



African Mahogany Australia

African Mahogany Plantation development in Northern Australia:

components in developing a plantation estate of
international scale

Key drivers



- Tightening global supply of mahogany and most all other tropical hardwood generally;
- High value timber species;
- Proof of compatibility and growth rates in NT;
- Low cost freehold land;
- Low sovereign risk;
- Climate change outlook, whilst being cautious, is for favourable conditions in Northern Australia;
- Lower fire risk than southern Australia.

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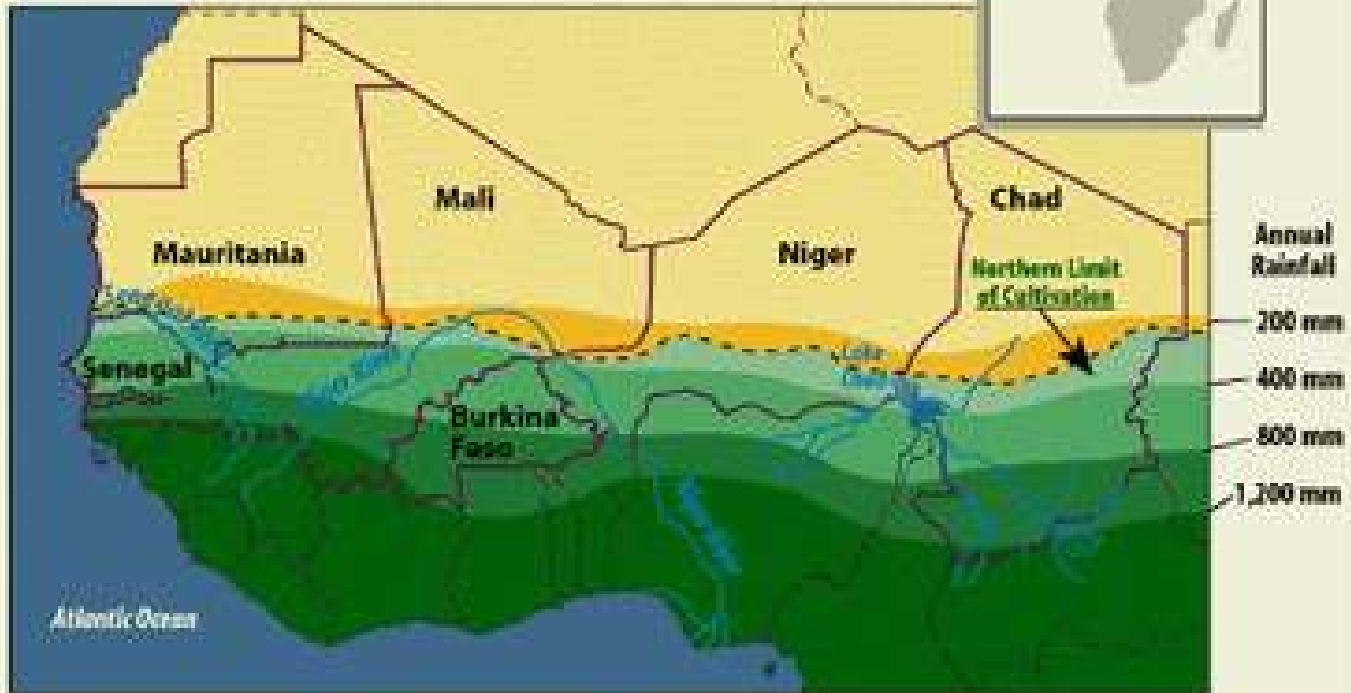


