the completion of the Planting Services; and annually thereafter on or about 30 October.

The reports will update Growers on:

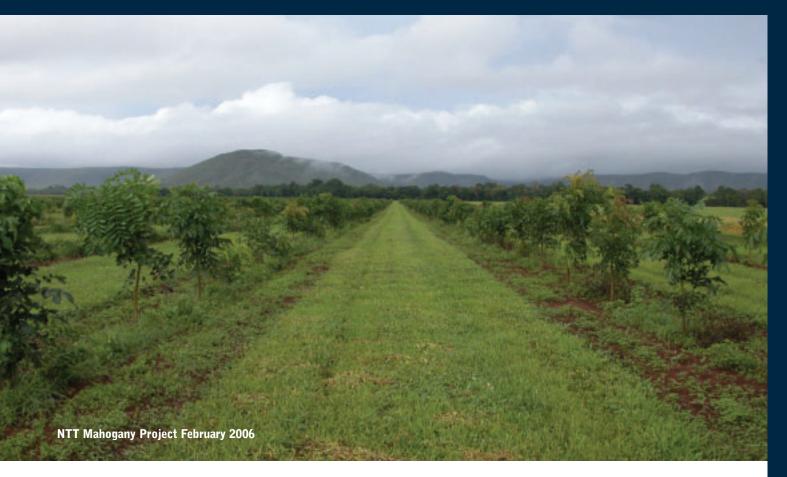
- · general state of the Plantation;
- Plantation management practices including compliance with arrangements in the Product Ruling;
- growth measurements where available;
- impact of pests, diseases or fire if any;
- a summary of the Consultant Forester's report or the report itself;
- a summary of the operations performed on the Plantation;
- a summary of any material changes to the Maintenance Plan;
- details of any foreseen outcomes which are likely to affect returns;
- market trends that may impact on the marketing plan;
- any changes to tax law that may impact on Growers and the Responsible Entity's response to or compliance with those changes.

Growers will also receive a report within 60 days after the sale of any Timber setting out details of the sale of the Timber and any costs associated with the sale.

Visits by Growers

Growers will be able to visit their Woodlots, provided that reasonable notice is given to the Responsible Entity. The Land Co will arrange guided inspections for Growers, but the cost of travel to the Plantation for these tours must be borne by those Growers who participate.





Taxation

Under current taxation legislation, expenses incurred under this project are fully deductible provided the Project is carried out in accordance with the Product Ruling issued by the ATO. Refer to PR 2006/34, PR 2006/35, PR2006/100, PR 2006/101.

Intending Applicants should seek advice from their professional tax advisers to confirm their own position in respect of taxation.

Planting Stock

The Planting Co will use top quality seedlings.

Carbon Credits

As trees grow, they absorb carbon dioxide that has accumulated in the atmosphere. Carbon sequestration credits or "emission reduction units" are credits that may potentially accrue to the owners of tree plantations as a result of this carbon absorption by their trees. Internationally, mechanisms are being planned whereby these carbon credits will accrue to tree owners, who can then sell the credits to buyers likely to be carbon emission producing industries, who can use the carbon credits to offset emissions.

At present, the mechanisms by which carbon credits will be acquired or credited, and

traded or transferred, and the timeframe in which they will be implemented, are not clear. However, should the establishment of the Project result in financial benefits arising from carbon credits or "emission reduction units" during the period of the Project; these benefits will be shared on the basis of 50% to the Growers, 50% to the Land Co.

The Land Co is continuously monitoring the developments in this area and will implement strategies as soon as mechanisms become clearer and benefits can be identified and obtained.

Fire Insurance

You are not obliged to insure your Woodlots. If you request fire insurance to be taken out, then at your cost, we will endeavour to arrange a standard forestry insurance policy through a licensed insurance broker to be made available to you provided the cost is in the opinion of the Responsible Entity reasonable. Generally, as a minimum, a standard forestry policy will cover property lost, destroyed or damaged by fire (except through spontaneous combustion). You should seek advice as to whether to take out fire insurance each year in order to insure against loss of your Trees or Woodlots. The Planting Co will charge a 5% fee for

arranging the insurance. Premiums are expected to rise over the life of the Project, as the value of the amount insured increases. You may claim the insurance cost including the Planting Co's fee as a tax deduction.

Public Liability Insurance

The Land Co will maintain public liability insurance cover over all Woodlots in aggregate to a collective limit of \$10,000,000 for any one occurrence. Such insurance will cover individual Grower's liability to third parties with respect to bodily injury (including death) and/or property damage claims arising from the business of growing and Harvesting Trees.

Confirmation

When you acquire your Woodlots, the Responsible Entity will provide you with a confirmation of the transaction. That confirmation may be in writing or electronic.



HOW TO APPLY

Anyone wishing to be a Grower should complete one of the Application Form on pages 61-62 or 63-64. Completed Application Forms should be sent to the following address:

Primary Securities Ltd, 13 Nairn Street, Fremantle WA 6160 or to P0 Box 732, Fremantle, 6959.

Application details and Instructions for Lodgment are set out on pages 59-60.

Applications can only be made on the Application Form attached to this PDS and are limited to Australian residents.

Note that the Grower's Application Form is also an offer to be bound to the Constitution and Rules, the Woodlot Licence (or the Grower's Agreement to License, if applicable) and the Project Operations Agreement. Where the Grower has applied for payment of the Application Fee pursuant to the Terms Payment Option the Application Form is also an offer to be bound by the Terms Agreement.

Total Application Fee

The total Application Fee per Woodlot is \$6,900.00 (inclusive of \$627.27 GST) and

payable on Application. Payment of the total Application Fee must be made in Australian dollars. Applicants must apply for at least 2 Woodlots.

Where an Applicant makes an Application to the Responsible Entity as a Terms Option Grower and the Grower is approved as a Terms Option Grower in the absolute discretion of the Responsible Entity the Application Fee is payable in 12 equal instalments of \$575.00 per woodlot, the first payment being at the end of the first July following allotment.

Fees and Costs

All fees and other costs are set out in the next section, Section 5 under the heading Fees and Other Costs.

Allocation and Allotment Procedure

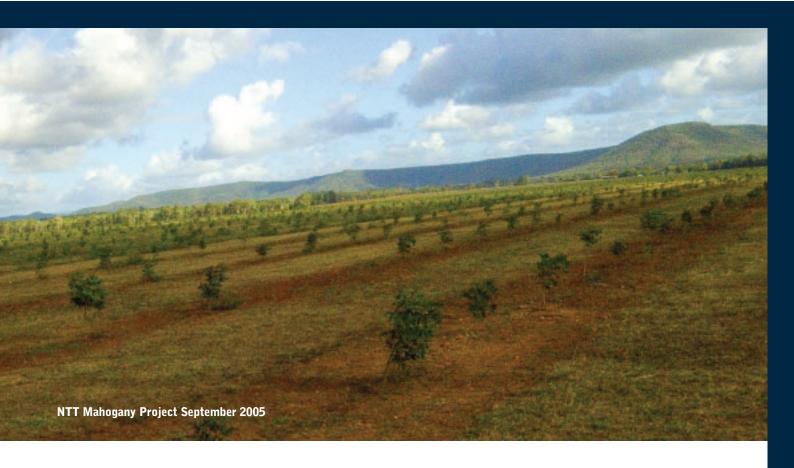
All Application Forms must be sent to the Responsible Entity where the Application Fee will be banked by the Custodian.

When the Responsible Entity accepts an Application and Allocates Woodlot numbers, the Grower automatically becomes bound to the Constitution and Rules, the Grower's Agreement to License and the Project Operations Agreement as a Grower. Where an

Applicant is approved as a Terms Option Grower in the absolute discretion of the Responsible Entity then the Terms Option Grower automatically becomes bound to the Terms Agreement.

As M'Oganwo Station has been approved as Suitable Land, the Woodlot Licence will automatically be entered into for the first 1,000 hectares.

Each Woodlot will be uniquely identifiable on a master plan.



If Oversubscriptions are being accepted and there is No Suitable Land on Acceptance of An Application

The Land Owner will choose another property in the region but no other property has as yet been approved by the Consultant Forester as Suitable Land.

If the Responsible Entity has decided to accept oversubscriptions and there is no Suitable Land for the time being, then upon Allocation of Woodlot numbers to an Applicant, the Applicant will by virtue of Allocation automatically become a Grower in the Project and a party to the Grower's Agreement to License and the Project Operations Agreement.

Under the Grower's Agreement to License and the Project Operations Agreement, the Responsible Entity has 9 months from first Allocation of Woodlot numbers to a Grower under the PDS within which to find Suitable Land to subdivide into Woodlots, and then enter into a Woodlot Licence on behalf of the Grower.

A summary of the Grower's Agreement to License is contained in Section 12.

In the event that Suitable Land is not secured for any Applicants who have entered into a Grower's Agreement to License with the result that any Woodlots are not Allotted within 9 months from first Allocation of Woodlot numbers to a Grower under the PDS, then the Responsible Entity will within 14 days after receiving a written request from any Grower who has not been Allotted Woodlots, issue to the Grower a full refund of the Application Fee the Grower has paid in relation to the unallotted Woodlots. Growers will not receive any tax deduction in relation to the financial year of acceptance of their Application to that extent. To the extent that GST has been paid and is to be recouped, a refund of GST may take longer than 14 days.

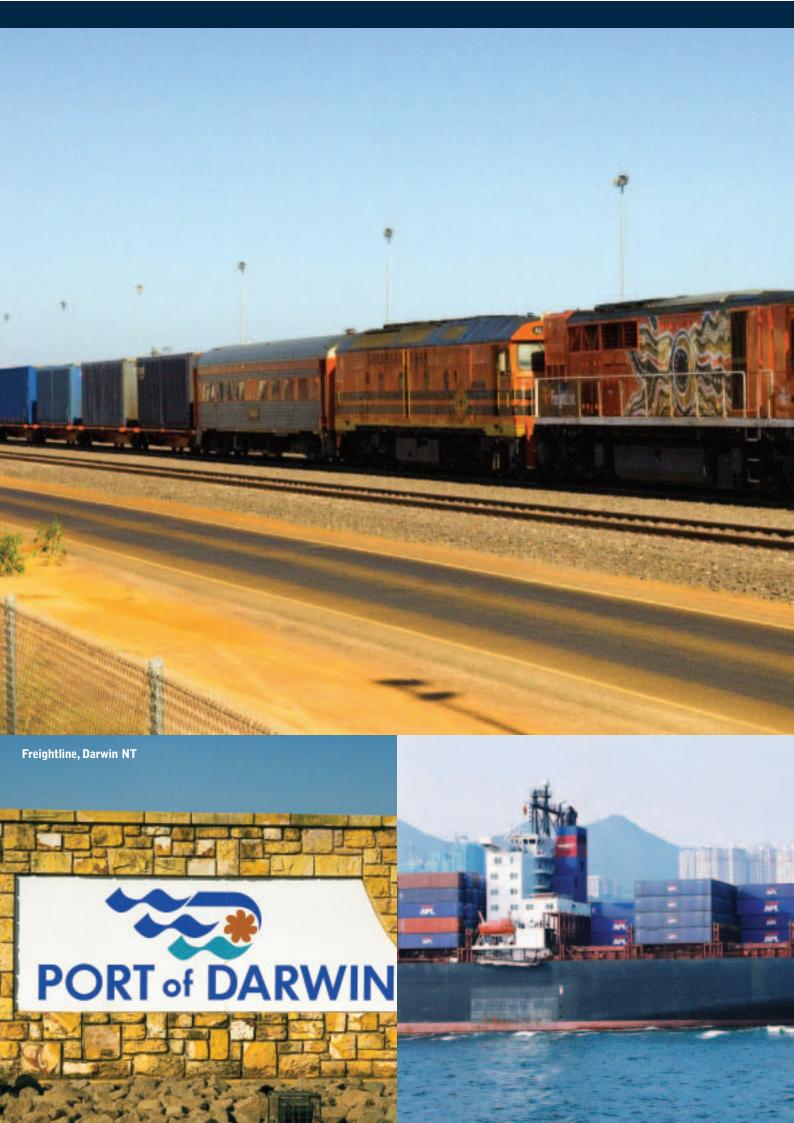
What Happens to the Application Fee to be used for the Project?

As agent for the Responsible Entity, the Custodian holds the Application Fee in the Trust Account pending the Allotment of Woodlots. After the Allotment of Woodlots, the Responsible Entity has the power to apply the Application Fee as the fee for Planting Services under the Project Operations Agreement. If there are oversubscriptions without Suitable Land, the Application Fee

will not be applied as the initial fee under the Project Operations Agreement unless and until Suitable Land has been approved and Woodlots are Allotted.

Receipts

The Receipts of each Grower are paid to the Custodian who holds them in the Trust Account pending disbursement. The Responsible Entity must pay into the Trust Account all money received on behalf of Growers. Receipts and any other money in the Trust Account are to be used to pay the Grower's Management Fees and Project Fees and any outstanding expenses of the Responsible Entity, as set out in Section 4. Thereafter, Receipts and other moneys will be paid to Growers, each receiving their Prescribed Proportion, until the Project terminates.





Consumer Advisory Warning

This warning is applicable to investment funds such as equity, property and superannuation funds but is not applicable to agricultural investments where all you pay is fees and there is no fund or fund balance and there can be no negotiation of management fees. However, by law, the warning must be provided at this place in the PDS and therefore we now set it out in full and in a box as required.

FEES AND OTHER COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of two percent of your fund balance, rather than one percent, could reduce your financial return by up to 20 percent over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a management investment fee calculator to help you check out different fee options.

Initial Cost of Participation in the Project

The Application Fee is \$6,900.00 (GST incl) per Woodlot, payable upon Application. Applicants must apply for at least 2 Woodlots

Total Cost of Participation payable on Application (inclusive of GST) per Woodlot

Woodlot Application Fee GST

6,272.73 627.27

Total Application Fee per Woodlot

\$6,900.00

For 2007 Growers, the Application Fee is payable on Application on or before 30 June 2007 and for 2008 Growers, the Application Fee is payable on Application on or before 30 June 2008. For applicants executing applications on a "subject to finance" basis, finance must be approved and money made available by 30 June 2007 for 2007 Growers and 30 June 2008 for 2008 Growers to be eligible for Allotment.

Terms Payment Option available to approved Applicants only (and are subject to the issue of appropriate ATO Product Rulings)

If the Responsible Entity approves the Applicant as a Terms Option Grower then the Responsible Entity will notify the Applicant that the Applicant has been approved. The approved 2007 Grower must pay the Application Fee by 12 monthly payments of \$575.00 per woodlot commencing on 31 July 2007 and the approved 2008 Grower must pay the Application Fee by 12 monthly payments of \$575.00 per woodlot commencing on 31 July 2008.

Growers who would like to be considered by the Responsible Entity as Terms Payment Growers must tick the Terms Application Option in the Application Form and complete the Direct Debit Request. A Terms Agreement will be executed on your behalf by the Responsible Entity if the Grower is approved as an approved 2007 or 2008 Grower and will provide for the following terms:

If a Grower does not pay any of the required instalments under the Terms Agreement by the due date interest is charged on the amount outstanding. If two consecutive instalments remain outstanding within 10 Business Days of the due date of the second installment the outstanding Balance of the Application Fee, and any additional costs and interest payable under the Terms Agreement becomes immediately due and payable to the Responsible Entity. The Responsible Entity may take legal action to recover the outstanding Balance under the Terms Agreement, any costs and interest payable under Terms Agreement or any other legal action relating to the Terms Agreement and take possession of the Grower's Woodlot and do anything an owner of the secured property is entitled to do.

Fees Payable after Harvest

All Growers will be required to pay the Timber Production Costs (which includes the Harvest Fee), the Licence Fee, the Maintenance Fee, the Marketing Fee and if applicable the Last Resort Management Fee and the Incentive Fee. The Timber Production Costs will be deducted from the Gross Harvest Proceeds.

Timber Production Cost and Harvest Fee

The Timber Production Costs includes both the Harvest Fee payable to the Responsible Entity for Harvesting the Grower's Timber in accordance with the Project Operations Agreement, and all

transportation, drying and other costs necessary to prepare the Grower's Timber for sale.

