

Forico to invest \$9 million in Surrey Hills Mill recommission and upgrade through 2015

LAUNCESTON, 5 NOVEMBER 2014 - Tasmania's newest and largest plantation manager, Forico, has announced plans to proceed with a major capital expenditure project in Northwest Tasmania.

Forico will remodel and recommission the Surrey Hills Mill located on the company's hardwood plantation estate near Hampshire. The woodchip mill has been closed since December 2010 and will require approximately \$9 million to construct a conventional hard stand log yard, modernise log handling and mill in-feed, and to recommission all other existing mill equipment. The project received formal approval from Forico's Board of Directors in late October and will be fast tracked with target completion by July 2015.

Forico was established earlier this year by New Forests to manage the Tasmanian plantation estate acquired by the Australia New Zealand Forest Fund 2 from the Receivers of Gunns Limited. The Surrey Hills Mill upgrade will increase the company's timber processing capacity in support of its plantation estate as well as other private growers in Northwest Tasmania.

"This is a significant decision and a demonstration to the Tasmanian community that Forico is here for the long haul to add value to the whole private plantation estate, not just our own trees," said Forico CEO Bryan Hayes.

"Once back in operation, the Surrey Hills Mill will add up to 1.2 million green tonnes per year of processing capacity to the Northwest region. This will service our own estate and we are especially interested to also provide a market for private plantation owners," Mr Hayes said.

"Private forests could be called a sleeping giant because those forests currently produce nearly 60% of Tasmania's total wood harvest, with 95% of that sourced from plantations," he said.

"Even though international market demand for high quality wood fibre is growing, prices are still soft, but they won't always stay that way. We want to be ready for the inevitable upswing when it comes."

Forico estimates that when completed and fully operational the project could create up to 15 permanent jobs at the mill, with up to an additional 50 jobs in harvesting, log and chip haulage.

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