



Cloudy Bay
SUSTAINABLE FORESTRY LTD
YOUR NATURAL CHOICE

The Sustainable Log

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VISIT BY DAME CAROL

On Tuesday 3rd of August Dame Carol Kidu came to visit CBSFL 9 Mile.

Dame Carol shared some lunch with our 9 mile team and had a tour of the Wood Processing Facility after giving our ladies (and a few fellows) an inspiring talk.

Dame Carol stated that she was very impressed and congratulated CBSFL on what we are achieving not only as a sustainable forestry business, but as a community builder.



MESSAGE FROM THE MD

It is time to publish another Newsletter which will be our second edition of THE SUSTAINABLE LOG and this time we have included more content written by our staff. Since the launch of our first edition we have had further developments in the company and I would like to share some of them with you.

After the launch of our first edition we were unfortunate to have run out of logs due to ongoing Land Owner disputes over leadership or boundary issues, and our mill in Bonoabo was forced to shut down for 2½ months. However we were able to start up again in mid February 2010 and have been receiving sufficient logs since then to keep the mill operating at full speed.

During this time we had a number of new management staff joining the company with the arrival of Hans Broerse, the Forestry Manager, Dean Chase, the Sawmill Manager and Campbell Maclean, the Supply Chain Manager. They have quickly found their feet and are adding value with their international experience.

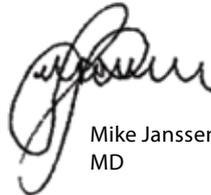
The big news since the last Newsletter was published is of course the new Sawmill in the base camp in the Bam area which is nearly complete and had its first log go through the Head Rig on 11th June. This mill is a modern design and has the capacity to cut all the logs in the Cloudy Bay FMA as required in terms of the Project Agreement. It will be more efficient than the old mill in Bonoabo and produces sawn boards of much better quality to meet the demands of our future Domestic and Export Customers.



The work on the building infrastructure within the FMA was unfortunately affected by the shutdown of the Bonoabo Mill although we are now ready to complete the erection of 9 Classrooms which have been fabricated already. Most of these classrooms will be erected at Bam for the Primary and Technical High Schools. The roads infrastructure has however developed at a good pace with the opening of the road from Bonoabo to Bam which is still under some final construction to complete this road.

We are now entering an exciting time in the company's future with the completion of our new Sawmill and the ability to produce a quality product in sufficient quantity to make the company profitable and sustainable.

I hope you enjoy this second publication.



Mike Janssen
MD

MESSAGE FROM THE CHAIRMAN

" I have been Chairman of the Board of Cloudy Bay Sustainable Forestry Ltd for a little over 12 months now and I am continually impressed by the great achievements the company has made in this time. Obviously the new Sawmill at Bam, the upgrade at the Wood Processing Centre at 9 Mile and the new Administration office are major completions but there have been lots of important small things as well such as new teachers houses and classrooms, delivery of water tanks and roads to villages that all contribute to our progress. I would like to congratulate our Managing Director Mike Janssen and his team for what they have achieved so far and while there is still much to do, if we can make the same progress or better over the next 12 months then I am sure that CBSFL will be well on its way to becoming an admired household name in PNG"

Rob de Fégely
Chairman