

13 May 2010

CIRCULAR TO CREDITORS

Dear Sir/Madam

**FOREST ENTERPRISES AUSTRALIA LIMITED (RECEIVERS AND MANAGERS APPOINTED)
(ADMINISTRATORS APPOINTED) ("FEA") ACN 009 553 548
FEA PLANTATIONS LIMITED (ADMINISTRATORS APPOINTED) ("FEAP") ACN 055 969 429
("the Companies")**

You will recall that Peter Krejci, Mathew Muldoon and I were appointed Joint and Several Voluntary Administrators of FEA and FEAP on 14 April 2010 pursuant to Section 436A of the Corporations Act 2001 ("the Act"). I advise that on 12 May 2010, Mathew Muldoon resigned as Voluntary Administrator of FEA and FEAP.

Ordinarily Section 439A of the Act would require the Administrators to convene the Second Meetings of Creditors of FEA and FEAP within 20 business days after the commencement of the Administration. In convening the Meetings, the Administrators must provide Creditors with a Report pursuant to Section 439A of the Act regarding the Companies' business, property and affairs as well as commenting on the financial circumstances of the Companies. The Administrators must also provide a recommendation to Creditors regarding the future of the Companies, stating whether it is the Administrators opinion that:

- (i) The Administration should end;
- (ii) The Companies should execute a Deed of Company Arrangement (if one is proposed); or
- (iii) The Companies should be wound up.

At the Second Meetings of Creditors, Creditors may resolve one of the above options with respect to the Companies future.

In relation to the Administrations for FEA and FEAP, the convening period was due to end today, so the Second Meetings of Creditors were scheduled to be held by no later than 20 May 2010.

Due to the size and complexity of both FEA and FEAP, we did not believe this time period allowed us to complete a detailed investigation, report on our findings and provide our recommendations as to the future of the Companies.

At concurrent meetings of the Committees of Creditors ("CoC") of both FEA and FEAP held on 11 May 2010, the respective CoCs endorsed our proposal to apply to the Court to extend the convening period of the Second Meetings of Creditors for a period of up to 4 months for both Administrations.

As a result, on 12 May 2010 we applied to the Federal Court of Australia to extend the convening period for the Second Meetings of Creditors.

On 12 May 2010, Her Honour Dodds-Streeton J made an Order extending the convening period up to 13 September 2010. A copy of the Order is attached. Under the Order, the Administrators are able to convene the Second Meetings of Creditors at any time up to and including 13 September 2010. This means that the latest dates on which the Second Meetings of Creditors can be held is 20 September 2010.

Over the coming months, it is our intention to communicate regularly with the CoCs in each Administration. Over this time, we will prepare our Section 439A Report to Creditors for both FEA and FEAP.

On 12 May 2010, the Federal Court also made Orders allowing for Notices of the Meetings and an internet link to the Report to be posted on the BRI Ferrier website www.briferrier.com.au rather than being sent by post to all Creditors.

Notices of the Meetings and an internet link to the Report will be emailed to all Creditors whose email addresses are known, while Notices of the Meetings and an internet link to the Report will be posted to all Creditors whose email addresses are unknown. A copy of all Reports will be posted on our website www.briferrier.com.au as well as on the FEA Group's website www.fealtd.com.

Should you have any further queries in relation to the above or the Administrations in general, or should you wish to receive further notifications by email, please email fea@briferriernsw.com.au or call the FEA and FEAP Hotline on 1300 229 266. Creditors can also visit our website www.briferrier.com.au for regular updates.

Yours faithfully

FOREST ENTERPRISES AUSTRALIA LIMITED
FEA PLANTATIONS LIMITED



Brian R Silvia
Joint and Several Administrator

Encl.

**IN THE FEDERAL COURT OF AUSTRALIA
VICTORIA DISTRICT REGISTRY
GENERAL DIVISION**

No: **(P)VID349/2010**

IN THE MATTER OF FEA PLANTATIONS LTD (ACN 055 969 429) (administrators appointed) and FOREST ENTERPRISES AUSTRALIA LTD (ACN 009 553 548) (administrators appointed) (receivers and managers appointed)

BRIAN RAYMOND SILVIA, PETER PAUL KREJCI
and MATHEW CAMPBELL MULDOON
in their capacity as administrators of
FEA PLANTATIONS LTD (ACN 055 969 429)
(administrators appointed) and
FOREST ENTERPRISES AUSTRALIA LTD (ACN 009 553 548)
(administrators appointed) (receivers and managers appointed)
First Plaintiffs