Licence Fee, Maintenance Fee and Marketing Fee

Each Grower must pay to the Responsible Entity a sum equal to 15% of the Net Proceeds of Sale received from the sale of the Grower's Timber (including GST). 5% of this is a Licence Fee for the licence under the Woodlot Licence, 5% is a Maintenance Fee and 5% is a Marketing Fee for the marketing and sale of the Timber.

Incentive Fee

The Responsible Entity will receive an Incentive Fee from each Grower, being 25% of Net Harvest Return (including GST) once the cumulative Net Harvest Return exceeds \$45,000 per Woodlot. This Incentive Fee is shared by the Land Co and the Timber Co. This provides the Land Co and the Timber Co with a significant incentive to maximise the yield and timber price from each Woodlot.

Growers' Further Liability for Fees

Extraordinary circumstances may arise that could result in additional fees to Growers.

Although this is not anticipated, it is not possible to give an absolute guarantee that an extraordinary circumstance would never arise.

The Responsible Entity has put several safeguards in place to minimize this possibility.

- 12 months after completion of the Planting Services, the Land Co will establish a performance bond in favour of the Responsible Entity in the form of term deposits to be used by the Responsible Entity as a first recourse in the unlikely event of extraordinary costs. For more details, see page 54.
- As a second recourse, each of the Subcontractors is providing a performance guarantee of the liability of the others to the Responsible Entity (described on page 54).
- The Responsibility Entity has the authority to borrow on behalf of the Growers to cover the event of extraordinary costs, and any amount borrowed will be applied as a Last Resort Management Fee. Any such borrowing may be secured by a charge over all the Grower's rights including the Grower's entitlement to Net Proceeds of Sale / Receipts. Under the Constitution, this charge takes precedence

- over any other charge which may be granted by the Growers individually. This power to borrow may avoid Growers being invoiced to pay for the Last Resort Management Fee.
- Finally, if all resource security is exhausted,
 the Responsible Entity may directly invoice a
 Last Resort Management Fee to Growers.

Last Resort Management Fee

A Last Resort Management Fee may be in such amount as will reasonably pay for Project Costs for the balance of the duration of the Project (or shorter period at the discretion of the Responsible Entity) less moneys that may become available from all other forms of security available to the Responsible Entity. If a Last Resort Management Fee has been imposed, the amount of that fee that has been paid will be deducted from the cumulative total of the Licence Fee, Maintenance Fee, Marketing Fee and Incentive Fee in calculating the Responsible Entity's entitlement to those fees.

If a Last Resort Management Fee is required around the time of the commercial thinning in year 11, then the Responsible Entity may apply any sum which might have otherwise been distributed to Growers towards the Last Resort Management Fee. The amount of any Last Resort Management Fee paid is to be deducted from the cumulative total of the Licence Fee, Maintenance Fee, Marketing Fee and Incentive Fee in calculating the Responsible Entity's entitlement to those fees.

If levied, these Last Resort Management Fees are to be paid on or before 1 June each year.

If levied, on behalf of the Responsible Entity, the Planting Co will send to the Grower an invoice requesting payment from the Grower of Last Resort Management Fees at least one month prior to the date for payment. If the Grower fails to pay any Last Resort Management Fees by the date for payment, the Grower will pay interest at the Interest Rate which shall be applied under the Agreements in the same proportion as money is owed under them by the Grower.

A failure to pay Last Resort Management Fees may also result in termination of the Project Operations Agreement.

Other Responsible Entity Fees, Costs and Indemnities

The Responsible Entity is entitled to any interest earned on Application Fees.

The Responsible Entity will be indemnified from the Grower's Receipts, from and against the Prescribed Proportion of any expense or liability that may be incurred by the Responsible Entity in legal proceedings in respect of the Project, except to the extent that any such expense or liability is attributable to any breach by the Responsible Entity of its duties under Section 601FC or elsewhere in the Corporations Act.

If the Project or the Trust Account is taxed pursuant to the Tax Act, the Responsible Entity will be indemnified from the Prescribed Proportion of that liability out of the Grower's Receipts.

Each Grower must pay the Prescribed Proportion of the costs of any meeting that may be called.

Each Grower who wishes to copy any document of the Responsible Entity must pay the fee as prescribed under Schedule 4 of the Corporations Act.

Each Grower must pay a handling fee of \$110 for any deed of assignment of their interest. The Responsible Entity reserves the right to alter this fee in line with inflation.

Required Example of Annual Fees and Costs

This table is applicable to investment funds but is not applicable to agricultural investments where there is no fund or fund balance and may even cause confusion to Growers where there are no ongoing fees. However, by law, the following example of annual fees and costs must be provided in the PDS and therefore we now set the table out as required.

In accordance with the requirements, the table is based on the nearest equivalent to a \$50,000 investment. However, it is not possible to invest precisely \$50,000 in Woodlots, the nearest equivalent being 7 Woodlots costing \$48,300. We have therefore taken for the example a Grower with a fictitious 7.246 Woodlots costing \$50,000 (rounding up).

2007 GROWER or 2008 GROWER			
EXAMPLE – cost of "fund" in the financial year ending 30 June 2009 for a Grower who holds 7.246 Woodlots (at \$6,900 per Woodlot inc GST) (NOTE: no fund actually exists, only contractual rights and obligations as a Grower)			
Contribution Fees	For every \$50,000 you put in you will be charged \$0 in Contribution Fees		
Management Costs (for 7.246 Woodlots)	\$0. Note that additional fees for the entire period of the scheme including the financial year ending 30 June 2008 will be levied at harvest as a percentage of Net Proceeds of Sale and there may also be incentive fees and other fees as set out earlier in this section.		
Cost "of fund" (NOTE: no fund exists, only contractual rights and obligations as a Grower) (for 7.246 Woodlots)	If you had an investment of \$50,000 during the financial year ending 30 June 2008, you would be charged fees and costs of nil. What it costs you will depend on the fees you negotiate with us or your financial adviser. (NOTE that as the fees are nil, there is no cost so this required statement is incorrect)		





QUESTIONS & ANSWERS

What is the duration of my investment?

The recommended duration of the investment is 16 years after planting as this is the optimum growing period recommended by the Planting Co and Consultant Forester.

Circumstances may arise where the Timber
Co via the Responsible Entity recommends to
you that Trees be Harvested either earlier or
later than year 11 and year 16 after planting.
Should Harvest be delayed for any reason,
the Woodlot Licence and the Project
Operations Agreement will be extended at the
discretion of the Responsible Entity up to but
no later than a further 3 years beyond the
initial 16-year term.

How many woodlots have already been taken up under this Project?

1143 Woodlots were taken up by 30 June 2006, and the planting of those 1143 Woodlots will take place in or about January 2007. The Project will be for 16 years after planting, namely until 30 June 2023 (assuming that the Woodlot Licence is extended when appropriate by the Responsible Entity).

How long will this PDS remain open?

This PDS will remain open for two years until 30 June 2008 and there will be three planting seasons 2007, 2008 & 2009 and all Growers will remain in the Project for 16

years after planting, namely until 30 June 2024. Hence the timings in this Section 6 may need to be extended by two years to allow for the second and third plantings.

When will I receive income?

The thinning in year 6 is categorized as a non-commercial thinning. However, the Timber Co will make every effort to sell all marketable sized timber from this thinning, and the proceeds of any such sale will accrue to the Grower less any applicable fees.

It is expected that 50% of the remaining stand of timber after the first thinning will be Harvested in the winter season following year 11 after planting and the remaining 50% of the stand will be Harvested in the winter season following year 16 after planting, although this is subject to a range of factors. The Responsible Entity will advise you prior to each harvest.



In the Application Form, each Applicant declares an "intention to continue in the Project until receipt of proceeds of Harvest". Nonetheless, a Grower may sell or assign a Woodlot under the Woodlot Licence and Project Operations Agreement. Any sale proceeds are classified as income for income tax purposes.

The Responsible Entity is not obliged to repurchase a Grower's Woodlot.

What is the minimum investment?

You must apply for at least 2 Woodlots, and thereafter any number of Woodlots.

Term of Project

Woodlots will be planted within 12 months from the date of the Grower entering into the Project Operations Agreement, with approximately 570 trees to be planted per hectare.

Woodlots will be subject to a non-commercial thinning of 50% of the trees in year 6 after planting (the cost of thinning being borne by the Land Co except in the event that a market is found for the timber from the thinning in

which instance, the Harvest Fee as specified in the Processing and Marketing agreement will be deducted from the proceeds of the sale of the timber); leaving approximately 285 Trees per hectare standing to year 11 after planting at which time 50% of the remaining stand will be harvested. The final 142 trees per hectare are expected to be harvested at year 16 after planting. The total program, contracted with the Responsible Entity, is for up to 16 years after planting, but at the discretion of the Responsible Entity, might be extended for such periods as the Responsible Entity determines. The Growers may also resolve at a meeting to extend the Project.









PROJECT MANAGEMENT

THE RESPONSIBLE ENTITY

The Responsible Entity for the NTT Mahogany Project 2006-2008 is Primary Securities Ltd. The Responsible Entity holds AFSL No. 224107 and is the contract responsible entity for five other separate managed investment schemes, all of which have independent managers. These include a viticulture project and other forestry projects including NTT Mahogany Project. The Responsible Entity also controls Australian Growth Managers Limited, another responsible entity and holder of AFSL No. 288721 as part of the arrangements involving the cessation of control of administrators and the relisting of its former holding company RuralAus Investments Limited and in that capacity controls another five forestry managed investment schemes.

The Responsible Entity has the primary responsibility to operate the managed investment scheme and to perform functions conferred on it by the Corporations Act, the Constitution and the Compliance Plan.

The Responsible Entity acts in six capacities:

- (a) as the party issuing Woodlots under the PDS;
- (b) as the lessee (or sub-lessee) of the land in trust for the Growers;
- (c) as the grantor of the licence to Growers under the Woodlot Licence;
- (d) as the head-contractor of the Tree Farming services under the Project Operations Agreement;
- (e) as the Grower's agent and representative for various purposes in relation to the Project; and
- (f) as trustee of the Grower's money. In this regard, the duties of the Responsible Entity are performed by the Custodian as agent for the Responsible Entity.

In all of its capacities, the Responsible Entity has a statutory obligation under the Corporations Act to act honestly, exercise the degree of care and diligence that a reasonable person would exercise if they were in the Responsible Entity's position and act in the best interests of Growers. The Responsible Entity has other statutory duties under the Corporations Act.



DIRECTORS OF THE RESPONSIBLE ENTITY

Anne Thoume B.Tec, MBA (Chair)

Anne Thoume has extensive experience in the commerce, banking and trustee industries. Beginning as a trust officer, and moving into management of Unit Trusts, she has acted as both Manager - Trust and Corporate and Company Secretary of a major international bank. Anne has also worked as a senior executive with Perpetual Trustees (WA) Limited and as General Manager of a Singaporean Trust company. As a former Director of Professional Funds Management Pty Ltd, Anne was responsible for the day to day operations and administration of that company's trustee and corporate service division. Anne is Chair of the Responsible Entity and of Australian Growth Managers Limited.

Robert Garton Smith LLB B.Com, GradDipFinPlanning (Sec Inst), F Fin (Managing Director)

Robert Garton Smith has degrees in law, commerce and financial planning and is the principal of the corporate and commercial law practice Garton Smith & Co. He has practiced law since 1970 and is admitted as a practitioner in Western Australia, the federal courts, New South Wales and in England and Wales

Since 1981 he has worked in the area of capital raising and managed investments and has been the solicitor for 85 public capital raisings, most of which were managed investment schemes, but also listed and unlisted share issues, debenture stock and unsecured notes issues. The managed investment schemes include the first plantation prospectuses of Bunnings Limited, Timbercorp Ltd and Integrated Tree Cropping Limited in the early 1990s.

He is Managing Director of the Responsible Entity, Primary Securities Ltd and Australian Growth Managers Limited. He is also chairman of QV Pumping Technologies Ltd and Live Technologies Ltd.

Brian Millmore, B Ec, GDipAppFin (Sec Inst), F Fin, PNA

Brian Millmore is a compliance professional specialising in the banking, funds management and financial planning industries. He has substantial experience in dealing with regulatory compliance issues, implementing and managing compliance plans and systems and the development and management of managed funds in both superannuation and unit trusts.

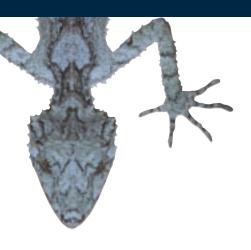
Brian is a graduate in Economics and holds a Graduate Diploma in Applied Finance and Investment and diplomas in accounting and company secretarial practice.

Initially, the Responsible Entity must ensure that the money of the Grower is applied in accordance with the Constitution and the Agreements.

The Responsible Entity will sub-contract the performance of Tree Farming obligations to the Planting Co and will then monitor and oversee the performance of the Planting Co under the Planting Agreement. This is principally done by appointing an independent Forestry Expert to advise and report on the Tree Farming services of the Planting Co each year. In the event the independent Forestry Expert forms the view that the Planting Co is not performing its obligations under the Planting Agreement, the Responsible Entity will inform Growers and has the power to terminate the services of the Planting Co after due notice.

The Custodian

Primary Securities Ltd has appointed the law practice Garton Smith & Co to act as Custodian for the Project through its regulated trust account. The Custodian holds Application Fee and Receipts as the Responsible Entity's agent. The principal of Garton Smith & Co is Robert Garton Smith.



DIRECTORS OF NORTHERN TROPICAL TIMBERS PTY LTD

Greg Hooker

Greg is the co-founder of the NTT Group of companies and has been Managing Director since its incorporation in 2002. He has broad industry experience and wide-ranging management experience having been associated with both the horticulture and timber industries for 30 years and the financial services industry for 8 years. He has led the development and marketing of the NTT Mahogany Projects since incorporation.

John Dick LL.B

John has practiced law since 1978 in the general commercial area. John acted as Assistant General Counsel with the National Companies and Securities Commission (now ASIC) until June 1985, when he entered into private practice specialising in the law as it relates to companies. He has worked since 1985 predominantly in the areas of corporate fund raising, stock exchange listing, and managed investment schemes. John also has experience in the Agriculture, Aquaculture and Forestry fields.

NTT FORESTRY PTY LTD AND NTT TIMBER PRODUCTS PTY LTD

The Land Co and the Timber Co are new companies, the sole director of which is Greg Hooker.

The sole shareholder of NTT Forestry Pty Ltd and NTT Timber Products Pty Ltd is NTTimber Pty Ltd ACN 117 054 010. NTTimber Pty Ltd and the Land Co are the only shareholders in the Planting Co.

NORTHERN TROPICAL TIMBERS PTY LTD

Under the Planting Agreement, the Planting Co is responsible for the cultivating and caring of the Trees and taking every measure necessary to ensure the Growers' Woodlots achieve the yields predicted in this PDS. the Planting Co will maintain the Woodlots in accordance with good forestry practice and pay all costs and expenses of establishing and maintaining the Plantation.

The Planting Co will utilise the services of experts, technical advisers, contractors and other consultants in performing its obligations in the development and management of the Plantation.

The directors of the Planting Co have the necessary qualifications in forestry, accounting, securities and corporate management for success of the Project. The Consultant Forester has stated in his report that the silvicultural and management strategies as proposed will ensure the Plantation will meet yield expectations.





8.1 Application Fee

The Application Fee should be wholly deductible to 2006 Growers in the 2005/2006 financial year and to 2007 Growers in the 2006/2007 financial year, and to 2008 Growers in the 2007/2008 financial year whether or not the grower is a Terms Option Grower. However the situation of each Applicant may be different and therefore Applicants should seek their own independent taxation advice in relation to their personal tax position.

TAXATION

8.2 Product Ruling

The Responsible Entity, as part of the process of establishing the Project, made a formal written application to the Australian Taxation Office ("ATO") for the issue of binding Product Rulings on the Project. To obtain a Product Ruling it is necessary to provide extensive information on the proposed arrangements to the ATO, together with technical tax arguments and support for the taxation position proposed in the application.

