

Section 445F Report to Creditors



Proposed Extension of the Deed of Company Arrangement

Forest Enterprises Australia Limited (Subject to Deed of
Company Arrangement) (Receivers and Managers
Appointed) ("FEA") Report 23 March 2011

Brian Silvia and Peter Krejci
Joint and Several Deed Administrators

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ABBREVIATIONS

The Banks	The Secured Creditors collectively or individually referred to; Commonwealth Bank of Australia, Australia and New Zealand Banking Group Limited and ANZ Fiduciary Services Pty Limited
Creditors	Unsecured Creditors, Secured Creditors and Employees of FEA. Growers of FEAP are included as Unsecured Creditors
EM	Explanatory Memorandums
FEAGG	FEA Growers Group
FEA	Forest Enterprises Australia Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed)
FEAP	FEA Plantations Limited (Subject to Deed of Company Arrangement)(Receivers Appointed)
FPP	Forestry Practices Plans; required to commence harvesting on plantation timber estates
Growers	Investors own Woodlot options under the various FEAP Schemes
RE	Responsible Entity
RFM	Rural Fund Management
Schemes	16 Forestry Investment Schemes managed by FEAP referred to collectively or individually as the 1994 to 2009 Schemes

1 INTRODUCTION

1.1 Executive Summary

On 1 November 2010, creditors of Forest Enterprises Australia Ltd (“FEA”) and FEA Plantations Ltd (“FEAP”) voted to implement Holding Deeds of Company Arrangement (“DOCA”) to enable the Administrators to finalise a restructuring of the FEA companies, and the Managed Investment Schemes (“Schemes”) over which FEAP is the Responsible Entity.

Negotiations have continued with a number of parties, where we now expect the Banks (Secured Creditors) to execute an agreement with Rural Funds Management (“RFM”) by 31 March 2011 enabling implementation of their restructuring proposal. The RFM FEA Group restructuring proposal provides a return to 1999 - 2009 Growers and will also cover the 1994 – 1998 Scheme FEA land enabling their trees to be harvested and an ultimate return to those Growers. Under the RFM Proposal, the Banks will be repaid their primary debt where a dividend will be paid to Unsecured Creditors and a mechanism will be available for the realisation of externally owned 1995 – 1998 timber stands.

The RFM Proposal Status Report is attached as **Annexure 1**.

The implementation period for the RFM proposal is three to five months. Consequently, an extension of the current DOCA is required to avoid FEA entering liquidation and complicating the implementation of the RFM restructure proposal which is intended to extend to the interests of current shareholders.

To enable us as Administrators to proceed with implementation of the proposed restructuring, we request that creditors vote in favour of the proposed resolution to be put to you for your consideration to extend

the current DOCA. It is intended to extend the termination date of the DOCA to 30 September 2011, by which time the RFM restructure proposal should be implemented if it is to proceed.

Growers and Creditors of FEA should be aware that a failure to extend the current Holding DOCA could be terminal to the current restructuring proposals or at least add significant cost to any restructure which may proceed for the Company.

Grower Creditors have recently been appraised of the BlackTree 1999 – 2008 Scheme restructure proposal which is not as extensive as that now proposed by RFM. The BlackTree proposal involves their initial replacement of FEAP as Manager of the 1999 to 2008 Schemes with their conversion to contributory Schemes, where it is intended to eventually replace FEAP as Responsible Entity (“RE”). The BlackTree proposal has no direct impact on FEA except that FEA Grower Creditors have a separate interest than that of FEAP. Continuation of the FEA Holding DOCA does not affect consideration of the BlackTree Proposal versus the merits of the RFM proposal. Both Proposals will be considered in due course on their own merits.

Our comments on the BlackTree proposal are included in Section 2.2.2 of this Report.

1.2 Meeting of Creditors to Consider Extension of the FEA Holding DOCA Termination Date

A Meeting of FEA Creditors has been convened as follows:

Date:	Wednesday, 31 March 2011
Time:	2pm
Location:	Grand Chancellor Hotel, Launceston
Webcast:	http://www.brr.com.au/event/78278

Notice of the Meeting is attached as **Annexure 2**.