Suitable climate



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The Sahel



Source: FEWS
FEWS, June 1997

Figure 1

Proximity to growth markets

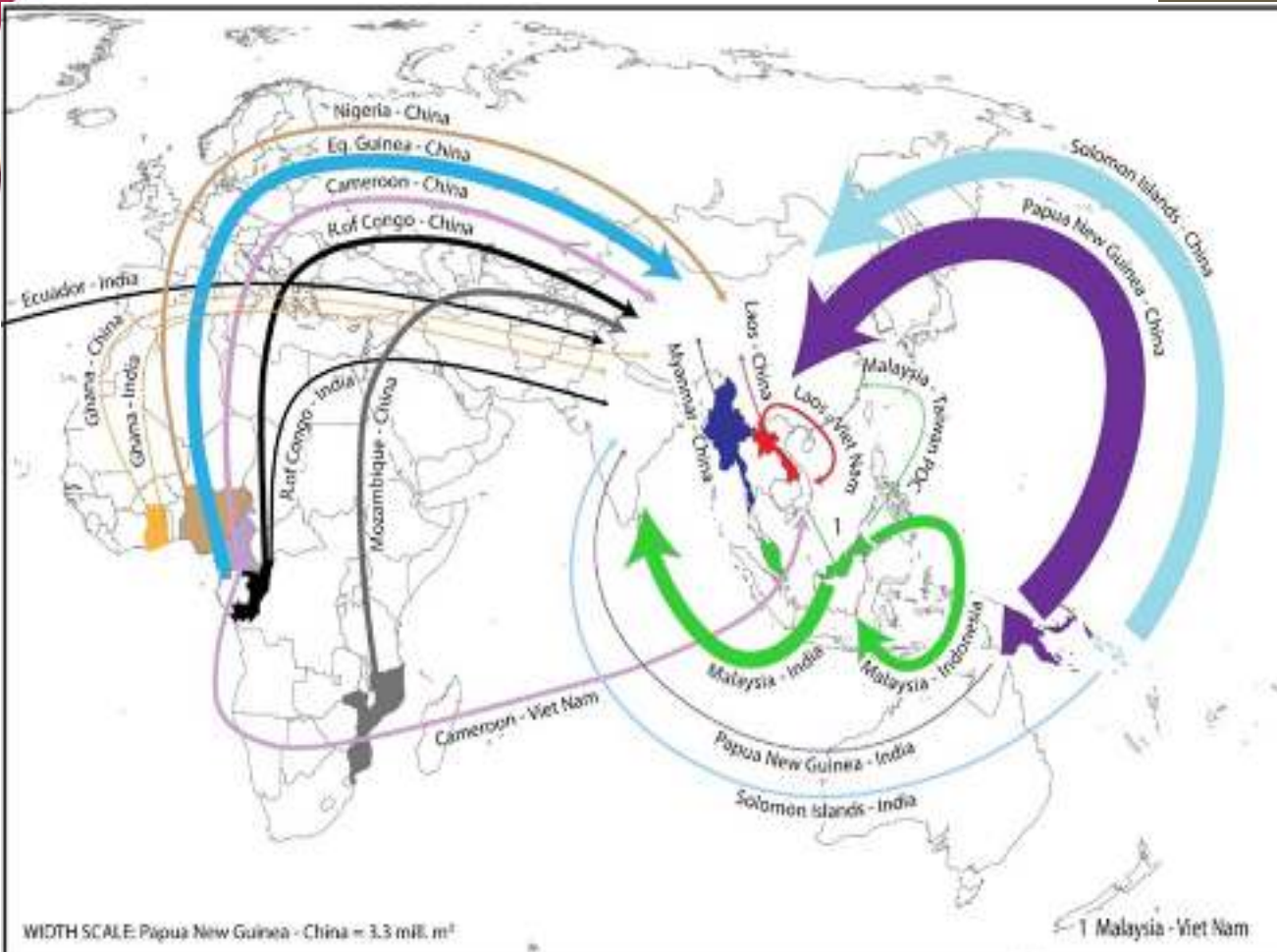


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Major Trade Flows: Tropical Industrial Roundwood 2016 (million m³)

from	to	vol (million m ³)
Papua New Guinea	China	3.3
Solomon Islands	China	2.3
Equatorial Guinea	China	1.2
Mozambique	China	0.6
Cameroon	China	0.5
The republic of Congo	China	0.5
Nigeria	China	0.3
Laos	China	0.2
Ghana	China	0.2
Myanmar	China	0.2
Malaysia	India	1.4
Solomon Isds	India	0.2
Ecuador	India	0.2
Ghana	India	0.2
Papua New Guinea	India	0.2
Malaysia	Indonesia	0.9
Malaysia	Taiwan	0.2
Malaysia	Viet Nam	0.2
Cameroon	Viet nam	0.4
Lao People's Dem. Rep.	Viet nam	0.3



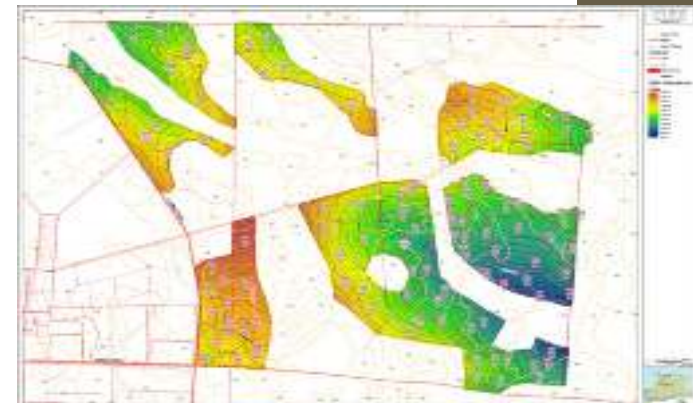
Operational management



- African Mahogany Australia was selected as engaged managers of the project

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- African Mahogany Australia is responsible for all
 - operational planning,
 - resource procurement,
 - operational budgeting and reporting,
 - resource monitoring and measurement,
 - stakeholder interface: local manager,
 - product and market development.