The ATO, in response to the Responsible Entity's application, issued Product Ruling No. 2006/34 and Product Ruling No. 2006/100 for 2006 Growers ("PR2006/34" and "PR2006/100"), Product Ruling No. 2006/35 and Product Ruling No. 2006/101 for 2007 Growers for the NTT Mahogany Project 2006-2008 ("PR2006/35 and "PR2006/101" A copy of PR2006/35, PR2006/36, PR2006/100, and PR2006/101 are available on the website of the Australian Taxation Office at www.ato.gov.au and by going to Rulings, Product Rulings. Alternatively, the Responsible Entity will provide a free copy to any Applicant on request.

The Responsible Entity has also made a written application to the Australian Taxation Office ("ATO") for the issue of binding Product Rulings on the Project for 2007 Growers who take up the Terms Payment Option and for 2008 Growers. At the time of printing this PDS, the ATO was considering this application. If and when product rulings are issued, in addition to being available on the website of the ATO, the issue of the Product Rulings will be noted on the website of the Responsible Entity www.primarysecurities.com.au. Unless and until

a product ruling in each case, no Woodlots will be issued to 2007 Growers seeking to take up the Terms Payment Option or to 2008 Growers.

The product rulings will apply to persons who enter into binding agreements in relation to the Woodlot Licence (or Grower's Agreement to License) and Project Operations Agreements described in this PDS. For a Product Ruling to apply to a Grower it is a pre-requisite for the Grower to intend to remain in the Project for its duration. It is expected that this Project will operate for approximately 18 years for 2006 Growers, 17 years for 2007 Growers and 16 years for 2008 growers.

Product Rulings provide certainty for participants as to the entitlements to taxation benefits provided the project is implemented in the manner detailed in the applicable Product Ruling.

A Product Ruling is only a ruling on the application of taxation laws and is in no way expressly or impliedly a guarantee or endorsement of the commercial viability of the Project, of the soundness or otherwise of the Project as an investment, or of the reasonableness or commerciality of any fees charged in connection with the Project. A Product Ruling is only binding on the ATO if the Project is implemented in the specific manner provided in the Product Ruling.

Notwithstanding the Product Ruling, Applicants should seek their own independent taxation advice in relation to their personal tax position.

It is a condition of use of a Product Ruling that extracts, paraphrases or quotations from the Product Ruling must not be produced.

8.3 Goods and Services Tax

As you are carrying on an enterprise farming Woodlots, any GST paid in relation to Management Fees and Project Fees will represent a GST Input Tax Credit. You should therefore register for GST and apply for an ABN if you have not already done so, otherwise your return on your investment may be affected. Moreover, failure to register for an ABN will result in withholding tax on sales made by you at the top marginal rate of tax. Applicants should seek their own independent taxation advice in relation to their GST position.



KEY RISK FACTORS & SAFEGUARDS

Under the Project, the Growers, the Responsible Entity and the Sub-contractors are in the business of cultivating, growing, and harvesting the trees with a view to selling the timber from those trees. These activities are long term and carry with it all the inherent risks of forestry and other primary production activities. As with any investment in agricultural projects, there are inherent risks in primary production due to matters beyond the control of the Responsible Entity and the Sub-contractors. In addition the Project is subject to the commercial risks of a long-term venture. These risks have been reviewed and disclosed and where applicable include strategies to minimise the potential of risks occurring and causing loss.

9.1 Management risk

The Project has been registered as a managed investment scheme pursuant to the Corporations Act. Under the managed investments regime, the Responsible Entity is responsible for the management and operation of a project and to ensure compliance with the Corporations Act. If the Responsible Entity were not to comply with its licence conditions or the Corporations Act, its licence could be revoked and a new responsible entity would have to be

appointed. This may disrupt the continuity of the Project. Management of the Plantation has been sub-contracted to the Planting Co. The Planting Co will appoint agents and service providers to carry out the day-to-day operations of the Project. If the Planting Co does not properly supervise those agents and service providers and those entities are not performing their duties then the Project could be adversely affected. In the event of insolvency or breach by the Planting Co, the Responsible Entity is obliged to try and find some other entity which will carry out the the Planting Co's obligations.

The Planting Co has considerable experience in managing agricultural projects. Refer to Section 7.

• Plantation Management

The Growers are dependent upon the expertise of the Planting Co and the Land Co, their staff and contractors. The Consultant Forester will inspect the plantation on a regular basis and prepare a report for the Responsible Entity which will be made available to Growers.

Loss of key staff

Loss of key staff could impact negatively on the financial returns to the Project.

9.2 Financial Risks

• Price

Economic and market supply & demand will impact on timber prices. As world trade in timber is quoted in \$US, any change in the Australian currency may also affect the price.

Bond

There is a risk that the bond is not set up by the Land Co on completion of Planting Services, as a result of which the Growers will be less secure in their long term position. This risk is mitigated by the Planting Co and the Timber Co guaranteeing the performance of the Land Co.

• Last Resort Management Fees

There is a risk that Last Resort
Management Fees may have to be paid, or
that if levied rather than being borrowed,
some of the Growers may fail to meet the
payments. If this were to occur, it may
impact on the ongoing management of the
Plantation. There is a risk that the Last
Resort Management Fee is not tax
deductible. The Responsible Entity will
apply for a private binding ruling before
rendering any invoices.

Suitable Land

In the event that oversubscriptions are accepted and Suitable Land is not found within 9 months, then oversubscription Growers (those who in the first instance, only enter into the Grower's Agreement to Licence) will not receive any tax deduction in relation to the financial year of acceptance of their Application.

Refer to page 22 and 23.

Growers' Liability to Third Parties

The Grower is liable for breach of the Grower's oligations under the Woodlot Licence and the Project Operations Agreement.

• No or Little Market for Woodlots

In the event that an investor wishes to sell their Woodlots, there is unlikely to be a substantial market. The Responsible Entity and the Planting Co are under no obligation to repurchase any Woodlots from Growers. This investment should be viewed as long term.

Tax Deductions

There is a risk of any anticipated deduction being disallowed, if the arrangements as detailed to the Australian Taxation Office and/or as set out in PR2006/34, PR2006/35, PR2006/100 and PR2006/101 are not followed or for some other unexpected reason. The Planting Co and the Land Co will be making every effort to comply with the terms of the Product Ruling and compliance will be monitored by the Responsible Entity. Under the Project Operations Agreement, the Responsible Entity is not liable for failure to comply with the Product Ruling to complete Planting Services within 12 months of the date of Allotment (or Allocation, if applicable) where such failure is occasioned by any reasons or cause beyond the control of the Planting Co.

• Unexpected expenditure

Unexpected expenditure is a risk to any project. Refer to the heading "Grower's further liability for fees" on page 26.

9.3 Market Risks

• Market for Tropical Timbers

There is always an element of uncertainty in predicting markets. There is a risk that the international market price could drop and this may have an effect on prices in Australia.

Substitute Products

There is a possibility of substitute products being developed which replace the demand for hardwood timbers. The Planting Co does not consider this risk as being very likely to eventuate.

• Exchange Rates

Adverse movements in the Australian dollar could make foreign imports more attractive in Australia.

Quality of timber

The Planting Co will utilize the best available mahogany varieties chosen for colour and growth characteristics and employ modern horticultural and silvicultural techniques to ensure the quality of the timber is of the desired standard.

9.4 Regulatory risk

• Government Controls

There is always a possibility of the introduction of government controls, which impact negatively on the price and demand for hardwood timbers.

NTT believes that because of the pressure on Australian governments from environmentalists, the likelihood is for regulation which increases the demand for plantation timbers rather than the reverse.

9.5 Agricultural and Forestry risks

Tree Survival

In every plantation a small proportion of trees fail. Under the Maintenance Agreement, the Land Co has agreed that if at 13 months from the completion of planting, the average number of Trees per hectare is less than 570, then the Land Co will plant additional Trees at its cost so that there is an average of no less than 570 Trees per hectare on the Plantation.

Cyclone

The property in the Northern Territory being 160km south of Darwin is located outside what is considered to be the cyclone risk zone. To the best of our knowledge there is no record of any cyclone affecting the area. There could be the risk of increased winds as a result of cyclones affecting the Darwin area which could affect the property.

Climate

Prejudicial climate and climate change could affect the Trees. Climate factors beyond the control of the Planting Co remain a risk.

Pests

Some insect or pathogen infestation could occur. The Land Co will be vigilant in relation to such infestations and is ready to implement appropriate control procedures.

Fire

The Land Co will observe all the recommendations of the Consultant Forester in relation to fire protection.

· Scale of Operations

A plantation which is too small would be unviable.

Lack of Nutrition

The rapid growth of the trees is reliant upon adequate nutrients being supplied. The Land Co will apply nutrients as required, based on regular monitoring of the soil and foliar analysis.

Diseases

All plantations are susceptible to damage by plant disease. The sound management practices employed by the Land Co will reduce such risks by monitoring and by applying biological control agents and pesticides as required to control outbreaks if they occur.

Weeds

An ongoing program of weed control will form part of the Maintenance Plan and is necessary to ensure maximum growth and reduce fire risk. Refer to the comments on weed control in the Consultant Forester's report.

Yield

Actual yields may differ from the forecast mean yield, being dependent on the above-mentioned risk factors as well as microsite variations across the Land. Good silvicultural practices by the Land Co will reduce the likelihood that risks will impact negatively on yield. Refer to the Consultant Forester's Report in Section 10.

Flood

Low lying areas of the plantation that could potentially be prone to flooding will be identified and taken into account in designing the plantation layout.

Location

The distance of the plantation site from a major industrial centre must be considered a risk factor. The property is located 225km by road from the nearest port at Darwin. Transport costs have been taken into account by the Timber Co. The Northern Territory Government is progressively sealing the road between M'Oganwo Station and Darwin. Refer to the Consultant Forester's Report.

9.6 Other risks

• Social Change

There is a possibility of social change, which impacts upon the demand for hardwood timbers. The Timber Co believes that presently apparent social attitudes towards timber harvesting will support the Project for many years to come.

• Substitute Products

There is a possibility that new products will substitute for mahogany in the market or result in oversupply, thereby reducing demand.

· Supply and Demand

Other factors which may be unexpected such as adverse movements in the price of imported timber or an increase in value of the Australian dollar resulting in buyers preferring imported mahogany, could result in a reduction of demand.

Events of force majeure

Unexpected events beyond the control of the Responsible Entity, the Planting Co, the Land Co and the Timber Co could affect the Project.



CONSULTANT FORESTER'S REPORT ON THE NTT MAHOGANY PROJECT 2006-2008

Introduction

The conservation revolution which has dominated world forestry during the past few decades has created a unique opportunity for reafforestation in order to provide alternative timber resources for an ever increasing world

which provides an opportunity to minimise this expensive and often lengthy process. It also provides the freedom to employ such species with confidence and exceptionally low risk. It permits large scale plantation establishment using a species for which the essential optimal growth parameters are known.

Primary Securities Ltd [Responsible Entity]

CONSULTANT FORESTER'S REPORT

population. In the past, timber plantations were established by forward-planning governments to augment local natural timber resources which were being diminished by logging and, more importantly, by the apparently insatiable desire for agricultural and horticultural land. It is curious to note that during the early 20th century, when these plantation projects commenced, the species chosen were almost exclusively exotics and this was a world phenomenon and not confined to Australia alone. That there should now be such strident opposition from so many diverse quarters to the use of exotics to replace the masses of forests now locked away is really quite surprising. It is also interesting and somewhat mystifying to observe that governments are now quite reluctant to provide much more than 'lip service' to the need to address the massive timber shortage created by the recent 'conserve at all cost' mentality which has created the deficit in timber resources.

It is within this unusual situation that private enterprise has accepted the challenge and embarked on reafforestation ventures throughout Australia. The majority of the plantations recently established have utilised native species, however, an increasing number are now employing exotic species, particularly high value cabinet wood species, to fill the void created by the World Heritage listing of Queensland's rain forests. The species being used are those with a relatively long history of research and development

through the Planting Co, the Land Co and the Timber Co are to embark on such a project which will establish a plantation utilising the valuable African mahogany species Khaya senegalensis and its close relatives. These species have a long history of research and development throughout the world and Australia. It is with the knowledge gleaned from such studies that this Project evolved. The Project will be managed by forestry staff with considerable forestry experience and expertise, acquired through local rain forest management roles. These managers are also familiar with the location chosen for the Project.

Capitalised terms bear the same meanings as defined terms in the Product Disclosure Statement.

The Species

Khaya senegalensis [African mahogany] is a deciduous evergreen tree with a broad distribution in its native Africa and may be found throughout the central equatorial region from Sudan and Uganda in the east to Senegal, Sierra Leone and Gambia in the west. It is closely related to our own red cedar [Toona ciliata]. It has been planted as an exotic species in Australia, Cuba, India, Indonesia, Puerto Rico, Singapore, South Africa and Vietnam.

Individual trees may be 30 meters tall with a log length of 8-16 meters and a diameter of 1 meter. The sapwood is a pinkish tan in

colour and the heartwood an attractive dark red-brown. It is a moderately dense timber with a density of 680 kilograms per cubic meter and is regarded as one of the hardest of the African mahoganies. The timber is quite stable when seasoned and may be used for furniture, high-class joinery, flooring, wood turning, veneer and boat building. It is stated in 'Agnote No.G25 [2002]' published by the Northern Territory Government, that the heartwood of the species "is categorised as durable [Class 2], highly resistant to decay when fully exposed to the weather, clear of the ground and well drained with free air circulation". The sapwood is susceptible to Lyctus beetle infestation and pre-treatment prior to sale would be obligatory [a simple and cheap dipping or pressure treatment process at the saw mill].

The wide distribution of the species in its native habitat does provide the opportunity to select potential planting material with a broad genetic base for this Project. The Planting Co's staff working with African Forestry Experts collected seed from a number of native stands in Mali, Burkina Faso and Ghana.

Site

The key parameters assessed during site selection were:

- Slope
- Soil depth, texture, pH, etc.
- Drainage
- · Previous land use
- Climate
- Water allocation and potential storage sites
- Location
- Potential labour sources and availability of services
- Road quality and access

The site for NTT Mahogany Project 2006-2008 is located in the Douglas – Daly region of the Northern Territory. The property, M'Oganwo Station, is approximately 160 kms inland from Darwin (or 225 kms by road) and 117 kms north west of Katherine. The road infrastructure to the property is all weather sealed highway apart from the final 20 kms which is a first class gravel road. The Darwin to Adelaide rail line is approximately 50 kms from the property and would be accessible at the Pine Creek terminal. This proximity to major arterial and road links to Darwin and

Adelaide will provide routes to major ports and domestic centres through which market access is assured. The property is fully fenced and is current used for cattle grazing.

M'Oganwo Station has a plantable area of approximately 1,000 hectares and is approved by me as "Suitable Land" for the purposes of the Project.

The Plantation Manger proposes to adopt a dryland silvicultural strategy. This dryland strategy means that the plantation will depend on the natural rainfall. Dependence on natural rainfall is sustained by the consistency of the monsoonal rains whereby there is a 1 in 10

The wide distribution of the species in its native habitat does provide the opportunity to select potential planting material with a broad genetic base for this Project.

chance that the annual rainfall would be less than 950 mm. It is also sustained by the evidence from many forest plots in the vicinity which dramatically endorse the ability of the species to tolerate dry conditions and remain exceptionally productive.

The rainfall data for the Douglas – Daly region is given below. It is a typical monsoonal climate with extremely reliable rainfall based on the records from 1968.

The importance of a species with the characteristics of Khaya in this locality can be gauged from simple fact that some 90% of the annual rainfall occurs from November to March.

The lowest recorded annual total was 640.5mm in 1970 and the highest 1749.9mm in 1974.

M'Oganwo Station is located outside what is considered to be the cyclone risk zone with the prospect of an event of this nature affecting the property considered to be exceptionally small.

A substantial portion of M'Oganwo Station is cleared and planted with improved pastures for cattle grazing and it is this cleared area that is intended to be used for plantation development. The overall drainage pattern is to the south of the property. Overland flow will eventually meet at Stray Creek which is the southern boundary of the neighbouring property.

The bulk of the uncleared area on M'Oganwo Station is comprised of quite high quality open woodland dominated by eucalypt species. The primary species are Eucalyptus tetradonta, E. miniata and E. foelseheana. The understory is usually dominated by perennial and annual grasses with some sites where cycads occur in relatively high numbers.