Annexures 3 & 4 are respectively the Proxy form, and Proof of Debt form for the purpose of the meeting. Creditors need only to complete the Proof of Debt form if they have not done so previously during the Administration. Creditors wishing to participate in the meeting, but not attend the meeting personally are required to complete the proxy form. Corporate representatives attending the meeting are also required to complete a proxy form.

We request all creditors including Growers (who are considered Creditors for the purposes of the meeting) complete and return the relevant forms for the purpose of expressing their views on the Company's future and in particular varying the terms of the current Holding DOCA period.

We note that should the resolution to extend the FEA Holding DOCA not be passed, FEA will enter liquidation on 1 April 2011.

2 RESTRUCTURING PROPOSALS

2.1 Current Preferred Restructuring Proposal - RFM

Since the last meeting of creditors, we have been working with RFM to resolve outstanding issues between them and the Banks.

Discussions have also separately continued between RFM and the Banks, where we understand all commercial issues have now been settled and final Bank approval is expected by 31 March 2011.

RFM propose to restructure the 1999 to 2009 Schemes and FEA. The 1994 to 1998 Schemes will not be included in the restructuring; however, they will remain as individual Schemes until final harvest and payment of timber sale proceeds to Growers. RFM will own the FEA Group internal

land for the 1994 to 1998 Schemes where they have committed to meet the Forest Practice Plan obligations particularly as it relates to reforestation issues following final clearfall harvest.

As Administrators, we have been negotiating an Implementation Deed with RFM which will set out the process of implementing their restructuring proposal.

Creditors should note that the RFM Implementation Deed allows the Administrators to present to Growers and Creditors any better proposal received before final implementation. This will enable us to act in the best interest of Growers and other unsecured creditors should a proposal arise which provides a better outcome than that proposed by RFM.

The RFM proposal, subject to Creditor and Grower approvals, will take approximately three to five months to implement. The Implementation Deed includes ongoing milestones which if not achieved enable it to be terminated. RFM is confident that these milestones will be met where and we are supportive of this view.

RFM as stated has separately negotiated a Forbearance Agreement with the Banks. Many of its terms mirror the terms of the Implementation Deed. A significant aspect of the Forbearance Agreement is that it binds the Banks to complete the transaction with RFM, so long as RFM meets its milestones.

The Forbearance Agreement does not prevent the Banks and the Receivers from advancing their current position during the forbearance period, where they could act upon any improved position should RFM fail to achieve its milestones.

A key concern for Growers is the tax implications of the RFM proposal. There is a potential risk for Growers to have their new units taxed when received. RFM has undertaken significant work on this point, where they

consider they can structure the transaction to appropriately manage tax implications. Tax rulings will be sought.

Until the Banks sign the Forbearance Agreement, we as the Administrators for both FEA and FEAP are unable to evaluate the financial detail of the restructuring arrangements. We will submit a further report to Growers and other Creditors for consideration once details are available. We expect this to occur in the first half of April.

Any proposed restructuring of the FEA Group, and the individual Schemes, is subject to approval by each of the affected companies and the separate Schemes.

2.2 Alternative Restructuring Proposals

In addition to the RFM proposal, there are two additional parties interested in the reconstruction of the group structure, being an Investment Bank and the FEA Growers Group's ("FEAGG") / BlackTree Pty Ltd ("BlackTree") proposal, details of which are outlined below.

2.2.1 Investment Bank Proposal

The Investment Bank continues their due diligence with the aim of submitting a revised restructuring proposal. They have indicated their willingness to acquire the Banks' debts prior to finalising implementation of an overall restructure for the Group. The Investment Bank has discussed a "fall back plan" with us for the sale of land should Growers reject their proposed restructuring. This would be similar to the "backstop plan" we recommended to the Banks as part of the RFM proposal, which was not accepted by them in December 2010. The "backstop plan" provides an agreed division of value between Growers and the Secured Creditors (the Banks).