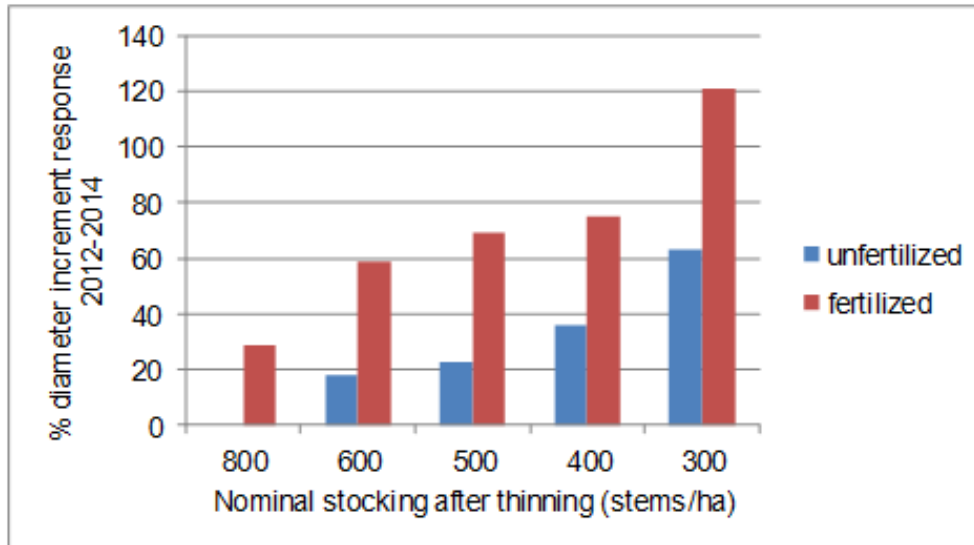


Main challenges



- Limited infrastructure in region;
- Access to skilled/non-skilled workforce;
- Pioneering the domestication of a species:
 - Genetic selection, logistics, timing;
- Optimal silviculture;
- Operations in the tropics

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Operations in the Tropics



Smart management



- Integrated grazing has seen mutual benefits to both the plantation and cattle manager;
- No conflict of interest - the focus remains on plantation management;
- Increasing capital value with no capital outlay;
- Reduction of:
 - fire risk, weed control costs, chemical use herbicide resistance;
- Integration of industries;
- Agistment income generated, operational expense offsets;
- Increased nutrient cycling within plantations;
- Coppice control

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Integrating land uses



Thank you



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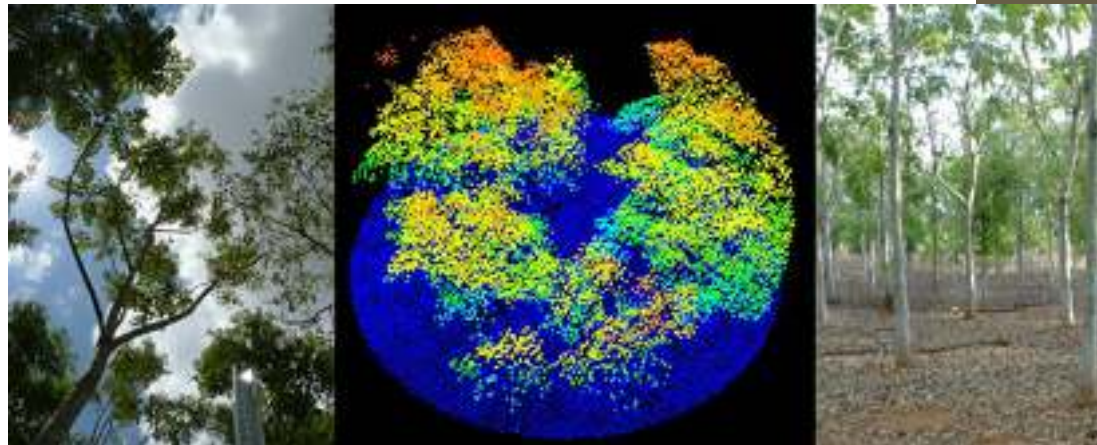


Crop performance



- Estate is measured annually:
 - Permanent Growth Plots (PGPs/PSPs)
 - Post tending inventory
- This data is fed into the estate growth model (continual development)
- Project is valued annually as part of investment reporting;
- Considerations:
 - Growth rates
 - Land value
 - Market indicators/trends
 - Operating costs
 - Risk factors

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Realising returns



- Sample exports to various SE Asian buyers has assisted in realising prices for valuation purposes (as opposed to speculative values with comparable species);

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- International and domestic markets are being explored
- It is foreseen the estate will yield a number of products comprising of:
 - Premium peelers
 - Secondary/core peelers
 - Sawn products
 - Other (bark, craft wood, bio fuel (?))

