

7 November 2007

**COMPANY ANNOUNCEMENT****Willmott lodges Bidder's Statement for BioEnergy Shares**

Willmott Forests Limited (WFL) today lodged its Bidder's Statement with the ASIC for its off-market takeover offer (Offer) for all of the shares it does not already own in BioEnergy Australia Limited (BioEnergy).

Under WFL's Offer, BioEnergy shareholders will receive 1 WFL Share for every 4 BioEnergy Shares that they hold.

There are a number of compelling reasons why WFL believes it is in the BioEnergy shareholders' best interests to accept the Offer, including:

- BioEnergy shareholders will receive WFL Shares and become a shareholder in WFL, a company with a track record of delivering growth, profits and shareholders returns.
- It is unlikely that BioEnergy will be in a position to pay dividends to its shareholders in the foreseeable future. However, BioEnergy shareholders who accept the Offer will participate in dividends payable by WFL to WFL shareholders in the future.
- The Offer Consideration (1 WFL Share for every 4 BioEnergy Shares) provides a 7 cent premium to the net tangible asset value (33 cents) of BioEnergy Shares.
- BioEnergy Shares cannot be traded on the ASX or any other financial exchange. WFL Shares are traded on the ASX.
- BioEnergy will benefit from additional management and operational support provided by WFL for future growth.
- BioEnergy has insufficient working capital to complete its scheduled sales planting in 2007 without a further capital injection.

Marcus Derham, CEO said *"WFL's offer should be highly attractive to BioEnergy shareholders representing a significant premium to net tangible assets, liquidity and the opportunity to share in the attractive future of WFL including any future dividends"*.

The Bidder's Statement, which sets out full details of the Offer, is available on the ASX website or WFL's website ([www.willmottforests.com.au](http://www.willmottforests.com.au)). The Offer is expected to be dispatched to BioEnergy shareholders on 22 November 2007.

PLANT

MANAGE

HARVEST

PROCESS

SUPPLY

**Head Office**

249 Park Street (Locked Bag 4011)  
South Melbourne VIC 3205  
Telephone (03) 9696 1355  
Facsimile (03) 9696 5567  
Toll Free 1800 801 866

**Timber Products**

1 Sandy Lane (PO Box 146)  
Bombala NSW 2632  
Telephone (02) 6458 3489  
Facsimile (02) 6458 3756  
Toll Free 1800 805 840

**Forestry Operations**

Corrowidgen Road (PO Box 23)  
Delegate NSW 2633  
Telephone (02) 6459 8888  
Facsimile (02) 6459 8899



**About Willmott Forests**

WFL is an integrated forestry company that plants, manages, harvests, processes and supplies plantation timber products for domestic and export markets.

A Quality Endorsed Company with total assets in excess of \$260 million, WFL manages 35,000 hectares of commercial plantations throughout New South Wales and Victoria and produces a wide range of softwood timber products from its timber processing operations in Bombala NSW.

**About BioEnergy**

BioEnergy is the parent entity of BioForest Limited, an emerging player in the forestry MIS market. BioForest Limited is involved in producing high grade timber for the Australian veneer market, renewable fuels, green energy and carbon credits from its timber plantations.

For further information please contact:  
Marcus Derham - Chief Executive Officer  
Willmott Forests Limited  
Ph: 03 9696 1355



# **Willmott** Forests

## **Bidder's Statement and Offer for Your BioEnergy Shares**

### **IMPORTANT NOTICE**

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should contact your financial adviser or legal adviser immediately.

## **IMPORTANT INFORMATION**

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This Bidder's Statement is issued by WFL under Part 6.5 of the Corporations Act and is given to all shareholders in BioEnergy other than WFL.

This Bidder's Statement includes an Offer to acquire Your BioEnergy Shares and also sets out certain disclosures required by the Corporations Act.

This Bidder's Statement is dated 7 November 2007 and was lodged with ASIC on that date. The Offer opens on 22 November 2007 and closes on 3 January 2008 (unless the Offer is extended).

Neither ASIC nor its officers take any responsibility for the content of this Bidder's Statement.

### **Investment decision**

In preparing this Bidder's Statement, WFL has not taken into account the individual objectives, financial situation or needs of individual BioEnergy Shareholders. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your financial or other professional adviser.

### **Forward looking statements**

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry within which WFL and BioEnergy operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of WFL, the officers of WFL, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement. Any forward looking statement contained in this Bidder's Statement is qualified by this cautionary statement.

### **Defined terms**

A number of defined terms are used in this Bidder's Statement. These terms are defined in Section 12. Where relevant, other words and phrases in this Bidder's Statement have the same meaning and interpretations as in the Corporations Act.

Unless the context otherwise requires, a reference to "Section" is to a section of this Bidder's Statement.

### **Ineligible Foreign Shareholders**

Ineligible Foreign Shareholders who accept this offer will not be entitled to receive WFL Shares (unless WFL determines otherwise). Instead they will receive a cash amount calculated in accordance with Section 11.6. This Bidder's Statement does not constitute an offer to issue or sell any securities referred to in this Bidder's Statement in any jurisdiction in which the issue of such securities would be unlawful.

### **Privacy**

WFL has collected your information from the BioEnergy Share Register for the purpose of making this Offer and, if accepted, administering your holdings of BioEnergy Shares and issuing WFL Shares. The Corporations Act requires the names and addresses of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to WFL's related bodies corporate and external service providers for the purposes of the Offer, and may be required to be disclosed to regulators such as ASIC and ASX. If you would like details of your personal information held by WFL or its agents, please contact the WFL Offer Information Line.

### **Effect of WFL as a disclosing entity**

Due to the fact that WFL is offering WFL Shares as consideration for the acquisition of BioEnergy Shares, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of WFL Shares under sections 710 to 713 of the Corporations Act. WFL does not need to issue a separate prospectus for the offer of the WFL Shares as such offer is documented under this Bidder's Statement.

WFL is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and the WFL Shares that are offered under this Offer constitutes an offer of continuously quoted securities.

As a disclosing entity, WFL is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to WFL may be obtained from, or inspected at an ASIC office.

During the Offer Period, WFL will provide a copy of the following documents free of charge to anyone who asks for it:

- a) the annual financial report most recently lodged with ASIC by WFL;
- b) any half-year financial report lodged with ASIC by WFL after the lodgment of the annual financial report and before the lodgment of the copy of the Bidder's Statement with ASIC;
- c) any continuous disclosure notices given by WFL after the lodgment of that annual financial report and before the lodgment of the copy of the Bidder's Statement with ASIC; and
- d) WFL's constitution.

Requests for copies of these documents may be made by calling the WFL Offer Information Line.

WFL Shares have been quoted on ASX during the 12 months prior to the date of this Bidder's Statement. Like all listed companies, WFL is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of WFL's securities. A list of all documents lodged by WFL with ASX since the last annual report most recently lodged with ASIC by WFL is included in Annexure A.

For this reason, WFL is only required to disclose information in this Bidder's Statement that would usually be required where WFL Shares have been continuously quoted securities. Therefore, as WFL Shares are continuously quoted securities, the Bidder's Statement is only required to contain information in relation to the effect of the issue of WFL Shares and the rights and liabilities attaching to the WFL Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of WFL unless such information has been excluded from a continuous disclosure notice in accordance with the Listing Rules and it is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of such matters and the rights and liabilities attaching to the WFL Shares.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete.

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## KEY DATES AND CONTACTS

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### Key dates

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|   |                  |
|---|------------------|
| Date of announcement of Offer                                   | 23 October 2007  |
| Date of Bidder's Statement                                      | 7 November 2007  |
| Lodgement date with ASIC  | 7 November 2007  |
| Date Bidder's Statement served on BioEnergy                     | 7 November 2007  |
| Date Bidder's Statement is dispatched to BioEnergy Shareholders | 22 November 2007 |
| Offer Opens   | 22 November 2007 |
| Offer Closes<br><i>(Unless extended)</i>                        | 3 January 2008   |

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### Key contact details

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|                                    |   |
|------------------------------------|---|
| Address to return Acceptance Forms | Willmott Forests Limited<br>Locked Bag 4011<br>South Melbourne VIC 3205 |
| WFL Offer Information Line         | +61 3 9684 5094   |

## **LETTER FROM THE CHAIRMAN**

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Dear BioEnergy Shareholder,

### **Takeover bid for BioEnergy**

On behalf of Willmott Forests Limited, I am pleased to present you with this Offer to acquire all of Your BioEnergy Shares. WFL recently acquired relevant interests in 57.98% of all issued BioEnergy Shares. If the Offer is successful, WFL will ultimately increase its ownership interest in BioEnergy from 57.98% to at least 80% (and potentially 100%).

WFL is a publicly listed and quality endorsed company that establishes, manages, harvests, processes and supplies timber products from plantation grown resources on behalf of its growers and WFL Shareholders. WFL has been operating since 1980 and had total assets in excess of \$263 million as at 30 June 2007.

As an experienced and well respected operator in the area of forestry based managed investment schemes, WFL is in a position to enhance the BioEnergy business through increased timberlot sales, greater efficiency and cost savings in the areas of product distribution, finance, administration, forestry operations and compliance.

As a publicly listed company, WFL has direct access to capital markets, a strong balance sheet and a sound financial structure. Further information about WFL is set out in Sections 3 and 4.

BioEnergy's sole source of revenue is generated from timberlot sales via managed investment scheme offerings by its wholly owned subsidiary BioForest Limited. BioEnergy's objective in FY2007 was to achieve timberlot sales in excess of \$10 million. This has been achieved through the BioEnergy Group's association with WFL.

Since WFL's recent involvement with BioEnergy (which commenced via a share issue to WFL in March 2007), BioEnergy's timberlot sales have increased by over 300% in FY2007 (up to \$10.58 million from \$3.06 million in FY2006) principally due to WFL's support via its provision of loan funds and personnel. In fact, without WFL's involvement, it was anticipated that BioEnergy's timberlot sales would have only experienced a modest increase of some 2.65% over the previous year representing approximately \$80,000.

In order to meet its future obligations in the next 12 to 18 months, it is estimated that BioEnergy will require additional funding for land acquisition and working capital of up to approximately \$8 million. A portion of this has already been provided by WFL in the form of \$3.7 million in loan funds. However, the WFL Board are of the opinion that any further debt funding would be imprudent due to BioEnergy's inability to service a higher debt level at present. Upon the successful completion of this Offer, WFL intends to provide BioEnergy with additional funding to enable the business to grow and develop.

It is the opinion of the WFL Board that the expected cash inflows of BioEnergy will be less than the expected cash outflows and therefore, without any additional cash injection, BioEnergy will have difficulty in servicing its existing debts and meeting its obligations to general creditors.

### **What you will receive if you accept the Offer**

WFL is offering to acquire all of your BioEnergy Shares. Under the Offer, you will receive 1 fully paid WFL Share for every 4 BioEnergy Shares you hold.

I encourage you to accept this Offer, which is scheduled to close on 3 January 2008 (unless the Offer is extended). To accept this Offer, please follow the instructions on the accompanying Acceptance Form.

To those BioEnergy Shareholders who accept the Offer and therefore receive WFL Shares as offered in this Bidder's Statement, I welcome you as a shareholder in WFL.

Yours sincerely,

**James Higgins**  
Chairman  
Willmott Forests Limited

## **WHY YOU SHOULD ACCEPT THIS OFFER**

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1. **In exchange for Your BioEnergy Shares, you will receive WFL Shares and become a shareholder in a company with a track record of delivering growth, profits and shareholder returns.**
2. **It is unlikely that BioEnergy will be in a position to pay dividends to BioEnergy Shareholders in the foreseeable future. However, as a WFL Shareholder, you will participate in dividends payable by WFL to WFL Shareholders in the future.**
3. **The Offer Consideration (1 WFL Share for every 4 BioEnergy Shares) will provide you with a 7 cent premium to the net tangible asset value (33 cents) of Your BioEnergy Shares.**
4. **Your BioEnergy Shares cannot be traded on the ASX or any other financial exchange. If you accept this Offer, you will be able to trade your WFL Shares on the ASX.**
5. **BioEnergy will benefit from additional management and operational support provided by WFL for future growth.**
6. **You will not incur any brokerage fees by accepting the Offer (unless you are an Ineligible Foreign Shareholder).**
7. **If you accept the Offer you may be eligible for capital gains tax rollover relief.**
8. **BioEnergy has insufficient working capital to complete its scheduled sales planting in 2007 without a further capital injection from WFL based on the following reasons:**

- a) The actual cash received by BioEnergy for each timberlot sold at \$5,000 (net of GST) is not sufficient to cover:
  - acquisition of land;
  - cost of planting;
  - sales and marketing costs; and
  - administration costs.

The total sum of the four items above is greater than the total amount of revenue BioEnergy would receive from the sale of timberlots. Therefore, BioEnergy requires additional capital to support its 2007 sales.

- b) BioForest Limited, a subsidiary entity of BioEnergy, has a custodial arrangement with Australian Executor Trustees Limited ABN 84 007 869 794. The custodial arrangement currently provides a funding gap between the time BioEnergy requires cash to acquire land and the time when the custodian will release the cash to BioEnergy.
- c) At present, there is no suitable land via lease facility available for the BioEnergy Group's operations due to its small size and scale. Currently, the BioEnergy Group does not have the necessary cash to acquire land suitable for its operations at the full purchase price of such land.
- d) BioEnergy requires further cash to pay for the maintenance of the plantations under management from previous offerings in 2005 and 2006. This needs to be funded from current cash reserves as no cash or income will be available from any harvesting activity for some years in the future.
- e) BioEnergy will have taxation due and payable in December 2007 of approximately \$1.9m. This is due to 2007 sales under current taxation legislation being treated as FY2007 taxable income even though they are not treated as accounting income in FY2007.
- f) Over the past year, BioEnergy has obtained short term loans from WFL to fund BioEnergy's operating costs. There is an aggregate amount of \$3.7 million outstanding from these loans and the final repayment date of this amount is currently due on 15 December 2007.

- g) BioEnergy has no cash provision for the investigation or development of a BioEnergy plant to purchase any of the harvesting of she-oak.
- h) The expected total cash inflows of BioEnergy are less than the expected total cash outflows and therefore, without any additional cash injection, it is the opinion of the WFL Board that BioEnergy will be in a cash deficient position by end of December 2007.