The Investment Bank still has substantial due diligence to complete before any restructuring plan can be finalised.

2.2.2 BlackTree / FEAGG Proposal

As creditors may be aware, the FEA Growers Group ("FEAGG") has convened Growers Meetings for Scheme years 1999 to 2008, which have been adjourned to 4 April 2011 for the purpose of:

- Appointing BlackTree as replacement Manager of the subject Schemes;
- Converting Scheme years 2003 to 2008 from deferred contributory to pay as you go Schemes;
- Removing FEAP as Responsible Entity ("RE");
- Appointing Primary RE as Responsible Entity of the subject Schemes;
- Growers in Schemes 1999 – 2008 will have received formal notice of these meetings.

The BlackTree proposal is capable of progressive implementation. That is, Growers could pass resolutions appointing BlackTree as a manager, and converting the Schemes to contributory Schemes, whereas the "RE" replacement resolutions could be deferred (indefinitely). Any resolution to replace the RE requires 50% of all Growers to vote, whilst the resolution to replace the manager and the conversion to contributory Schemes, require 75% of those present and voting in favour of the resolutions.

We understand the BlackTree proposal, as currently formulated, contemplates their appointment as manager of the Schemes, whilst retaining FEAP as the Responsible Entity. The appointment of managers

by REs is relatively common, however due to the legal and solvency challenges in the FEA Group, the appointment of a manager needs to be carefully considered and balanced.

On Monday, 8 March, we received a proposed agreement to transfer management rights to BlackTree. There are significant issues with this agreement, including:

- It limits FEAP's ability to act in the interests of Growers;
- It transfers almost all operational responsibility to BlackTree, whilst leaving the legal liability with FEAP;
- We understand BlackTree is a special purpose vehicle, so there is no real recourse for any damages claims, or liabilities incurred;
- The Banks have claimed that they hold security over the current management agreements between the Growers and FEAP. The BlackTree management proposals are in conflict with the Banks' claimed security.

We have had continuing negotiations with BlackTree and expect to receive further documentation which will resolve the majority of the current issues outlined above.

Further, we have advised BlackTree there are a number of issues with their EMs and the proposed Constitutional amendments, which should be clarified for Growers benefit before the proposals are ultimately put to them for consideration. These include:

- The proposed Constitution amendments are more extensive than that disclosed in the EMs, where the proposals can be changed by "posting" them on the BlackTree website prior to a final vote. We consider Growers need to be fully informed regarding the exact proposed amendments;

- Clarification of fees between the EM and the Growers Calculator;
- An assertion the proposal changes will in some way resolve the Receivers intransigence to sign Forest Practice Plans, enabling the continuation of harvesting.

We appreciate that in certain circumstances the BlackTree proposal, which continues to have issues from our perspective, may represent the only future viable alternative for Growers. To that extent we have indicated a continued commitment to work to improve it, or at least ensure it adequately discloses all relevant issues for Growers consideration.

It is anticipated RFM will have a signed Forbearance Agreement with the Banks before the adjourned Growers Meetings. Consequently, Growers will be provided with both the RFM and BlackTree proposals for their consideration prior to the proposed 4 April 2011 meeting.

We note that under the BlackTree proposal, should a subsequent restructuring proposal be presented to the RE, it can be put to Growers for acceptance.

2.3 Administrators' Position on Competing Restructuring Proposals

As the Administrators, we are required to advise creditors of our view as to competing proposals with a recommendation. In the case of FEA, our responsibility as Deed Administrators includes Growers, the Banks, employees, unsecured creditors and potentially shareholders.

As the proposals currently stand, the Investment Bank proposals is still subject to substantial due diligence and currently does not consider returns to FEA shareholders.

We have outlined various issues with the current BlackTree proposal; most importantly, it does not offer a solution to the 1994 to 1998 Scheme Growers, its Banks, unsecured creditors and shareholders. It is assumed that FEAP will continue to act in the interests of Growers.