In general the topography is gently sloping with some rolling hills towards the eastern boundary where occasional lateritic rock outcrops occur. The latter would not be considered plantable and there is no intention to do so. There are also strict legislative requirements governing the clearing of native vegetation in the Northern Territory with which the Planting Co must comply. These regulations are designed to provide wildlife corridors and refuges and to protect water courses and drainage lines from erosion. It is not anticipated these protected areas will compromise plantation development, in fact quite the reverse is the perceived outcome

The soils are well drained red earths belong to the soil family called Blains. The parent material is not known but is presumed to be colluvial accumulations from weathering red sandstones or other arenaceous deposits. Typically the soil pH ranges from 6.5-7.0 to a depth of 150 cms and this is ideal for the chosen species. There will be a need to restore some nutritional balances to suit Khaya, and this may readily resolved with appropriate soil amendments prior to planting and then throughout the rotation as soil and leaf analyses identify the specific needs.

Average monthly rainfall [mm] for Douglas River 1968 - 2005

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
281	289	223	40	_	8	3	1	4	38	115	196

Planting Stock

The Planting Co proposes that seedlings for this Project will be propagated at a new nursery that is being established on M'Oganwo Station in the Northern Territory and/or such other suitable nursery that may be contracted to produce seedlings on the Planting Co's behalf.

Seed has been sourced from superior trees selected both in the native African stands and from established plantations in northern Australia. It is intended to establish provenance trials from a wide selection of sources to enhance the opportunities to utilise superior genotypes in future plantations.

Since the Planting Co and the Land Co propose to adopt a dryland silvicultural strategy, appropriate procedures will be adopted to ensure seedling survival should the need arise.

Site Preparation

The initial plantation program will be conducted on cleared land and site preparation will be confined to the surveyed planting lines. This will minimise soil disturbance and greatly facilitate erosion control, an ever present hazard in this region.

Pre-plant fertiliser will be applied.

Silvicultural Strategies

Following site preparation and the application of any pre-plant soil amendment and pre- plant weed control required, planting may proceed.

The minimum planting density of 570 stems per hectare will permit considerable management flexibility throughout the proposed rotation of 16 - 18 years e.g. it is intended to non-commercially thin 50 % [285 stems] of the growing stock before year 6, commercially thin 50 % [140 stems] of the remaining stems at age 11 years and

clear-fall the remainder [145stems] at age 16 years. The impact of such a regime on yield is discussed in the following section.

Weed control will be a prominent component of management until canopy closure occurs. It is essential to minimise competition for nutrients and moisture during the first two years in particular by keeping an area of at least 1.5 meters radius around each tree weed free. The inter-row will be planted with a suitable cover crop and regularly slashed to limit erosion and to provide mulch. This mulch will enhance the soil structure through the incorporation of organic matter and improve soil moisture by reducing evaporation losses.

There will be a need to prune the trees in order to develop long straight stems with a minimal knotty core. The usual rule of thumb in this context is to ensure that no more than one third of the crown is removed during this procedure. Adoption of this approach is recommended in order to limit its impact on productivity. It is unlikely the process will commence before age three or four except where it may be desirable to remove the odd branch to facilitate the safe use of machinery in the inter-rows.

The projected rotation length is 16 - 18 years after planting. It will be the Planting Co and the Land Co's role during the rotation to develop and adopt strategies and procedures that will permit the trees to achieve as nearly as is feasible optimal productivity. Since this is a comparatively new industry with very limited local knowledge on broad-acre timber production using African mahogany in this region, it is essential that the Planting Co and the Land Co adopt a proactive approach based on consistent reference to the available science and by consistent monitoring and observation. The need to be flexible and in tune with the crop throughout the rotation will also be essential. The Planting Co possesses the appropriate expertise and equipment to achieve this.

Regular soil and leaf analyses will be conducted to determine the annual fertiliser prescriptions.

The pruning prescription will target the production of primary logs 6 - 7 m long and with a minimal knotty core.

Weed tending will be conducted as required to ensure a weed free area of at least 1.5 m in radius is maintained around each tree during the initial 3-4 years of the rotation.

Protection from fire will be achieved through regular slashing of the plantation to limit fuel building up and access to appropriate fire control equipment will be available on site. Pest and disease control will be based on regular monitoring of the crop.

In order to monitor the productivity of the plantation and to objectively assess that the proposed strategies are adopted, it is proposed that the Consultant Forester will inspect the plantation twice each year. In order to monitor plantation performance up to 10 randomly located permanent increment plots that will be established and measured annually. An annual report on these inspections and measurements will be provided to the Land Co for distribution to all Investors.

Yields

It is the Timber Co's objective to produce log timber from this Project through a commercial thinning at about age 11 years and a clearfall operation at about age 16 years. It will be the objective of the Timber Co to produce a crop with a mean annual increment [MAI] of 10-15 m3 of commercial round log timber per hectare per annum over a rotation of 16-18 years. Timber production is difficult to predict accurately as many factors may influence plantation productivity. These include the climate, soil types, drainage, genetics and pathogens.

Given the attendant risks that are fully addressed in this Product Disclosure Statement, and having reviewed the available data on the performance of the species throughout the world and in Australia,

I consider it feasible to achieve the targeted productivity of 10-15 m3 per hectare per annum at the chosen site. My sole proviso is that the proposed silvicultural and management prescriptions are applied.

It is estimated that a rough sawn recovery after milling the log timber of 50% will be achieved. The indicative price for rough sawn timber of Khaya species has been estimated at AUD \$2200.00 per m3 . The limited resources of quality rain forest timbers and the continuing high demand for them would suggest this price is realistic. The current costs associated with harvesting, milling and seasoning are estimated at \$400.00 per m3. Transportation to the point of sale will be an additional cost.

Project Risks

There are a number of key elements to assess when reviewing the risks associated with a project of this type. They include:

- · Tree survival
- Climate
- Pests
- Fire
- · Scale of operations
- Location

Tree survival

The Land Co has agreed that if at 13 months from the completion of planting the average number of Trees per Woodlot is less than 142, the Land Co will plant additional trees so that there is an average of no less than 142 trees per Woodlot in the Plantation. African mahogany has been planted in many locations throughout tropical north Queensland and in the Northern Territory with exceptional success considering the wide variations in soils and climate at these sites. The species is also regarded as highly tolerant to dry conditions. In these circumstances, and cognisant of the Planting Co and the Land Co's intention to adopt the silvicultural and management strategies outlined in this Product Disclosure Statement on a site which is eminently suited for the purpose, tree survival will not be a significant element.

Climate

For the first time in perhaps a century all Australians have become acutely aware of the fact that Australia is the driest continent on earth. The very clear consequence of this is simply that no agricultural, horticultural or forestry pursuit will succeed without the provision of adequate water resources. The mean annual rainfall for the dry tropics region of the Northern Territory is 1229 mm per annum and lowest recorded annual rainfall was 640 mm. The potential cyclone risk and the reliability of the rainfall have been addressed above.

Hail and wind are other important but entirely unpredictable elements of the weather which are potentially damaging natural phenomenon.

African mahogany has been planted in many locations throughout tropical north Queensland and in the Northern Territory with exceptional success

Given the strategies to be adopted in this Project are approaching 'state of the art' forestry, the climatic risk has been reduced to elements that are beyond control.

Pests

African mahogany is an exotic species and so far as is known has been successfully introduced to Australia without any of its native pests. While its history in this country is relatively short — some 30 years — there are no recorded instances of catastrophic insect or pathogen infestation. Continued vigilance will be necessary to ensure this situation continues although it must be stated that the need to employ control procedures should they be required is relatively easy in a monocultural crop such as this.

Fire

It will be absolutely essential to protect the plantation from fire. While Savannah tree species such as Khaya are more resistant to fire than rain forest species, no species is immune to fire risk. Preventative measures such as maintaining minimal fuel load under or near the trees to minimize fire risk will be implemented. A fire control strategy will be prepared by the Planting Co and the Land Co and the plantation design will incorporate adequate fire breaks to protect the trees. Suitable fire control equipment will be available on site if required and all staff will be regularly trained in its use and in routine fire control practices.

Scale of operations

Total Plantation Area

The dimensions of this Project are considered to be of a magnitude to permit an economically viable operation. The forecasted plantation area will be 1000 hectares and this will provide for a profitable timber resource.

Location

As the Plantation site is approximately 160ks from a major industrial or population centre it is not considered a significant risk factor. It is also anticipated, based on local experience that labour will not be difficult to obtain. In common with most rural regions there is a large pool of local unemployed from which suitable labour may be drawn as required.

Difficulties in transporting the product to market from the site are not envisaged to be a major problem. A superb road and rail network is available to service this industry and the magnitude of the enterprise will permit a designated, stand alone log conversion location and facility to be sited and constructed at the appropriate time.

Further Site Selection

Additional sites for the NTT Mahogany
Project must first satisfy the ecological,
climatic and silvicultural requirements of
Khaya senegalensis and related species prior to
being approved for the purpose. The criteria
used in assessing a site include:

- Rainfall
- · Topography and slope

- Aspect
- Soil types
- · Drainage patterns
- · Adequate water sources at a potential site
- Existing water licence or subject to the granting of a water licence sufficient for plantation requirements
- Proximity to major roads
- · Standard of access to major roads
- · Proximity to markets, ports and end users
- · Economic viability of each site
- Environmental considerations
- Access to a local labour resource

Conclusions

In assessing this Project and having inspected the site I am satisfied the Responsible Entity, the Planting Co, the Land Co and the Timber Co have considered all the key facets relevant to its success. The management strategies proposed meet the specific needs of the target species and accommodate those of the Investors in that their aim is to produce an economically sound operation.

The Planting Co has demonstrated the ability to successfully carry out the project operations demanded in this type of enterprise. The infrastructure to successfully accomplish the task will be established [much of it is already in place] and the technology is available and being utilised.

The site chosen for this Project satisfies the ecological, climatic and silvicultural requirements of Khaya senegalensis and its close relatives. Further sites will be first inspected and certified as being suitable for the purpose before being approved.

The available evidence and the advice from experts in this field indicate the Project will be established in an appropriate manner on a site suited for the purpose. It will also provide a valuable timber resource to assist in reducing this Nation's dependence on overseas timber supplies to meet the demand for rain forest species now preserved in perpetuity through the World Heritage listing of these forests.

It is my opinion, as the Consultant Forester, that the silvicultural and management strategies outlined in this report will ensure the project is successful, given the risks associated with the enterprise. I act in no other capacity for the Responsible Entity, the Planting Co, the Land Co or the Timber Co and accept no responsibility for information in this Product Disclosure Statement other than that contained in this report. I have been engaged to certify that prospective sites chosen for the purpose outlined in this Product Disclosure Statement will be suitable for that purpose. I have also been engaged to monitor the productivity of the site throughout the term of the rotation, to advise the Consultant Manager on items within the ambit of my expertise and to prepare reports to ensure Investors are independently informed of the progress of the Project annually. I have no financial interest in the project or the Companies associated with it.

I receive remuneration at the accepted consultancy rates for any work I undertake for the Responsible Entity.

I certify that the site chosen to establish Khaya species plantations under this PDS meets all the criteria essential for its success provided the silvicultural and management strategies outlined are adopted.

Credentials and Data Sources

Yulebar Enterprises was established in July 1992. Yulebar Enterprises is a specialist agroforestry consultancy practice with over 30 years experience in forestry and agroforestry. Mr Robin Yule, B.Sc., B.Sc.For., Dip.For., has an extensive background in forest research embracing forest pests, trees on farms, the irrigation of trees with domestic effluent and horticulture. Yulebar Enterprises is a partnership between Mrs Barbara Yule and myself. The charter of the business is to provide agroforestry consultative services to a standard which meets the aspirations of our clients.

Yulebar Enterprises does not operate under any Australian Financial Services Licence in giving the advice set out in this report.

Yulebar Enterprises has given advice to the Planting Co in relation to the Project and NTT Mahogany Project and may undertake future consultancy work for the Project of a technical nature on a fee for service basis.

Otherwise, Yulebar Enterprises has no interest

in the Project nor any other association or relationship with Primary Securities Ltd or any company in the NTT Group that might reasonably be expected to or have been capable of influencing this report.

Mr Robin Yule is a graduate Forester and graduate Entomologist with 37 years experience in forest research, forest management and forest research management. During this period Mr Yule has visited China, U.S.A., India, Nepal, New Zealand and South Africa to investigate a wide range of forestry related issues. While managing the Forest Research Institute Gympie, Mr Yule was involved with the preparation and supervision of several projects targeting the potential of a range of native Australian species and exotic species for reforestation in sub-tropical and tropical Africa, Indonesia and southern China. Since retirement from the Department of Forestry in 1991, Mr Yule has established a mango orchard comprising 1200 producing trees and a fruit packing and marketing facility which services the Cooloola region of the Sunshine Coast. In addition to these activities the consultancy business has provided forestry and agroforestry services to a wide range of clients during the past 13 years.

The data sources used in the preparation and assessment of this report include:

- World Agroforestry Centre Agroforestree Database
- Robertson, B. [2002] Agnote
 No. G25 Growing African Mahogany
 in Northern Australia.
- Australian Forest Product Statistics Australian Bureau of Agricultural and Resource Economics.
- Several unpublished reports on native and exotic tropical species trials established by the Queensland Department of Forestry.

Robin YULE

Manager, YULEBAR ENTREPRISES.

03 November 2005



SECTION 11: ADDITIONAL INFORMATION

11.1 Compliance Procedures

The Responsible Entity has prepared a Compliance Plan for the scheme as required by the Corporations Act to ensure that it meets its obligations as a Responsible Entity and that the rights of Growers are protected. The plan identifies the various obligations under the Corporations Act, the Constitution, the Woodlot Sub-Lease and the Planting Agreement that affect the Responsible Entity, identifies risks of non-compliance and establishes measures designed to address these risks.

In particular, the Compliance Plan:

- includes measures to ensure the Responsible Entity and its officers and employees comply with their respective obligations under sections 601FC to 601FE of the Corporations Act;
- appoints the Compliance Officer, and regulates the Board's compliance duties and functions, its meetings and activities;
- ensures the Responsible Entity keeps adequate records and complies with the financial reporting requirements of the Corporations Act, and appoints the Auditors of the Project;
- identifies the Project Property, ensures it is held separately from the property of the Responsible Entity and any other scheme and appoints the Custodian; and

 establishes procedures in relation to this PDS, moneys received under the Constitution, the conduct of business issues, external service providers, the appointment of agents to market Woodlots, insurance and the relationship between the Planting Co and the Responsible Entity.

Compliance Committee

The Responsible Entity does not have a Compliance Committee because more than half of the directors of the Responsible Entity are external directors.

Disputes Resolution and Complaints Handling Procedures

The Responsible Entity has appointed solicitor Ms Anna Catelli, B Juris., LLB., Dip. Ed., as its Complaints Officer. The Complaints Officer will be instructed to deal with any expression of dissatisfaction with the service offered or provided by the Responsible Entity as follows:

- the Complaints Officer or other person who received the Complaint acknowledges the Complaint promptly within 7 days of its receipt;
- the Complaints Officer notes the Complainant's details, including contact details, and the specifics of the Complaint and files that information in a Complaints file.

- the Complaints Officer explains the Complaint handling procedures to the Complainant;
- in the case of Complaints that do not require investigation, the Complaints Officer deals with or otherwise resolves the Complaint immediately or expeditiously, and enters details of the resolution into the Complaints file; and
- where appropriate, the Complaints Officer communicates with the Complainant to ensure that the Complainant remains satisfied.

If the Complaint requires investigation or for some other reason is unable to be so resolved by the Complaints Officer immediately or expeditiously:

Within 7 days of receipt of any Complaint, the Complaints Officer is to:

- provide written confirmation to the Complainant that the Complaint is being investigated in detail;
- invite the Complainant to provide any further documentation, information or other materials or details the Complainant may have regarding the Complaint;
- inform the Complainant that the Complainant will receive a response to its Complaint within 28 days of the date of the Complaint.