## 1 SUMMARY OF THE OFFER

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|   |  |
|---|--|
| <b>What choices do I have as a BioEnergy Shareholder?</b> | <p>As a BioEnergy Shareholder, you have the following choices in respect of Your BioEnergy Shares:</p> <ul style="list-style-type: none"><li>• Accept the Offer; or</li><li>• Do nothing.</li></ul>  |
| <b>The Offer</b>  | <p>WFL is offering to acquire all BioEnergy Shares (other than those currently held by WFL).</p>   |
| <b>Consideration</b>                                      | <p>WFL is offering 1 WFL Share for every 4 BioEnergy Shares you hold on the terms and conditions set out in this Bidder's Statement. These WFL Shares will in all respects rank equally with all other ordinary WFL shares currently on issue.</p>   |
| <b>Offer Period</b>                                       | <p>The Offer Period will commence on 22 November 2007 and will close on 3 January 2008. The Offer Period can be extended by WFL as permitted by the Corporations Act.</p>  |
| <b>Conditions to the Offer</b>                            | <p>The Offer is for all of Your BioEnergy Shares and is subject to the Defeating Conditions (see Section 10.10). If the Defeating Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse.</p>   |
| <b>How do I accept the Offer?</b>                         | <p>To accept the Offer, you should follow the instructions set out in Section 10.6 and on the enclosed Acceptance Form. To be effective, your acceptance must be received by WFL before the end of the Offer Period.</p>   |
| <b>Can I accept the Offer for part of my holding?</b>     | <p>No. You cannot accept for part of your holding. You may only accept the Offer for all of Your BioEnergy Shares.</p>   |
| <b>No brokerage fees</b>                                  | <p>You will not pay any brokerage fees on accepting this Offer.</p>  |
| <b>Can I withdraw my acceptance?</b>                      | <p>You cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such withdrawal right will arise if, after you accept the Offer:</p> <ul style="list-style-type: none"><li>• the Offer is subject to a Defeating Condition;</li><li>• WFL varies the Offer in a way that postpones for more than 1 month the time when WFL has to meet its obligations under the Offer; and</li><li>• an accepting BioEnergy Shareholder is entitled to be given a notice of variation under subsection 650D(1) of the Corporations Act.</li></ul> |
| <b>What happens if I do not accept the Offer?</b>         | <p>If you do not accept the Offer but WFL becomes entitled to compulsorily acquire Your BioEnergy Shares under the Corporations Act, it intends to do so. If WFL does not become entitled to compulsorily acquire Your BioEnergy Shares, you will remain a BioEnergy Shareholder and will not receive the Offer Consideration.</p>   |

**If I accept the Offer, when do I receive my WFL Shares?**

If you accept the Offer in accordance with the instructions contained in the Acceptance Form and the Offer becomes unconditional, you will be issued with WFL Shares in accordance with Section 10.9.

**Dividends**

If you accept this Offer, you will be eligible to receive any dividends payable by WFL while you remain a WFL Shareholder.

**Am I an Ineligible Foreign Shareholder?**

If you are a BioEnergy Shareholder whose address in the BioEnergy Share Register is not in Australia or New Zealand, you will be considered to be an Ineligible Foreign Shareholder (unless WFL determines otherwise, it being satisfied by the law of that jurisdiction that it is lawful, and not onerous, to make the Offer to that person and to issue them with WFL Shares and that it is lawful for that person to accept the Offer).

**Official quotation of WFL Shares**

WFL has been admitted to the official list of ASX. WFL Shares of the same class as those to be issued as consideration under the Offer have been granted official quotation and are currently traded on the ASX.

An application will be made to ASX within 7 days after the start of the Bid Period for the granting of official quotation of the WFL Shares to be issued as Offer Consideration.

**Further information**

If you have questions in relation to the Offer, please call the WFL Offer Information Line.

**What you should do next before you choose whether to accept the Offer**

- Step 1: Read the entire Bidder's Statement carefully. (The information in this Section is a summary only of the Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement).
- Step 2: Read the Target's Statement that BioEnergy will shortly be sending to you.
- Step 3: If you are in any doubt as to what to do, you should consult your financial or other professional adviser as soon as possible. If you have any queries about this document, the Offer or how to accept the Offer please contact the WFL Offer Information Line.
- Step 4: If you wish to accept this Offer, follow the steps in Section 10.6. Please return the Acceptance Form to WFL by using the reply paid envelope enclosed with this Bidder's Statement.

Alternatively, the mailing address is:

Willmott Forests Limited  
BioEnergy Takeover Bid  
Locked Bag 4011  
South Melbourne VIC 3205

## 2 VALUE OF BIOENERGY SHARES

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### 2.1 Summary

WFL is offering to acquire all of Your BioEnergy Shares. The Offer Consideration WFL will provide is 1 WFL Share for every 4 BioEnergy Shares you hold.

Assuming WFL's share price is \$1.60 (being the approximate weighted average of the last 180 days trading on the ASX before the date of this Bidder's Statement), the Offer Consideration is at a value deemed approximately to be 40 cents per BioEnergy Share.

### 2.2 WFL's interest in BioEnergy

As at the date of this Bidder's Statement:

- There are 7,243,939 BioEnergy Shares (being ordinary shares) on issue;
- WFL's voting power in BioEnergy was 57.98%; and
- WFL had a relevant interest in 4,200,000 BioEnergy Shares.

As at the date of the Offer:

- There are 7,243,939 BioEnergy Shares (being ordinary shares) on issue;
- WFL's voting power in BioEnergy was 57.98%; and
- WFL had a relevant interest in 4,200,000 BioEnergy Shares.

### 2.3 Valuation methodologies

The following valuation methodologies have been taken into account by the WFL Board in order to assess the current value of BioEnergy Shares:

- Discounted Cash Flow.
- Capitalised Future Maintainable Earnings.
- Net Tangible Assets.
- Reference to the most recent share dealing.

The Discounted Cash Flow (**DCF**) approach has been adopted by the WFL Board as the valuation method used to obtain an assessment of the fair market value of the BioEnergy Shares.

The DCF value was then compared with the Capitalised Future Maintainable Earnings (**CFME**) valuation methodology. The CFME methodology relies on using comparable companies' multiples of earnings before interest and taxes. However, due to the lack of comparable companies, the CFME approach was only used as a cross check. Additional cross checks were also performed by referencing the value to Net Tangible Assets (**NTA**) as at 30 June 2007, and by referencing the value to the price paid by WFL in its immediate past share dealing with BioEnergy which included a premium for control.

The most recent share dealing between WFL and BioEnergy was the issue of BioEnergy Shares to WFL in March 2007 at an issue price of 68 cents per BioEnergy Share, which included a premium for control. The WFL Board anticipates that any immediate sale of BioEnergy Shares would achieve a lesser price than which delivered control to WFL. The typical premium paid for control of a company of BioEnergy's size and financial situation would usually range between 25% and 40%. Therefore when applying this adjustment, a valuation of between 51 cents (25% discount) and 41 cents (40% discount) is obtained.

The following factors were also considered in determining the value of BioEnergy Shares:

- WFL already has a controlling interest in BioEnergy.
- There is no ready market for 'unlisted minority shareholdings' and therefore, reference to recent listed company transactions are irrelevant.

- At this stage, BioEnergy Shares have little marketability to anyone other than WFL given that any returns on BioEnergy Shares are subject, amongst other things, to WFL's existing management assistance and market.
- The assessment has considered and applied generally accepted valuation methodologies based on the proposed operations and activities of BioEnergy.
- BioEnergy relies on WFL for a large portion of its sales infrastructure, human resources and logistics support. Without WFL's support, BioEnergy would be compelled to increase its investment significantly in business infrastructure, including the sales and marketing area.

#### 2.4 Summary of range of values

The various methods that were used to assess the current value of BioEnergy have produced a range of values per BioEnergy Share as follows:

| Method  | Value  |
|---|--|
| Capitalised Future Maintainable Earnings (CFME) | Between 22 cents to 55 cents                     |
| Discounted Cash Flow (DCF)                      | Between 29 cents to 32 cents                     |
| Net Tangible Assets (NTA)                       | 33 cents   |
| Reference to most recent share dealing by WFL   | 41 cents to 51 cents<br>(net of control premium) |

#### 2.5 Reference data

Recent market information assessing the enterprise value of similar industry companies to BioEnergy has noted that an analysis of CFME multiples of 15 overseas listed companies produced a range of multiples during 2007 of 7.2 to 14.6 forecasts for 2008 of 5.8 to 10.7. A simple average of the 15 companies produced a multiple of 10.4 for 2007 and a multiple forecast of 8.2 for 2008. These companies had an average market capitalisation or enterprise value in excess of \$1 billion dollars each. Further:

- the majority of these companies are exposed to much larger European and North American markets; and
- due to macro-economic and other factors, listed companies exposed to the European and US markets generally trade on larger multiples than domestically focused Australian companies.

Listed company historical transaction evidence within Australia/NZ includes the following:

| Company Name        | Enterprise Value (EV) | Capitalised Future Maintainable Earnings (CFME) |
|---------------------|-----------------------|---|
| Auspine             | \$150 million         | Between 7.0 to 7.5.                             |
| Frenchpine          | \$33 million          | 5.5   |
| ITC Wood Processing | \$68 million          | 8.0   |

It is noted that each of the companies listed above are considerably larger than BioEnergy and have significantly more diversified operations than BioEnergy. It should be noted that WFL has had a recent EV/CFME multiple of 6.7.

Each company specified above is a listed entity which is mature in terms of its product life cycle and has reached self-sustainability. BioEnergy can claim none of these attributes in relation to striking a suitable EV/CFME multiple. Accordingly, the EV/CFME multiple for BioEnergy would need to be discounted to allow for the:

- lack of product maturity;
- lack of a fluid market place for BioEnergy Shares; and
- current and future need for capital support .

## 2.6 Value of the Offer compared with the trading history of WFL Shares

The table below sets out the implied value of the Offer assuming a range of different WFL Share prices. The implied value of the Offer will change during the Offer Period as the market value of the WFL Shares vary as they are traded on ASX.

| WFL Share Price<br>(example only) | Implied Value per BioEnergy Share at the Share Offer ratio of 1 WFL Share for every 4 BioEnergy Shares |
|-----------------------------------|--|
| 1.40                              | 35 cents   |
| 1.50                              | 37.5 cents   |
| 1.60                              | 40 cents   |
| 1.70                              | 42.5 cents   |

None of the WFL Share prices above may apply during the Offer Period, at the date of your acceptance of the Offer or at any future date.

The **latest** closing recorded sale price of WFL Shares on ASX before the date on which this Bidder's Statement was lodged with ASIC was \$1.53 on 6 November 2007.

The **highest** closing recorded sale price of WFL Shares on the ASX in the last 6 months before this Bidder's Statement was lodged with ASIC was \$1.85 on 17 May 2007.

The **lowest** closing recorded sale price of WFL Shares on the ASX in the last 6 months before this Bidder's Statement was lodged with ASIC was \$1.50 on 16 August 2007.

## **3 WILLMOTT FORESTS LIMITED**

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### **3.1 Introduction**

WFL is a publicly listed (ASX code: WFL), quality endorsed company that establishes, manages, harvests, processes and supplies timber products from plantation grown resources on behalf of its growers and shareholders. WFL has been operating since 1980 and directly employs over 120 people.

For many years, WFL has been a prolific developer of newly established softwood plantations in Australia and manages in excess of 35,000 hectares of softwood plantations, ranging from new plantings to mature trees. WFL currently conducts its softwood plantation operations in south east New South Wales (predominantly in the Bombala and Murray Valley regions) and throughout the major softwood growing regions of Victoria.

Plantation establishment throughout the year up to 30 June 2007 totalled 5,308 hectares which will be used to supply domestic and export markets into the future. All planting activities were completed on time and in accordance with WFL's contracted obligations and the Product Rulings issued by the Australian Taxation Office. All plantation maintenance works have been conducted in accordance with WFL's scheduled works program and WFL's commitment to research throughout the plantation estate was maintained throughout the year.

WFL's harvesting operations have continued in the Bombala region with logs being delivered to WFL's Sandy Lane Landscape Products Plant. Some logs have passed over the Eden Wharf bound for Asia making this WFL's first export operation.

Overall, WFL's fully integrated business comprises of downstream processing operations that focuses on landscape and fencing timber products for the Australian market. Over its history, WFL has continued to grow and remains an industry leader with an exemplary reputation in establishing and providing ongoing management of *pinus radiata* (softwood timber) plantations.

### **3.2 History**

In 1979, the late Hector Willmott founded the business now named after him. WFL continues to develop the vision of its founder by providing future generations of Australians with a sustainable supply of softwood timber products.

WFL has been involved in forest management since 1980. The longevity and success of WFL's business is particularly significant given the long life cycle of forestry products. Over its many years of experience, WFL has established long-standing and strong Government and community links.

### **3.3 Plantations**

WFL has been committed to establishing *pinus radiata* plantations for over 25 years and is recognised as a market leader in the proven and recognisable long term softwood plantation industry.

*Pinus radiata* is one of the most important tree species to the Australian forestry industry. Australia's softwood plantations represent a large national resource base that must be increased substantially in the future to ensure that benefits flow from the expanding national and international opportunities. These opportunities include import substitution and export to Asian markets and will be enhanced by the versatility of plantation-grown pine for a variety of fibre and wood products.

Some of the main driving forces behind WFL's decision to maintain its ongoing program for the establishment of *pinus radiata* plantations are as follows:

- Softwood, as an Australian industry, has a proven history of around 120 years.

- The genetics of the *pinus radiata* species are extremely well developed. Advances in development of this species continues across a wide range of industry groups throughout the world.
- *Pinus radiata* exhibits uniform growth rates on sites around Australia with a wide range of soil types, rainfall and exposure.
- *Pinus radiata* can produce wood to meet a wide range of market needs.
- *Pinus radiata* remains extremely competitive in commodity markets.

Upon successful completion of the Offer, WFL (through BioEnergy) intends to establish plantations of Silky Oak on the Central and North Coast of New South Wales for high quality veneer production and also She-Oak for wood pellets for biomass that can be converted into high density pellets for renewable energy.

This diversification is sensible from WFL growers' perspectives both in species and geographical location and is a logical entry for WFL into the exciting bio-energy market.

### **3.4 Managed investment projects**

WFL is a pioneer in forestry based managed investments. As a responsible entity, WFL controls a number of timberlot investment projects. Since 1980, WFL's investment offerings have given rise to over 35,000 hectares of softwood plantations throughout south east New South Wales and north east Victoria.

The Willmott Forests Project is a managed investment scheme which applies investors' funds into forestry projects conducted by WFL. The Willmott Forests Project was well received by WFL's dealer network and was highly rated by independent research houses Advisor Edge and Australian Agribusiness Group which has assisted in growing distribution channels throughout the year.

In 2007, WFL introduced a new product called Premium Forestry Blend. The Premium Forestry Blend combined the Willmott Forests Project with the BioForest Sustainable Timber and BioFuel Project and was particularly well received by WFL's dealer network. The Premium Forestry Blend product combines the three species of pine, she-oak and silky oak to create multiple income streams.

### **3.5 Timber processing**

WFL's timber processing operations are situated in Bombala, New South Wales and involves the processing, refinement and treatment of softwood timber. The softwood timber products produced by these milling operations include treated outdoor landscape and fencing products to service the domestic timber markets throughout New South Wales, the Australian Capital Territory and Victoria.

Plans are well developed to expand the Bombala timber processing operations and to develop a wood pellet plant in the Northern Rivers region of New South Wales.

Also, WFL recently announced its plans to significantly upgrade and expand the Sandy Lane site in a joint venture with its partner Dongwha Holdings, a global producer of value added wood products subject to securing a sufficient wood-supply. This project is expected to post a profit in its first full year of operations and projected to deliver a four year cash pay back on capital invested.

### **3.6 Quality system**

WFL maintains a documented quality system accredited under AS/NZS ISO 9001:2000 Quality Management Systems. Continuous improvement is achieved by regular management review meetings, internal and external audits, systematic reporting and monitoring and implementation of feedback from clients, suppliers and staff.