We are currently of the view the RFM proposal provides the highest return to Growers, with the lowest implementation risk. Depending on circumstances as they evolve, we may revise our views. The RFM proposal contemplates addressing the interests of the Growers through the restructure of 1999 to 2009 schemes and land owning for the 1994 to 1998 Schemes. Unsecured creditors, the Banks and shareholders are also addressed in the RFM proposal.

It is important for FEA Creditors to understand that they are **NOT** being asked at the meeting to be held on 31 March 2011 to vote on any particular proposal. These issues will be dealt with separately in the near future.

The purpose of the meeting to be held on 31 March 2011 is for Creditors to vote on the proposed extension of the Holding DOCA period beyond 1 April 2011 to 30 September 2011 to enable the FEA Administrators to complete negotiations with the various interested restructure parties so as to formulate the best solution for all interested parties.

3 RESOLUTION TO EXTEND HOLDING DEED OF COMPANY ARRANGEMENT PERIOD BEYOND 1 APRIL 2011

The current DOCA is what is referred to as a Holding DOCA. Its purpose is to maintain the status quo whilst a more comprehensive restructuring proposal can be negotiated and implemented. Should no restructuring

plan be capable of acceptance, or creditors reject proposals put forward, then the DOCA can terminate, and the Company will enter liquidation.

The FEA Holding DOCA included a provision that all admitted employee entitlement claims were required to be paid by 15 March 2011 or alternatively it would terminate on 1 April 2011. The FEA Receivers and Managers have advised us that all admitted employee claims have been paid in full and any residual disputed claims awarded in favour of former employees will be paid by them.

The FEA Holding DOCA has a “period life” to 1 April 2011 where its clause 3.1.4 requires a resolution by that time to extend it. The Meeting to be held on Thursday, 31 March 2011 asks creditors to consider an extension of the FEA Holding DOCA until 30 September 2011.

Should creditors reject the resolution to extend the Holding DOCA, FEA will enter liquidation on 1 April 2011. A failure to extend the FEA Holding DOCA could be terminal to or at least add significant cost to facilitating acceptance of the RFM proposal and any other relevant restructure proposal.

3.1 Liquidation Scenario

We refer Creditors to our Section 439A report dated 11 November 2010 wherein we set out the liquidation scenario for FEA. (The report is available at www.briferrier.com.au). Our estimated return under a liquidation scenario has not changed where we believe that in all probability there would be no return to unsecured creditors save to the extent that any liquidation investigation reveals antecedent transactions capable of recovery in a liquidation scenario.

4 RECEIVERS' APPLICATION FOR COURT DIRECTIONS

The Receivers have appealed Justice Finkelstein's Directions in respect of Schemes 2000 to 2009 internal property leases. Their chief points of Appeal were:

- The undertaking provided by FEA to the Australian Securities and Investments Commission ("ASIC") in respect of FEAP's Australian Financial Services Licence ("AFSL") is not enforceable, contrary to Justice Finkelstein's view; and, in any event;
- Rent due to FEA from FEAP cannot be "paid" by offset of debts due to FEAP from FEA, because the terms of the inter-company lease require payment of rent without deduction.

The Appeal was heard on 2 March 2011 where the Court's decision is currently reserved.

5 DEED ADMINISTRATORS' FOREST PRACTICE PLAN ("FPPS") PROCEEDINGS

During the period of the FEAP Voluntary Administration and Holding DOCA, the Receivers representing the Banks have declined to execute Forest Practices Plans for harvesting. This has had the effect of frustrating FEAP's efforts to undertake harvest of FEA Group owned coupes included in the earlier Schemes. The dispute relates to reforestation obligations following clearfall harvesting where the Growers at no stage accepted responsibility for the replanting costs. We understand that FEA as the managers had worked on the presumption they would utilise previously planted land in further Schemes, where the "next rotation" Growers would accept the reforestation obligations.

