

W.A. BLUE GUM PROJECT 2008

W.A BLUE GUM PROJECT
ARSN 092 289 266



2008 Grower's **PROJECT PROFILE**

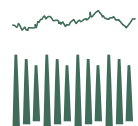
Key Features Of This Project

- Excellent timber volumes via superior land selection
- 100% tax deductible
- Full 'Off-take' agreement for timber
- Higher price exclusion from 'Off-take' agreement
- Joint Venture structures confirmed by ATO Product Ruling
- Highly experienced project management team
- URS Forestry involved in forestry supervision
- Top quality seed stock
- 2nd rotation option to existing investors



“BASED ON THE ADVISER EDGE INVESTMENT RATINGS MODEL
THE WA BLUE GUM PROJECT 2008 HAS ACHIEVED A
FOUR AND A QUARTER (4.25) STAR INVESTMENT RATING”

Adviser Edge December 2007



W.A. BLUE GUM
L I M I T E D

2008 GROWER'S PROJECT PROFILE

W.A. Blue Gum Project 2008 (ARSN 092 289 266)

ATO PRODUCT RULINGS
PR 2007/103 & PR 2007/104

ISSUER:

W.A. Blue Gum Limited
ACN 060 179 982 | AFSL 246264
Responsible Entity

The W.A. Blue Gum Project 2008 has been established to provide you with the opportunity to carry on the business of commercially cultivating *Eucalyptus globulus* (blue gums) a very fast growing Australian hardwood species primarily used as pulpwood for high quality paper manufacture.

You will be growing Blue Gums within an established plantation environment, which will be managed by WACAP Treefarms Pty Ltd now part of the Marubeni Corporation, one of the world's leading trading houses and a leading customer for pulpwood from Western Australia, since trading began in 1976.

Your timber will be harvested and sold to W.A. Chip & Pulp Co. Pty Ltd unless the Project Manager cannot negotiate a higher price with a genuine third party. W.A. Chip & Pulp Co. Pty Ltd is owned jointly by Marubeni Corporation and Nippon Paper Company, which are in the opinion of the Project Manager amongst the world's largest woodchip trading and paper manufacturing companies.

Overview

The project relates to the establishment of approximately 500 one hectare woodlots of *Eucalyptus globulus* on land in the south west of Western Australia between Bunbury and Albany. Over subscriptions may be accepted, depending on the availability of suitable land. All project costs are 100% Tax deductible, including the ongoing Rental and Management costs. Interests can only be issued on receipt of an application form attached to the Product Disclosure Statement (PDS) dated 21st February 2008.

How Does The Project Work?

You become a Grower by completing the application at the back of the PDS and paying the applicable subscription monies.

By doing so you:

- Sub-lease from the Project Manager a minimum of three identifiable allotments of land called Woodlots;
- Engage the Project Manager to establish and maintain a Blue Gum plantation of between 1,000 and 1,250 trees per woodlot on the sub-leased land; and
- Contract the Project Manager to harvest the timber from your woodlots, in approximately 10 years time
- Engage the Project Manager to sell your timber to the W.A. Chip & Pulp Co. Pty Ltd or a genuine third party offering a higher price.

What Does The Researcher Think?

Adviser Edge reviewed the W.A Blue Gum Project 2008 and made the following comments:-

"The site visit demonstrated among other things, WA Blue Gum's commitment to establishing high quality plantation land in the southwest of WA, under the operational management of the highly competent WACAP Treefarms." Adviser Edge – December 2007

How Much Will It Cost

The costs per one hectare Woodlot are as follows:

	INITIAL	ONGOING
Payable on application - Establishment (incl.GST)	\$5,225	
Ongoing Fees (indexed to inflation)		
Lease of woodlot (incl. GST)		\$440 p.a
Management (incl. GST)		\$110 p.a
Minimum 6 Interests cost (incl. of GST)	\$31,350	\$3,300 p.a.

Other Costs

There will be no other 'Ongoing Fees' in this project, other than insurance, which will be arranged by the Project Manager and invoiced to the Grower on an annual basis. It is estimated that this will be in the order of .6% to .7% of the insured value.

When your timber from your woodlot(s) is sold certain fees will be deducted prior to the proceeds being distributed to the Growers:

Harvest transportation costs: The precise amounts will be determined at the time of harvest.

Harvest supervision fee: 3% (plus GST) of the net harvest proceeds.

Incentive Bonus: 15% of the amount by which the net proceeds from the sale of the timber exceeds the sum of \$14,000 per hectare (indexed to inflation)

The Project Manager can seek re-imbursement for any 'Unforeseen Expenses' in relation to fertilizer and insect issues, but only if the Growers vote to meet these expenses from their own funds.

100% Tax Deducibility

Growers are entitled to an immediate income tax deduction being 100% of the total application monies payable.

ATO Product Rulings PR 2007/103 & PR 2007/104 issued on 19 December 2007 confirm that all Growers will be entitled to deductions for all costs of participating in the W.A Blue Gum Project 2008 (including any 'Borrowing' costs) incurred during the term of the Project, provided the Project is implemented in the manner detailed in the PDS.