### 3.7 Environmental management

WFL takes into account labour standards and environmental, social and ethical considerations. WFL's environmental management policies operate in concert with its timber plantations practices code and plantation establishment plans.

WFL is involved with many industry associations and has in recent years, become a recognised key stakeholder in the development and implementation of the Code of Practice under the *NSW Plantations and Reafforestation Act 1999* that affects the plantation timber industry within New South Wales.

WFL's in-field operations cover a wide range of environmental activities including the control of salinity, erosion and applications of herbicides and fertilisers. WFL endeavours to adopt best practices in all plantation activities ensuring conformance with relevant Acts and Codes of Practices. WFL continues to be widely regarded as a leader in this field due to its commitment to maintain responsible forestry practices and sustainable resource management.

### 3.8 Advanced technology

The Private Plantation Management Information System (**PPMIS**) provides WFL with a 'state of the art' decision-support system. The system has been assembled and is operated by WFL and uses remote sensing satellite/aerial photography which is geo-referenced against a number of layers such as cadastre data (title boundaries, road infrastructure, etc), elevation and rainfall data.

The PPMIS assists WFL to:

- identify suitable land for plantations;
- evaluate properties prior to plantation establishment;
- streamline the approvals process for planning applications;
- prepare accurate allocation plans for growers;
- monitor existing plantation performance; and
- monitor contractor progress and performance.

The satellite technology is able to provide photographic evidence of any variations in plantation quality. This is a major advantage because such variations may not have been detected by human inspection techniques. As a result, WFL is able to identify, evaluate, monitor and, if required, act upon such variations to enhance plantation health and performance.

### 3.9 Regional development

Plantations can greatly assist regional development through the many socio-economic benefits that they bring to regional communities.

A recent study conducted by the Forest and Wood Products Research and Development Corporation in conjunction with the Bureau of Rural Sciences entitled *Socioeconomic Impacts of Plantation Forestry in the South West Slopes Region (NSW)* found that:

*"...Small towns with high levels of plantation sector employment experienced higher overall population growth, stronger growth in working age population, and more consistent growth in household income over 1996 to 2001 than other small towns in the region."*

The study also found that plantation forestry enhances social infrastructure and arrests rural decline where plantation resources reach critical mass and processing infrastructure are apparent.

WFL believes in assisting regional development in the regions in which it operates. WFL's long term commitment to the regions and the local communities in which it operates is evidenced by its:

- adherence to a strict Code of Forestry Practice;
- commitment to its Good Neighbour Initiative;
- policy to utilise and support local businesses and services and employ locally wherever possible;
- Forest Cadet Training and Employment Program and school industry partnership;
- status as an Industry Fire Brigade in cooperation with the Country Fire Authority; and
- membership of local Land Care Groups and support/sponsor many various community programs and activities.

### **3.10 Growth opportunities**

The WFL Board believe the company has a number of opportunities for continued growth.

The positive stance taken by the Commonwealth Government on the development and expansion of the timber plantation industry will assist WFL in taking advantage of its growth opportunities. In particular, the national plantations strategy known as *Plantations for Australia: The 2020 Vision* (1997 and the 2002 revision) have targeted a trebling of Australia's timber plantations between 1997 and 2020. To achieve this target, Commonwealth, State, Territory and Local Governments have undertaken to work together with industry to attract private investment.

As forestry is rapidly gaining acceptance in Australia as an alternative asset class, an increasing level of interest from investment markets is becoming evident and represents the key growth opportunities for WFL.

### **3.11 Corporate strategy and acquisitions**

WFL's strategic focus is to ensure that WFL continues to develop quality products in a vertically integrated forestry environment. A chain of custody approach with the continuous development of new managed investment scheme products for the funds management market will enhance Australia's plantation estate, foster environmental improvements and deliver sustainable returns to WFL Shareholders.

WFL embarked on a capital management strategy in FY2006 which was completed in early FY2007. A major component was the partial sale of WFL's loan book to MIS Funding No 1 Pty Ltd, a subsidiary of the Commonwealth Bank of Australia. Total receivables assigned under this arrangement were over \$90 million.

WFL's desire to develop sustainable markets for plantation wood waste and residues was greatly enhanced with two acquisitions undertaken throughout the year. These acquisitions are described below:

- **BioEnergy Group**

WFL acquired a 57.98% majority interest in BioEnergy, the holding company of BioForest Ltd in March 2007.

BioForest Ltd is an emerging player in the forestry MIS market that is involved in producing high grade timber for the Australian veneer market, renewable fuels, green energy and carbon credits for its timber plantations.

- **Ethanol Technologies**

WFL acquired a 51% interest in Ethanol Technologies Limited (**Ethtec**). Ethtec has a world-wide exclusive licence from Apace Research Limited to further develop and commercialise technologies for the production of ethanol from lignocellulosic material such as wood, bagasse (waste from sugar production), crop stubble and municipal green waste which are generally referred to as “cellulosic ethanol”.

Ethtec intends to build a pilot plant to demonstrate the commercial application of these technologies. WFL sees enormous potential to add value to the traditionally lower value wood products from both the forests floor and the sawmill, such as mill residues, wood waste, woodchips and potentially pulpwood logs.

### 3.12 Directors

#### **James William Antony Higgins - Chairman**

Mr Higgins has spent most of his professional life practising corporate and commercial law and has been involved in the legal aspects of managed investment schemes since 1981. He is currently self employed as the sole proprietor of James Higgins and Co. specialising in estate planning and commercial law. Previously, he worked as a Partner of Malesons Stephen Jaques from 1974 to 1998. Mr Higgins is currently a Member of the Compliance Committees of Legg Mason Asset Management Australia Ltd and National Mutual Funds Management Ltd and he is the Chairman of Secure Funding Pty Ltd. Mr Higgins has Bachelor of Laws and Master of Laws Degrees from the University of Melbourne. He is a Fellow of the Australian Society of Certified Practising Accountants and of the Australian Institute of Company Directors. He is a member of WFL's Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

#### **Marcus Derham - Chief Executive Officer**

Mr Derham has been involved in the forestry industry since 1985 at both middle and senior management level and has been the Chief Executive Officer of WFL since 1991. During that time he has dealt with all facets of practical forest management from site preparation through to utilisation. Mr Derham has been involved in the management and administration of all of WFL's projects since 1989 and forged a strong and cooperative relationship with numerous Government departments and agencies over the years. Mr Derham is affiliated with a number of industry associations. He is Chairman of an industry-based chapter of the Australian Forest Growers (AFG) called Treefarm Investment Managers Australia (TIMA), and is a Board member of the Australian Plantations Products and Paper Industry Council known as A3P. He is also a Government appointee to the NSW Forests and Forest Products Ministerial Advisory Council. Mr Derham holds a Certificate of Applied Management. He is also a Fellow of the Australian Institute of Management and the Australian Institute of Company Directors. He is a member of WFL's Nomination Committee and Remuneration Committee. Mr Derham is also a director of BioEnergy.

#### **Jonathan David Madgwick - Non-Executive Director**

Mr Madgwick has over 27 years experience in public practice accountancy and is a Chartered Accountant, registered company Auditor and registered Tax Agent. He graduated from the Royal Melbourne Institute of Technology in 1984 with a Bachelor of Business Degree with distinction. Mr Madgwick has been directly involved in an advisory capacity for WFL's commercial forestry projects since 1990, and a Non-Executive Board member of WFL since 1994. He has long been recognised by the plantation industry as being expert in taxation matters and has, on numerous occasions since 2001, represented the industry based chapter of the Australian Forest Growers (AFG) called Treefarm Investment Managers Australia (TIMA) with Treasury, the Australian Taxation Office and ASIC in successful negotiating and drafting the provisions regarding taxation treatment of forestry based managed investment schemes. Mr Madgwick is a member of the Willmott Forests Audit and Risk Management Committee and is the company's Professional Accountant and Company Secretary. Mr Madgwick is also a director of BioEnergy.

### **Hugh Thomas Davies** - *Non-Executive Director*

Mr Davies has been a practising solicitor since 1966. He currently works as a lawyer and mediator. He was formerly a Partner of Rigby Cooke solicitors from 1971 to 1995 and was Managing Partner of that commercial law firm from 1989 to 1995. Mr Davies holds qualifications in the development of quality systems and as a mediator in all court jurisdictions. He is a sessional member of the Victorian Civil and Administrative Tribunal, and a Government appointee to the Surveyors Registration Board of Victoria and Chairperson of the Fisheries Licensing Appeals Tribunal (Victoria). He graduated from the University of Melbourne with Bachelor of Laws and Bachelor of Arts degrees. He is Chairman of the WFL's Compliance Committee and Chairman of the WFL's Audit and Risk Management Committee.

### **3.13 Senior Executives**

#### **Antony Paul Spielvogel** - *Senior Executive - Sales & Marketing*

Mr Spielvogel joined WFL in 1997 after spending over nine years with Visy Industries Ltd in their Finance and Treasury operations. Prior to this he worked at National Australia Bank Ltd. in the Treasury department and spent over six years with CRA Ltd in its Business Analysis, Geology and Treasury operations. He is responsible for the development and national distribution of WFL's managed investment scheme products and the day-to-day management and expansion of its dealer network throughout Australia. Mr Spielvogel holds a Bachelor of Economics and a Bachelor of Science from Monash University and is a member of Finance & Treasury Association Limited.

#### **David Alan Smith** - *Senior Executive - Forestry Operations*

Mr Smith has been directly involved in all facets of pinus radiata plantation management since 1990 with WFL. In his role as Senior Executive for the Forestry Operations Department, Mr Smith manages the overall operations of plantation management. Prior to 1990 he was involved in the implementation and control of information systems and administration with CRA Ltd. His role with WFL is to control the day-to-day forestry operations and forestry related administration for all of its forestry projects. Mr Smith has completed the Advanced Diploma of Forestry at the University of Melbourne, School of Forestry, Creswick and is a member of the Australian Forest Growers (AFG), The Institute of Foresters of Australia and The Australian Institute of Management. Mr Smith is also a director of BioEnergy.

#### **Stephen Arrowsmith** - *Financial Controller*

Mr Arrowsmith's role as Financial Controller for WFL includes management and internal reporting requirements of all financial functions for the various business divisions, and a responsibility to ensure WFL and its subsidiaries comply with all statutory and taxation requirements. Mr Arrowsmith previously worked as Chief Financial Officer at Adecco (from 1993-2000), one of the largest personnel groups in the world, and as Chief Financial Officer (from 1987-1993) at Jon & Associates, a leading Engineering & Architectural contractor supply group in Australia and New Zealand. Mr Arrowsmith was recently instrumental in the successful implementation and delivery of WFL's capital management strategy which has positively transformed its managed investment scheme business model.

#### **John Rutledge** - *Senior Executive – Timber Processing & Sales*

Mr Rutledge is responsible for Willmott Timbers Pty Ltd, a wholly owned subsidiary of WFL, that is producing quality landscape products and sells these products through national distribution channels. Prior to joining WFL in 2005, Mr Rutledge held General Management and company secretarial positions with organisations in the biotechnology and telecommunications sectors. His 24 years of business experience also includes production, sales and financial positions with Amcor in Australia and manufacturing companies in the United Kingdom. He is also a director of Ethanol Technologies Ltd a company in which WFL holds a 51% controlling interest.

### **3.14 Corporate governance**

The WFL Board has adopted the ASX Principles of Good Corporate Governance and Best Practice Recommendations as part of its Corporate Compliance Policy and Directors Commitment Statement. WFL seeks to operate as a 'good corporate citizen' and in an open and transparent manner with its customers, suppliers, shareholders and staff.

The WFL Board oversees compliance with WFL's corporate governance policies and is responsible for providing strategic guidance to the business. Specifically, the WFL Board is responsible for:

- the strategic development of WFL;
- adherence to corporate and regulatory requirements;
- regular monitoring of the performance of executives and senior staff;
- the adoption of appropriate management and administrative systems; and
- the identification and application of appropriate risk management systems and compliance within the business.

The WFL Board has constituted the following committees to assist in the implementation of WFL's corporate governance practices, fiduciary and financial reporting and audit responsibilities:

- Audit & Risk Management Committee;
- Remuneration Committee;
- Nomination Committee; and
- Compliance Committee.

Each of these committees has its own charter that sets out each committee's roles and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate.

The WFL Board has also adopted a policy for staff share trading. Directors and executives are aware of their obligations to ensure that they do not communicate price sensitive information to any other person who is likely to buy or sell WFL Shares or communicate that information to another party.

WFL outlines its main corporate governance practices in its annual report, and addresses governance practices in the context of the specific principles articulated by the ASX Corporate Governance Council.

Further information can be obtained from the WFL website at [www.willmottforests.com.au](http://www.willmottforests.com.au).

### **3.15 Continuous disclosure and shareholder communication**

As an ASX listed entity, WFL is obliged to comply with the Listing Rules.

The WFL Board strongly believes that WFL Shareholders should be fully informed of all material matters that affect the company in accordance with its continuous disclosure obligations. Procedures are in place to review all information and to ensure all relevant information is immediately released to the market.

WFL's company secretary has been appointed as the person responsible for the communications with the ASX. All information that WFL releases to ASX is available on WFL's website for access by WFL Shareholders and the broader community. WFL Shareholders are also given the option to receive their copy of the WFL Annual Report and other announcements electronically.

### 3.16 Risk management

The WFL Board acknowledges its responsibility for monitoring potential risks and ensuring that significant risks are appropriately managed, whilst acknowledging that such risks may not be wholly eliminated.

Senior management is ultimately responsible and accountable for managing risk across the business, supported by the risk management function, which provides regular reports to the WFL Board. The risk management function ensures that adequate mechanisms are in place to identify, assess and manage strategic, financial, operational and regulatory risks and that corporate performance is reviewed across a broad range of issues.

### 3.17 Capital structure

There are 58,729,026 ordinary WFL shares on issue as at the date of this Bidder's Statement. There are also 400,000 WFL preference shares (**PINES**) on issue.

The directors of WFL and their associates in aggregate currently hold 45.96% of the issued ordinary share capital of WFL and hold 1,500 of the 400,000 preference shares on issue.