The FEAP Administrators on behalf of Growers are in the process of seeking Directions from the Court on this issue.

6 HARVESTING AND SCHEME MAINTENANCE

6.1 Harvesting 1994-98 and thinning 1999 Coupes in Tasmania

6.1.1 Warrentinna

As Creditors are aware, harvesting of the Warrentinna coupe of the 1994 Scheme has now been completed. Distributions to Growers to date total \$410,000 where a third and final dividend will be distributed in the near future, subject to resolving Scheme legal issues. The total expected return is projected at \$860,000.

6.1.2 Harvesting 1995 to 1998 and Thinning 1999 to 2002

Continued harvesting at intended rates has continued to be restricted by the Receivers' reluctance to sign Forest Practices Plans. Acceptance and implementation of the RFM restructure proposal would resolve those issues, which as they presently stand, remain unresolved under the BlackTree proposal.

Growers should be aware of the changing harvest landscape, particularly as it affects Gunns who have changed their historical business model in their efforts to secure approval for its proposed pulp mill, approval for which has now been received. This has resulted in the closure of a number of mills which, depending on location, could have taken FEAP timber. Other operators see opportunities for themselves "taking up" market segments "vacated" by Gunns. However in the interim, there

have been issues of available markets for FEAP timber products with a consequential detrimental effect on price and volume.

As Administrators of FEAP, we have considered issues of deferring harvest of some available plantations, hopefully achieving better prices in the future where we expect higher demand from the construction of the Gunns pulp mill and the stabilisation of the Japanese pulp industry. However, we are of the view that certain harvesting activities should be maintained to ensure the continuous availability of markets into the future. Specifically, FEAP has been under pressure from Forestry Tasmania to harvest timber on their land, whilst there is a necessity for thinnings of other coupes (1999-2002) to continue to preserve the ongoing integrity of the forests and ensure the quality of timber from final harvest.

Forest Practice Plans are registered for thinning and are current for five properties, one in the North East, one in the central area, and three in the Burnie area. Thinning is expected to yield 48,000 tonnes from these coupes and should take four months, with an immediate start intended. Timber sale discussions are being finalised with Smartfibre and Gunns for this product. The Japanese earthquakes have slowed these discussions.

Harvesting is also intended to commence on coupes where Forest Practice Plans are either signed or will imminently gain approval. The coupes where harvesting can progress include one in the North East, and three in the Burnie area.

It is budgeted \$874,000 net revenue will be recovered from harvesting and \$960,000 from thinning by 30 June 2011. The total projected revenue of \$1.834 million will be reduced by other costs of \$470,000, yielding a net revenue of \$1.364 million. This revenue will assist in maintaining cogency of the operations generally and provide needed cash to provide solvency to the relevant schemes pending restructure.

The 1995 Scheme is ready for clearfall harvesting, however all of the Scheme properties as well as the 1996 Scheme properties are owned by the FEA Group where the Receivers are refusing to the FPPs. The FEAP Administrators timing of harvesting will be managed to balance the need for maintaining Scheme solvency, and maximising realisations for Growers.

6.2 Scheme Maintenance

As FEAP Administrators', we previously commenced maintenance of the 1995-2002 scheme properties in Tasmania and New South Wales. This is continuing according to schedule.

Maintenance is being undertaken with an emphasis on infestation and firebreaks. This season has been moderate in respect of insect infestations and fires and has made the job easier. There has been damage to plantations from insects, however reports are that the forests are recovering quite well. Maintenance work has been undertaken in co-ordination with FEA forestry staff.

2003-2009 Schemes Growers have been invoiced where voluntary contributions received are sufficient to fund commencement of maintenance activities for those schemes. Efforts will concentrate initially on the Tasmanian properties as these coupes represent the most profitable to maintain.

7 DEED ADMINISTRATORS' SUMMARY ACCOUNT OF RECEIPTS AND PAYMENTS

There have been no Receipts or Payments in the Voluntary Administration and Holding DOCA periods.