A copy of the Product Rulings is available from the ATO website at www.ato.gov.au.

While a Product Ruling provides a degree of certainty for participants in relation to their entitlements to taxation benefits, no Product Ruling is a guarantee or endorsement of the reasonableness or viability of the project as a business opportunity or of the reasonableness of commerciality of the fees.

Joint Venture Growers

The structure of the W.A Blue Gum Project 2007 and the ATO Product Ruling 2007/38 allows two applicants to participate in the project as Joint Venture Growers. The first Joint Venture Grower is responsible for all services associated with the Establishment of the Plantation and the fees payable in respect of those services. The second Joint Venture Grower is responsible for the provision of land and management of the Plantation and is responsible for all rent, management and insurance fees.

The Joint Venture Growers will each be entitled to 50% of the proceeds of sale of the timber from their Plantation.

Why Invest In Australian Plantation Woodchip?

International markets

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 *Eucalyptus globulus* 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.

Australian hardwood woodchip export markets in Asia such as China are growing rapidly. China currently consumes approximately 49 million tonnes of paper per year. Research indicates there is a direct correlation between economic growth and demand for paper products. China which has averaged more than 8% growth for the past 26 years, has an enormous potential for demand of paper products. With more than 700,000 hectares of hardwood plantations, Australia is well located to supply the expanding Asian markets.

Environmental considerations

As well as providing excellent market prospects, participation in a *Eucalyptus* plantation also has many local environmental benefits. 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. Under this policy, a targeted average of 80,000 hectares are required to be planted each year

Why W.a. Blue Gum Limited?

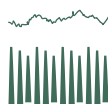
Experience Counts !

The Board of the Project Manager includes directors with extensive forestry expertise and proven performance in the management of *Eucalyptus Globulus* plantations. Two of the directors have 30 years experience in the growing of softwood and hardwood plantations.

The Project Manager consults and is advised by leading forestry experts and engages a leading forestry company to provide forestry services. The Project's principal Forestry Contractor, WACAP Treefarms Pty Ltd, is now owned by Marubeni Corporation, a Japanese company which is one of the world's leading trading houses and is the largest customer for pulpwood from Western Australia and Nippon Paper Company.

W.A. Blue Gum has an agreement with the established and reputable company W.A. Chip & Pulp Co Pty Ltd to harvest and purchase the wood produced by the Project. The harvested timber will be sold to W.A. Chip & Pulp Co Pty Ltd provided unless, the Project Manager cannot negotiate a higher price with any other potential buyers. The W.A. Chip & Pulp Co is also jointly owned by Marubeni Corporation and Nippon Paper Company.

The participation of leading international forestry consultancy, URS Forestry will also enhance the quality of the Project. URS Forestry will provide supervisory services based on international best practice from establishment of the trees through to management of the plantation, and advice on marketing of the timber.



The Responsible Entity

W.A. Blue Gum Limited is the Responsible Entity of the Project and is responsible for the operation and management of the Project. The Responsible Entity is an unlisted public company which was incorporated on 19 May 1993.

The directors of the Responsible Entity have expertise in commercial law, taxation, and have advised some of the largest public companies in the forestry sector in relation to their forestry and business activities. Further, two directors have been directly involved in both softwood and hardwood forestry for 30 years.

Project Risks & Safeguards

As with any business activity, and more particularly, plantation forestry, there are inherent risks due to matters beyond the control of the Project Manager. Additionally, the Project is subject to the ordinary commercial risks of a medium term venture. The risks associated with agriculture and in particular Blue Gum plantations, include such things as natural disasters, suitability of land, seedling and forestry techniques, disease, insects and changing harvesting and processing technology. Other broad risks would fall under the categories of market, regulatory and financial. For a full outline of the risks of this project refer to Part A of the PDS

To minimize these risks and enhance the prospect of producing high value eucalypt pulpwood logs a plantation management and procedures plan is prepared that clearly establishes the standards and outcomes expected for our forestry operations.

Factors Affecting Project Returns

There are a range of factors that affect returns of plantation Forestry projects many of which are beyond the control of the Project Manager.

For more information relating to the factors affecting returns please refer to the PDS, in particular Part A which outlines Risks and Part B Section 7, the Independent Forestry Expert's Report. This information should provide you with sufficient material upon which you can make your own assessment of the merits of investing in this Project.

Disclaimer

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.



Fax Back Order Form

Please send me:

Copies of the W.A. Blue Gum Project 2008 – PDS & Financial Services Guide

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

Copies of the ATO Product Rulings – PR 2007 /103 & PR2007/104

Copies of the Adviser Edge Research Report

I am a (please tick)

Financial Adviser

Accountant

Individual Grower

Name:

Company / Dealer:

Address:

Suburb:

Postcode:

Telephone:

Facsimile:

Email:

FAX TO W.A BLUE GUM LTD - (03) 9642 3355 or call 1300 888 511 or visit our website www.wabluegum.com.au