

ENVIRONMENTAL STATEMENT

Indian Sandalwood is the most valuable exotic hardwood in the world and for thousands of years Sandalwood has been used for woodcarving, the manufacture of incense sticks and the extraction of its highly valued oil which is renowned for medicinal properties.

POSITIVE ENVIRONMENTAL ASPECTS:

1. Reducing Exploitation

The high value of this resource has led to over-exploitation and widespread illegal cutting and smuggling in India, which has led to a dwindling supply. Plantation Indian Sandalwood is of great value to the global environment as it will provide an alternative source from the natural stands and will indirectly protect them from over exploitation.

2. Minimising "Greenhouse Effects"

In addition, tree crops contribute to the absorption of carbon dioxide from the atmosphere and store this carbon as timber and contribute to soil carbon stores.

3. Reforestation

In order to protect the natural ecosystems of this area, TFS is committed to establishing its plantations on land which has been previously used for agricultural and/or horticultural production.

4. Lowering Water table

Specific environmental benefits of our project include the establishment of deep-rooted vegetation to assist in lowering the water table thus counteracting potential salinity problems, ensuring the land is more suitable for farming in the future and providing a habitat for wildlife, particularly birds.

5. Habitat for Native Animals

Several bird species, including the Australian Pratincole, Australian Bustard and Plumed Whistling Duck have been observed in the TFS plantations at Kununurra. TFS Plantations prove to be more attractive to native wildlife than surrounding agricultural land.

6. Conservation of Water Resources

Water is such a scarce and valuable resource in our country and with this in mind TFS have created a culture of awareness and a commitment to ensuring that this precious resource is not wasted. A water recycling facility has been developed on Packsaddle Plantation. In addition, permanent and temporary drip systems are used by TFS, permanent tape has been used across Kingston Rest and gel planting technology reduces water use in the year of planting.

7. Waste Reduction

Waste is a significant source of valuable resources. Used engine oil and batteries are collected and recycled across the Kununurra operations. TFS also runs a pilot community bio-diesel plant at Packsaddle.

We at Tropical Forestry Services have been committed to the plantation Sandalwood industry for a number of years and are successfully cultivating this valuable resource on behalf of our growers and ourselves. We have a vision to be the world's largest sustainable, ethical and socially responsible producers of Indian Sandalwood and Indian Sandalwood products.



Date: 1 July 2010

Frank Wilson

Executive Chairman