

1 July 2009

The Manager
Company Announcements Platform
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

FEA Plantations - Sales Update

Forest Enterprises Australia Ltd (ASX: FEA) advises that sales of its managed forestry investment products for the 2008/09 financial year totalled approximately \$23 million (excluding GST). FEA Chief Executive Officer, Andrew White, noted the well documented external factors effecting the inflow into the managed agribusiness investment sector.

“FEA’s diversification into forest products processing is providing multiple revenue streams for the group that allows the company to reduce its reliance on income generated by our investments division. This year, revenues from timber sales and plantation establishment are expected to significantly exceed those from FY08,” said Mr White.

“The major driver of the managed agribusiness investment market this year was industry sentiment following the collapse of Timbercorp Ltd and Great Southern Ltd in the June quarter. In addition, the 50% investment allowance and pending changes to superannuation contribution limits detrimentally affected funds inflow,” said Mr White.

“FEA’s long term vertical integration strategy from a sole revenue reliance on plantation forestry to a balance which includes forest products processing and timber sales is a sustainable model which has been welcomed by our shareholders and investors alike,” said Mr White.

Given the challenging environment, the Company has sought and received an agreement from its banking syndicate to waive relevant covenants for the June 2009 reporting period.

FEA expects to release a profit guidance statement for the year ended 30 June 2009 to the market in mid August, followed by full year results towards the end of August.

“We are looking forward to the coming year with these industry factors mitigated and a more favourable trading environment as we believe the market will support vertically integrated forestry and forest products companies with a strong track record of plantation performance and a sustainable business model.”

For further information:

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