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3 September 2009

**TFS SUCCESSFULLY COMPLETES \$28.0M INSTITUTIONAL PLACEMENT**

Sandalwood grower and processor, TFS Corporation Limited (ASX: TFC) (“TFS”) today announced it has successfully completed an Institutional Placement of 28.0 million shares at \$1.00 per share to raise gross proceeds of \$28.0 million (the “Placement”). Proceeds from the Placement will be used to reduce net debt, maintain balance sheet flexibility and enhance TFS’s ability to pursue growth opportunities.

The Placement was oversubscribed with strong demand from new and existing institutional investors.

TFS Executive Chairman, Frank Wilson, said, “The Placement was well supported and represents a strong endorsement of our vertically integrated business model, and highlights our momentum in building a world-leading sandalwood business.

”The prospects for the sandalwood market remain robust, and prices remain high driven by strong demand, diminishing global supply, and a global trend towards sustainable natural products.”

“This placement puts TFS in a stronger position to execute our growth plans, both in Australia and overseas.”

Merrill Lynch acted as sole lead manager to the offer.

Settlement of the new shares issued under the placement is expected to take place on 9 September 2009 with quotation expected on 10 September 2009. Shares issued under the Placement will be entitled to the final dividend of 3c per share, to be paid on 22 December 2009.

As previously announced, TFS also intends to offer eligible shareholders the opportunity to purchase new shares in TFS by way of a Share Purchase Plan (subject to receipt of waivers from ASX and ASIC) (the “SPP”). Further details on the SPP will be provided to ASX and eligible shareholders in due course.

Mr Frank Wilson  
Executive Chairman

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## IMPORTANT INFORMATION

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### **About TFS Corporation Ltd**

TFS Corporation Ltd (ASX: TFC) is an owner and manager of Indian sandalwood plantations in the east Kimberley region of Western Australia. As part of its vision to be a vertically integrated producer of finished sandalwood products, TFS owns a significant proportion of the plantations in its own right and in 2008 acquired Mount Romance Australia (Mount Romance), the Albany-based sandalwood processor and oil distributor.

TFS was founded in 1997 to exploit the success of government trials into the plantation growth of Indian sandalwood in the Ord River Irrigation Area (ORIA) of north-east Western Australia.

TFS's first planting was in 1999 and it now manages the largest area of Indian sandalwood plantation in the world, with 1,750 hectares planted in the ORIA. The majority of the TFS plantations are managed on behalf of investors in Managed Investment Schemes regulated by ASIC and the ATO.

TFS has a land bank of over 4,000 hectares for future sandalwood plantings in the ORIA and at its Kingston Rest property 65 kilometres south of the ORIA.

The company listed on the Australian Stock Exchange in December 2004 and is currently capitalised at over \$200 million.

TFS is committed to adopting and maintaining the highest environmental and ethical standards in all aspects of its business. All plantations are grown on

land that has previously been used for agricultural or horticultural production. As the first ORIA land owner to recycle its water, TFS was the winner of the 2006 State Regional Water Award. TFS was recently ranked as an industry leader in ethical and sustainable practices by Oekom Research, a leading international ratings agency.

### **About Indian Sandalwood**

Indian sandalwood has a history as a tradeable commodity spanning thousands of years, but is now endangered due to the illegal harvest of wild trees throughout the world. As a result, Indian sandalwood is the world's most expensive tropical hardwood and continues to increase in price each year. Its heartwood currently trades for in excess of A\$100,000 per tonne on average, having risen at a compounding rate of over 21% per annum over the past 17 years.

Indian sandalwood is a globally important ingredient in fine fragrances, cosmetics and toiletries, incense sticks, high quality carvings and for medicinal purposes (aromatherapy and Chinese medicine). Indian sandalwood has a well entrenched market throughout the world. This is particularly so in India and China, which are two of the fastest growing economies in the world.

### **Overview of Mount Romance**

Mount Romance was established in 1993 and, following conclusion of a long term contract with the Western Australian government for the supply of raw material, has become an internationally recognised producer of high quality Australian sandalwood (*Santalum spicatum*) oil and by-products. Mt Romance supplies oil to leading global fine fragrance brands in Europe and North America.

