

15 September 2008

COMPANY ANNOUNCEMENT**Willmott Forests to access FNSW plantation land in Bombala**

The directors of Willmott Forests Limited are pleased to announce the formation of a commercial arrangement with Forests NSW (FNSW), one of Australia's largest owners and managers of softwood plantations.

Under the terms of this exclusive arrangement, FNSW will make available to Willmott Forests 4,500 hectares of harvested plantation lands to be replanted for new Woodlot sales over the next 3 years in the Bombala region of south east NSW. FNSW will provide forestry services to Willmott Forests for the duration of the rotation period, including plantation establishment, maintenance and log marketing for the Woodlots established on the land supplied.

These new arrangements further underpin the company's capital management strategy for future land acquisition and plantation establishment.

Marcus Derham, Willmott Forests' CEO, said... *"The commercial arrangements with FNSW will provide us with a supply of proven plantation land, enhance our cash flow and help facilitate our future growth."*

The key features of the Commercial Arrangements are:-

- FNSW will make available 4,500 hectares of productive plantation land to Willmott Forests via lease;
- During the term, which can be extended for a further 3 years, the arrangement on FNSW Bombala land is exclusive to Willmott Forests;
- FNSW will act as a service provider to Willmott Forests on commercially agreed arms-length arrangements on the land that is the subject of the transaction; and
- The arrangement will provide Willmott Forests with improved market access and economies of scale, increasing the potential for higher end-market prices for Woodlot investors.

About Forests NSW

Forests NSW (FNSW) is a public trading enterprise within New South Wales (NSW) Department of Primary Industries. The role of FNSW is to sustainably manage more than 2,000,000 hectares of native and planted State forest and land. FNSW is a major force in the Australian timber industry as it is the largest manager of plantation forests in NSW. FNSW manages in excess of 30,000 hectares of softwood plantation land in the Bombala region.

PLANT

MANAGE

HARVEST

PROCESS

SUPPLY

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About Willmott Forests

Willmott Forests is an integrated forestry company established in 1979 that plants, manages, harvests, processes and supplies plantation timber products for domestic and export markets. With total assets in excess of \$350 million, Willmott Forests manages 47,000 hectares of commercial plantations throughout New South Wales and Victoria on behalf of more than 4,500 growers with forestry funds under management exceeding \$350 million.

Willmott Forests' timber processing facility in Bombala NSW is operated under a 50:50 Joint Venture with Dongwha, a global manufacturer of wood materials. A wide range of softwood timber products are produced from the Sandy Lane site in Bombala which - underpinned by a 20 year wood supply agreement with the NSW Government - is being redeveloped. Production from the new complex is expected to commence in 2010.

Willmott Forests is entering the bio-fuel market with the construction of a second generation 'cellulosic' ethanol pilot plant on the North Coast of NSW. The company plans to be producing bio-fuel on a commercial scale within 3 years.

For further information please contact:

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