### 3.18 WFL substantial shareholders

The table below represents the top 20 holders of WFL Shares as at the date of this Bidder's Statement.

|    | Shareholder  | Number of WFL Shares | Percentage    |
|----|--|----------------------|---------------|
| 1  | Nanmar Pty Ltd   | 26,627,466           | 45.34%        |
| 2  | National Nominees Limited                              | 4,205,776            | 7.16%         |
| 3  | Citicorp Nominees Pty Limited CFS Developing Companies | 3,187,863            | 5.43%         |
| 4  | Citicorp Nominees Pty Limited CFS W/Sales GBL Res Fund | 2,251,602            | 3.83%         |
| 5  | UBS Nominees Pty Ltd                                   | 2,197,453            | 3.74%         |
| 6  | JP Morgan Nominees Australia Limited                   | 1,250,178            | 2.13%         |
| 7  | Queensland Investment Corporation                      | 909,928              | 1.55%         |
| 8  | HSBC Custody Nominees (Australia) Limited-GSI ECSA     | 852,029              | 1.45%         |
| 9  | Armada Trading Pty Ltd                                 | 812,058              | 1.38%         |
| 10 | Citicorp Nominees Pty Limited                          | 669,637              | 1.14%         |
| 11 | MF Custodians Ltd                                      | 620,735              | 1.06%         |
| 12 | Citicorp Nominees Pty Ltd Cwlth Bank Off Super         | 550,000              | 0.94%         |
| 13 | HSBC Custody Nominees (Australia) Limited              | 476,402              | 0.81%         |
| 14 | ANZ Nominees Limited Cash Income                       | 391,540              | 0.67%         |
| 15 | Dixson Trust Pty Limited                               | 367,700              | 0.63%         |
| 16 | Utopia Land Company Pty Ltd                            | 330,000              | 0.56%         |
| 17 | Invia Custodian Pty Limited Fletcher Family S/Fund     | 287,700              | 0.49%         |
| 18 | Custodial Ltd  | 274,256              | 0.47%         |
| 19 | Mr Ian Cairns  | 232,622              | 0.40%         |
| 20 | Equity Trustees Limited James Gardiner TRU 1020        | 224,446              | 0.38%         |
|    | <b>Total</b>   | <b>46,719,391</b>    | <b>79.56%</b> |

Further information can be obtained from ASX (Code: WFL) at [www.asx.com.au](http://www.asx.com.au) or the WFL website at [www.willmottforests.com.au](http://www.willmottforests.com.au).

### 3.19 Summary of PINES terms

Currently WFL has on issue 2 classes of shares – ordinary shares (WFL Shares) and preference shares.

The table below provides a summary of the terms and rights attaching to the 400,000 preference shares (PINES) currently on issue in WFL. In certain circumstances, PINES rank ahead of WFL Shares. PINES are currently quoted on the ASX. This information is a

summary only. The detailed terms of issue are contained in the WFL prospectus dated 13 October 2004 which can be located on the WFL website.

|                        |  |
|------------------------|--|
| Dividend Rate          | A preferential, non-cumulative dividend fixed until the first reset date (30 September 2009) equal to 7.0% per annum fully franked.  |
| Franking               | <p>WFL expects, but has not guaranteed, that dividends on PINES will be fully franked.</p> <p>If a dividend is unfranked or partially franked, the dividend will be increased to compensate for the unfranked amount to ensure the dividend rate is equivalent to 10% pre tax per annum.</p> <p>The dividends on PINES must be franked to the same percentage as any dividends on WFL Shares during the same franking period.</p>  |
| Dividend Payment Dates | <p>Until the first reset date (30 September 2009), dividends on PINES will be payable semi-annually in arrears on 30 September and 31 March.</p> <p>Payment of dividends is subject to the WFL Board determining a dividend to be payable, WFL having profits to pay the dividend and there being no legal impediment to the payment of the dividend.</p>  |
| Reset Dates            | The first reset date is 30 September 2009. On any reset date, WFL may, amongst other things, determine the next reset date, and change the dividend rate and the timing of dividend payments.  |
| Holder Exchange        | <p>PINES holders may request an “exchange” on any reset date, any dividend payment date or on an occurrence of a trigger event. Where a PINES holder elects for an exchange, WFL must do one (or a combination) of the following (as determined by WFL):</p> <ul style="list-style-type: none"> <li>• Convert the PINES into the number of WFL Shares in accordance with the terms of issue of PINES;</li> <li>• Repurchase the PINES for the ‘Repurchase Amount’ (as defined in the PINES prospectus); or</li> <li>• arrange for a third party to acquire the PINES from the PINES holder.</li> </ul> |
| Redemption Rights      | A PINES holder may not request redemption. However, PINES may be exchanged, bought back or redeemed at the election of WFL in accordance with the terms of issue of PINES, the Corporations Act and the Listing Rules.   |
| Ranking                | <p>PINES issued will rank equally among themselves in all respects.</p> <p>Dividends on PINES will be paid in priority to any dividends on WFL Shares.</p> <p>The WFL Shares issued on conversion of the PINES will rank equally with existing fully paid WFL Shares.</p> <p>In the unlikely event of a winding up of WFL, PINES will rank for repayment behind all creditors of WFL, but ahead of WFL Shares.</p>   |
| Voting Rights          | <p>Holders of PINES do not have a right to vote at general meetings of WFL, except in limited circumstances.</p> <p>Those limited circumstances include, for example, a proposal by WFL to reduce its share capital, a proposal that affects the rights attached to PINES or if a dividend has not been paid in full.</p>  |

## 4 FINANCIAL INFORMATION OF THE WFL GROUP

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### 4.1 Historical financial information of WFL Group

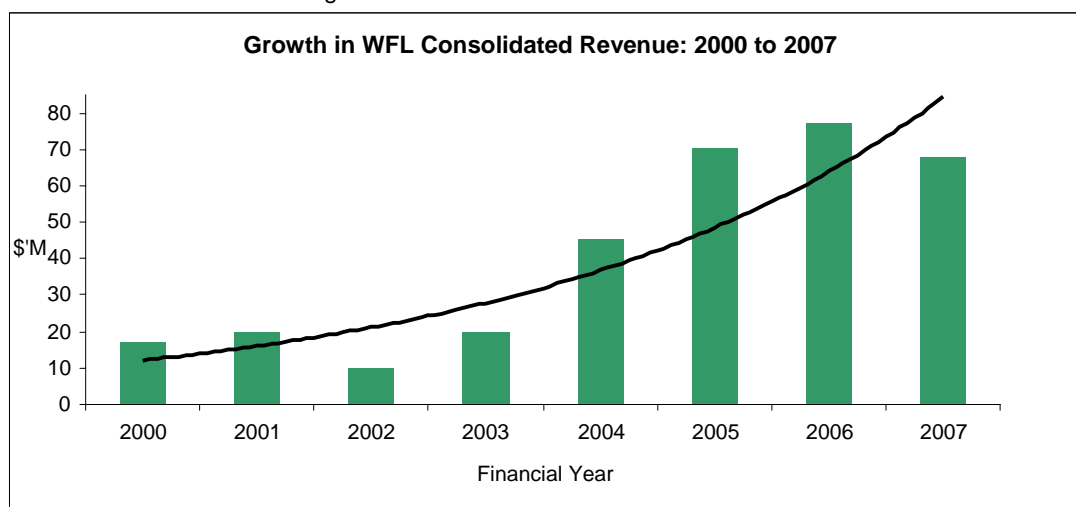
The financial information represents the financial accounts for the WFL Group for the financial periods described below. The notes to the accounts can be found in the WFL annual reports for those periods. The financial information below is a summary only and does not reflect any impact of the Offer.

### 4.2 Balance sheets and income statements for WFL

| <b>Balance Sheets: as at</b>         | <b>30 June 2007</b> | <b>30 June 2006</b> |
|--------------------------------------|---------------------|---------------------|
|                                      | \$                  | \$                  |
| <b>Current Assets</b>                |                     |                     |
| Cash and cash equivalents            | 46,200,231          | 12,913,362          |
| Trade and other receivables          | 30,188,046          | 101,124,331         |
| Inventories                          | 2,037,746           | 2,720,692           |
| Deferred tax asset                   | 11,781,019          | 10,181,382          |
| Prepayments                          | 6,155,484           | 5,855,996           |
| <b>Total Current Assets</b>          | <b>96,362,526</b>   | <b>132,795,763</b>  |
| <b>Non-Current Assets</b>            |                     |                     |
| Trade and other receivables          | 56,233,916          | 71,071,271          |
| Financial assets                     | 840,636             | 1,001,047           |
| Property, plant and equipment        | 88,595,373          | 72,966,903          |
| Biological assets                    | 8,113,082           | 6,831,312           |
| Intangibles                          | 2,693,637           | 1,461,061           |
| Deferred tax assets                  | 350,694             | 945,478             |
| Prepayments                          | 9,831,817           | 3,993,401           |
| <b>Total Non-Current Assets</b>      | <b>166,659,155</b>  | <b>158,270,473</b>  |
| <b>TOTAL ASSETS</b>                  | <b>263,021,681</b>  | <b>291,066,236</b>  |
| <b>Current Liabilities</b>           |                     |                     |
| Accounts payable                     | 17,733,579          | 14,610,773          |
| Borrowings                           | 3,109,175           | 3,326,190           |
| Deferred tax liabilities             | 1,598,496           | 1,335,582           |
| Provisions                           | 46,415,214          | 37,751,007          |
| <b>Total Current Liabilities</b>     | <b>68,856,464</b>   | <b>57,023,552</b>   |
| <b>Non-Current Liabilities</b>       |                     |                     |
| Borrowings                           | 77,896,382          | 122,559,521         |
| Deferred tax liabilities             | 2,386,233           | 1,701,748           |
| Provisions                           | 18,781,021          | 20,236,104          |
| <b>Total Non-Current Liabilities</b> | <b>99,063,636</b>   | <b>144,497,373</b>  |
| <b>TOTAL LIABILITIES</b>             | <b>167,920,100</b>  | <b>201,520,925</b>  |
| <b>NET ASSETS</b>                    | <b>95,101,581</b>   | <b>89,545,311</b>   |
| <b>Equity</b>                        |                     |                     |
| Contributed equity                   | 54,217,717          | 53,650,259          |
| Retained earnings                    | 38,124,062          | 35,890,360          |
| Minority equity Interest             | 2,759,802           | 4,692               |
| <b>TOTAL EQUITY</b>                  | <b>95,101,581</b>   | <b>89,545,311</b>   |

| Income Statements: as at                                   | 30 June 2007      | 30 June 2006      |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Revenue from ordinary activities                           | 70,315,729        | 77,246,962        |
| Changes in inventories of finished goods and WIP           | (651,975)         | (2,015,626)       |
| Saw mill materials and consumables                         | 10,379,096        | 13,850,420        |
| Personnel expenses   | 12,152,437        | 12,292,241        |
| Depreciation and amortisation                              | 1,981,648         | 1,845,789         |
| Borrowing cost expenses                                    | 6,132,199         | 9,114,673         |
| Timberlot marketing expenses                               | 9,258,541         | 7,109,062         |
| Forestry management expenses                               | 11,444,170        | 12,599,303        |
| Other expenses from ordinary activities                    | 6,818,646         | 6,946,562         |
| Non-recurring cost of impairment                           | -                 | 2,875,779         |
| <b>Profit before income tax expense</b>                    | <b>12,800,967</b> | <b>12,628,759</b> |
| Income tax expense attributable to ordinary activities     | 4,414,857         | 4,536,715         |
| <b>Profit from continuing operations</b>                   | <b>8,386,110</b>  | <b>8,092,044</b>  |
| Profit /(loss) attributable to minority equity interest    | 279,506           | (155)             |
| <b>Profit attributable to members of the parent entity</b> | <b>8,106,604</b>  | <b>8,092,199</b>  |
| Share transaction costs recognised directly to equity      | -                 | 514,627           |
| <b>Total recognised income and expense for the year</b>    | <b>8,106,604</b>  | <b>7,577,572</b>  |

The table below illustrates the growth in WFL's consolidated revenue from 2000 to 2007:



Note: The 2007 and 2006 financial years reflect accounts prepared in accordance with AIFRS, with the prior years reflecting accounts prepared in accordance with the Australian generally accepted accounting principles at the relevant time.

## **5 BIOENERGY AUSTRALIA LIMITED**

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The following information about BioEnergy has been prepared by WFL using public information relating to BioEnergy and other information provided by BioEnergy and has not been independently verified. Accordingly, WFL does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. Further information relating to BioEnergy's business will be included in the Target's Statement to be issued by BioEnergy in response to this Bidder's Statement.

### **5.1 Overview of BioEnergy**

BioEnergy has developed a forestry/renewable energy model and process that is unique in the market today. BioEnergy has developed a system whereby a renewable energy fuel resource and a quality wood resource for charcoal can be delivered to the market within 2 to 3 years of planting and a quality sawn wood product can be delivered at shorter rotations of 10 to 15 years. This process provides a dual income to investors.

The BioEnergy biofuel story is significantly different and has an entirely different rationale than traditional biomass to energy options. Traditionally, biomass to energy projects have been constructed around a supposed waste biomass resource such as sugar cane trash. There have been failures which could be attributed to a whole range of factors such as poor management, plant configuration, plant efficiencies, and materials handling inefficiencies, fuel stock type, calorific value and supply of fuel stock (sugar cane trash is only available 5 months of the year). However, BioEnergy has built a model that addresses and refines all these issues:

- She-oak has a uniform calorific value (the only known tree species where the leaves, bark and branchettes have the same calorific value as the wood). She-oak has a high bulk density when billeted, improving transport costs.
- The BioEnergy model has low cost of harvesting, handling and transportation utilizing existing technology and infrastructure (modelled on sugar cane industry). The model is able to supply continuous uninterrupted fuel resource.

Importantly, the BioEnergy model is different in that "growers" are not reliant on one particular biofuel market. BioFuel harvests can be utilised for the following:

- charcoal;
- compressed charcoal ( from waste);
- char (agri carbon product);
- renewable energy;
- medium density fibre board raw material supply; or
- a combination of any of the above

### **5.2 Directors**

As at the date of this Bidder's Statement, there are five directors of BioEnergy. They are:

- Jonathan Madgwick – Chairman;
- David Smith – Managing Director
- Marcus Derham;
- Simon Ackland; and
- Ian Bond.

Messrs Madgwick and Derham are also directors of WFL. Mr Smith is also a senior executive of WFL.

At the date of this Bidder's Statement neither of Messrs Madgwick, Derham or Smith, nor the other directors of WFL (nor any of their associates) hold BioEnergy Shares. WFL currently holds 57.98% of all issued BioEnergy Shares.

### 5.3 Historical financial information of the BioEnergy Group

The financial information represents the financial accounts for the BioEnergy Group for the financial periods described below. The notes to the accounts can be found in the BioEnergy annual reports for those periods. The financial information below is a summary only and does not reflect any impact of the Offer.