FEA PLANTATIONS LTD (ACN 055 969 429)
(administrators appointed)
Second Plaintiff

FOREST ENTERPRISES AUSTRALIA LTD (ACN: 009 553 548)
(administrators appointed) (receivers and managers appointed)
Third Plaintiff

ORDER

JUDGE: Justice Dodds-Streeton

DATE OF ORDER: 12 May 2010

WHERE MADE: Melbourne

THE COURT DIRECTS THAT:

1. Pursuant to s 447D(1) of the *Corporations Act 2001* (Cth) (“the Act”), the first plaintiffs (“Administrators”) shall within 2 business days of the date on which this Order is made:
 - (a) publish a copy of this Order on the administrators’ website, www.briferrier.com.au, and on the third plaintiff’s website, www.fealtd.com; and



- (b) publish a copy of this Order on the administrators' website, www.briferrier.com.au, and on the third plaintiff's website, www.fealtd.com; and
- (c) send a copy of this Order:
 - (i) to the personal electronic address of each creditor of the second plaintiff, FEA Plantations Pty Ltd (ACN 055 969 429) ("FEAP"), and the third plaintiff, Forest Enterprises Australia Ltd (ACN 009 553 548) ("FEA"), who has requested that the administrators communicate with her, him or it by electronic means; and
 - (ii) to each secured creditor of the second plaintiff, FEAP, and the third plaintiff, FEA, and to each known third party landlord referred to in paragraph 20 and 24(c) of the affidavit of Peter Paul Krejci sworn on 12 May 2010.

THE COURT ORDERS THAT:

2. Pursuant to s 439A(6) of the Act, the convening period for the meetings of creditors of the second plaintiff, FEAP, and the third plaintiff, FEA, is extended up to and including 13 September 2010.
3. Pursuant to s 447A(1) of the Act, the second meetings of creditors of the second plaintiff, FEAP, and the third plaintiff, FEA, required by s 439A of the Act may be held at any time on or before, or within 5 business days after, 13 September 2010, notwithstanding the provisions of s 439A(2) of the Act.
4. Liberty is granted to the plaintiffs to apply to the Court for any further extension of the convening period referred to in paragraph 2 above at any time prior to 13 September 2010.
5. Pursuant to s 447A(1) of the Act, Part 5.3A of the Act is to operate in relation to the second plaintiff, FEAP, and the third plaintiff, FEA, as if s 439A of the Act provided that the notice of the second meeting of creditors to be convened pursuant to s 439A of the Act ("the notice") and the documents required to be sent to creditors pursuant to s 439A(4) of the Act ("the report") may be given to all creditors of the company by:
 - (a) sending the notice and an internet link to the report to the personal electronic address of each creditor of the company who has requested that the administrators communicate with her, him or it by electronic means;



- (b) sending the notice and an internet link to the report to the personal electronic address of each creditor of the company for whom or which the administrators have a personal electronic address;
 - (c) sending a one page paper letter and a paper copy of the notice to all known creditors of the company to whom or which no notification is sent pursuant to sub-paragraph 5(a) or (b) of this Order, along with a statement that the report is available on the administrators' website, www.briferrier.com.au, and on the third plaintiff's website, www.fealtd.com; and
 - (d) causing a notice to be published in a national newspaper (at least 5 business days before the second meeting of creditors) providing:
 - (i) notice of the date, time and location of the second meeting of creditors;
 - (ii) notice that the report is available on the administrators' website, www.briferrier.com.au, and on the third plaintiff's website, www.fealtd.com; and
 - (iii) details of a telephone hotline number by which any creditor may contact the administrators to request a paper or electronic copy of the report.
6. Pursuant to s 447A(1) of the Act, subject to further order, all future notices, reports and communications that the administrators must or may give or send to creditors of the second plaintiff, FEAP, and the third plaintiff, FEA, may be given and or sent in accordance with the procedure described in paragraph 5 above.
7. Liberty is granted to any person (including any creditor of the second plaintiff, any creditor of the third plaintiff and the Australian Securities and Investments Commission) who can demonstrate sufficient interest to apply to vary or discharge these orders, or any part of them, on 2 business days notice in writing being given to the plaintiffs and to the Court.
8. The costs and expenses of this application be costs and expenses of the administration of the second plaintiff, FEAP, and the third plaintiff, FEA.

Date that entry is stamped: 13 May 2010



(for) Deputy District Registrar