8 DEED ADMINISTRATORS' REMUNERATION

8.1 Overview

As discussed at the last meeting of creditors, the Committee of Creditors and subsequently the Committee of Inspection have reviewed and approved the remuneration of the Administrators. Should creditors vote to extend the DOCA, we will continue the process of having the Committee of Inspection review the Administrators remuneration.

At the date of this report, remuneration for which approval remains outstanding relates to the period 1 March to 23 March 2011.

9 BRI FERRIER KEY CONTACTS

All BRI Ferrier staff can be contacted on 02 8263 2300. For specific queries, please feel free to contact Ronnie Staub or Wilson Zeng.



Brian Silvia
Deed Administrator for
Brian Silvia and Peter Krejci

FEA Restructure RFM Proposal: Status Report

21 March 2011

Overview:

Rural Funds Management Ltd ("RFM") is a specialist agricultural fund manager, that manages agricultural and timberland operations across Australia. RFM has submitted a proposal to restructure the FEA Group of entities and the 1999 to 2009 managed investment schemes ("FEA Schemes") for the benefit of Growers and other creditors.

Discussions regarding the RFM proposal are well advanced and RFM is currently finalising the terms of an Implementation Agreement with the Administrators and a Forbearance Agreement with the Receivers and Secured Creditors. RFM expects approval of the Proposal from the Secured Creditors and subsequent execution of the Agreements to take place by the end of the month.

The Agreements will include a work plan and timetable for implementing the proposal, which RFM estimates will take approximately 3-5 months once the process begins. During this time, the Secured Creditors will agree not to otherwise deal with the assets of the FEA Group in a way which is inconsistent with the RFM proposal. This will provide RFM with sufficient time to do all things necessary to implement the proposal.

RFM Proposal:

RFM proposes to transform the FEA Group and the FEA Schemes into 1) a timberland fund which will own all of the assets, including the trees; and 2) a separate operational company which will lease the trees and conduct the forestry operations.

Growers and unsecured creditors will receive interests in both of these entities, in exchange for their existing interests in the FEA Group and the FEA Schemes. Growers will not be required to make any further contributions to the restructured entities.

Debt currently owing to the Secured Creditors will be paid in full and gearing in the restructured entity will be significantly reduced. Additional equity funds will be sourced from institutional investors and Growers may be given the opportunity to take up an additional interest in the restructured entities.

RFM has obtained taxation advice that indicates that the taxation consequences of the proposal will be acceptable.

Benefits of Proposal:

RFM has developed this proposal to maximise returns to all parties involved, whilst minimising any negative impact on the Growers. RFM believes this proposal provides Growers with an opportunity to realise their investment that would not otherwise be available. The main advantages of the proposed restructure are:

- **No additional equity or ongoing contributions required from Growers**
- **Growers will receive interests in the Timberland Fund and the operational company equivalent to the net present value of their existing interest in their FEA Scheme**
- **Growers will receive equity in the Timberland Fund, giving them an interest in the physical assets**
- **Increased liquidity of the assets, which will no longer be impaired by lease interests**
- **Returns from the Timberland Fund are forecast to exhibit relatively low volatility**
- **Reduced exposure to investors through their ownership in both the operational company and the Timberland Fund**
- **Distributions of income are forecast to commence within 2-3 years**
- **Significantly reduced gearing**

NOTICE OF MEETING OF CREDITORS TO VARY DEED OF COMPANY ARRANGEMENT

FOREST ENTERPRISES AUSTRALIA LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 009 553 548

NOTICE is given that a Meeting of the Creditors of the Company will be held at the Grand Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250 on Thursday, 31 March 2011 at 2:00 pm.

The Meeting will also be broadcasting live on the internet from the following website:

- <http://www.brr.com.au/event/78278>

AGENDA

1. To receive and discuss the Administrators' Report to Creditors dated 23 March 2011.
2. To consider the following motion:

That clause 3.1.5 of the Forest Enterprises Australia Limited Deed of Company Arrangement be varied to:

"The date six months following the Effective Date unless prior to that time Creditors have resolved to extend the Deed pursuant to a meeting of creditors convened pursuant to s 445F of the Act."