The table below includes a balance sheet up to 30 June 2007 only. The "Current Liabilities" section in the 30 June 2007 Balance Sheet does not include the additional \$3 million loan subsequently provided by WFL to BioEnergy on 7 August 2007.

| <b>Balance Sheets: as at</b>         | <b>30 June 2007</b> | <b>30 June 2006</b> |
|--------------------------------------|---------------------|---------------------|
|                                      | \$                  | \$                  |
| <b>Current Assets</b>                |                     |                     |
| Cash and cash equivalents            | 7,513,112           | 3,513,126           |
| Trade and other receivables          | 5,114,042           | 145,434             |
| Deferred tax asset                   | 3,433,866           | -                   |
| Prepayments                          | 1,998,443           | 909,800             |
| <b>Total Current Assets</b>          | <b>18,059,463</b>   | <b>4,568,360</b>    |
| <b>Non-Current Assets</b>            |                     |                     |
| Property, plant and equipment        | 2,781,715           | 35,971              |
| Biological assets                    | 30,304              | 30,304              |
| Deferred tax assets                  | 3,835               | 645,626             |
| Other                                | -                   | 10,050              |
| <b>Total Non-Current Assets</b>      | <b>2,815,854</b>    | <b>721,951</b>      |
| <b>TOTAL ASSETS</b>                  | <b>20,875,317</b>   | <b>5,290,311</b>    |
| <b>Current Liabilities</b>           |                     |                     |
| Accounts payable                     | 3,283,686           | 1,533,642           |
| Borrowings                           | 700,000             | -                   |
| Deferred tax liabilities             | 583,936             | 265,939             |
| Provisions                           | 13,366,965          | 3,041,388           |
| <b>Total Current Liabilities</b>     | <b>17,934,587</b>   | <b>4,840,969</b>    |
| <b>Non-Current Liabilities</b>       |                     |                     |
| Provisions                           | 12,784              | -                   |
| <b>Total Non-Current Liabilities</b> | <b>12,784</b>       | <b>-</b>            |
| <b>TOTAL LIABILITIES</b>             | <b>17,947,371</b>   | <b>4,840,969</b>    |
| <b>NET ASSETS</b>                    | <b>2,927,946</b>    | <b>449,342</b>      |

|                     |                  |                |
|---------------------|------------------|----------------|
| <b>Equity</b>       |                  |                |
| Contributed equity  | 5,539,707        | 2,411,244      |
| Accumulated losses  | (2,611,761)      | (1,961,902)    |
| <b>TOTAL EQUITY</b> | <b>2,927,946</b> | <b>449,342</b> |

| <b>Income Statements: as at</b>                  | <b>30 June 2007</b> | <b>30 June 2006</b> |
|--|---------------------|---------------------|
|  | <b>\$</b>           | <b>\$</b>           |
| Revenue  | 2,593,070           | 695,633             |
| Personnel expenses                               | 1,058,674           | 331,713             |
| Consultancy expenses                             | 577,805             | 246,879             |
| Borrowing costs expense                          | 77,539              | 29,353              |
| Timberlot marketing expenses                     | 754,787             | 113,089             |
| Property expense                                 | 68,521              | 34,666              |
| Insurance expense                                | 70,117              | 30,595              |
| Forestry management expense                      | 614,247             | 422,386             |
| Other expenses from ordinary activities          | 300,231             | 122,997             |
| <b>Profit / (Loss) before income tax expense</b> | <b>(928,851)</b>    | <b>(636,045)</b>    |
| Income tax benefit / (expense)                   | 278,992             | 379,687             |
| <b>Net Profit / (Loss)</b>                       | <b>(649,859)</b>    | <b>(256,358)</b>    |

## **6 WFL'S POST-TAKEOVER INTENTIONS FOR BIOENERGY**

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### **6.1 Overview**

This Section sets out WFL's intentions in relation to BioEnergy on the basis of the facts and information concerning BioEnergy, its business and the general business environment which are known to WFL at the time of preparing this Bidder's Statement. Final decisions will only be reached by WFL after considering material information and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intention only and accordingly may vary as new information becomes available or circumstances change.

### **6.2 WFL's intention upon acquisition of 90 % or more of BioEnergy shares**

This Section describes WFL's intentions if, as a result of the Offer, WFL acquires a relevant interest in 90% or more BioEnergy Shares.

#### **Corporate matters**

WFL intends to:

- proceed to compulsorily acquire the outstanding/remaining BioEnergy Shares in accordance with Part 6A.1 of the Corporations Act; and
- inject sufficient capital to enable BioEnergy to implement its land acquisition program and to meet its capital requirements for financial year 2008.

#### **General operational review**

At the end of the Offer Period, WFL intends to conduct a further immediate and broad review of the BioEnergy Group's operations on a strategic and financial level to:

- evaluate the BioEnergy Group's performance, profitability and prospects; and
- develop a clear business plan for the effective integration of the BioEnergy Group and its business with WFL.

As part of this review, the WFL Board will consider strategies to assist the BioEnergy Group with issues such as the acquisition of land, planting, administration, sales and marketing. This may include, amongst other things, a capital injection from WFL as opposed to providing further loan facilities to BioEnergy.

#### **Management and employees**

To the extent that certain activities and functions, presently carried out by BioEnergy and WFL (including certain corporate functions and the provisions of specialist technical or professional services) will be duplicated in the future, such duplications will be eliminated where it is economically efficient to do so.

From an organisational perspective, it is anticipated that the BioEnergy Group's assets would be combined with the forest products business of WFL.

The head office of the Consolidated Group will be located in Melbourne, Victoria. WFL intends to fully integrate the existing BioEnergy management and employees into the WFL business and welcome them to facilitate growth opportunities.

### **6.3 Tax consolidation upon acquisition of 100% of BioEnergy Shares**

If WFL acquires 100% of the BioEnergy Shares it will be required to consolidate, for Australian tax purposes, BioEnergy and the 100% owned Australian entities of the BioEnergy Group. WFL intends to conduct a detailed review of the application of the tax consolidation legislation to BioEnergy if it controls 100% of BioEnergy. Potential issues to be addressed in the review

are the availability of tax losses for the tax consolidated group and the impact of resetting tax costs of BioEnergy's assets, including depreciable assets.

The assessment of any benefits, or costs, of including BioEnergy in the WFL tax consolidated group will depend upon, amongst other things, the detailed information to be provided by BioEnergy and discussions with BioEnergy management. Any quantification of these benefits and costs at this time without access to the detailed information would be speculative.

If WFL does not acquire 100% of BioEnergy's Shares it will not be able to consolidate the BioEnergy Group into the WFL Group for tax purposes.

#### **6.4 WFL's intention if it acquires less than 90% of BioEnergy Shares**

If WFL does not become entitled to compulsorily acquire all outstanding BioEnergy Shares because it has acquired less than 90% of the BioEnergy Shares, WFL intends to:

- (a) exercise general compulsory acquisition rights under the Corporations Act if WFL becomes entitled to do so at some later time;
- (b) review the financial and operating policies of BioEnergy through its nominees on the board of BioEnergy, to ensure that these are appropriate; and
- (c) seek to implement such of the intentions detailed in Section 6.2 as are consistent with BioEnergy being a controlled entity of WFL but not a wholly-owned subsidiary.

The extent to which WFL will be able to implement these intentions will be subject to:

- (a) the law, in particular in relation to related party transactions and conflicts of interest;
- (b) the legal obligations of the directors of BioEnergy to act in the best interests of BioEnergy Shareholders as a whole; and
- (c) the outcome of the various reviews that WFL and/or BioEnergy may undertake from time to time.

#### **6.5 Other intentions**

Subject to the above, it is the present intention of WFL, on the basis of the information concerning BioEnergy which is known to it at the date of this Bidder's Statement and the existing circumstances affecting the business of BioEnergy, that:

- (a) the business of BioEnergy will otherwise be continued in substantially the same manner as it is presently being conducted;
- (b) no other major changes will be made to the business of BioEnergy;
- (c) there will not be any other redeployment of the fixed assets of BioEnergy; and
- (d) the present employees of BioEnergy will continue to be employed by BioEnergy.

#### **6.6 Uncertain benefits to WFL**

Some of the intentions noted in this Section may provide benefits to WFL that are not currently available to BioEnergy Shareholders. The exact extent and timing of those benefits are currently uncertain, and the ability of WFL to capture any benefits will depend on, amongst other things:

- (a) the detailed information to be provided by BioEnergy and discussions with BioEnergy management; and
- (b) the results of its review of the BioEnergy's investments and operations.

Any attempt to quantify these benefits at this time would be speculative.

## 7 FINANCIAL INFORMATION OF COMBINED GROUP

### 7.1 Balance sheet of the Combined Group

The financial information below shows what the combined balance sheet of WFL and BioEnergy would be if WFL had acquired all BioEnergy minority interest shares on 30 June 2007 for 40 cents per BioEnergy Share (satisfied by the issue of WFL Shares at a ratio of 4 BioEnergy Shares for 1 WFL Share).

The table below includes a balance sheet up to 30 June 2007 only. The "Current Liabilities" section in the 30 June 2007 Balance Sheet does not include the \$3 million loan subsequently provided by WFL to BioEnergy on 7 August 2007.

| Balance Sheet : as at 30 June 2007   | WFL Group<br>\$    | BioEnergy Group<br>\$ | Total              | Additional Shares Acquired | Consolidation Adjustment<br>\$ | WFL including interests in BioEnergy Group<br>\$ |
|--------------------------------------|--------------------|-----------------------|--------------------|----------------------------|--------------------------------|--|
| <b>Current Assets</b>                |                    |                       |                    |                            |                                |  |
| Cash and cash equivalents            | 38,687,119         | 7,513,112             | 46,200,231         |                            | 0                              | 46,200,231                                       |
| Trade and other receivables          | 27,996,004         | 5,114,042             | 33,110,046         |                            | (2,922,002)                    | 30,188,044                                       |
| Inventories                          | 2,037,746          |                       | 2,037,746          |                            | 0                              | 2,037,746  |
| Prepayments                          | 8,348,593          | 1,998,443             | 10,347,036         |                            | 0                              | 10,347,036                                       |
| Deferred tax asset                   | 4,157,041          | 3,433,866             | 7,590,907          |                            | 0                              | 7,590,907  |
| <b>Total Current Assets</b>          | <b>81,226,503</b>  | <b>18,059,463</b>     | <b>99,285,966</b>  | <b>0</b>                   | <b>(2,922,002)</b>             | <b>96,363,964</b>                                |
| <b>Non-Current Assets</b>            |                    |                       |                    |                            |                                |  |
| Trade and other receivables          | 56,233,916         | 0                     | 56,233,916         |                            | 0                              | 56,233,916                                       |
| Financial assets                     | 3,760,174          | 0                     | 3,760,174          | 1,217,576                  | (4,077,581)                    | 900,168  |
| Property, plant and equipment        | 85,813,658         | 2,781,715             | 88,595,373         |                            | 0                              | 88,595,373                                       |
| Biological assets                    | 8,082,778          | 30,304                | 8,113,082          |                            | 0                              | 8,113,082  |
| Intangibles                          | 1,629,470          | 0                     | 1,629,470          |                            | 1,462,687                      | 3,092,158  |
| Deferred tax assets                  | 346,859            | 3,835                 | 350,694            |                            | 0                              | 350,694  |
| Prepayments                          | 9,831,818          | 0                     | 9,831,818          |                            | 0                              | 9,831,818  |
| <b>Total Non-Current Assets</b>      | <b>165,698,673</b> | <b>2,815,854</b>      | <b>168,514,527</b> | <b>1,217,576</b>           | <b>(2,614,894)</b>             | <b>167,117,209</b>                               |
| <b>Total Assets</b>                  | <b>246,925,176</b> | <b>20,875,317</b>     | <b>267,800,493</b> | <b>1,217,576</b>           | <b>(5,536,896)</b>             | <b>263,481,172</b>                               |
| <b>Current Liabilities</b>           |                    |                       |                    |                            |                                |  |
| Accounts payable                     | 16,671,896         | 3,283,686             | 19,955,582         |                            | (2,222,002)                    | 17,733,580                                       |
| Borrowings                           | 3,109,175          | 700,000               | 3,809,175          |                            | (700,000)                      | 3,109,175  |
| Deferred tax liabilities             | 1,000,885          | 583,936               | 1,584,821          |                            | 0                              | 1,584,821  |
| Provisions                           | 32,542,191         | 13,366,965            | 45,909,156         |                            | 0                              | 45,909,156                                       |
| <b>Total Current Liabilities</b>     | <b>53,324,147</b>  | <b>17,934,587</b>     | <b>71,258,734</b>  | <b>0</b>                   | <b>(2,922,002)</b>             | <b>68,336,732</b>                                |
| <b>Non-Current Liabilities</b>       |                    |                       |                    |                            |                                |  |
| Borrowings                           | 77,896,382         | 0                     | 77,896,382         |                            | 0                              | 77,896,382                                       |
| Deferred tax liabilities             | 2,386,233          | 0                     | 2,386,233          |                            | 0                              | 2,386,233  |
| Provisions                           | 18,768,237         | 12,784                | 18,781,021         |                            | 0                              | 18,781,021                                       |
| <b>Total Non-Current Liabilities</b> | <b>99,050,852</b>  | <b>12,784</b>         | <b>99,063,636</b>  |                            | <b>0</b>                       | <b>99,063,636</b>                                |
| <b>Total Liabilities</b>             | <b>152,374,998</b> | <b>17,947,371</b>     | <b>170,322,369</b> | <b>0</b>                   | <b>(2,922,002)</b>             | <b>167,400,367</b>                               |
| <b>Net Assets</b>                    | <b>94,550,177</b>  | <b>2,927,946</b>      | <b>97,478,123</b>  | <b>1,217,576</b>           | <b>(2,614,894)</b>             | <b>96,080,805</b>                                |
| <b>Equity</b>                        |                    |                       |                    |                            |                                |  |
| Contributed equity                   | 54,217,717         | 5,539,707             | 59,757,424         | 1,217,576                  | (5,539,707)                    | 55,435,293                                       |
| Retained earnings                    | 37,811,010         | (2,611,761)           | 35,199,249         |                            | 3,163,165                      | 38,362,413                                       |
| Minority equity Interest             | 2,521,450          | 0                     | 2,521,450          |                            | (238,352)                      | 2,283,099  |
| <b>Total Equity</b>                  | <b>94,550,177</b>  | <b>2,927,946</b>      | <b>97,478,123</b>  | <b>1,217,576</b>           | <b>(2,614,894)</b>             | <b>96,080,805</b>                                |

## 7.2 Income statement of the Combined Group

The financial information below shows what the combined balance sheet of WFL and BioEnergy would be if WFL had acquired all BioEnergy minority interest shares on 30 June 2007 for 40 cents per BioEnergy Share (satisfied by the issue of WFL Shares at a ratio of 4 BioEnergy Shares for 1 WFL Share).

|  | WFL Group         | BioEnergy Group  | Total             | Consolidation Adjustment | WFL including interests in BioEnergy Group |
|--|-------------------|------------------|-------------------|--------------------------|--|
| Income Statement : as at 30 June 07                      | \$                | \$               | \$                | \$                       | \$   |
| Revenue from ordinary activities                         | 67,829,628        | 2,593,070        | 70,422,698        | (23,704)                 | 70,398,994                                 |
| Changes in inventories of finished goods and WIP         | (651,975)         | 0                | (651,975)         | 0                        | (651,975)                                  |
| Saw mill materials and consumables                       | 10,379,096        | 0                | 10,379,096        | 0                        | 10,379,096                                 |
| Personnel expenses                                       | 11,887,367        | 1,636,479        | 13,523,846        | 0                        | 13,523,846                                 |
| Depreciation and amortisation                            | 1,960,448         | 0                | 1,960,448         | 0                        | 1,960,448                                  |
| Borrowing cost expenses                                  | 6,132,199         | 77,539           | 6,209,738         | (23,704)                 | 6,186,034                                  |
| Marketing expenses                                       | 8,553,595         | 754,787          | 9,308,382         | 0                        | 9,308,382                                  |
| Forestry management expenses                             | 10,995,184        | 614,247          | 11,609,431        | 0                        | 11,609,431                                 |
| Other expenses from ordinary activities                  | 6,566,297         | 438,869          | 7,005,166         | (15,830)                 | 6,989,336                                  |
| <b>Profit before income tax expense</b>                  | <b>12,007,417</b> | <b>(928,851)</b> | <b>11,078,566</b> | <b>15,830</b>            | <b>11,094,396</b>                          |
| Income tax expense /(benefit)                            | 4,172,678         | (278,992)        | 3,893,686         | 0                        | 3,893,686                                  |
| Profit / (loss) attributable to minority equity interest | (41,154)          | 0                | (41,154)          | 0                        | (41,154)                                   |
| <b>Profit from continuing operations</b>                 | <b>7,793,585</b>  | <b>(649,859)</b> | <b>7,143,726</b>  | <b>15,830</b>            | <b>7,159,556</b>                           |

## **8 RISK FACTORS**

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### **8.1 Introduction**

BioEnergy Shareholders should be aware of the risks inherent in owning WFL Shares, should they accept the Offer. Therefore, the following matters as well as others described elsewhere in this Bidder's Statement should be considered by each BioEnergy Shareholder.