Within 21 days of receipt of any Complaint, the Complaints Officer is to conduct a thorough investigation of the Complaint, to properly consider the Complaint and to prepare a report detailing:

- the nature of the Complaint;
- the services or business practices about which the Complaint is made;
- the basis for the Complaint;
- · the results of the investigation; and
- a recommendation for action, and deliver that report to the Managing Director of the Responsible Entity.

Within 28 days of the Complaint being made, the Managing Director of the Responsible Entity is to review the report provided by the Complaints Officer and decide as to an appropriate course of action.

Once the Managing Director has reached a decision in relation to the Complaint that decision is to be provided to the Complainant

together with the reasons for the decision within 28 days of the Complaint initially being lodged and a copy thereof is to be added to information regarding the Complaint on the Complaints file.

In the event that the Complainant continues to be unsatisfied, the Complaints Officer is:

- within 14 days, to prepare a report for the Board of the Responsible Entity and make arrangements for a meeting of the Board of the Responsible Entity to be called within a further 21 days to consider the Complaint;
- to regularly keep the Complainant informed of all developments in relation to the resolution of the Complaint.

In the event that the Complainant continues to be unsatisfied 14 days after a meeting of the Board of the Responsible Entity to consider the Complaint, the Complaints Officer shall provide the Complainant with information as to appropriate avenues by which the Complainant can pursue the Complaint including:

- · to invite the Complainant to arbitrate; or
- to have the Complaint resolved by Financial Industry Complaints Service Limited.

The Financial Industry Complaints Service Limited may be contacted:

- by phone on 1300 78 08 08
- or by fax on (03) 9621 2291
- by email to fics@fics.asn.au
- or by writing to PO Box 579, Collins Street West, Melbourne 8007.

The Financial Industry Complaints Services
Limited will first invoke a conciliation process.
Each Complaint is handled in confidence and
without affecting any legal rights of the
Complainant should they remain dissatisfied.
ASIC has a Freecall Infoline 1300 300 630
which the Complainant may use to make a
complaint and obtain information.

Any issues arising from complaints that have material ramifications for other Growers shall be reported by the Complaints Officer to the Responsible Entity and the Board.

11.2 Other Information

i. This PDS

This PDS was issued on 1st November 2006 and that is the date of this PDS. ASIC takes no responsibility for the contents of this PDS.

ii. The Issuer

The issuer of Woodlots is the Responsible Entity. The Planting Co is not the issuer of this PDS but is a sub-contractor to the Responsible Entity under the Planting Agreement described in Section 12.

iii Consents

The following have each given (and have not prior to the issue of this PDS withdrawn) their written consent to the inclusion of the reports, sections, express and implied references and statements detailed below in the PDS in the form and context in which each is included, and for the purpose of Sections 1013K of the Corporations Act were each involved only in the preparation of those reports, sections, express and implied references and statements:

Garton Smith & Co for inclusion of the sections headed Project Structure, What You Need to Know About the Offer (except for the sub-sections headed Proposed Processing Plan, Planting Stock, Fire Insurance and Public Liability Insurance), Questions and Answers, Taxation, The Responsible Entity, Directors of the Responsible Entity, Additional Information, Key Agreements, Glossary of Defined Terms, Instructions for Lodgment, Application Form.

Yulebar Enterprises for inclusion of the Consultant Forester's Report and express and implied references to that report in the sections headed NTT Mahogany Project 2006-2008, The Timber Industry, Plantation Site and Development, Questions and Answers, Project Management and Key Risk Factors and Safeguards.

The Planting Co, the Land Co and the Timber Co for inclusion of the whole of this PDS except for the Consultant Forester's Report.

iv Disclosures

Robert Garton Smith is a director of and indirect owner of the Responsible Entity and is the principal of the law practice Garton Smith & Co which expects to receive legal and custodial fees in relation to the Project. The professional remuneration paid or to be paid to Garton Smith & Co by the Responsible Entity and the Planting Co for legal services is approximately \$70,000. The remuneration to be paid to Garton Smith & Co by the Responsible Entity and the Planting Co for custodian work in relation to the Project will be approximately \$10,000. The fees of the Responsible Entity are set out on page 54.

Yulebar Enterprises is to receive fees of \$1980.00 for his report, and in the next 12 months the Planting Co may also pay further fees for consulting services of approximately \$40,000.

The Land Co is to receive the Licence Fees and the Maintenance Fees from the Responsible Entity.

The Timber Co is to receive Harvest Fees and Marketing Fees (less fees payable to the Responsible Entity under the Responsible Entity Services Agreement) from the Responsible Entity.

The plant-stock may be purchased from Karehana Pty Ltd and/or other suppliers. The wife of one of the directors of the Planting Co, Dayle Hooker, is the director and sole shareholder in Karehana Pty Ltd which has agreed to sell the plant-stock to the Planting Co at an agreed rate of \$2.50 each.

v. Enhanced Disclosure Securities

The Woodlots may become enhanced disclosure securities within Section 111AD of the Corporations Act if there are more than 100 Growers, and if so, the Responsible Entity will be subject to regular reporting and disclosure obligations. In that event, documents lodged pursuant to these requirements may be obtained from, or inspected at, any office of ASIC. Further, the Responsible Entity will provide a copy of

the most recent annual financial report of the Project lodged with ASIC by the Responsible Entity, any half-year financial report of the Project lodged with ASIC after the lodgment of that annual financial report and before the date of this PDS, and any continuous disclosure notices given in relation to the Project after lodgment of that annual financial report and before the date of lodgment of the PDS free of charge as soon as practicable, and in any event within 5 days, after receiving the person's request, to any person who asks for it during the currency of the PDS.

vi Application of this PDS Outside Australia

This PDS has been prepared to comply with the securities laws of Australia. This PDS does not constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer.

vii. Commissions

Commission of up to 10% of the
Application Fee will be paid to AFS
Licensees or their authorised
representatives. In addition, from their own
funds, the Plantation Manager might pay
fees to AFS Licensees who have provided
particular assistance of an administrative
or promotional nature in connection with
the Projects.

viii. Method of Updating Information in this PDS

In the event that there is information in this PDS which is subject to a change that is materially adverse to Applicants, Applicants will be informed by a Supplementary PDS. However, there may be other information which is not materially adverse to Applicants and is subject to change from time to time. In that event, the updated information will be made available on the website of the Responsible Entity www.primarysecurities.com.au. Further, the Responsible Entity will provide a paper copy of that information to any person on request without charge.



DETAILS OF THE PRINCIPAL CONTRACTS

The Principal Contracts

Upon an Application to become a Grower being accepted by the Responsible Entity and the Allotment of Woodlots, the Grower will become a party to the following contracts:

KEY AGREEMENTS

- 1. The Constitution:
- 2. The Rules;
- The Woodlot Licence under which the Grower takes a licence in relation to one or more Woodlots (or if there is Insufficient Land for the time being, the Grower's Agreement to License); and
- 4. The Project Operations Agreement under which the Grower engages the Responsible Entity to supervise and manage the carrying out of Tree Farming on the Grower's Woodlots.

Definitions and details of these contracts now follow. All relevant definitions appear in the Glossary of Technical Terms on pages 55 to 58.

A. The Constitution

The Constitution in relation to the Woodlots offered by this PDS is the Constitution for the NTT Mahogany Project 2006-2008 between the Responsible Entity and each Grower.

Under the Constitution, each Grower irrevocably appoints the Responsible Entity as the sole and exclusive agent in relation to the Project, with the powers, duties and functions vested under the Constitution and the Corporations Act. The Responsible Entity agrees to act as Responsible Entity for the Grower in relation to the Project, subject to the Constitution and the Corporations Act. The Responsible Entity may delegate its functions to any person, including the

Custodian. The Responsible Entity remains liable for its obligations under the Constitution and is responsible for all acts of its delegates that constitute a breach of duty.

Power of Attorney

The Responsible Entity has your power of attorney. On your behalf, the Responsible Entity may:

- receive and hold the Application Fees,
 Last Resort Management Fees (if levied)
 and Receipts in the Trust Account, invest
 that money (and any interest on the
 Receipts or other accretions) in any
 Authorised Investment pooled with
 Authorised Investments made on behalf
 of other Growers, use the Application
 Fees and Last Resort Management Fees
 in discharging the Grower's obligations
 under the Agreements and Constitution,
 and deal with the Receipts and other
 money in the Trust Account in accordance
 with the Constitution;
- Grower's Agreement to License, if applicable) and Project Operations
 Agreement, confirm the Grower as a party on the Grower's behalf, enter into contracts varying or replacing the contracts to better achieve the purposes of the Project (subject to any amendment that the Responsible Entity considers adversely affects Growers' rights being treated as an amendment to the Constitution), monitor the performance of the Planting Co's obligations and exercise all rights and powers of the Grower;
- buy, sell or deal in any sequestration rights, carbon credits or other environmental credits arising from or in connection with the Woodlots or Trees to which the Grower is entitled;

- enter into any agreement relating to sale
 of the Timber on behalf of the Grower,
 enter into contracts varying or replacing
 the Agreements to better achieve the
 purposes of the Project, appoint the
 Timber Co to negotiate the sale of the
 Timber and exercise all rights and powers
 of the Grower under the agreement
 relating to sale;
- appoint the Auditors to audit and monitor the records of the Planting Co and pay for any audit from the Trust Account, with each Grower to pay the Prescribed Proportion;
- upon termination of the Project, or the
 passing of a resolution of Growers
 supporting the proposed sale or assignment,
 sell or assign all right, title and interest of
 the Grower in the Project and all remaining
 interest of the Grower under the Agreements,
 whether for money, shares or other
 consideration and pay for any such sale and
 receive sale proceeds;
- indemnify the Responsible Entity in regard to legal proceedings and tax liability (as set out at Section 11.2), commence legal or arbitration proceedings, receive, collect, pay, settle and compromise any payments, debts, obligations, judgments or settlements in relation to the Project, lodge and withdraw a "subject to claim" caveat against the certificate of title to the Land the subject of the Woodlots; and execute any deed, agreement, certificate or other document and do all other things necessary or desirable in furtherance of these powers granted to the Responsible Entity;
- borrow money unsecured or subject to any security over the Grower's interest in the Woodlot, Agreements or Receipts (which security will have a prior position to any security granted by the Grower directly).

Trust Account

The Responsible Entity shall keep the Trust Account (which may be interest bearing) in the name of the Custodian, solely for the purposes of depositing and pooling the Application Fees and Receipts of all Growers.

Other Obligations of the Responsible Entity

The Responsible Entity is also required to comply with obligations imposed by the Corporations Act. These include the duty to keep

Accounts and have those Accounts audited, procedures for meetings of Growers, the keeping of the Register of Growers, provisions regarding the transmission/assignment of Woodlots, and the statutory duties of the Responsible Entity.

Except as set out below, the Growers do not have the right to withdraw from, or realise the assets of, the Project. The Grower does not have the right to require payment of any money held in the Trust Account other than as provided for in the Constitution.

Duration of Project

The Project shall commence on the date upon which Woodlots are first allotted. The Project shall terminate on the latter of the termination of the Woodlot Licence or the final distribution of Receipts following the sale of all Timber, subject to any earlier termination by the Growers.

At any time, a meeting of Growers may by special resolution resolve to terminate the Project. However, the Project may be continued if the Responsible Entity believes that it appears to be in the interests of the Growers to continue to do so.

Upon termination, the Responsible Entity shall immediately sell, call in, convert and realise all remaining Timber and Project Property and pay all costs and fees of termination. The Responsible Entity may postpone the sale but will not be responsible for any loss attributable to doing so. The balance obtained after the sale shall be distributed to Growers as if it represented Receipts, but if the aggregate sum for distribution is less than \$1,000, the Responsible Entity may, in its discretion, postpone distribution. Upon distribution, the Responsible Entity shall provide the Growers with a final audited statement setting out all details of the sale and distribution, at which time the Responsible Entity shall be released from all further duties and obligations under the Constitution and the Agreements in relation to the Project.

Grower's Relationships

The Grower does not have any relationship or contract with any other Growers in the Project and all Growers are several and independent.

The Grower cannot enforce any rights or claims of or against any other Grower. The Grower's relationship with the Responsible Entity and any other Growers is not a partnership, joint venture, company or association and the Grower is not an agent or legal representative of, and does not have authority or power to act for, or incur any liability of, the Responsible Entity or any other Grower.

Protections and Indemnities

The Responsible Entity shall not incur any liability to Growers for doing or failing to do any act or thing it is required to do or is frustrated or prevented from doing by any Law. The Responsible Entity may act and rely upon advice obtained from any Expert but shall not be liable for anything done in good faith in reliance upon that advice, and it shall not be liable for any misconduct, mistake, error of judgment or want of prudence by any Expert, for anything done or suffered by other parties. To the extent permitted by law, where the Responsible Entity acts pursuant to a resolution passed at a duly convened meeting of Growers, it shall not incur any liability, nor shall it be liable for any action taken in reliance upon any document reasonably believed by it to be genuine, authorised and (if applicable) signed by the persons properly responsible. The Responsible Entity will not be liable for the failure of any Grower to obtain a tax deduction in respect of the Project and the Responsible Entity shall be indemnified from the Receipts and the Trust Account to the extent of any such liability, except to the extent attributable to the Responsible Entity's own neglect or default.

Provided the Responsible Entity has not breached its duties under Section 601FC or elsewhere in the Corporations Act, it shall not be responsible for any loss, costs, damages or inconvenience resulting from the exercise or non-exercise of powers, authorities and discretions under the Constitution, and except by a special resolution of Growers, or as permitted under the Complaints handling procedures of the Compliance Plan, no Grower shall interfere with or question the exercise or non-exercise of the Responsible Entity's powers, authorities or discretions.

B.The Rules

Assignment or Transmissions of Woodlots

No assignment or transmission of any Woodlots

may be registered unless an instrument of transmission or a deed of assignment in the form set out in the Rules, duly stamped, has been delivered to the Responsible Entity.

Quorum

No business shall be transacted at any meeting unless a quorum is present at all times during the meeting. The quorum necessary for a meeting at which a resolution only is to be proposed shall be two Growers. For a meeting at which a special resolution is to be proposed a quorum shall be 4 Growers.

C. Licence

Upon Allotment, the Woodlot Licence is entered into between the Responsible Entity and each Grower in relation to the Grower's Woodlots.

Licence Term

The Term of the Woodlot Licence will initially be from Allotment to 12 years from Allotment. This is not sufficient for the Project. The term is restricted to 12 years because the Northern Territory government prohibits such licences for a term longer than 12 years. As lessee of the Land and as attorney for the Grower, the Responsible Entity has the power to extend the licence under the Woodlot Licence to the Grower until 30 June 2022 for 2006 Growers and until 30 June 2023 for 2007 Growers, when appropriate.

Licence Fee Payable

The Licence Fees are set out in Section 5.

Various Entitlements

The Grower has the non-exclusive right to use any plant or equipment available to or owned by the Land Owner. All improvements made by the Grower belong to the Land Owner. The Grower is entitled to the Trees until whichever of Harvest or termination of the Woodlot Licence first occurs.

Grower's Covenants

The Grower covenants that throughout the Term, the Grower shall:

- Keep the Irrigation System, roads, fences, gates and other improvements on the Woodlots in good and substantial repair and condition and if necessary, or if required by the Responsible Entity, repair or replace those improvements.
- Do things reasonably required to eradicate, exterminate and keep the Woodlots and Land free from disease, rodents, vermin, noxious weeds, rabbits, kangaroos, insects and all other pests and procure pest exterminators for that purpose.
- Keep the Woodlots and immediate surroundings in a thorough state of cleanliness.
- Comply with the Bushfires Act (NT), attend
 to any notice from the Planting Co or the
 Land Owner or the owner of any adjoining
 land pursuant to the Bushfires Act (NT),
 attend local government meetings in
 relation to fire prevention and protection
 and other matters relating to the Woodlots
 and take all proper measures to ensure that
 any fires which may occur on the Woodlots
 or the Land which
 may threaten the trees are properly
 controlled and supervised.
- Secure the entry ways to the Woodlots
 against trespass, permit the Responsible
 Entity to enter upon the Woodlots to carry
 out duties and obligations under the
 Woodlot Licence and at
 all times give the Owners or occupiers of
 any Woodlot adjoining the Grower's
 Woodlots unimpeded use of any existing
 access roads, pathways or fire-breaks on
 the Grower's Woodlot.
- At all times, keep current with a reputable insurer a public risk insurance policy to cover the liability of the Grower and Responsible Entity in which the limit of public risk shall be not less than \$10,000,000, and not allow any act, omission or event on the Woodlots which would render any insurance policy void or voidable or result in an increase of the premium payable.
- Comply with all Laws applying to the Woodlots.
- Keep in force all licences, permits or permissions required to carry on Tree Farming.
- Within 60 days of the expiration of the Term, at the Grower's cost, remove from the Woodlots all Harvested Timber, plant,

equipment and other items brought onto the Woodlots by or on behalf of the Grower, and if the Grower fails to do so then the Responsible Entity may do so at the Grower's cost, and shall leave all fixtures, including the Irrigation System, Trees, stumps and Debris, and all Timber or other vegetation not Harvested. The Responsible Entity is legally entitled to any such things, including any produce which may grow therefrom, not removed by the Grower after the determination of the Woodlot Licence.

