

11 February 2008

Manager Companies
ASX Limited
Level 45, Rialto South Tower
525 Collins Street
MELBOURNE VIC 3000

MANAGE

Dear Sir

Re: Off-market takeover bid by Willmott Forests Limited for ordinary shares in
BioEnergy Australia Limited – Supplementary Bidder's Statement

HARVEST

We attach a Supplementary Bidder's Statement dated 11 February 2008 that was sent
to ASIC and the target today.

PROCESS

Yours sincerely



Jonathan Madgwick
Company Secretary
Willmott Forests

SUPPLY

enc



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



Second Supplementary Bidder's Statement

1. Second Supplementary Bidder's Statement

- 1.1 This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the second supplementary bidder's statement issued by Willmott Forests Limited (ABN 17 063 263 650) (**WFL**) in relation to WFL's off-market bid for all of the fully paid ordinary shares (other than those currently held by WFL) in BioEnergy Australia Limited (ABN 89 096 335 901) (**BioEnergy**) (**Second Supplementary Bidder's Statement**).
- 1.2 This Second Supplementary Bidder's Statement supplements, and is to be read together with, the:
- (a) Bidder's Statement dated 7 November 2007;
 - (b) first supplementary bidder's statement dated 21 November 2007; and
 - (c) replacement bidder's statement dated 21 November 2007.
- 1.3 This Supplementary Bidder's Statement is dated 11 February 2008. A copy of this Second Supplementary Bidder's Statement was lodged with ASIC on 11 February 2008. This Second Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Bidder's Statement. Neither ASIC nor any of its officers takes any responsibility for the contents of this Second Supplementary Bidder's Statement.
- 1.4 This Second Supplementary Bidder's Statement has been approved by a unanimous resolution passed by all of the directors of WFL.
- 1.5 Words and phrases defined in the Bidder's Statement have the same meaning in this Second Supplementary Bidder's Statement unless the context requires otherwise.

2. Background

- 2.1 On 11 February 2008, WFL declared the Offer to be free from all defeating conditions as set out in section 10.10 of the Bidder's Statement. At the date of this notice, WFL had a relevant interest in 5,491,429 (**75.81%**) of the issued ordinary shares in BioEnergy.
- 2.2 Therefore, the Offer is no longer subject to the defeating condition 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.

3. Change in the availability of scrip for scrip rollover relief

- 3.1 As a result of items 2.1 and 2.2 above, where WFL does not ultimately increase its ownership interest in BioEnergy to at least 80% of all ordinary shares held in BioEnergy, scrip for scrip roll-over will be unavailable.
- 3.2 KPMG's letter set out in annexure A of this Second Supplementary Bidder's Statement (**KPMG letter**) provides a summary of the affect on scrip for scrip rollover relief.
- 3.3 Annexure B sets out an updated version of section 9 of replacement bidder's statement dated 21 November 2007.

4. Right to withdraw

- 4.1 In light of these changes, WFL will provide BioEnergy Shareholders who have already accepted the Offer before the day three business days after the date of this Second Supplementary Bidder's Statement (**Accepting BioEnergy Shareholders**) with a right to withdraw their acceptance in accordance with the procedures prescribed by section 650E of the Corporations Act. For further information, please contact the WFL Offer Information Line.
- 4.2 To withdraw their acceptance, an Accepting BioEnergy Shareholder must:
- (a) give WFL notice in writing within 1 month beginning on the day after the date of this Second Supplementary Bidder's Statement; and
 - (b) if applicable, return any WFL Shares that an Accepting BioEnergy Shareholder has received from WFL by giving WFL any transfer documents needed to effect the return of the WFL Shares.
- 4.3 If an Accepting BioEnergy Shareholder withdraws their acceptance, WFL will return any documents that the Accepting BioEnergy Shareholder sent to WFL with the acceptance of the Offer within 14 days after:
- (a) if the Accepting BioEnergy Shareholder does the things referred to in items 4.2(a) and 4.2(b) on the same day – that day; or
 - (b) if the Accepting BioEnergy Shareholder does those things on different days – the last of those days.

5. Consents

KPMG has consented to the inclusion of its letter, and the statements made about its letter, in this Second Supplementary Bidder's Statement in the form and context in which they appear.

Dated 11 February 2008



Jonathan Madgwick
Company Secretary
For and behalf of Willmott Forests Limited
pursuant to a unanimous resolution of all of the directors of Willmott Forests Limited

Annexure A



Tax
151 Pirie Street
Adelaide SA 5000

GPO Box 2499
Adelaide SA 5001
Australia

ABN: 51 194 660 183
Telephone: +61 8 8236 3111
Facsimile: +61 8 8236 3299
www.kpmg.com.au

Private and confidential
The Directors
Willmott Forests Limited
249 Park Street
South Melbourne VIC 3205

Our ref 190188_1

11 February 2008

Dear Sirs

Taxation consequences of Second Supplementary Bidders Statement

Willmott Forests Limited ("WFL") has requested KPMG to advise on the consequences to BioEnergy Australia Limited ("BioEnergy") shareholders as a result of the removal of Defeating Condition 10.10(a) ("the defeating condition"), and how this will impact upon the tax considerations outlined in Section 9 of the Replacement Bidders Statement.

The following opinion is based upon the Income Tax Assessment Act 1997 ("ITAA 1997") in its current form.

Background

The following is a brief summary of the facts as we understand them.