While the WFL Board will use prudent management to minimise risks to WFL Shareholders, actual operating performance may be affected by a number of business risks and may vary significantly from forecasts or other estimates and expectations. BioEnergy Shareholders should be aware that there are risks associated with any securities investment. The value of WFL Shares can be expected to fluctuate depending upon various factors including general economic conditions, environmental conditions as well as the performance of WFL.

There are number of risk factors, both specific to WFL and relating to the general business environment, which may impact upon the operating performance and financial position of WFL. Some of these risks can be mitigated by the use of contingency plans and safeguards, however many are outside the control of WFL and cannot be mitigated.

The risk factors listed below ought not be taken as exhaustive of the risks faced by WFL or WFL Shareholders. These risk factors and other factors not specifically referred to may in the future materially affect the financial performance of WFL and the value of WFL Shares.

Risk factors include, but are not limited to, the factors listed below:

### **8.2 General economic climate**

WFL, like other businesses, is affected by general economic conditions including the level of interest rates, inflation and consumer demand. WFL's operations, business and profitability can be affected by these factors, which are beyond the control of WFL.

### **8.3 Status of the business**

WFL is subject to all the usual risks encountered by evolving organisations including:

- capital adequacy;
- cash flow;
- continuing market penetration and market growth;
- product development;
- product purchase;
- product supply; and
- continuity of personnel.

### **8.4 Insurance**

WFL maintains insurance which the WFL Board considers to be appropriate having regard to the industry in which WFL operates. However, there may be circumstances where insurance will not cover, or be inadequate to cover, the consequences of certain events, or where WFL may become liable for operational hazards against which it either cannot insure or may elect not to insure because of high premium costs. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on the business, operations and financial position of WFL.

## **8.5 Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of WFL is substantially dependent upon its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on WFL if one or a number of these employees cease their employment.

WFL's future success also depends upon its continuing ability to attract and retain highly qualified personnel to continue to implement and improve operational and management information systems. WFL provides attractive employment conditions to assist in the retention of key personnel.

## **8.6 Land risk**

WFL's ability to source sufficient agricultural land of suitable quality and specifications to meet grower demand is an important factor for WFL's managed investment schemes projects. WFL has demonstrated its expertise and ability to identify and secure such land. Despite this, there is a risk that suitable land may not be available in the future at the required time for an acceptable price. Land prices can be subject to fluctuations. There exists a risk that future increases in land prices could impede the competitiveness of, or limit the size of, WFL's future managed investment scheme projects, thereby restricting the future revenue and profit of WFL.

## **8.7 Environmental risk**

The operations and activities of WFL are subject to State and Federal laws and regulation concerning the environment. WFL attempts to conduct its operations and activities to the highest standard of environment obligations, including compliance with all environmental laws.

## **8.8 Demand risk**

The operations and profits of WFL may be affected by fluctuating levels of demand for forest products offered by WFL and its managed investments scheme products. Factors influencing demand for managed investment scheme products include the availability of similar products, taxation legislation, personal income tax rates and general economic conditions.

## **8.9 Changes to regulatory and legal environment**

WFL is subject to and must comply with requirements set out in the Corporations Act, ASIC policy and the Listing Rules. Changes to legislation or policy and procedures may affect WFL, its business operations, its financial performance, or have unforeseen implications.

## **8.10 Changes in investment markets**

Changes in investment markets, including changes in interest rates, exchange rates and return from equity, property and other investments, may affect the financial performance of WFL through its operations in managed investment schemes.

## **8.11 Litigation and legal risk**

Litigation risks to WFL includes, but is not limited to, claims from growers, investors, employees or owners which lease land to WFL. Other litigation risks include environmental claims and legal action from specific interest groups.

## **8.12 Changes in Government policy**

WFL may be affected by changes in Government policy or legislation applying to companies in the forest industry. For example, the plantations timber industry currently enjoys a high level of government support. Such support is demonstrated in the "plantations for Australia: the 2020 Vision". The 2020 Vision is a shared Federal and State Government initiative to substantially increase tree crops from the 1997 level of one million hectares to three million hectares by 2020. Any change in Federal or State Government support for the forestry industry may affect the viability or profitability of WFL.

### **8.13 Operational risk**

WFL is subject to operational risks, which is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events which could have an impact on business operations.

### **8.14 Issue of WFL Shares as consideration**

Under the Offer, BioEnergy Shareholders are being offered 1 WFL Share for every 4 BioEnergy Shares held by them, rather than a number of WFL Shares with a specific market value. As a result, the actual value of the consideration will fluctuate depending upon the market value of WFL Shares.

Furthermore, under the Offer, WFL will issue a significant number of WFL Shares. Some BioEnergy Shareholders may not intend to continue to hold their WFL Shares and may wish to sell them on the ASX. There is a risk that if a significant number of BioEnergy Shareholders seek to sell their WFL Shares at the same time, this may adversely impact the price of WFL Shares in the short to medium term.

### **8.15 Integrations risks**

There are risks that any integration of the business of WFL and BioEnergy and any plans to collaborate may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated.

### **8.16 Tax change risk**

Any changes in government legislation and changes to taxation laws in Australia (particularly as they relate to the operation of managed investment schemes), may affect future earnings of WFL and may adversely impact WFL's business.

### **8.17 Natural risks**

The risks associated with forestry are equivalent to those in any primary production business with exposure to climatic and seasonal conditions such as fire, drought, wind, insects, pests and diseases, which could have an adverse impact on WFL's business.

## **9 AUSTRALIAN TAX CONSIDERATIONS FOR BIOENERGY SHAREHOLDERS**

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### **9.1 Introduction and disclaimer**

The following is a general description of the Australian income and CGT consequences for BioEnergy Shareholders of their acceptance of the Offer. **The comments set out below are relevant only to those BioEnergy Shareholders who hold their BioEnergy Shares as capital assets for the purpose of investment and not in connection with the conduct of a business (and only to that extent).**

Certain BioEnergy Shareholders (such as those engaged in a business of trading or investment, those who acquired their BioEnergy Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organizations, superannuation funds, or any persons who acquired their BioEnergy Shares in respect of their employment with BioEnergy) will or may be subject to special or different tax consequences peculiar to their circumstances, and they should accordingly seek specialist advice tailored to those circumstances.

This Section does not deal with the position of any Ineligible Foreign Shareholders, each of whom should seek their own independent taxation advice. BioEnergy Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer. The following summary is intended only for Australian resident BioEnergy Shareholders.

If in doubt, BioEnergy Shareholders should seek their own independent professional advice about their own particular circumstances.

### **9.2 CGT consequences of disposing of BioEnergy Shares**

For BioEnergy Shares held on capital account, the disposal of BioEnergy Shares by a BioEnergy Shareholder will give rise to a CGT event. A capital gain will arise if the cost base (the initial purchase price) of BioEnergy Shares is less than the capital proceeds received from the disposal of those shares. If the reduced costs base of the BioEnergy Shares exceeds capital proceeds, a capital loss will arise. The capital proceeds under the Offer will be the market value of WFL Shares given in exchange for BioEnergy Shares.

Any capital gain arising to an individual may be eligible for a 50% discount if the BioEnergy Shares were held for at least 12 months.

If the BioEnergy Shares were purchased prior to 20 September 1985, they may be considered pre-CGT assets and any capital gain or loss may be ignored.

### **9.3 Availability of scrip for scrip roll-over relief**

BioEnergy Shareholders may be entitled to CGT roll-over relief if they satisfy certain conditions as set out in the income tax legislations. This is referred to as "scrip for scrip rollover relief". For the scrip roll-over relief to apply to a BioEnergy Shareholder in respect of the Offer, the following conditions must be met:

- WFL increases its holding of BioEnergy Shares to at least 80% of BioEnergy Shares;
- A BioEnergy Share is exchanged for WFL Share(s);
- The original BioEnergy Shares were acquired on or after 20 September 1985;
- A capital gain would have been made if roll-over relief was not available; and
- The BioEnergy Shareholder chooses to obtain the roll-over.

Scrip for scrip relief is not available if a BioEnergy Shareholder makes a capital loss.

#### **9.4 Implications of acquiring WFL Shares**

As a consequence of accepting the Offer, a BioEnergy Shareholder who receives WFL Shares will cease to be a BioEnergy Shareholder and will become a WFL Shareholder.

Dividends received by a WFL Shareholder who ordinarily resides in Australia would generally be required to be included in the assessable income of such a shareholder. If the dividends are franked and the shareholder is a “qualified person” in respect of the dividends, then the attached franking credit would also need to be included in the assessable income of the shareholder. In that event the shareholder will be entitled to a tax offset equal to the amount of the franking credit.

#### **9.5 Subsequent disposal of WFL Shares**

A WFL Shareholder will be required to adjust their taxable income for any gain or loss arising on a subsequent disposal of WFL Shares.

#### **9.6 CGT on subsequent disposal of WFL Shares**

The disposal of WFL Shares by a WFL Shareholder will give rise to a CGT event. The cost base for WFL Shares will be worked out depending on whether the shareholder has chosen scrip for scrip roll-over relief to apply (if possible). A capital gain will arise if the reduced cost base exceeds the capital proceeds. Capital proceeds will generally be the money received in respect of the disposal plus market value of any property received.

Any capital gains arising to an individual may be eligible for a 50% discount if the WFL Shares were held for at least 12 months. If the scrip for scrip roll-over relief applies, the 12 month period commences on the date the original BioEnergy Shares were acquired, so that the exchange of BioEnergy Shares for WFL Shares is ignored for the purposes of the general 50% CGT discount.

If the WFL Shares were purchased prior to 20 September 1985, they may be considered pre-CGT assets and any capital gain or loss may be ignored.

#### **9.7 Stamp duty**

BioEnergy Shareholders who accept the Offer will not be required to pay any stamp duty on the disposal of their BioEnergy Shares under the Offer, or the acquisition of WFL Shares under the Offer.

#### **9.8 GST**

On the basis of current GST law, each of the following transactions will not be subject to GST:

- the disposal of BioEnergy Shares pursuant to the Offer;
- the acquisition of WFL Shares under the Offer; and
- the payment of dividends on WFL Shares.

## **10 TERMS AND CONDITIONS OF THE OFFER**

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### **10.1 Offer for Your BioEnergy Shares**

WFL is making an Offer to acquire all of Your BioEnergy Shares, subject to the Defeating Conditions and on the other terms and conditions set out in this document. You may accept the Offer only in respect of all (not some only) of Your BioEnergy Shares.

The Offer extends to any person who becomes registered or entitled to be registered as the holder of BioEnergy Shares during the period from the Register Date (7 November 2007) to the end of the Offer Period.

### **10.2 Offer Period**

- (a) The Offer commences on the date the first of the Bidder's Statements is sent to BioEnergy Shareholders, which is expected to be 22 November 2007, and will remain open for acceptance until 7pm (Melbourne time) on 3 January 2008, unless the Offer is withdrawn or extended in accordance with the Corporations Act.
- (b) WFL reserves the right, exercisable in its sole discretion, to extend the Offer Period or otherwise vary the Offer in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, the Offer is varied to improve the Offer Consideration, then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2)(a) of the Corporations Act.

### **10.3 Offer Consideration**

If you accept the Offer and the Defeating Conditions are fulfilled or waived, you will receive 1 WFL Share for every 4 BioEnergy Shares to which your acceptance relates. These WFL Shares will in all respects rank equally with all other WFL Shares currently on issue.

The maximum number of WFL Shares which will be issued to BioEnergy Shareholders under the Offer if acceptances are received in respect of all BioEnergy Shares on issue as at the date of this Bidder's Statement (other than those BioEnergy Shares already held by WFL) is 760,985 WFL Shares.

### **10.4 Ineligible Foreign Shareholders**

If, at any time the Offer is made to you, you are an Ineligible Foreign Shareholder, you will not receive WFL Shares. Instead, you will receive a cash payment in accordance with Section 11.6.

### **10.5 Other terms**

- (a) The WFL Shares to be issued as Offer Consideration will be credited as fully paid and the rights attaching to them are summarized in Section 11.4.
- (b) By accepting this Offer, you undertake to transfer to WFL not only the BioEnergy Shares to which the Offer relates to, but also all Rights attached to those BioEnergy Shares.
- (c) This Offer is being made to each person registered as the holder of BioEnergy Shares in the BioEnergy Share Register on the Register Date.
- (d) By accepting the Offer you agree to become a shareholder in WFL and be bound by the terms of the constitution of WFL.
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your BioEnergy Shares then:

- (1) a corresponding offer on the same terms and conditions as this Offer will be deemed or have been made to that other person in respect of those BioEnergy Shares; and
  - (2) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other BioEnergy Shares you hold to which the Offer relates.
- (f) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of BioEnergy Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate Offer on the same terms and conditions as this Offer had been made in relation to each of those parcels, and you must comply with the procedure in section 653(B) of the Corporations Act.

If, for the purpose of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please contact the WFL Offer Information Line.

- (g) If Your BioEnergy Shares are registered in the name of a broker, trust company or other nominee you should contact that nominee for assistance in accepting this Offer.

#### **10.6 How to accept this Offer**

- (a) You may accept this Offer at any time during the Offer Period.
- (b) The Acceptance Form forms part of the Offer.
- (c) WFL Shares may only be issued in response to the Application Form. WFL Shares may only be issued or transferred if WFL has reasonable grounds to believe that:
  - (1) the Acceptance Form was included in, or accompanied by the Bidder's Statement when the Acceptance Form was distributed by WFL; or
  - (2) the Acceptance Form was copied, or directly derived, by a BioEnergy Shareholder from an Acceptance Form referred to in paragraph (1).
- (d) Faxed Acceptance Forms will not be accepted.
- (e) Acceptance of the Offer will be effective only when the properly completed Acceptance Form (including any share certificates and other documents required by the terms of this Offer and the instructions on the Acceptance Form) has been delivered to the address indicated on the Acceptance Form (for the avoidance of doubt, an acceptance will only be valid once it has been physically received at the address indicated on the Acceptance Form).
- (f) For your acceptance to be valid you must ensure that your Acceptance Form(s) (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for them to be received by WFL at the address shown on the Acceptance Form before the end of the Offer Period.
- (g) The postage of the Acceptance Form and other documents is at your own risk.