Responsible Entity's Covenants

The Responsible Entity shall let the Grower hold and enjoy the Woodlots without interruption, shall duly pay (or ensure the payment of) all taxes, rates and other charges in respect of the Land and all costs of preparation of the Woodlot Licence, shall not create any encumbrances over the Land or Woodlots ranking in priority to or which would otherwise prejudice the Grower's interests under the Woodlot Licence, shall provide the Grower, at its own expense, plans and details necessary to identify the Woodlots and shall ensure that the Land Owner provides sufficient water to permit the Grower to fulfill its watering obligations. In addition, the Land Owner will carry out and fulfil all promises made to Growers in the PDS in relation to the Land.

Reduction in Viability of Woodlots

If there is damage to the Woodlots, and the Responsible Entity determines that it is no longer commercially viable to carry out Tree Farming on any of the Woodlots, the Responsible Entity may assess and determine the extent of the damage or reduction in viability and may terminate the obligations created by the Woodlot Licence in relation to those Woodlots.

Termination

The Responsible Entity shall be entitled to terminate the Woodlot Licence if the Grower is declared bankrupt, goes into liquidation or has a receiver appointed, or fails to perform any covenants or conditions in the Woodlot Licence, the Constitution or the Project Operations Agreement and the default continues, in the case of an obligation to pay money, for 14 days, or in any other case, for three months after receipt by the Grower of written notice from the Responsible Entity specifying the default and requiring it to be rectified. The Grower shall be entitled to terminate its obligations if the Responsible Entity is in default of any obligation and the default continues for 3 calendar months after receipt of written notice from the Grower specifying the default and requesting that it be remedied.

If the rights of the Grower are terminated as a result of default by the Grower, the Grower shall not be entitled to any compensation in respect of money contributed or Receipts in respect of the Trees or Timber grown on the Woodlots pursuant to the Woodlot Licence.

Prohibited Activities

The Grower shall not use or permit the use of the Woodlots for any purpose other than the carrying out of Tree Farming, the Harvesting of Trees and (if applicable) Milling of Timber. Further the Grower shall not permit any nuisance or cause any damage to other Growers, the Responsible Entity, the Land Owner or owners of adjoining land or the public.

The Grower shall not erect any buildings or structures on the Woodlots, or use the Woodlots for residential, recreational, tourist or illegal purposes. The Grower shall not light fires except in accordance with the Bushfires Act (NT) and shall not store any inflammable, noxious or

dangerous substances on the Woodlots or Land in a way which may result in damage to the Woodlots, the Land, the Trees, any livestock, other trees, plants and crops or any water reserves and shall not allow, and do all things to prevent, any contamination or pollution of the Woodlots.

Assignment

The Grower may only assign the Woodlot Licence in accordance with the Constitution and the Rules.

D. The Grower's Agreement to License

The Grower agrees to enter into the Woodlot Licence upon the Responsible Entity selecting Suitable Land. If the Responsible Entity is unwilling or unable to Allot Woodlots in relation to Suitable Land within 9 months of first Allotment, the Grower's Agreement to License is deemed to have been terminated.

E. The Project Operations Agreement

Upon Allotment, the Project Operations
Agreement is entered into between the Grower
and the Responsible Entity.

Appointment of Responsible Entity

The Grower engages the Responsible Entity, as an independent contractor, and not as agent, to carry out Tree Farming in accordance with the duties and obligations detailed in the Planting Plan and the Maintenance Plan during the Term.

Term

The Term of the Project Operations Agreement is from the date of Allotment until the completion of Harvest, the sale of all Timber and the receipt and dealing with all proceeds therefrom and the provision of all accounts and reports, or the termination of the Woodlot Licence, whichever is the latest.

Management Fees

The Management Fees payable to the Responsible Entity per Woodlot are set out in Section 5.

Carbon Credits

In accordance with the Woodlot Licence, any sequestration rights, carbon credits or other environmental credits arising from or in connection with the Woodlots or Trees will be the property of the Grower and the Land Co as tenants in common in the proportions 50%, 50% respectively and the Responsible Entity will do all things and sign all documents to effect this requirement.

Tree Farming

The Responsible Entity agrees to carry out or cause to be carried out the services and duties set out in the Planting Plan and the Maintenance Plan, including the following, in accordance with sound forestry and environmental practices:

- Prepare and grade the Woodlots for planting and to prevent land degradation.
- Select high yielding plant stock and plant an average of no less than 142 Trees per
 Woodlot (and if at 13 months the average number is less, to replant so that the average is no less than 142 Trees per Woodlot).
- Complete Planting Services within 12 months of Allotment (or Allocation, if applicable) but the Responsible Entity will not be liable for failure to complete the Planting Services within 12 months of the date of Allotment (or Allocation) where such failure is occasioned by any reasons or cause beyond the control of the Planting Co.
- Tend to the Trees according to the principles of good forestry.
- Keep the roads, fences, gates and other improvements on the Woodlots in good and substantial repair and condition, and if necessary or if required by the Land Owner, replace and repair each of them.
- Do things reasonably required to eradicate, exterminate and keep the Woodlots and the Land free from disease, rodents, vermin, noxious weeds, rabbits, kangaroos, insects and all other pests and procure pest exterminators for that purpose.
- Keep the Woodlots and immediate surroundings in a thorough state of cleanliness.

- Comply with the Bushfires Act (NT), attend
 to any notice under that Act received from
 the Grower, or the Land Owner of any
 adjoining land, attend local government
 meetings in relation to fire prevention and
 protection or other matters relating to the
 Woodlots and take all proper measures to
 ensure that any fires on the Woodlots or
 Plantation which threaten the trees are
 properly controlled and supervised.
- Secure the entry ways to the Land against trespass.
- Ensure the Trees receive adequate water.
- At all times, keep current with a reputable insurer a public risk insurance policy to cover the liability of the Grower, the Responsible Entity and such other persons nominated by the Responsible Entity, in which the limit of public risk shall be not less than \$10,000,000, or such other amount as the Responsible Entity directs, and (at the option and cost of the Grower) fire insurance in respect of the Trees and Timber and not allow any act, omission or event on the Woodlots which would render any insurance policy void or voidable or result in an increase of the premium payable.
- Carry out any other obligation on the Grower under the Woodlot Licence except for payment of the Licence Fee.

The Responsible Entity shall be allowed full and free access to the Woodlots to fulfill its obligations in relation to Tree Farming and to allow other parties to measure, monitor or inspect the Woodlots or Trees under the Responsible Entity's strict supervision. The Responsible Entity may engage a forester or other third parties to assist with any aspect of Tree Farming, provided that it shall strictly supervise that performance. On the Grower's behalf, the Responsible Entity shall, within 60 days of the expiration of the Term, remove all Harvested Timber, plant, equipment and other items brought onto the Woodlots by or on behalf of the Grower, but shall leave the all Trees, stumps, debris and all Timber or vegetation not Harvested. The Land Owner will be legally entitled to all things left on the Woodlots after 60 days.

Harvest and Milling

The Responsible Entity shall conduct one Harvest of each Tree on the Woodlots during the Term, as and when deemed appropriate by the Responsible Entity in keeping with sound forestry practice. In particular, the timing of the Harvest may be altered or deferred by the Responsible Entity notwithstanding that it may differ from the timing proposed in this PDS.

No later than 3 months prior to Harvest, the Responsible Entity shall provide the Grower, a Processing Plan setting out the Harvesting dates and the Harvesting Quote. Unless by its agent the Responsible Entity objects to the Harvesting Quote within 60 days and submits in its place a written better quote from a genuine contractor to Harvest and Mill the Timber in accordance with the Processing Plan, the Harvesting Quote shall be deemed accepted by the Grower, and the Responsible Entity shall Harvest and Mill the Timber for the amount set out in the Harvesting Quote.

Grower's Election to Sell Timber

The Grower may elect by notice in writing to the Responsible Entity, by 30 June 2009 that the Grower wishes to personally sell the Timber Harvested (and, if applicable, Milled) from the Woodlots.

The Responsible Entity will Harvest the Timber and advise the Grower of the date and time the Timber can be removed, where on the Plantation the Timber is located and provide the Grower with a statement setting out the Timber Production Costs which the Grower must pay prior to removal of the Timber. The Responsible Entity must also provide the Grower with the Responsible Entity's estimate of the Licence Fee, Maintenance Fee, Marketing Fee and the Incentive Fee.

The Grower must collect and remove the Timber within 14 days, and before doing so must pay the Timber Production Costs applicable to the Grower's Trees, the amount of the estimated Harvest Fee, Licence Fee, Maintenance Fee, Marketing Fee and the Incentive Fee payable under the Constitution. If the Grower fails to collect the Timber within

the 14 days, the Grower shall be deemed to have appointed the Responsible Entity to sell the Timber and shall not be entitled to take possession of or sell that Timber. In that event, the Responsible Entity is entitled to receive the sale proceeds of the Grower's Timber on the Grower's behalf and will account to the Grower as if the Grower did not make an election.

Sale

Unless an election is made by the Grower to sell their own Timber, the Grower appoints the Responsible Entity to sell the Timber Harvested from the Grower's Woodlots. The Responsible Entity may pool and sell all Timber from the Plantation but need not identify Timber from the Grower's Woodlots.

Grower's Rights

The Grower has the right to inspect and copy any document or information relevant to the Tree Farming (subject to applicable confidentiality requirements). The Grower may express opinions to the Responsible Entity relevant to the activities of the Responsible Entity and to enter onto the Woodlots to inspect the carrying out of Tree Farming at times as may be arranged by the Responsible Entity, provided that the Grower shall pay all traveling costs incurred in doing so. The Responsible Entity will give due consideration to any opinions received in writing from the Grower, but is not obliged to follow such opinions.

Reports

The Responsible Entity shall provide annual reports prepared by it relating to the Tree Farming to the Grower on or about 30 September of each year of the Term, and, within 60 days of the sale of the Grower's Timber, a report setting out details and costs of the sale.

Reduction in Viability of Woodlots

If there is damage to the Woodlots, and the Responsible Entity determines that it is no longer commercially viable to carry out Tree Farming on any of the Woodlots, the Responsible Entity may assess and determine the extent of the damage or reduction in the viability and may terminate the obligations created by the Project Operations Agreement in relation to those Woodlots.

Termination

The Responsible Entity shall be entitled to terminate the Project Operations Agreement if the Grower is declared bankrupt, goes into liquidation or has a receiver appointed, or fails to perform any covenants or conditions in the Project Operations Agreement or the Constitution or Woodlot Licence and the default continues, in the case of an obligation to pay money, for 14 days, or in any other case, for three calendar months, after receipt by the Grower of written notice from the Responsible Entity specifying the default and requiring it be rectified. The Grower shall be entitled to terminate its obligations if the Responsible Entity is in default of any obligation and the default continues for 3 calendar months after receipt of written notice from the Grower specifying the default and requesting it be remedied.

F.Terms Agreement

The Terms Agreement will be executed by the Responsible Entity on behalf of those Growers who apply for and are approved by the Responsible Entity (in the absolute discretion of the Responsible Entity) to be Terms Option Growers and pay the Application Fee in accordance with the Terms Agreement the details of which are set out on page 25.

G.Other Material Contracts

- Head-Lease between the Land Owner and the Land Co pursuant to which the Land Owner agrees to lease the Land to the Land Co until 1 July 2023 with an automatic extension for up to 2 years if the Responsible Entity requires it.
- Option to purchase between the Land Owner and the Land Co pursuant to which the Land Co may purchase the Land from the Land Owner upon one month's notice at any time

- until 30 June 2008.
- 3. Lease to RE between the Land Co and Responsible Entity as trustee for the Growers. The Land Co leases the Land to the Responsible Entity in trust for the Growers for the Licence Fees received by the Responsible Entity from Growers under the Woodlot Licence until 30 June 2023 with a right to extend for up to 2 years at the discretion of the Responsible Entity.
- 4. Planting Agreement between the Responsible Entity and the Planting Co pursuant to which the Planting Co agrees to act as subcontractor in relation to the carrying out of Tree Farming for the amount of Application Fees as are paid to the Responsible Entity by Growers under the Project Operations Agreement. This agreement effectively casts on the Planting Co the same obligations as are cast on the Responsible Entity under the Project Operations Agreement. In addition, the Planting Co agrees to carry out and fulfil all promises made to Growers, or recommendations of the Consultant Forester, in this PDS.
- 5. Maintenance Agreement between the Responsible Entity and the Land Co pursuant to which the Land Co agrees to act as sub-contractor in relation to the carrying out of Maintenance Services for the amount of Management Fees and Licence Fees as are paid to the Responsible Entity by Growers under the Project Operations Agreement. This agreement effectively casts on the Land Co the same obligations as are cast on the Responsible Entity under the Project Operations Agreement in relation to Maintenance Services. In addition, Land Co agrees to carry out and fulfil all promises made to Growers, or recommendations of the Consultant Forester, in this PDS. Each year under the Maintenance Agreement, the Land Co is to report progress in keeping to the long term budgets for the Project.
 - for the Project.

 Under the Maintenance Agreement, the Land
 Co is to deposit within twelve months of the
 completion of the Planting Services for all
 Growers a bond in the form being either cash
 backed guarantee or term deposits (to be held
 in a trust account by the Responsible Entity)
 of sufficient funds to cover the budgeted
 expenditure of the Land Co in respect of the
 maintenance of the Woodlots from a date
 being the 1st July following the date of the

- deposits up to the Year 11 of the Project. These deposits are to mature progressively and will be paid to the Land Co and any accumulated interest as they mature. The bond is to be held in trust to secure the performance by the Land Co of its obligations under the Maintenance Agreement
- 6. Processing and Marketing Agreement between the Responsible Entity and the Timber Co pursuant to which the Timber Co agrees to act as sub-contractor in relation to the carrying out of Harvesting, Milling and Marketing the Timber for the amount of Marketing Fees as are paid to the Responsible Entity by Growers under the Project Operations Agreement. This agreement effectively casts on the Timber Co the same obligations as are cast on the Responsible Entity under the Project Operations Agreement. In addition, the Timber Co agrees to carry out and fulfil all promises made to Growers, or recommendations of the Consultant Forester, in this PDS.
- 7. Performance Guarantee and Indemnity between the Land Co, the Planting Co, the Timber Co and the Responsible Entity pursuant to which each of the Land Co, the Planting Co and the Timber Co guarantees to the Responsible Entity the due performance, observance and fulfilment by each of them of all the terms and conditions contained or implied in the Planting Agreement, the Maintenance Agreement and the Processing and Marketing Agreement.
- 8. Responsible Entity Services Agreement dated 29 March 2006 between the Responsible Entity and the Land Co, the Planting Co, the Timber Co pursuant to which the Responsible Entity agrees to act as responsible entity in relation to the Project and carry out all the usual work and fulfil all statutory obligations of a responsible entity of a managed investments scheme. Under this agreement, the Land Co, the Planting Co, the Timber Co jointly have paid or will pay the Responsible Entity an annual fee of \$40,000 Indexed or 1% of gross fees received from Growers, whichever is the greater, plus additional fees for unusual or unexpected work, and out-ofpockets such as audit fees, insurance and the fees of the consultant forester for the Responsible Entity.



