

1 October 2009

COMPANY ANNOUNCEMENT**Placement and Rights Issue to raise \$20m**

Willmott Forests Limited (**Willmott**) today announced it has successfully completed an institutional placement of approximately 13.9 million shares at 45 cents per share to raise approximately \$6.3 million (**Placement**). The Placement has been made to professional investors in Australia.

Willmott will also be undertaking a 1 for 3 renounceable rights issue at 40 cents per share to raise approximately \$14.2 million (**Rights Issue**). The Rights Issue will be offered to shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**).

Veritas Securities Limited is acting as Lead Manager of the Placement and Rights Issue and will underwrite the Rights Issue to a minimum of \$7 million. The Record Date for the Rights Issue is 7.00pm (Melbourne Time) on Monday 12 October 2009 (**Record Date**).

Eligible Shareholders will be invited to subscribe under the Rights Issue for 1 new share for every 3 shares held at the Record Date at a price of 40 cents per share. The Rights Issue is renounceable and trading of entitlements will commence on 6 October 2009 and cease at the close of trading on 21 October 2009.

A shortfall facility will be available for all Eligible Shareholders who may apply for additional shares at the Rights Issue price, with a minimum application of \$2,000 and a maximum application of \$10,000. This facility will provide Eligible Shareholders with an opportunity to receive additional new shares subject to overall demand.

Willmott Forests CEO, Marcus Derham, explained: *"The Rights Issue has been priced and structured for participation and funds raised will be used for identified growth opportunities. Clearly among these opportunities is our timber mill development that will be appropriately positioned for the construction phase as statutory planning approvals and technical planning for the project will soon be finalised."*

An offer document including acceptance forms will be despatched to Eligible Shareholders by 14 October 2009. Details of the Willmott Forests Limited Offer Information Line will be shortly communicated to Shareholders.

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:
Marcus Derham - Chief Executive Officer
Willmott Forests Limited
Ph: 03 9696 1355