3. Any other business that may be lawfully brought forward.

We attach a proxy form that should be used by Creditors in the following circumstances:

- a. Creditors who are unable to attend the meeting but wish to appoint someone to vote on their behalf.
- b. Representatives of Creditors that are companies.
In this case the Creditor company should:
 - i. Execute the proxy under its common seal; or
 - ii. Have the proxy signed by 2 directors or by a director and the secretary; or
 - iii. Have the sole director sign the proxy if applicable; or
 - iv. Have the proxy signed by someone authorised under seal, or by the directors, or sole director, as applicable to sign, and if required by the Chairman of the meeting, provide evidence that the person signing the proxy form is empowered to sign.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Administrators.

Particulars or proofs lodged in the past are effective for this meeting. You only need to provide further particulars now if you wish to participate in this meeting and have not previously provided them.

Creditors' proxies must be delivered to this office by 5.00 pm on Tuesday, 29 March 2011.

Please forward your proxies to this office in the post, via email to fea@brifernernsw.com.au or by facsimile on (02) 8263 2399.

DATED this 23rd day of March 2011.



BRIAN SILVIA
Deed Administrator
BRI FERRIER (NSW) PTY LTD
Level 13
1 Castlereagh Street
Sydney NSW 2000

Please indicate if you are a creditor, grower or landlord and send to BRI Ferrier:
 Email: fea@briferriernsw.com.au; Fax: 02 8263 2399; Post: GPO Box 7079 Sydney NSW 2001

FORM 532

Regulation 5.6.29

Corporations Act 2001
 APPOINTMENT OF PROXY

FOREST ENTERPRISES AUSTRALIA LIMITED
 (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
 (RECEIVERS AND MANAGERS APPOINTED)
 ACN 009 553 548

*I/*We (1)..... (Grower number if applicable)
 of a creditor of Forest Enterprises Australia Limited, appoint
 (2)..... or in his or her absenceas
 *my/our general/special proxy to vote at the Meeting of Creditors of the Company to be held at the Grand
 Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250, on Thursday, 31 March 2011 at 2:00pm,
 and at any adjournment of that meeting.

To vote as follows: (3)

(Not required if a general proxy)

RESOLUTION

		FOR	AGAINST	ABSTAIN
1	To vary clause 3.1.5 of the Forest Enterprises Australia Limited Deed of Company Arrangement			

A specific proxy operates as a general proxy in respect of any other resolution put to the meeting of creditors. **If you do not want your specific proxy to operate in this way, please tick this box.**

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

HOW TO COMPLETE THIS FORM

1. Insert the creditor's name, address and grower number (if applicable).
2. Insert the name of the person appointed as proxy. If left blank, the proxy will be treated as in favour of the Chairman.
3. To vote tick the box next to the desired option.

DATED (4) Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier, GPO Box 7079, SYDNEY NSW 2001 by **Tuesday, 29 March 2011 at 5 pm.**

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

I,Of.....certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED thisday of 2011

Signature of Witness.....

Description

Place of Residence

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

FOREST ENTERPRISES AUSTRALIA LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVERS AND MANAGERS APPOINTED)
ACN 009 553 548

To the Administrators of Forest Enterprises Australia Limited

1. This is to state that the company was, on 14 April 2010 and still is, justly and truly indebted to⁽¹⁾
.....
..... (Grower number if applicable.....) for
..... dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽²⁾	Amount \$	GST incl \$	Remarks ⁽³⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁴⁾
- 3.^{(5)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(5)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day

Signature of Signatory.....

NAME IN BLOCK LETTERS(Please indicated if you are a creditor, grower or landlord.)

Occupation

Address.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (2) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (3) Under "Remarks" include details of vouchers substantiating payment.
- (4) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
	\$	¢		

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- (5) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
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Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.