Accounts means the profit and loss statement, balance sheet and statement of cash flows for the Project for the relevant financial year and includes disclosures, statements, reports and notes required by the Corporations Act.

AFSL means Australian Financial Services Licence;

Agreements means the Woodlot Licence (or Grower's Agreement to License) and the Project Operations Agreement;

Auditors means the auditor of the Project and includes any additional or substituted auditor or firm;

Australian Forestry Standard means the national forest management certification standard AS 4708(Int)-2003 as varied or replaced from time to time (embodying forest management performance criteria and requirements that support continual

GLOSSARY OF DEFINED TERMS AND TECHNICAL TERMS

Allocation means the acceptance by the Responsible Entity of an Application by the Applicant by the allocation of Woodlot numbers to the Grower;

Allotment means the allotment by the Responsible Entity of Woodlots to the Grower;

Anniversary Date means yearly anniversary following the date of Allotment;

Applicant means any person who has submitted an Application;

Application means an application to become a Grower and an offer to enter into the Woodlot Licence (or the Grower's Agreement to License) and the Project Operations Agreement on the Application for Woodlots attached to this PDS and as specified in the Instructions for Lodgment;

Application Fee means the \$6,900.00 per Woodlot (including \$627.27 GST) payable by a Grower upon Application;

Application Form means an Application Form under this PDS;

arenaceous means comprising particles of sand size, 0.625 to 2 mm

ASIC means the Australian Securities and Investments Commission;

ATO means the Australian Taxation Office;

improvement towards sustainable wood production in Australia's forests);

Authorised Investments means:

- (a) money;
- (b) interest bearing deposits at call or for a term not exceeding 3 months with or without security with any bank or cash management fund;
- (c) bank accepted and/or bank endorsed bills of exchange and promissory notes; and
- (d) negotiable certificates of deposit issued by or bills of exchange drawn, accepted or endorsed by any bank;

Chain of custody means certification that wood has been tracked from plantation to the finished product;

Code of practice means the relevant state or territory code or draft code of practice for forestry plantations;

Colluvial means material deposited under influence of gravity on steep slopes: mostly sand, silt and angular bedrock fragments;

Complainant means a person making a Complaint under the Constitution;

Complaint means any expression of dissatisfaction with the service offered or provided whether internal or external, and if external, whether by a Grower or otherwise;

Compliance Officer means the officer of that

name appointed under the Compliance Plan; Compliance Plan means the Compliance Plan for the time being adopted by the board of directors of the Responsible Entity and lodged with the ASIC;

Constitution means the Constitution so described commencing on page 49;

Consultant Forester means Yulebar Enterprises (the principal of which is Mr Robin Yule) or any replacement consultant forester;

Corporations Act means the Corporations Act, 2001;

Coulter wheel is a device something like a large pizza cutter;

CSIRO means Commonwealth Scientific and Industrial Research Organisation;

Custodian means Garton Smith & Co or such other person who for the time being has been delegated by the Responsible Entity to hold the Project Property as agent for the Responsible Entity;

Cycad is a type of palm tree;

Debris means all those parts of the Trees which are not Timber (including roots, branches and treetops);

Delivery means delivery to a place for sale or Milling;

Expert means any solicitors, barristers, accountants, tax consultants, independent accountants, auditors, valuers, forestry experts or other persons, independent, and believed by the Responsible Entity, in good faith to be expert in relation to the matters upon which they are consulted;

Forestry Expert means any person independent of the Responsible Entity and the Planting Co and believed by the Responsible Entity, in good faith, to be expert in relation to forestry matters;

Genotype is the "internally coded, inheritable information" carried by all living organisms. This stored information is used as a "blueprint" or set of instructions for building and maintaining a living creature;

Gross Harvest Proceeds means the gross proceeds received from the sale of the Grower's Timber;

Grower means each several person (or in the case of joint applicants or successors or permitted assigns, each of those persons) who becomes a party to the Constitution (as a Grower) as a result of either:

- (a) acceptance of an Application by the Responsible Entity pursuant to the Application in this PDS; or
- (b) a transmission, transfer, mortgage, assignment or other disposal pursuant to the Constitution; and who remains registered under the Constitution as the holder for the time being of any Woodlots;

and a **2006 Grower** is one whose Application was accepted on or before 30 June 2006 and a **2007 Grower** is one whose Application was accepted from 1 July 2006 to 30 June 2007 and a 2008 Grower is one whose Application was accepted from 1 July 2007 to 30 June 2008;

Grower's Agreement to License means the Grower's Agreement to License entered into by the Grower on Allocation pursuant to which the Grower agrees to enter into a licence in relation to the Woodlots when Allotted by the Responsible Entity;

GST means goods and services tax imposed under the Goods And Services Tax Act 1999 and all other acts, statutes or other laws implementing the GST including all amendments;

Harvest means the cutting of the Timber from the Trees on the Woodlots, whether conducted as one operation or more than one operation;

Harvest Fee means the fee payable by the Grower to the Responsible Entity for Harvesting the Trees and Milling the Timber in accordance with the Processing Plan;

Harvesting Quote means the quote by the Responsible Entity for Harvest, Delivery and (if Applicable) Milling of the Timber;

Heartwood is the middle ring of mature wood;

Incentive Fee means 25% of Net Proceeds of Sale (including GST) once cumulative Net Proceeds of Sale exceed \$45,000 per Woodlot;

Indexed means adjusted according to the aggregate percentage change in the most recently published consumer price index for the four quarters prior to the relevant date for payment;

Interest Rate means 2% per annum higher than the maximum rate of interest charged from time to time by the Commonwealth Trading Bank, Perth on overdrawn accounts of less than \$100,000;

IUCN means International Union for Conservation of Nature and Natural Resources (The World Conservation Union);

IUCN Red List means the IUCN list of globally threatened fauna and flora;

Khaya senegalensis is the specie of African mahogany proposed to be planted by the Planting Co;

Land means the land on which the Woodlots are situated;

Land Co means NTT Forestry Pty Ltd ABN 16 117 103 956, being the entity which acts as the sub-contractor of the Responsible Entity to carry out Maintenance Services;

Land Owner means NTT Land Holdings Pty Ltd, ABN 48 100 784 209;

Last Resort Management Fee payable under the Project Operations Agreement only in the circumstances set out on page 26; **Lease to RE** is the lease from the Land Co to the Responsible Entity referred to in more detail on page 54;

Licence Fee means the Licence Fee payable to the Responsible Entity under the Woodlot Licence of that sum which equals 5% of the Net Proceeds of Sale;

Maintenance Agreement means the agreement between the Responsible Entity and the Land Co pursuant to which the Land Co agrees to carry out Maintenance Services, and includes any agreement which varies or replaces that agreement;

Maintenance Fee means the Maintenance Fee payable to the Responsible Entity under the Project Operations Agreement which equals 5% of the Net Proceeds of Sale;

Maintenance Plan means the plan for maintenance of the Plantation for the time being (as varied with the approval of the Forestry Expert);

Maintenance Services means the ongoing maintenance of the Plantation but does not include Planting Services or Processing Services;

Management Fee means any of the Application Fee, the Last Resort Management Fee, the Incentive Fee, the Marketing Fee and the Maintenance Fee;

Marketing Fee means the Marketing fee payable under the Project Operations
Agreement of that sum which equals 5% of the Net Proceeds of Sale;

Marketing Services means marketing and selling the Timber;

Mean Annual Increment or MAI is the mean annual increment (or increase in size of the tree due to growth) over the whole period from origin to a specific age;

Milling means milling or other processing of the Trees to produce Timber for sale, whether conducted as one or more operations;

Minimum Subscription means Applications for 100 Woodlots;

M'Oganwo Station means the property being Crown Allotment NT Portion 6069 in the

Northern Territory, 160 km inland from Darwin in the Daly River region, owned by the Land Owner;

Net Harvest Return means the Net Proceeds of Sale less the Licence Fee, Maintenance Fee and Marketing Fee;

Net Proceeds of Sale means the Gross Harvest Proceeds less the Timber Production Costs;

NTT Group means the Planting Co, the Land Co and the Timber Co, and NTTimber Pty Ltd;

Offer means the offer of Woodlots (and the opportunity to be a Grower) under this PDS;

Parent material is the initial state of the solid matter making up a soil;

PDS means this product disclosure statement and includes any replacement or supplementary PDS;

pH in the context of soil is a measure of soil acidity and soil alkalinity on a logarithmic scale of 0 (extremely acidic) to 14 (extremely alkaline), with a pH of 7 being neutral. It gives an indication of the availability of plant nutrients and relates to the growth requirements of particular crops. Acid soils are usually deficient in necessary nutrients eg. calcium and magnesium. (Victorian Resources Online Soil Glossary);

Plantation means the Woodlots of Growers on which Trees are farmed and Timber is Harvested;

Planting Agreement means the agreement in relation to the Project entered into by the Responsible Entity or to be entered into by the Responsible Entity and the Planting Co, pursuant to which the Responsible Entity commissions the Planting Co as a subcontractor to carry out Planting Services;

Planting Co means Northern Tropical
Timbers Pty Ltd ABN 43 100 784 192, being
the entity which acts as the sub-contractor
of the Responsible Entity to carry out
Planting Services;

Planting Plan means the plan for planting the Plantation for the time being (as varied with the approval of the Forestry Expert);

Planting Services means the following services to be performed relevant to the main planting and establishment of the Trees on the Woodlots, namely tending to seedlings prior to planting, ripping, mounding, applying fertiliser or herbicide to the seedlings prior to and during planting and planting the seedlings (but not including specific planting to replace Trees that have not survived);

Prescribed Proportion means the following fraction:

where: P is the number of Woodlots registered in the name of the Grower; and T is the total number of Woodlots registered,

Processing and Marketing Agreement

means the agreement in relation to the Project entered or to be entered into between the Responsible Entity and the Timber Co for the Processing Services and the Marketing Services, and includes any agreement which varies or replaces that agreement;

Processing Plan means the plan for Harvesting the trees and Milling the Timber as prepared pursuant to the Processing and Marketing Agreement;

Processing Services means Harvesting and Milling the Timber;

Product Ruling means an opinion provided by the ATO (to provide certainty for potential investors) confirming tax benefits are available for the scheme the subject of the product ruling, provided the arrangements have been provided in accordance with the product ruling.

Project means the NTT Mahogany Project 2006-2008 managed investment scheme and the performance of Tree Farming on the Woodlots by the Growers, the receipt of the proceeds from the Harvest and sale of Timber and all of the arrangements in relation to those matters for the NTT Mahogany Project 2006-2008;

Project Costs include the cost of Tree Farming, the fees, costs & expenses payable under the Responsible Entity Services Agreement, such proportion of the accounting, management & overhead expenses of the Planting Co as are fairly & reasonably apportionable to the business of the collection of Grower's fees & the Project, & otherwise related to the Project, plus GST in relation thereto;

Project Fees means any fees & expenses payable under the Project Operations Agreement, the Woodlot Licence or the Constitution other than Management Fees;

Project Operations Agreement means the Project Operations Agreement for the performance of the Tree Farming between the Responsible Entity & each Grower;

Project Property means the interest of each Grower in:

- (a) the Management Fees;
- (b) the Project Fees;
- (c) Receipts;
- (d) any other entitlement to money;
- (e) any other property which the Grower acquires directly or indirectly with, or with the proceeds of, the money described in (a), (b), (c) or (d); &
- (f) income or property derived, directly or indirectly, from the money or property described in (a), (b), (c), (d) or (e);

Receipts means:

- (a) any interest & income earned from moneys in the Trust Account & from Authorised Investments;
- (b) Net Proceeds of Sale & proceeds from sale of carbon credits;
- (c) proceeds of any action, suit or proceeding or settlement thereof relating to the Project to which the Grower is entitled;
- (d) payments made by a Grower to the Responsible Entity who elects to sell his or her own Timber in payment of outstanding costs & fees prior to the Grower collecting the Grower's Timber; &
- (e) receipts from the sale of the Project or all rights of the Grower in relation to the Project & any other receipts in relation to the Project to which all Growers are entitled.

Register means the register of Growers kept pursuant to the Corporations Act;

Responsible Entity means Primary Securities Ltd ABN 96 089 812 635 or other Responsible Entity for the time being under the Constitution, in its capacity as agent for the Growers whether original, additional or substituted;

Rough sawn recovery means rough sawn volume based on 50% recovery from each log;

Rules means the Rules laid down by the Responsible Entity under the Constitution;

Sapwood is the outer ring of young growing wood;

Short rotation forestry (or coppicing), is a forestry technique in which fast-growing trees such as bluegums, poplar, willow, & birch are cut, left to resprout, & then cut again a few years later;

Sub-contractors means the Planting Co, the Land Co & the Timber Co;

Suitable Land means M'Oganwo Station & any other land selected by the Consultant Forester as being suitable for growing African Mahogany having regard to the criteria referred to in the Consultant Forester's report, & also approved by the Responsible Entity, & also having a Woodlot plan approved by the Responsible Entity;

Tax Act means the Income Tax Assessment Act, 1936 (Cth) & Income Tax Assessment Act, 1997 (Cth);

Term means the term of the Project Operations Agreement (being the date on which the Project Operations Agreement comes into effect until the completion of Harvest & payment of proceeds from Harvest as required by the Project Operations Agreement) or the Woodlot Licence (as set out on page 51) as the case may be;

Terms Agreement means the agreement between the Terms Option Grower & the Responsible Entity with respect to payment of the Application Fee pursuant to the Terms Payment Option;

Terms Option Grower means the 2007 Growers or 2008 Growers who have been approved by the Responsible Entity to pay their Application Fees pursuant to the Terms Agreement;

Terms Payment Option means the option to pay the Application Fees pursuant to the Terms Agreement subject to the approval of the Responsible Entity;

Timber means that saleable timber or wood derived from the Trees to be grown on the Grower's Woodlots;

Timber Co means NTT Timber Products Pty Ltd ACN 117 103 929, being the entity which acts as the sub-contractor of the Responsible Entity to carry out Processing Services & Marketing Services;

Timber Production Costs means the Harvest Fee & all transportation costs, drying costs & any other associated costs necessary to prepare the Grower's Timber for sale & the delivery of that Timber to markets (& where those costs are aggregated, means the Prescribed Proportion thereof);

Topography means the "lay of the land", or the physiogeographic characteristics of land in terms of elevation, slope, & orientation;

Trees means the crop of trees to be farmed on the Woodlots for Harvest & sale;

Tree Farming means the forestry activities to be carried out by the Grower on the Woodlots pursuant to the Project Operations Agreement;

Trust Account means the trust account kept by the Custodian on behalf of the Responsible Entity for the purpose of depositing the Application Fee Money for Woodlots, the Receipts, which may be pooled with any other moneys which the Responsible Entity may hold for the Growers;

VU Alcd is one of the IUCD Red List categories of risk. VU signifies the category "vulnerable" being not yet "critically endangered", & "endangered". A1 means that there is a suspected 30% or more population reduction occurring over any 10 year period. The letters "cd" indicate the position in the hierarchy of vulnerability;

Woodlot means that specified area of land, identified individually by a number, to be licensed to the Grower under the Woodlot Licence;

Woodlot Licence means the licence entered into pursuant to which the Grower is granted a licence in relation to the Woodlots by the Responsible Entity.



INSTRUCTIONS FOR LODGMENT

- If an Application Form is lodged by an individual or individuals it must be signed personally.
- In the case of joint Applicants, all must sign and full names, addresses and phone numbers must be shown in the place provided. Full names, addresses and phone numbers of partners and the relevant partnership name should be provided.
- If this Application Form is lodged by a company it must be executed under its common seal (if applicable) with its ABN thereon and in accordance with its Memorandum and Articles or Constitution.
- 4. Application Forms may be executed under Power of Attorney. If so signed, the attorney warrants that the attorney has no knowledge of any revocation of that power.
- All cheques for Woodlots should be made payable to "NTT Mahogany Project 2006-2008" and crossed "Not Negotiable".
- 6. Mail (or deliver) cheque and Application Form to Primary Securities Ltd, 13 Nairn Street, Fremantle 6160 or PO Box 732, Fremantle 6959 or to the authorised representative or AFS licensee for forwarding to the Responsible Entity.
- 7. This PDS for the NTT Mahogany Project 2006-2008 contains information about investing in a tree cultivation project. This PDS should be read in its entirety before any Application is made. Any person who provides any other person with access to this Application Form must at the same time and by the same means give that other person access to the PDS. At any time prior to the expiry of the PDS, the Planting Co, and any securities dealer acting on the Planting Co's behalf, will send a paper copy of the PDS, including this Application Form, to any person on request, without charge. If you wish to receive a hard copy of the current PDS please call us on Toll Freecall 1300 138 827 or go to the front page of our website at www.primarysecurities.com.au and double click on Contact Us.

