

30 September 2009

COMPANY ANNOUNCEMENT

PINES Update

Willmott Forests Limited (**Willmott**) announced on 17 August 2009 that it had received Holder Exchange Notices for the Exchange of 223,979 Perpetual Income Exchangeable Securities (**PINES**), and that on 30 September 2009 it would Exchange each of those PINES by conversion into Willmott ordinary shares.

A Determination Notice dated 26 August 2009 detailed the method of conversion as follows:

Under the Conversion Ratio, Holders will receive on Exchange that number of ordinary shares in Willmott equal to \$102.56 (being the Face Value of \$100 adjusted upwards by the Conversion Discount of 2.5%) divided by the volume weighted average price of Willmott ordinary shares for the 20 business days immediately preceding (but not including) 30 September 2009 ("Exchange VWAP") but:

- if the Exchange VWAP is equal to or above \$4.00 per share, Holders will receive 25.64 Willmott Forests ordinary shares per PINES; and
- if the Exchange VWAP is equal to or below \$0.70 per share, Holders will receive 146.52 Willmott Forests ordinary shares per PINES.

The Exchange VWAP was \$0.54. As the Exchange VWAP was below \$0.70, then in accordance with the PINES terms, 146.52 Willmott ordinary shares are being issued for each PINES being Exchanged, rounded down to the nearest whole number of Willmott ordinary shares for the total number of PINES being Exchanged.

On 30 September 2009:

Number of PINES to be Exchanged	223,979
Total number of PINES remaining on issue	176,021
Number of Willmott ordinary shares being issued on Exchange (rounded down)	32,817,371
Total number of Willmott ordinary shares on issue following Exchange	92,888,351

The reset terms of the PINES remaining on issue will take effect from today, 30 September 2009.

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. Willmott Forests manages 53,000 hectares of commercial plantations throughout New South Wales, Victoria and Queensland on behalf of more than 6,000 growers with forestry funds under management exceeding \$400m.

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 timber products are manufactured from plantation softwood at the Bombala site which - underpinned by a 20 year wood supply agreement with the NSW Government - is being redeveloped. Funding avenues are being explored as planning approvals are expected to be achieved in late 2009. The new complex is anticipated to be commissioned in 2011 with full production achieved by 2012.

Willmott Forests is entering the bio-fuel market through its 51% owned subsidiary company, Ethanol Technologies Limited (Ethtec), with the construction of a second generation 'cellulosic' ethanol pilot plant on the North Coast of NSW. Ethtec has been awarded a Commonwealth Government grant of \$2.9 million to further develop and commercialise technology for the production of second generation ethanol from lignocellulosic material (i.e. wood, bagasse, crop stubble and municipal green waste).

For further information please contact:
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