- As at 21 November 2007, WFL held a 57.98% ownership interest in BioEnergy;
- Provided the current offers are accepted, WFL will hold a 75.81% ownership interest in BioEnergy;
- WFL has obtained an extension to the offer period which closes on 28 February 2008;
- Section 10.10 of the Replacement Bidders Statement contains a defeating condition which allows WFL to terminate any contract made with BioEnergy shareholders who accept the terms of the WFL offer where WFL does not ultimately increase its ownership interest in BioEnergy to at least 80% of all shares held in BioEnergy;
- It is unlikely that WFL will achieve ownership of at least 80% of BioEnergy shares by the end of the offer period and therefore intends to waive the defeating condition.

Advice

Tax section

The Replacement Bidders Statement currently provides that BioEnergy shareholders may be entitled to scrip for scrip roll-over relief if the required conditions as set out in Division 124-M of the ITAA 1997 are satisfied.

In order for the BioEnergy shareholders to be entitled to scrip for scrip roll-over relief, one of the conditions that must be satisfied is that WFL must increase its holding of BioEnergy shares to at least 80% of all the BioEnergy shares on issue.

Unless WFL acquires at least 80% of BioEnergy shares, scrip for scrip roll-over will not be available to the shareholders.

If a BioEnergy shareholder derives a capital loss from accepting the offer, the removal of the defeating condition will have no tax impact, as these shareholders will not be entitled to scrip for scrip roll-over relief in any event on the basis that scrip for scrip roll-over is only available where capital gains are made. These shareholders will derive a capital loss and should be entitled to offset the capital loss against current and future capital gains.

If a BioEnergy shareholder derives a capital gain from accepting the offer and WFL does not meet the 80% threshold these shareholders will derive a capital gain, being the difference between the proceeds on disposal of BioEnergy shares (i.e. market value of WFL shares) and the cost base of the BioEnergy shares.

Although you have advised that it is unlikely that WFL will acquire 80% or more of the BioEnergy shares, it is still a possibility and therefore some BioEnergy shareholders may be able to access the scrip for scrip roll-over relief.

Cost base

Where scrip for scrip roll-over relief is available, the cost base of the shares in WFL received will be equal to the cost base of the BioEnergy shares disposed of. Where scrip for scrip roll-over relief is not available, the cost base of the WFL shares received will be equal to the market value of the WFL shares.

Amendments to the Replacement Bidders Statement

Letter from the Chairman

In the "Letter from the Chairman" on page 6 of the Replacement Bidders Statement, the sentence "If the Offer is successful, WFL will ultimately increase its ownership interest in BioEnergy from 57.98% to at least 80% (and potentially 100%)" should be removed in its entirety and replaced with "If WFL does not increase its holding of BioEnergy shares to at least 80%, scrip for scrip roll-over relief will not be available to BioEnergy Shareholders that accept the Offer (i.e. BioEnergy shareholders may make a capital gain). For BioEnergy Shareholders which make a capital loss on disposal of BioEnergy Shares, the waiver of the Minimum acceptance will have no impact as the scrip for scrip roll-over relief would not be available in any event."

Why you should accept this offer

In the section entitled "Why You Should Accept This Offer" on page 7 of the Replacement Bidders Statement, the sentence "If you accept the Offer you may be eligible for capital gains tax rollover relief" should be removed in its entirety and replaced with "If you accept the Offer and WFL increases its ownership interest to at least 80%, you may be eligible for capital gains tax roll-over relief".

* * * * *

We recommend that BioEnergy shareholders consult their own professional advisers for independent advice that acceptance of the offer is appropriate for their individual circumstances. Intending BioEnergy shareholders should also note that:

- The involvement of KPMG in the preparation of the Second Supplementary Bidders Statement is limited to the preparation of this Opinion for which normal professional fees will be received;
- KPMG provides Willmott Forests Limited with certain other professional services for which normal professional fees will be received;
- KPMG has not been involved in any other aspect of the Second Supplementary Bidders Statement and did not authorise or cause the issue of any other part of the Second Supplementary Bidders Statement and has only issued our consent in respect of inclusion of this Opinion in the Second Supplementary Bidders Statement;
- The giving of our consent for the inclusion of this Opinion in this Second Supplementary Bidders Statement should not be taken as an endorsement of the offer or a recommendation by KPMG of any participation in the offer by any intending BioEnergy shareholders; and



Wilmott Forests Limited
Taxation consequences of Second Supplementary
Bidders Statement
11 February 2008

- KPMG gives no assurance or guarantee whatsoever in respect of the future success or financial returns associated with the interests being offered pursuant to this Second Supplementary Bidders Statement.

Yours sincerely

Peter R Siebels
Tax Partner

Yours sincerely

Tim A Sandow
Tax Partner

Annexure B

9 UPDATED AUSTRALIAN TAX CONSIDERATIONS FOR BIOENERGY SHAREHOLDERS

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 cost 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 legislation. This is referred to as "scrip for scrip rollover relief". For the scrip for 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 roll-over relief is not available if a BioEnergy Shareholder makes a capital loss.

As the Defeating Condition contained in Clause 10.10(a) (“Minimum acceptance”) has been waived by WFL, if WFL does not increase its holding of BioEnergy shares to at least 80%, scrip for scrip roll-over relief will not be available to BioEnergy Shareholders that accept the Offer.

For BioEnergy Shareholders which make a capital loss on disposal of BioEnergy Shares, the waiver of the Minimum acceptance will have no impact as the scrip for scrip roll-over relief would not be available in any case.

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.

WFL shares will be acquired as part of the Offer. The cost base of the shares in WFL will be the market value of the new shares except in circumstances where scrip for scrip roll-over relief is available (i.e. where WFL increases its holding of BioEnergy shares to at least 80% ownership) in which case the shareholders cost base for WFL shares will be equal to the cost base of the BioEnergy shares disposed of.

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. A capital gain will arise if the capital proceeds exceed the cost base of the shares and a capital loss 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 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.