

ASX ANNOUNCEMENT

16th September 2009

PLACEMENT AND ENTITLEMENT OFFER TO RAISE \$39.5m

Forest Enterprises Australia Limited (ASX:FEA) ("FEA" or "Company") announces a placement of approximately 60.8 million shares at 7.5 cents per share to raise \$4.5 million ("Placement") and a 1 for 1 renounceable entitlement offer at 7.5 cents per share ("Entitlement Offer") to raise \$35 million. The Entitlement Offer is fully underwritten by Southern Cross Equities Limited and sub-underwritten by Sun Hung Kai Investment Services Limited and AW Seymour and Associates. The Placement will be made to professional investors based in Hong Kong who are clients of Sun Hung Kai Investment Services Limited. The record date for the Entitlement Offer is 7:00pm (AEST) on Thursday, 24 September 2009 ("Record Date").

Under the Entitlement Offer, eligible shareholders are able to subscribe for 1 new share for each existing FEA share held at the Record Date, at a price of 7.5 cents per share. The entitlements are renounceable and trading of entitlements will commence on 18 September 2009 and will cease on close of trading on 7 October 2009.

The Entitlement Offer includes a shortfall facility so shareholders may apply for additional new shares which will be issued if there is a shortfall. The Company intends to adopt a scale-back policy in respect of additional new shares to favour shareholders with smaller holdings by providing them with the opportunity to receive their full application for additional new shares subject to overall demand.

FEA's CEO, Mr Andrew White, said "the proceeds from the Placement and Entitlement Offer will be used for working capital purposes and to strengthen FEA's Balance Sheet. FEA intends to continue the current process of divesting non-core assets. The proceeds from any asset sales will be used to pay down debt and to provide additional working capital. I encourage all shareholders to subscribe for their entitlement".

Further details of the Placement and Entitlement Offer, including details of the timetable and key risks of the Entitlement Offer are contained in the investor presentation released to the ASX and available on FEA's website. An offer booklet, including that presentation, is expected to be mailed to eligible shareholders on 29 September 2009.

FEA is advised by Kidder Williams Limited and Minter Ellison Lawyers. Southern Cross Equities Limited is acting as Lead Manager and Underwriter of the Entitlement Offer.

For further information, please contact:

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