#### **10.7 Validation of otherwise ineffective acceptances**

- (a) Subject to this Section 10.7, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in Section 10.6.
- (b) WFL may at its discretion treat any Acceptance Form received before the end of the Offer Period (at an address indicated on the Acceptance Form or such other address as may be acceptable to WFL) as valid or waive any requirement of Section 10 in any case, but the payment of the Offer Consideration may be delayed until any irregularity has

been resolved or waived and any other documents required to procure registration have been received by WFL.

#### **10.8 Effect of Acceptance Form**

- (a) Once you have accepted the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your BioEnergy Shares from the Offer or otherwise dispose of Your BioEnergy Shares.
- (b) Notwithstanding Section 10.8(a), if, by the end of the third business day after the end of the Offer Period, each of the Defeating Conditions are not either fulfilled or freed, this Offer will automatically terminate and Your BioEnergy Shares will be returned to you; or
- (c) Notwithstanding Section 10.8(a), if the Offer Period is extended for more than one month and, at the time, this Offer is subject to one or more of the Defeating Conditions, you may be able to withdraw your acceptance and Your BioEnergy Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (d) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to Section 10.6, you will be deemed to have:
  - (1) accepted this Offer (and any variations of it) in respect of and subject to all of the Defeating Conditions to this being fulfilled or freed and agreed to transfer to WFL Your BioEnergy Shares (even if the number of Shares specified in the Acceptance Form differs from the number of Your BioEnergy Shares);
  - (2) represented and warranted to WFL as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance and the time the transfer of Your BioEnergy Shares (including any Rights) to WFL is registered, that all Your BioEnergy Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interest of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your BioEnergy Shares to WFL;
  - (3) irrevocably authorise WFL (and any director, secretary or nominee of WFL) to alter the Acceptance Form on your behalf by inserting correct details of Your BioEnergy Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by WFL to make it an effective acceptance of this Offer or to enable registration of Your BioEnergy Shares in the name of WFL;
  - (4) irrevocably authorise WFL to notify BioEnergy on your behalf that your place of address for the purpose of serving notices upon you in respect of Your BioEnergy Shares is the address specified by WFL in the notification;
  - (5) with effect from the date on which all Defeating Conditions to this Offer have been fulfilled or freed, to have irrevocably appointed WFL (and any director, secretary or nominee of WFL) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your BioEnergy Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of BioEnergy and to request BioEnergy to register in the name of WFL or its nominee Your BioEnergy Shares as appropriate with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
  - (6) agreed that in exercising the powers and rights conferred by the powers of attorney granted under Section 10.8(d)(5), the attorney will be entitled to act in the interests of WFL as the beneficial owner and intended registered holder of Your BioEnergy Shares;

- (7) agreed to do all such acts, matters and things that WFL may require to give effect to the matters;
- (8) represented and warranted to WFL that, unless you have notified WFL, Your BioEnergy Shares do not consist of separate parcels of shares;
- (9) agreed, and subject to the Defeating Conditions being fulfilled or freed, to execute all such documents transfers, assurances and do all such acts, matters and things that WFL may consider necessary or desirable to convey Your BioEnergy Shares registered in your name to WFL; and
- (10) by accepting of this Offer, you have become subject to the constitution of WFL and have authorised WFL to place your name on its register of shareholders in respect of your WFL Shares.

The undertaking and authorities' referred to in this Section 10.8 will remain in force after you receive the Offer and after WFL becomes registered as the holder of Your BioEnergy Shares.

### 10.9 Provision of Offer Consideration

- (a) Subject to Sections 10.6, 10.7, 10.8, 10.11, 10.12, 10.13 and the Corporations Act, WFL will provide the Offer Consideration on or before the earlier of;
  - (1) one month after the date of your acceptance or, if the Offer is subject to a Defeating Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; or
  - (2) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires any additional documents to be delivered with your Acceptance Form (such as power of attorney or share certificate):
  - (1) if that document is given with your Acceptance Form, WFL will provide the Offer Consideration in accordance with Section 10.9(a);
  - (2) if that document is given after your Acceptance Form and before the end of the Offer Period, WFL will provide the Offer Consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period.
- (c) The obligations of WFL to issue and allot any WFL Shares to which you are entitled will be satisfied by WFL:
  - (1) entering your name on the register of members of WFL; and
  - (2) dispatching or procuring the dispatch to you by pre paid post to your address recorded in the BioEnergy Share Register at 10am (Melbourne time) on the Register Date, an uncertificated holding statement in your name. If Your BioEnergy Shares are held in joint names, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in the BioEnergy Share Register.

### 10.10 Defeating Conditions

Subject to Sections 10.12, 10.13 and 10.14, the Offer and any contract that results from your acceptance of the Offer is subject to the following conditions being fulfilled or waived by WFL:

- (a) **(Minimum acceptance):** that during, or at the end of the Offer Period, WFL and its associates have relevant interests in at least 80% (by number) of the issued BioEnergy Shares.

(b) **(No regulatory action):** that, between the Announcement Date and the end of the Offer Period:

- (1) no preliminary or final decision, order or direction is made or issued by any Regulatory Authority;
- (2) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and
- (3) no application is made to any Regulatory Authority (other than by WFL or an associate of WFL),

which is likely to or purports or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the BioEnergy Shares by WFL, the rights of WFL in respect of BioEnergy and the BioEnergy Shares or the continued operation of the businesses of WFL or BioEnergy (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act);

(c) **(No material adverse change):** that, between the Announcement Date and the end of the Offer Period:

- (1) no act, fact, matter, event or circumstance occurs, is announced, becomes public or otherwise becomes known to WFL, which has, will or is reasonably likely to result in a material adverse change in or in relation to BioEnergy or the assets, liabilities, structure, operation, business, financial or trading position or performance, profitability or prospects of BioEnergy, other than any act, fact, matter, event or circumstance known to WFL or fairly disclosed in writing by BioEnergy to WFL prior to the Announcement Date;
- (2) WFL does not become aware that any document filed by or on behalf of BioEnergy with any Regulatory Authority prior to the Announcement Date contains a material inaccuracy or is misleading (whether by omission or otherwise) in a material respect; and
- (3) without limiting paragraph (1) above, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which BioEnergy is a party, or by or to which BioEnergy or any of its assets may be bound or subject, which has or will or is reasonably likely to have a material adverse effect on BioEnergy or the assets, liabilities, structure, operation, business, financial or trading position or performance, profitability or prospects of BioEnergy, including as a result of:

- A. any monies borrowed by BioEnergy being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or instrument;
- B. any such agreement or other instrument being terminated or modified or any action being taken or arising there under;
- C. the interest of BioEnergy in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated, modified or required to be transferred or redeemed; or
- D. the business of BioEnergy with any other person being adversely affected,

as a result (directly or indirectly) of the acquisition or proposed acquisition of BioEnergy Shares by WFL.

(d) **(No material transactions):** that, except in accordance with any public announcement by BioEnergy before the Announcement Date, BioEnergy does not do any of the following between the Announcement Date and the end of the Offer Period:

1. other than in the ordinary course of its business, purchases or otherwise acquires, sells or otherwise disposes of, or offers or agrees to purchase, acquire, sell or dispose of, any property or assets (or any right, title or interest therein);
2. other than in the ordinary course of its business, enters into, or offers or agrees to enter into, any other agreement, arrangement, joint venture, partnership or other commitment of any kind which would require expenditure, or the foregoing of revenue;

3. declares or pays any dividends (other than in the ordinary course) or other distributions of profits or capital to any BioEnergy Shareholder;
4. amends its constitution or the terms of issue of any BioEnergy Shares; or
5. resolves or announces an intention to do any of the things referred to in paragraphs (1) to (4).

#### **10.11 Statutory condition – ASX quotation**

This Offer is subject to a condition that:

- (a) an application for admission of the WFL Shares issued under this Offer for quotation on the ASX will be made within 7 days after the start of the Bid Period; and
- (b) permission for admission to quotation on the ASX will be granted by the ASX no later than 7 days after the end of the Bid Period.

The Offer may not be freed from the conditions in this Section 10.11. If this condition is not fulfilled, all contracts resulting from the acceptance of the offer will be automatically void.

#### **10.12 Separate Defeating Conditions for benefits of WFL**

Each of the Defeating Conditions is a separate and distinct condition, and shall not be taken to limit the meaning or effect of any other condition.

Subject to the provisions of the Corporations Act, WFL alone shall be entitled to the benefit of the Defeating Conditions and any non-fulfillment of such conditions may be relied upon only by WFL.

#### **10.13 Nature of conditions**

Each of the Defeating Conditions is a condition subsequent. The breach or non-fulfillment of any condition subsequent does not prevent a contract to sell Your BioEnergy Shares resulting from your acceptance of the Offer, but if:

- (a) WFL has not declared the Offer to be free from the Defeating Conditions before the date applicable under subsection 650F(1)(b), 630(1) and 630(2) of the Corporations Act; and
- (b) the Defeating Conditions have not been freed or fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such case, WFL will return all documents forwarded by you to the address shown in the Acceptance Form, and notify BioEnergy of the lapse of the Offer.

#### **10.14 Notice declaration Offer free of Defeating Conditions**

Subject to Section 10.10 and to section 650F of the Corporations Act, WFL may, at any time in its sole discretion, declare the Offer free from any or all of the Defeating Conditions generally or in relation to any specific occurrence or any specific entity by giving notice in writing to BioEnergy not later than 7 days before the end of the Offer Period.

#### **10.15 Notice publication date**

The date for giving the notice on the status of the Defeating Conditions required by section 630(1) of the Corporations Act is 21 December 2007 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended). 21 December 2007 constitutes 14 days before the end of the Offer Period.

#### **10.16 Variation to this Offer**

WFL may vary this Offer in accordance with the Corporations Act.

**10.17 No brokerage**

As long as Your BioEnergy Shares are registered in your name and you deliver them directly to WFL, you will not incur any brokerage in connection with your acceptance of this Offer.

**10.18 Governing laws**

This Offer and any contract that result from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

## 11 ADDITIONAL INFORMATION

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### 11.1 Loan arrangement

WFL and BioEnergy entered into a loan agreement on 13 December 2006 (which was subsequently varied on 15 March 2007 and 7 August 2007). In summary, WFL (as the lender) agreed to advance an aggregate sum of \$3.9 million (**total loan amount**) to BioEnergy at an interest rate of 11% for working capital purposes and to enable BioEnergy to conduct a selective buy back of shares from an existing BioEnergy Shareholder.

At the date of this Bidder's Statement, BioEnergy has repaid to WFL \$200,000 of the total loan amount. At present, the outstanding amount of the total loan amount is \$3.7 million. At the date of this Bidder's Statement BioEnergy is not in default under this loan agreement.

BioEnergy is legally obliged to repay WFL the outstanding loan amount on 15 December 2007 (**repayment date**). However, if on or before the repayment date BioEnergy requests WFL to further extend the repayment date, WFL, acting in good faith, will negotiate with BioEnergy the terms upon which the repayment date may be extended for a maximum period of 90 days. There is no guarantee that such an extension will be agreed. At the end of any extended period, if any, the outstanding loan amount will become due and payable. If an event of default occurs (including a failure to repay on the due date), WFL may, amongst other rights, at any time by notice to BioEnergy declare that the outstanding loan amount which is owing to WFL is immediately due and owing.

WFL also has a charge over all assets and undertakings of BioEnergy (**BioEnergy charge**) in relation to the outstanding loan amount and BioEnergy's performance pursuant to the loan agreement.

### 11.2 Date for determining holders of BioEnergy Shares

For the purpose of Section 633 of the Corporations Act, the date for determining the person to whom information is to be sent under items 6 and 12 of Section 633(1) is 7 November 2007.

### 11.3 Unmarketable parcels

Subject to the Corporations Act, the Listing Rules and ASTC Settlement Rules, WFL may sell the shares of a WFL Shareholder who holds less than a marketable parcel of shares.

### 11.4 Rights and liabilities attaching to WFL Shares

The rights and liabilities attaching to the WFL Shares which will be issued as the consideration under the Offer are set out in WFL's Constitution and in the Corporations Act. The main rights and liabilities attaching to the WFL Shares are summarised below:

- **Voting**

At a general meeting, every WFL Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and one vote per WFL Share on a poll.

- **General meetings**

Annual general meetings of WFL are to be held in accordance with the Corporations Act. The WFL Board may convene and arrange to hold a general meeting of WFL Shareholders whenever they think fit and must do so if they are required to do so in accordance with the Corporations Act. Notice of a meeting of WFL Shareholders must be given in accordance with the Corporations Act.

- **Dividends**

Subject to the Corporations Act, the WFL Constitution and the terms and conditions of PINES, the WFL Board may determine that a dividend is payable, fix the amount and the time for payment, and authorise the payment to WFL Shareholders and any PINES holders.

WFL's dividend policy from time to time is determined by the WFL Board based on the amount of operating profit after tax, the need to retain sufficient funds for the prudent development of the WFL and its subsidiaries, and other relevant factors. No assurance can be given as to the timing and amount of any dividends payable by WFL at any time in the future, as the payment of dividends will be dependant on profitability and funding requirements at the relevant time, which in turn may be affected by general economic conditions and specific conditions affecting WFL's operations.

The WFL Board may, before paying any dividend, set aside out of the profits of WFL such sums as they think proper as reserves, to be applied, at the discretion of the WFL Board, for any purpose for which the profits of WFL may be properly applied.

The rights of the holders of PINES to dividends are summarized in Section 3.19.

- **Class of WFL Shares**

The rights conferred on the current holders of WFL Shares rank equally with those WFL Shares to be issued pursuant to this Offer, but subject always to the specific rights of the PINES holders (refer to Section 3.19).

- **Issue of further WFL Shares**

The issue of further WFL Shares is under the control of the WFL Board who may issue or dispose of WFL Shares to any person at any time and on any terms and conditions and having attached to them any preferred, deferred or any other special rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the WFL Board thinks fit.

- **Transfer of WFL Shares**

WFL Shares are freely transferable in accordance with the WFL Constitution.

- **Rights on winding up**

If WFL is wound, up the liquidator may, with the sanction of a special resolution, (and subject always to the specific rights of the PINES holders) divide among the WFL Shareholders in kind the whole or any part of the property of WFL and may for that purpose set the value that the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the WFL Shareholders or different classes of shareholders, if any.

## **11.5 Other provisions of the WFL constitution**

- **WFL Directors**

The minimum number of directors of WFL is three and the maximum number is eight. The directors of WFL, with the exception of the managing director, will be subject to retirement by rotation and re-election by WFL Shareholders at a general meeting in accordance with the WFL constitution and Listing Rules.

Where the directors of WFL appoint a director (for example, to fill a casual vacancy), that director will hold office until the conclusion of the next annual general meeting and will be eligible for re-election at that meeting.

- **Chairperson**

Unless the WFL Board otherwise determines, the chairman shall be appointed annually and shall hold that office until the conclusion of the annual general meeting.

- **Indemnifications**

Each WFL director, secretary and executive officer of WFL is indemnified against any liability (excluding legal costs) incurred in that capacity to another person unless WFL is prohibited by statute from indemnifying that the person.

