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NTT MAHOGANY PROJECT

Responsible Managers Inspection Report Elderslie Station 1/2 June 2011

Abstract

An inspection of the NTT Mahogany Project plantation at Elderslie in North Queensland was conducted over the period 1 – 2 June 2011. The aim of the inspection was to inspect progress and growth of the trees, to check on the work undertaken over the last 4 months and to discuss the forthcoming works programme.

Present:

Mr Ian Knobel
Malcolm Cleland

Project Forester
Responsible Manager

Mr Kevin McDougal

Elderslie contractor and property manager

Summary

The 2010/2011 wet season has been one of above average rainfall. The season has been noteworthy for the frequency of rainy days and the relatively few high intensity falls.

Despite the rainfall weed control has been sound.

It has been too wet to undertake the restitution of the boundary fence.

The trees have thrived and have made considerable gains in diameter.

The forest, in parts, is reaching canopy closure and the normal process of competition for light and nutrients is now evident. As yet it is not considered that there is any need for thinning the forest to counteract this process.

The management and operational practices put in place in late 2010 are satisfactory and clearly having a positive effect on the property and plantation.

Background

In our report of 31 Jan/1 Feb 2011 we outlined the new management regime established to manage the Elderslie property. This included the appointment of Kevin and Lisa McDougall to undertake the farm operations and to act as managers

of the property under the authority of the Responsible Manager. The McDougall's live some 6 km from Elderslie and conduct their duties based from their home. At the time of their appointment there were difficulties with unrestricted access to the property, petty theft and claims by several indigenous families for rights over stock that strayed onto the property. These issues are now under control and the MaDougall's have improved the property considerably.

I am confident that the existing management arrangements will be satisfactory for the ongoing operation of the Project.

Elderslie NTT Mahogany Project

Forestry

The oldest of the Elderslie trees are now 6 years old (approx 20 ha). Some of these trees are approaching a mature form, that is, they are starting to look like small mature trees and may shortly reach sexual maturity. The remaining 120 ha of the 2005 plantings are younger and will require a further year to reach the same state.

Generally, when trees reach this state they start to actively compete with each other for light and nutrients and lay down a higher percentage of heart wood to sap wood than juvenile trees. They also rely far less on minor limbs for leaf area which makes the top canopy the principal energy source. This process determines how the trees form, whether side limbs atrophy and die and if the tree further climbs for light. It is therefore interesting to note this process at Elderslie. It is now obvious that the trees are well established and that the Elderslie site is capable of significant forest production and significant commercial timber volumes. What has not been obvious until recently is how well the Mahogany trees have adapted to the North Queensland climate.

The girth and height of the forest will be measured for the third time in August this year. This will provide data for two consecutive years of growth and will allow a benchmark for tree growth at Elderslie and elsewhere in Australia against other known timber species to be established. Earlier attempts to achieve a benchmark based on 2 measurements have not been satisfactory. Over successive years the accuracy of this process will increase and we will be able to project forest performance with greater confidence.

Tree density will have a significant bearing on the outcome of the forests. The initial plantings were at low densities, 600 stems per ha. In subsequent plantings the densities were increased to about 800 per ha and some trial plots were planted at nearly 1,000 per ha. As the Prospectus indicates that a thinning will take place in year 8 to reduce density to 350 trees per ha, a thinning trial will be undertaken in August this year. The trial will involve thinning of an area of about half an ha. to a number of different spacings. This will allow us to measure the wood salvage potential of the thinnings, the effect on the retained trees and the affect of the increased light on weedy competition that will result over the different spacings.

Additionally, in late 2011 or early 2012 a number of individual trees will be cut and sawn to evaluate the timber value of any thinning undertaken. Further trials on nutrient levels may also be undertaken. This will be based on leaf tissue samples that will be collected in August.

Weed Control

From the pictures attached to this report it can be seen that weed control is of a high standard. There are 2 or 3 areas where further spraying is required. These areas were sprayed before Christmas 2010 and grassy weeds have re-emerged in sufficient volume to present a potential, but minor, fire hazard. It appears that only the perimeter of the plantings and areas of low tree density may require spraying next year as the tree canopy is such that shading is retarding weed growth. Any decision on further spraying to deal with this will be made in December.

The boundary and perimeter of each planting will be sprayed shortly to assure an effective fire break. The boundary will be burnt back to further reduce fire risk.

Fencing and Stock

The fencing is still not stock proof and work to rectify this is to be undertaken shortly.

Upon completion of the fence repair a muster of the region is to be undertaken with the cooperation of the local Police Stock Squad and representatives of the local indigenous people. It is hoped to significantly reduce stock nuisance by this activity.

Comment

A picture of the house which shows the weedy and unkempt environment of the house and buildings is attached. The poor condition of this building is evident. The area surrounding the house and buildings will be sprayed to make the area as fire proof as possible. This is not our duty but a role that we consider proper and appropriate under the circumstances.

Malcolm Cleland
Responsible Manager
3 June 2011

2005 Planting Early Spraying



2005/6 Late Spraying



House and Yard

