

28 June 2010

**Great Southern Managers Australia Limited  
(In Liquidation) (Receivers and Managers Appointed) (GSMAL)  
ACN 083 825 405**

**CIRCULAR TO GROWERS  
GREAT SOUTHERN PLANTATIONS 2007 PROJECT (Project)**

ADELAIDE  
BRISBANE  
MELBOURNE  
SYDNEY  
HONG KONG  
JAKARTA  
KUALA LUMPUR  
MANILA  
MUMBAI  
SHANGHAI  
SINGAPORE  
TOKYO

Affiliated through  
Zolfo Cooper  
and  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM

We refer to the appointment of Martin Jones, Andrew Saker, Darren Weaver and James Stewart as Joint and Several Administrators of GSMAL and various land-owning entities in the Great Southern Group, including Great Southern Land Holdings Pty Ltd (In Liquidation) (Receivers and Managers Appointed) (GSLH), Great Southern Property Holdings Ltd (In Liquidation)(Receivers and Managers Appointed) (GSPH) and Great Southern Property Managers Ltd (In Liquidation) (Receivers and Managers Appointed) (GSPM) on 16 May 2009, and to our subsequent appointment as Joint and Several Liquidators on 19 November 2009.

We also refer to the appointment of James Thackray, Tony McGrath and Colin Nicol as Receivers and Managers of GSMAL, GSLH, GSPH and GSPM on 18 May 2009.

As you may be aware, GSLH, GSPH and GSPM lease land to GSMAL for the purposes of the Project. GSMAL is the Responsible Entity (RE) of the Project.

The Receivers and Managers of GSMAL have controlled GSMAL, to the extent that it is RE for the Project for the period from 19 May 2009 until 2 March 2010. During this period, the Receivers and Managers sought to replace GSMAL as the RE of the Project. However, no replacement RE was appointed. As such, GSMAL remains the RE of the Project.

The Receivers and Managers of GSMAL relinquished control of the RE to the Liquidators on 2 March 2010.

GSLH, GSPH and GSPM have subsequently served various default notices on the RE with respect to the lease agreements pertaining to the Project, alleging that GSMAL, as lessee has failed to:

- (a) Establish and/or tend to portions of the Plantation Crop as a result of omitting to replant seedling trees following the failure of portions of the Plantation Crop
- (b) Conduct appropriate weed control around the Plantation Crop
- (c) Conduct appropriate foliar sampling and maintenance fertilising of the Plantation Crop



GSMAL is unable to remedy the default notices as GSMAL is without funding. Further, the Corporations Act provides, at section 545, that a liquidator is not liable to incur any expense in relation to the winding up of a company unless there is sufficient available property.

Notwithstanding that the Liquidators have no obligation to do so, with a view to exploring all opportunities, we have corresponded with both Save our Trees and Bendigo and Adelaide Bank Limited, as interested parties, to ascertain their interest in either replacing GSMAL as RE or providing funding to remedy the defaults on the various leases.

We advise that an independent party (the Party) has recently expressed an interest in continuing the Project as a replacement RE. The Party is currently conducting its due diligence and is evaluating the options available to finance the costs involved with remedying the defaults and continuing the Project.

Please be advised that if funding is not made available to GSMAL, or a replacement RE is not installed, the Liquidators will have no ability to defend the termination notices which have now been received in relation to the relevant leases. A termination of the leases may result in the Growers' rights in relation to the woodlots being extinguished.

We will advise Growers when we are in a position to provide an update as to the future of the Project.

Should you have any queries in relation to the contents of this circular, please do not hesitate to contact Adam Puddy or Dario Musulin of this office on (08) 9214 1444.

A handwritten signature in black ink, appearing to read 'ASaker', written in a cursive style.

**Andrew Saker**  
Joint and Several Liquidator of  
Great Southern Managers Australia Limited