

Project 2008



Overview

The W.A. Blue Gum Project 2008 offers a medium term opportunity. The project involves investors subleasing three or more identifiable allotments of land (1 hectare each) for an expected 10 year term as part of a commercial *Eucalyptus globulus* (Blue Gum) plantation. Each hectare will contain between 1,000 and 1,250 trees.

Pulpwood Industry

The continued reliance on paper and paper products by developed countries and the increased consumption of these products by developing countries is leading to an increase in demand for the raw materials required for paper production. Hardwood fibre, extracted from Blue Gums is the preferred raw material for the production of high quality paper. In fact, most mills require that some, if not all, of their timber input be hardwood fibre.

The Project

We are offering about 500 hectares for allocation. We can also accept oversubscriptions, subject to suitable land.

Establishment fee per hectare : \$5,225 (incl. of GST) – **Minimum of 3 - \$15,675**

Ongoing fees per Hectare:

Lease : \$440 (incl. of GST)* – **Minimum 3 - \$1,320 p.a.**

Rental: \$110 (incl. of GST)* – **Minimum 3 - \$ 330 p.a.**

*subject to CPI

Other fees;

Harvest, transport costs : to be deducted from harvest proceeds

Harvest supervision fees; 3% plus GST of net harvest proceeds

Incentive bonus : 15% of excess return above \$14,000 per hectare (indexed)

Insurance: 0.6% - 0.7% of insured value

Project term: Approx. 10 Years

Offer closes: 30 June 2008

Finance : Finance is available

Key Benefits

Full Agreed Price 'Offtake' agreement with a 'Higher Price' exclusion

The harvested timber will be sold to W.A. Chip & Pulp Co Pty Ltd (jointly owned by the Marubeni Corporation and the Nippon Paper Company) provided that the Project Manager can negotiate a Higher Price with any other potential buyers. Of course WA Chip & Pulp Co has the option of meeting that Higher Price.

Industry experts manage your Investment

W.A. Blue Gum Ltd has employed noted industry experts to assist with the management of the project including WACAP Treefarms Pty Ltd as Forestry Contractor, jointly owned by the Marubeni Corporation and the Nippon Paper Company and URS Australia Pty Ltd as Forestry Supervisor, which has over 30 years experience in the Australian forestry sector.

Tax Effectiveness

Your Project costs should be 100% tax deductible in the financial year to which they relate if you participate in the Project on or before 30 June 2008.

Promoting Ecologically Sound Plantation Forestry

The establishment of hardwood plantations in Australia reduces the harvesting pressure on native forests throughout the world, particularly on the tropical forests of Asia and the South Pacific. Additionally, plantations help relieve salinity and soil erosion and create a sink for greenhouse gasses.

Government Support

The Federal Government has recently renewed its backing for the "2020 Vision" of trebling plantation forest areas in Australia in the period from the mid 1990's to 2020 to 3 million hectares.

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Some Interesting Facts about Woodchips

It takes between 6 & 8 woodchips to make a single sheet of A4 paper

There are approximately 100,000 woodchips in a typical tree

One green tonne of woodchips, is worth about \$75 a tonne on the world market. Compared to about \$60 a tonne for coal and \$30 a tonne for iron ore, woodchips are a valuable export product.

Prior to being processed Woodchips contain approx. 47% water

Wood chip represents 4% of our domestic timber value add

The value add between the equivalent volume of woodchip to paper is approximately 6.3 times

Japan accounts for two-thirds of the world's total imports of woodchips, and it also owns a large majority of the world's woodchip carrier ships.

Native forest woodchips and plantation woodchips vary greatly in colour

FAX BACK ORDER FORM

Please send me

_____ Copies of the W.A. Blue Gum Project 2008 – PDS

_____ Copies of the W.A. Blue Gum 2008 – Project Profile

_____ Copies of the Adviser Edge Research Report

I am a (tick) Financial Adviser Accountant Individual Grower

Name _____

Company / Dealer _____

Address _____

Suburb _____ Postcode _____

Telephone _____ Facsimile _____

Email _____

FAX TO W.A. BLUE GUM LTD - (03) 9642 - 4435 or call 1300 888 511 or visit our website www.wabluegum.com.au

This document is a summary only. Please ensure that you read the PDS and Financial Services Guide in full before deciding to participate in the W.A. Blue Gum Project 2008. This document contains general securities advice only which does not take into account any person's investment objectives, financial situation or particular needs. Before participating you should assess the suitability of the project to your needs and consult a professional if necessary