## 11.6 Ineligible Foreign Shareholders

This Section applies only to Ineligible Foreign Shareholders. If you are an Ineligible Foreign Shareholder, then unless WFL otherwise determines that:

- it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to provide you with WFL Shares as a result of acceptance of the Offer, and
- it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories and New Zealand,

you will not be entitled to receive WFL Shares as part of the consideration for your BioEnergy Shares by reason of your acceptance of the Offer.

As a consequence, if you accept the Offer, WFL will:

- arrange for the allotment to the Nominee of the number of WFL Shares to be issued under the Offer to which you and all other Ineligible Foreign Shareholders are entitled but for this Section 11.6;
- cause WFL Shares so allotted to be offered for sale on the ASX and sold within 30 days after the end of the Offer Period; and
- pay to you the amount ascertained in accordance with the formula:

$$\text{Proceeds of sale} \times (A \div B)$$

where

**Proceeds of sale** is the amount which is received by the Nominee upon the sale of all WFL Shares, less brokerage and other sale expenses;

**A** is the number of WFL Shares which WFL would otherwise be required to issue to you as a result of your acceptance of the Offer; and

**B** is the total number of WFL Shares issued to the Nominee.

Payment will be made by cheque in Australian currency, as soon as practical after settlement of the sale of your WFL Shares by the Nominee. The cheque will be sent to you at your risk by pre-paid airmail to your address as shown on the BioEnergy Share Register. Under no circumstances will interest be paid to you on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Notwithstanding anything else contained in this Bidder's Statement, WFL is not under any obligation to spend any money, or undertake any action, in order to satisfy itself of the eligibility of Ineligible Foreign Shareholders to receive WFL Shares as set out in this Section 11.6.

## 11.7 No ASIC modifications or exemption

ASIC has not granted any modifications to, or exemptions from, the Corporations Act in relation to the Offer.

## **11.8 Consents**

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of those statements in relevant parts of the documents containing the statements during the Offer Period, please contact the WFL Offer Information Line and they shall be provided to you free of charge.

In addition, as permitted by ASIC Class Order 03/635, this Bidders Statement may include or be accompanied by certain statements from a public official document or a published book, journal or comparable publication or statements that are fairly representing a statement by an official person.

## **11.9 Consideration for BioEnergy Shares during previous 4 months**

Neither WFL nor any associate of WFL has provided, or agreed to provide consideration for a BioEnergy Share under a purchase or agreement during the 4 months before the date of the Offer.

## **11.10 Inducing benefits given by WFL during previous 4 months**

In the 4 months before the date of the Offer, neither WFL nor any associate of WFL gave, offered to give or agreed to give, a benefit to another person which was likely to induce the other person or an associate of that person to:

- accept the Offer; or
- dispose of BioEnergy Shares,

which benefit was not offered to all BioEnergy Shareholders under the Offer.

## **11.11 No escalation agreement**

Neither WFL nor any associate of WFL has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

## **11.12 Broker handling fee**

You will not pay any brokerage or stamp duty in respect of your BioEnergy Shares if you accept the Offer (unless you are an Ineligible Foreign Shareholder, in which case the proceeds you will receive will be net of sale costs, including brokerage). Ineligible Foreign Shareholders should refer to Section 11.6.

## **11.13 Disclosure of interest of certain persons**

Other than as set out below or elsewhere in this Bidder's Statement no:

- director of WFL; or
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement,

holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- property acquired or proposed to be acquired by WFL in connection with its formation or promotion; or
- the offer of WFL Shares under the Offer.

#### 11.14 Disclosure of fees and benefits received by certain persons

Other than:

- the fees paid to WFL's directors, in their capacity as directors, particulars of which in respect of the 2006/2007 financial year are disclosed in the WFL 2007 Annual Report;
- the indemnity each officer is given by WFL under its constitution against any liability, costs and expenses incurred in his capacity as an officer of WFL (or related body corporate of WFL, as the case may be) to the extent permitted by law;

or as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given to agreed to be given:

- to a director of WFL to induce them to become, or to qualify as a director; or
- for services provided by an interested person in connection with promotion of WFL or the offer of WFL Shares under the Offer.

#### 11.15 Disclosure of interest of directors in WFL

As at the date of this Bidder's Statement, the directors of WFL directly or indirectly through their associates held the following relevant interests in WFL securities:

| Director      | Class of Security | Number     |
|---------------|-------------------|------------|
| Mr M Derham   | Ordinary          | 26,636,682 |
| Mr J Higgins  | Ordinary          | 49, 995    |
| Mr J Madgwick | Ordinary          | 202,000    |
| Mr H Davies   | Ordinary          | 104,000    |

Preference Shares

| Director     | Class of Security | Number |
|--------------|-------------------|--------|
| Mr J Higgins | PINES             | 1,000  |
| Mr H Davies  | PINES             | 500    |

#### 11.16 Other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that:

- is material to the making of a decision by a BioEnergy Shareholder whether or not to accept the Offer;
- is known to WFL; and
- relates to the value of WFL Shares offered as consideration under the Offer,

which has not previously been disclosed to BioEnergy Shareholders.

#### 11.17 Expiry date

No WFL Shares will be issued on the basis of this Bidder's Statement after 13 months from the date of this Bidder's Statement.

## 12 DEFINITION AND INTERPRETATIONS

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In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have meaning as show below:

| <b>Terms</b>                    | <b>Meaning</b>   |
|---------------------------------|--|
| <b>Acceptance Form</b>          | Acceptance and transfer form accompanying this Bidder's Statement.   |
| <b>AIFRS</b>                    | Australian International Financial Reporting Standards.  |
| <b>Announcement Date</b>        | Date of the announcement of the Offer by WFL, being 23 October 2007.   |
| <b>ASIC</b>                     | Australian Securities and Investments Commission.  |
| <b>ASTC Settlement Rules</b>    | The operating rules of the ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532, as amended from time to time.   |
| <b>ASX</b>                      | ASX Limited ABN 98 008 624 691.  |
| <b>Bid Period</b>               | Has the same meaning given in section 9 of the Corporations Act.   |
| <b>Bidder's Statement</b>       | This document, being the bidder's statement made under Part 6.5 of the Corporations Act relating to the Offer.   |
| <b>BioEnergy</b>                | BioEnergy Australia Limited ABN 89 096 335 901.  |
| <b>BioEnergy Group</b>          | BioEnergy and its subsidiary as at the date of this Bidder's Statement.  |
| <b>BioEnergy Share</b>          | A fully paid ordinary share in the capital of BioEnergy.   |
| <b>BioEnergy Share Register</b> | The register of BioEnergy Shareholders maintained under section 168 of the Corporations Act.   |
| <b>BioEnergy Shareholder</b>    | A person registered on the BioEnergy Share Register as a holder of a BioEnergy Share.  |
| <b>BioForest Limited</b>        | BioForest Limited ABN 68 096 335 876.  |
| <b>Business day</b>             | Monday to Friday (excluding Saturday, Sunday and any public holiday in Victoria).  |
| <b>CGT</b>                      | Australian capital gains tax.  |
| <b>Combined Group</b>           | WFL and its subsidiaries (including BioEnergy, and assuming the successful acquisition by WFL of a relevant interest in all BioEnergy Shares as a result of this Offer). |
| <b>Corporations Act</b>         | <i>Corporations Act 2001 (Cth)</i> .   |
| <b>Defeating Conditions</b>     | The conditions specified in Section 10.10.   |
| <b>GST</b>                      | Has the same meaning as in <i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i> .   |

|                                       |   |
|---------------------------------------|---|
| <b>Ineligible Foreign Shareholder</b> | A person whose address as shown in the BioEnergy Share Register is in a jurisdiction other than Australia and New Zealand (unless WFL determines otherwise, it being satisfied by the law of that jurisdiction that it is lawful, and not onerous, to make the Offer to that person and to issue them with WFL Shares and that it is lawful for that person to accept the Offer). |
| <b>Listing Rules</b>                  | Official Listing Rules of ASX.  |
| <b>Nominee</b>                        | A nominee to be appointed by WFL and approved by ASIC pursuant to section 619 of the Corporations Act, to act for the purposes set out in Section 11.6.   |
| <b>Offer</b>                          | Offer for BioEnergy Shares in exchange for WFL Shares, under the terms and conditions contained in Section 10.  |
| <b>Offer Consideration</b>            | Consideration under the Offer being 1 WFL Share for every 4 BioEnergy Shares.   |
| <b>Offer Period</b>                   | Period during which the Offer will remain open for acceptance in accordance with Section 10.2.  |
| <b>PINES</b>                          | Preference shares in the capital of WFL (as summarised in Section 3.19).  |
| <b>Register Date</b>                  | The date set by WFL under section 633(2) of the Corporations Act.   |
| <b>Regulatory Authority</b>           | Any court or governmental administrative, statutory, judicial or other regulator body, authority or agency (including ASIC or ASX), whether in Australia or elsewhere.  |
| <b>Relevant Interests</b>             | Has the same meaning as in the Corporations Act.  |
| <b>Rights</b>                         | All accreditations, rights or benefits of whatsoever kind attaching or arising from the relevant securities directly or indirectly, at or after the Announcement Date (in the case of the BioEnergy Shares) and the date of issue (in the case of the WFL Shares).  |
| <b>Subsidiary</b>                     | Has the same meaning as in the Corporations Act.  |
| <b>Target's Statement</b>             | A target's statement to be issued by BioEnergy to BioEnergy Shareholders under the Corporations Act in response to this Bidder's Statement.   |
| <b>WFL</b>                            | Willmott Forests Limited ABN 17 063 263 650.  |
| <b>WFL Board</b>                      | The board of directors of WFL.  |
| <b>WFL Group</b>                      | Willmott Forests Limited and each of its subsidiaries as at the date of this Bidder's Statement.  |
| <b>WFL Offer Information Line</b>     | The telephone number +61 3 9684 5094 that is open between the hours of 9.00 am and 5.00 pm (Melbourne time), from Monday to Friday (except on public holidays in Victoria).   |
| <b>WFL Shareholders</b>               | Shareholders of WFL who hold ordinary shares in WFL.  |
| <b>WFL Share Register</b>             | The register of WFL Shareholders maintained under Part 169 of the Corporations Act.   |
| <b>WFL Shares</b>                     | Fully paid ordinary shares in the capital of WFL.   |

**Your BioEnergy Shares**

The Shares in respect of which you are registered, or entitled to be registered, as a holder in the BioEnergy Share Register on the Register Date and to which you are able to give good title at the time you accept this Offer during the Offer Period.

**Interpretation**

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- a) words and phrases have the same meaning (if any) given to them in the Bidder's Statement or the Corporations Act (as applicable);
- b) words importing the singular include the plural and vice versa;
- c) words importing a gender include any gender;
- d) a reference to a Section, attachment and schedule is a reference to a section of and an attachment and schedule to this Bidder's Statement, as relevant;
- e) an expression importing a natural person includes any company, partnership, joint venture, associations, corporations or other body corporate and vice versa;
- f) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- g) a reference to time is a reference to time in Melbourne, Victoria; and
- h) a reference to writing includes facsimile and email transmissions.

## 13 APPROVAL OF BIDDER'S STATEMENT

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### Approval of Bidders Statement

This Bidder's Statement has been approved by a unanimous resolution passed by all the WFL directors on 7 November 2007.

Signed for and on behalf of the WFL Board by:



.....  
**James Higgins**  
Chairman  
Willmott Forests Limited

**ANNEXURE A - ASX ANNOUNCEMENTS BY WFL SINCE ITS LAST ANNUAL REPORT OF 26 SEPTEMBER 2007**

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|            |  |
|------------|--|
| 23/10/2007 | WFL makes off-market scrip bid for BioEnergy Australia Ltd |
| 8/10/2007  | Notice of Annual General Meeting                           |
| 26/09/2007 | Annual Report Full Year Accounts                           |



Please return completed form to:
Willmott Forests Limited
Locked Bag 4011
SOUTH MELBOURNE VIC 3205

A

MR JOHN SAMPLE
125 SMITH STREET
PERTH WA 6000

Your Shareholding

Securityholder Certificate Number:
BioEnergy Shares held as at:

Acceptance Form

This is an important document and requires your immediate attention. If you are in doubt how to deal with it, please consult your financial or other professional advisor

This is a personalised form for the sole use of the holder and holding recorded above.

B

You must sign, complete and return this form to accept the Offer

If you correctly sign and return this form with your share certificate(s) you will be deemed to have accepted the Offer in respect of ALL of your BioEnergy Shares. Your form together with all your share certificate(s) must be received by the closing date of the Offer Period.

C

You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our BioEnergy Shares and hereby agree to transfer to WFL all my/our BioEnergy Shares for the Offer Consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement and, subject to the Offer, agree to acquire WFL Shares in consideration for the sale of my/our BioEnergy Shares.

Holder(s) should sign in the appropriate box(es) provided below

Individual or Securityholder 1, Individual or Securityholder 2, Individual or Securityholder 3. Three rectangular boxes for signatures.

Sole Director and Sole Company Secretary, Director, Director/Company Secretary

WFL reserves the right to make amendments to this form where appropriate. Please refer to the lodgement instructions overleaf.

D

Contact details

Write the business hours telephone (mobile) number and the name of the person to contact about this Acceptance Form.

Contact Name

Grid of 20 boxes for contact name

Telephone Number – Business Hours

Grid of 10 boxes for telephone number

## Please refer overleaf for further important instructions

### Further important instructions

Your BioEnergy Shares are in a certificated holding. To accept the Offer, you must complete and return this Acceptance Form and all your shares certificate(s) in accordance with the instructions below.

Please refer to the WFL Bidder's Statement which accompanies this Acceptance Form. Terms and definitions that are defined in Section 12 of the WFL Bidder's Statement have the same meaning in this Acceptance Form.

#### Completion instructions

**A**

**Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. **Please note** your consideration will be issued in the names as they appear on the BioEnergy Register.

**C**

**Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:

- Joint holding:** If your BioEnergy Shares are held in the names of more than one person, all of those persons must sign this **Acceptance Form**.
- Power of Attorney:** If this **Acceptance Form** is signed under a power of attorney, please attach a certified copy of the power of attorney to this **Acceptance Form** when you return it. If this **Acceptance Form** is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
- Deceased Estate:** All the executors and administrators must sign this **Acceptance Form**. When you return this **Acceptance Form**, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9) of the Corporations Act.
- Corporations:** This **Acceptance Form** must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.

Information you supply on this Acceptance Form will be used by WFL for the primary purpose of processing your transfer and acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to WFL's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your transfer and acceptance may not be processed and you may not receive the Offer Consideration. You have rights to obtain access to the personal information which you have supplied. Please see WFL's privacy policy on its website [www.willmottforests.com.au](http://www.willmottforests.com.au).

#### Lodgement instructions

Mail or deliver completed **Acceptance Form(s)**, your shares certificate(s) and any other documents required by the above instructions to:

**Mail to**  
Willmott Forests Ltd  
BioEnergy Takeover Bid  
Locked Bag 4011  
South Melbourne VIC 3205

or

**Deliver in person**  
Willmott Forests Ltd  
BioEnergy Takeover Bid  
249 Park Street  
South Melbourne VIC 3205

**Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Melbourne time) on the last day of the Offer Period.**  
**If you have any questions about the terms of the Offer or how to accept, please call the WFL Offer Information Line.**