8. PRIVACY DISCLOSURE

The Responsible Entity collects information about you in your Application Form for the purposes of processing your Application and, if Allotment is made, to administer your investment and to report to you. You agree, by submitting your Application Form, that the Responsible Entity may disclose the information to any independent share registry, to the Planting Co and to any other agents, contractors or service providers including banks and professional advisers. The Corporations Act requires the Responsible Entity to include information about you (including name, address and details of the Woodlots you hold) in the Register. The information contained in the Register must remain there even if you cease to be a Grower. This information may also be disclosed by the Responsible Entity to any independent share registry, the Planting Co, agents, contractors or service providers including banks and professional advisers. We may use your contact details to let you know of future offers involving the Planting Co, but if you do not want to receive these, please contact the Planting Co on 1300 138 827. If you do not provide the Responsible Entity with the information requested in the Application Form, your Application may not be processed. You have a right to seek access to the information the Responsible Entity holds about you, and (in writing) to ask the Responsible Entity to correct any information which is held about you and which you believe is inaccurate, incorrect or out of date.

9. TAX FILE NUMBER

It is not compulsory to give us your TFN. However, if you do not provide the TFN, then to the extent that any taxable distribution is payable to you, we may be required to withhold tax at the rate of 48.5% or the maximum marginal rate prevailing at the time plus the Medicare Levy. Instead of giving us your TFN, you may give us your ABN.

Broker's Stamp	
Adviser's Name	

NTT MAHOGANY PROJECT 2006-2008

ARSN 118 011 457

DETAILS OF THE APPLICANT (PLEASE USE BLOCK LETTERS	S):	
Individual/Trustee		
ABN (if applicable) Full Name:(SURNAME)	(GIVEN NAMES)	("THE APPLICANT")
Address:	Postcode: Da	te of Birth:
Telephone: (office)	(private)	
Email: (office)	(private)	
Company/Trust		
ABN Name:	-u)	
Registered Office:	Postcode:	
Attention Mr / Mrs / Ms	Title:	
Telephone: (office)	(private)	
В		
Tax File Number, or exemption (optional):		
NUMBER OF WOODLOTS APPLIED FOR: (You must apply for at le	east 2 Woodlots)	Is the Application subject to Finance?
Woodlots – Each Woodlot costs	\$6,900.00 (inclusive of \$627.27 GST)	(tick) Yes No
Total amount payable for all Woodlots applied for: \$	Note: If the Application is subject to finance, it will not be accepted	
and Allotment will not Does and the Applicant wish to take out fire insurance? This could involve additional cost . Refer to page 21 finance is approved an		
(tick) Yes No		is received and cleared by the Custodian.
Does the Applicant seek to be a Terms Option Grower.		
(tick) Yes No		
Note: If the Application is subject to the Terms Payment Option please Application will not be accepted and Allotment will not occur until the Custodian. The Terms Payment Option is not available unless and unt	Direct Debit Request has been con	firmed by the relevant Bank to the

continued next page... Page 1 of 2

NTT MAHOGANY PROJECT 2006 – 2008

ARSN 118 011 457

- The Applicant applies to Primary Securities Ltd ABN 96 089 812 635 (the Responsible Entity) for the number of Woodlots shown above in relation to the above Project (or such lesser number of Woodlots as may be allotted by the Responsible Entity).
- The Applicant agrees to be bound to the Constitution and the Rules as a Grower.
- 3. The Applicant also offers to enter into the Woodlot Licence (or the Grower's Agreement to License, as applicable) and the Project Operations Agreement as a Grower and acknowledges that upon this Application being accepted in whole or part, the Applicant will be bound to the Woodlot Licence (or the Grower's Agreement to License) and to the Project Operations Agreement as a Grower.
- 4. The Applicant (other than Terms Option Growers) now pays the Application Fee per Woodlot of \$6,900.00 (inclusive of \$627.27 GST).
- 5. If the Applicant is eligible for and has ticked that this Application is subject to the Terms Payment Option, the Applicant offers to enter into the Terms Agreement and acknowledges that upon this Application being accepted, the Applicant will be bound to the Terms Agreement
- 6. The Applicant declares an intention to continue in the Project until receipt of proceeds of Harvest.
- 7. The Applicant appoints the RE as the Applicant's attorney as follows:
 By this Power of Attorney the above Applicant, whose name and addresses is specified in the Application Form for Woodlots with respect to the NTT MAHOGANY PROJECT 2006-2008 ARSN 118 011 457 now irrevocably appoints the PRIMARY SECURITIES LTD, ABN 96 089 812 635, a company incorporated in Australia, holder of Australian Financial Services Licence No 224107, and having its registered office at 13 Nairn Street, Fremantle, Western Australia, 6160 ("RE") to be the Applicant's attorney and grants the RE, upon the Applicant becoming a Grower, the following powers:
 - (a) to enter into the Woodlot Licence or confirm entry into the Woodlot Licence on behalf of the Grower;
 - (b) to enter into any contracts with any person which have the effect of varying, or replacing the Woodlot Licence in order to better achieve the purposes of the Project provided that no variation or replacement

- contract may be entered into which the Responsible Entity reasonably considers adversely affects Growers' rights except pursuant to a Special Resolution of Growers;
- (c) to exercise all rights and powers of the Grower under the Woodlot Licence;
- (d) to buy, sell or otherwise deal in any sequestration rights, carbon credits or other environmental credits arising from, or in connection with the Woodlots or the Trees to which the Grower is entitled;
- (e) to register the Woodlot Licence or a form of the Woodlot Licence which protects the Woodlot Licence in relation to all Woodlots upon the certificate of title of the Land;
- (f) to enter into or confirm the Grower as a party to the Project Operations Agreement;
- (g) to enter into any contracts with any person which have the effect of varying or replacing the Project Operations Agreement in order to better achieve the purposes of the Project, provided that no variation or replacement contract may be entered into which the Responsible Entity reasonably considers adversely affects Growers' rights except pursuant to a Special Resolution of Growers;
- (h) to exercise all rights and powers of the Grower under the Project Operations Agreement;
- (i) to appoint the Timber Co or any other person on behalf of the Responsible Entity to negotiate the sale of the Timber from the Grower's Woodlots;
- (j) upon the termination of the Project, or earlier after the passing of a resolution at a meeting of Growers in terms which support the proposed sale or assignment, to sell or assign all right, title and interest of the Grower in relation to the Project, whether for money, shares or some other consideration; and
- (k) if and only if the Applicant has ticked the Terms Payment Option box to execute the Terms Agreement on behalf of the Grower.

Terms in this Power of Attorney have the same meanings as in the Constitution.

The Applicant undertakes to ratify and confirm any act the RE lawfully does or causes to be done in exercise of its powers under this Power of Attorney.

EXECUTION OF APPLICATION FORM

Dated this day of		200
(i) INDIVIDUAL(S) Signed by the Applicant in the Presence of:	("THE APPLICANT")	
Date:	("WITNESS")	
Signed by the Applicant in the Presence of:	("THE APPLICANT")	
Date:	("WITNESS")	
(ii) COMPANY (For companies with a common seal) THE COMMON SEAL of the Applicant with the Constitution of the Applicant in the		(For companies without a common seal) SIGNED in accordance with the Constitution of the Applicant in the presence of:
(Director) Date		(Director) Date
(Director/Secretary) Date		(Director/Secretary) Date

FOR UPDATES, GO TO WWW.PRIMARYSECURITIES.COM.AU

Broker's Stamp
Adviser's Name

NTT MAHOGANY PROJECT 2006-2008

ARSN 118 011 457

DETAILS OF THE APPLICANT (PLEASE USE BLOCK LETTERS	S):	
Individual/Trustee		
ADM ((C. 17.11.)		
ABN (if applicable) Full Name:(SURNAME)	(GIVEN NAMES)	("THE APPLICANT")
		((((((((((((((((((((
Address:	Postcode: Da	te of Birth:
Telephone: (office)	(private)	
Email: (office)	(private)	
Company/Trust		
ABN Name:	T")	
Registered Office:		
Attention Mr / Mrs / Ms	Title:	
Telephone: (office)	(private)	
В		
Tax File Number, or exemption (optional):		
NUMBER OF WOODLOTS APPLIED FOR: (You must apply for at le	east 2 Woodlots)	Is the Application subject to Finance?
Woodlots – Each Woodlot costs	\$6,900.00 (inclusive of \$627.27 GST)	(tick) Yes No
Total amount payable for all Woodlots applied for: \$	Note: If the Application is subject to finance, it will not be accepted	
and Allotment will not of and the Applicant wish to take out fire insurance? This could involve additional cost . Refer to page 21 finance is approved and		
(tick) Yes No	, -	is received and cleared by the Custodian.
Does the Applicant seek to be a Terms Option Grower.		
(tick) Yes No		
Note: If the Application is subject to the Terms Payment Option please Application will not be accepted and Allotment will not occur until the Custodian. The Terms Payment Option is not available unless and unt	Direct Debit Request has been con	firmed by the relevant Bank to the

continued next page... Page 1 of 2

NTT MAHOGANY PROJECT 2006 - 2008

ARSN 118 011 457

- The Applicant applies to Primary Securities Ltd ABN 96 089 812 635 (the Responsible Entity) for the number of Woodlots shown above in relation to the above Project (or such lesser number of Woodlots as may be allotted by the Responsible Entity).
- The Applicant agrees to be bound to the Constitution and the Rules as a Grower.
- 3. The Applicant also offers to enter into the Woodlot Licence (or the Grower's Agreement to License, as applicable) and the Project Operations Agreement as a Grower and acknowledges that upon this Application being accepted in whole or part, the Applicant will be bound to the Woodlot Licence (or the Grower's Agreement to License) and to the Project Operations Agreement as a Grower.
- 4. The Applicant (other than Terms Option Growers) now pays the Application Fee per Woodlot of \$6,900.00 (inclusive of \$627.27 GST).
- 5. If the Applicant is eligible for and has ticked that this Application is subject to the Terms Payment Option, the Applicant offers to enter into the Terms Agreement and acknowledges that upon this Application being accepted, the Applicant will be bound to the Terms Agreement
- 6. The Applicant declares an intention to continue in the Project until receipt of proceeds of Harvest.
- 7. The Applicant appoints the RE as the Applicant's attorney as follows:
 By this Power of Attorney the above Applicant, whose name and addresses is specified in the Application Form for Woodlots with respect to the NTT MAHOGANY PROJECT 2006-2008 ARSN 118 011 457 now irrevocably appoints the PRIMARY SECURITIES LTD, ABN 96 089 812 635, a company incorporated in Australia, holder of Australian Financial Services Licence No 224107, and having its registered office at 13 Nairn Street, Fremantle, Western Australia, 6160 ("RE") to be the Applicant's attorney and grants the RE, upon the Applicant becoming a Grower, the following powers:
 - (a) to enter into the Woodlot Licence or confirm entry into the Woodlot Licence on behalf of the Grower;
 - (b) to enter into any contracts with any person which have the effect of varying, or replacing the Woodlot Licence in order to better achieve the purposes of the Project provided that no variation or replacement

- contract may be entered into which the Responsible Entity reasonably considers adversely affects Growers' rights except pursuant to a Special Resolution of Growers;
- (c) to exercise all rights and powers of the Grower under the Woodlot Licence;
- (d) to buy, sell or otherwise deal in any sequestration rights, carbon credits or other environmental credits arising from, or in connection with the Woodlots or the Trees to which the Grower is entitled;
- (e) to register the Woodlot Licence or a form of the Woodlot Licence which protects the Woodlot Licence in relation to all Woodlots upon the certificate of title of the Land;
- (f) to enter into or confirm the Grower as a party to the Project Operations Agreement;
- (g) to enter into any contracts with any person which have the effect of varying or replacing the Project Operations Agreement in order to better achieve the purposes of the Project, provided that no variation or replacement contract may be entered into which the Responsible Entity reasonably considers adversely affects Growers' rights except pursuant to a Special Resolution of Growers;
- (h) to exercise all rights and powers of the Grower under the Project Operations Agreement;
- (i) to appoint the Timber Co or any other person on behalf of the Responsible Entity to negotiate the sale of the Timber from the Grower's Woodlots;
- (j) upon the termination of the Project, or earlier after the passing of a resolution at a meeting of Growers in terms which support the proposed sale or assignment, to sell or assign all right, title and interest of the Grower in relation to the Project, whether for money, shares or some other consideration; and
- (k) if and only if the Applicant has ticked the Terms Payment Option box to execute the Terms Agreement on behalf of the Grower.

Terms in this Power of Attorney have the same meanings as in the Constitution.

The Applicant undertakes to ratify and confirm any act the RE lawfully does or causes to be done in exercise of its powers under this Power of Attorney.

EXECUTION OF APPLICATION FORM

Dated this day of		200
(i) INDIVIDUAL(S) Signed by the Applicant in the Presence of:	("THE APPLICANT")	
Date:	("WITNESS")	
Signed by the Applicant in the Presence of:	("THE APPLICANT")	
Date:	("WITNESS")	
(ii) COMPANY (For companies with a common seal) THE COMMON SEAL of the Applicant with the Constitution of the Applicant in the		(For companies without a common seal) SIGNED in accordance with the Constitution of the Applicant in the presence of:
(Director) Date		(Director) Date
(Director/Secretary) Date		(Director/Secretary) Date

FOR UPDATES, GO TO WWW.PRIMARYSECURITIES.COM.AU

DIRECT DEBIT REQUEST FORM (For Applicants who tick TERMS PAYMENT OPTION)

NTT MAHOGANY PROJECT 2006 – 2008

ARSN 118 011 457

Request and authority to debit the account named below to pay Garton Smith & Co. ABN 64 973 342 774 ACF NTT Mahogany Project 2006–2008 and agent for Primary Securities Ltd ITC as the Responsible Entity for the NTT Mahogany Project 2006–2008 being Account 016 307–495274766.
Surname or Company Name:
Given Name and / or ACN / ABN:
Request and authorise Primary Securities Ltd to arrange for any amount Primary Securities Ltd may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below subject to terms and conditions of the Terms Agreement (and any further instructions provided below).
Financial Institution Name:
Address: Suburb:
State:Postcode:
Name of Account:
Account Number: BSB:
By signing this Direct Debit Request you acknowledge having read and understood the terms and conditions governing the debit arrangements between you and Primary Securities Ltd as set out in this Request and in your Terms Agreement.
The first debit may be made on:/ and at monthly intervals thereafter.
Signature:
Name:
Address: Suburb:
State:Postcode:
Date:/

DIRECT DEBIT REQUEST FORM (For Applicants who tick TERMS PAYMENT OPTION)

NTT MAHOGANY PROJECT 2006 – 2008 ARSN 118 011 457

Request and authority to debit the account named below to pay Garton Smith & Co. ABN 64 973 342 774 ACF NTT Mahogany Project 2006–2008 and agent for Primary Securities Ltd ITC as the Responsible Entity for the NTT Mahogany Project 2006–2008 being Account 016 307–495274766.
Surname or Company Name:
Given Name and / or ACN / ABN:
Request and authorise Primary Securities Ltd to arrange for any amount Primary Securities Ltd may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below subject to terms and conditions of the Terms Agreement (and any further instructions provided below).
Financial Institution Name:
Address: Suburb:
State:Postcode:
Name of Account:
Account Number: BSB:
By signing this Direct Debit Request you acknowledge having read and understood the terms and conditions governing the debit arrangements between you and Primary Securities Ltd as set out in this Request and in your Terms Agreement.
The first debit may be made on:/ and at monthly intervals thereafter.
Signature:
Name:
Address: Suburb:
State:Postcode:
Date:/

