

**Deed of Variation to Contract of Sale No 917**

**A DEED OF VARIATION** made this                      day of                      2008

**BETWEEN**

**FORESTRY TASMANIA (ABN 91 628 769 359)**

a corporation established under the Forestry Act and operating as a Government Business Enterprise under the *Government Business Enterprise Act 1995 (Tas)* in the State of Tasmania, the registered office of which is at 79 Melville Street Hobart in Tasmania ("Forestry Tasmania") of the one part

**AND**

**GUNNS LIMITED (ABN 29 009 478 148)**

the registered office of which is at 78 Lindsay Street Launceston in Tasmania ("Gunns") of the other part.

**WHEREAS:**

- A. The parties hereto entered into Contract of Sale No 917 dated 20 December 2007 (in this Deed called "the Principal Agreement");
- B. the parties hereto entered a Deed of Variation dated 17 June 2008 to vary Clause 3.3(b)(i) of the Principle Agreement by replacing "30 June 2008" with "30 November 2008"; and
- C. the parties hereto have agreed to further vary the Principal Agreement as set out in this Deed.

**OPERATIVE:**

1. Effective from the date of this Deed the Principal Agreement, as previously amended, is varied as set out in Clauses 2 to 15 of this Deed.
2. Clause 3.3(aa) is inserted after Clause 3.3(a) as follows:
  - “(aa) For the purposes of Clause 3.3(a):
    - A. commencement of construction of the Pulp Mill means the carrying out of all construction activities (as that term is defined in the Pulp Mill Permit) which, from time to time, are necessary to construct the Pulp Mill; and
    - B. Pulp Mill Permit has the meaning given to it under the *Pulp Mill Assessment Act 2007* (Tas).”
3. Clause 3.3(a)(iA) and Clause 3.3(a)(iB) are inserted before Clause 3.3(a)(i) as follows:
  - “(iA) a public announcement by Gunns that it has abandoned plans to construct the Pulp Mill;
  - (iB) a public announcement by Gunns that the construction of the Pulp Mill will not commence before 1 January 2011; ”.
4. Clause 3.3(b)(iA) and Clause 3.3(b)(iB) are inserted before Clause 3.3(b)(i) as follows:
  - “(iA) a public announcement by Gunns that it has abandoned plans to construct the Pulp Mill;
  - (iB) a public announcement by Gunns that the construction of the Pulp Mill will not commence before 1 January 2011; ”.
5. Clause 3.3(b)(i) is varied by replacing “30 November 2008” with “30 November 2010”.
6. Clause 3.3(b)(iii) is varied by replacing “31 December 2010” with “31 December 2012”.
7. Clause 4.2(b)(i) is varied by replacing “1 July 2009” with “30 June 2011”.
8. Clause 4.3(a) is varied by replacing “31 December 2009” with “30 June 2012”.

9. Clause 11 is varied by:
- 9.1 deleting “The” at the commencement of Clause 11.1 and replacing it with “Subject to Clause 11.4, the”; and
- 9.2 adding new Clause 11.4 after Clause 11.3 as follows:
- “11.4 The Parties acknowledge that, because the commencement of the construction of the Pulp Mill has been delayed beyond their earlier expectations, they will act reasonably in the interpretation of Clause 11.1 to ensure that the transition to the new arrangements to which it refers occurs at a rate that is fair and reasonable in the circumstances.”
10. Clause 13.2(d) is amended by replacing “to which Clauses 13.1 and 13.2 before 1 July 2009” with “to which Clauses 11.1 and 13.2 refer before 1 July 2011”.
11. Clause 1.7(e)(vi) of Schedule 9 is amended by replacing “Wet Weight-Oven Dry Weight)/Wet Weight \* 100” with “Wet Weight-Oven Dry Weight)/Wet Weight”.
12. Clause 2A is inserted in Schedule 9 after Clause 2 as follows:
- “2A. Native Forest Pulpwood from 1 July 2009 to 30 June 2011**
- 2A.1 The Stumpage for Native Forest Pulpwood to apply from 1 July 2009 to 30 June 2011, during each relevant six month period:
- (a) will take effect from the first day of the relevant six month period;
- (b) will be determined in accordance with this Clause 2A of this Schedule 9; and
- (c) will be calculated as soon as is reasonably practicable after the relevant date to which Clause 2A.1(a) of this Schedule 9 refers.
- 2A.2 The Native Forest Stumpage for the relevant six month period will be calculated from the Woodchip Export Price as follows.
- $$AS = 0. * WEP,$$
- where AS is the Native Forest Stumpage and WEP is the Woodchip Export Price.”

13. Clause 3A is inserted in Schedule 9 after Clause 3 as follows:  
**“3A. Plantation Pulpwood from 1 July 2009 to 30 June 2011**  
The Plantation Stumpage from 1 July 2009 to 30 June 2011 will be  
\$ .00 per green metric tonne.”
14. Clause 4 of Schedule 9 is amended by deleting “2009” (occurring three times) with “2011”.
15. Clause 5 of Schedule 9 is amended by deleting “2009” (occurring four times) with “2011”.
16. In all other respects the Principal Agreement is hereby confirmed and the Parties’ obligations thereunder continued, save so far as expressly modified by the terms of this Deed.

**SEALING CLAUSE**

IN WITNESS whereof the Parties have executed this agreement as a deed on the day and year firstly hereinbefore written.

THE COMMON SEAL OF )  
FORESTRY TASMANIA )  
ABN 91 628 769 359 )  
was hereunto affixed in )  
the presence of: )

.....

R.L.Gordon  
MANAGING DIRECTOR

on the ..... day of ..... 2008.

THE COMMON SEAL OF )  
GUNNS LIMITED )  
ABN 29 009 478 148 )  
was hereunto affixed in accordance with )  
its Memorandum and Articles of )  
Association in the presence of: )

.....

J. E. Gay  
DIRECTOR

Signature of Director / Company Secretary

.....

Name of Director/Company Secretary

on the ..... day of ..... 2008.