



ASX Release

7 May 2014

First harvest to be completed in June

TFS Corporation Limited ("TFS", "the Company", ASX: TFC) today announced that the harvest of its first project, the East Kimberley Sandalwood Project No.1 ("EKS"), was proceeding as expected and would be completed in June 2014. The Company also confirmed that the harvested wood belonging to third party growers is scheduled to be sold at auction, managed by Grays Online, one of Australia's leading online auctioneers during July.

Harvest of first project to complete in June

This week, following the end of the wet season, TFS commenced the second and final phase of its harvest of the EKS project, covering 101 hectares. The Company expects that the harvest and processing of the wood into a marketable form will take approximately six weeks.

As advised in previous ASX releases, the first phase harvest of eight hectares was successfully completed in September 2013.

The EKS project was TFS's first commercial plantation, established in 1999. The project was marketed to managed investment scheme ("MIS") investors and, out of the 101 hectares to be harvested in the second phase, MIS growers own approximately 69 hectares, with the balance owned by TFS.

TFS advises that the Company's second commercial plantation, TFS Sandalwood Project No.2 ("TFS2") which was established in 2000, is now scheduled to be harvested in 2015. The plantation covers 35 hectares.

First auction of MIS harvest scheduled for July

In accordance with the contractual arrangements between TFS and the EKS growers, TFS will market and sell the growers' harvested wood, being the logs and butts of the sandalwood tree. TFS has appointed one of Australia's leading online auctioneers, Grays Online, to manage the auction process with the objective of maximising returns for the growers.

Grays Online is expected to commence the worldwide marketing of the growers' harvested wood during May. The auction is expected to take place during July 2014 which is likely to mean that the auction proceeds will be paid to EKS growers in August 2014.



Mature EKS sandalwood tree



Harvesting of sandalwood tree



Collecting harvested sandalwood logs



Harvested sandalwood at the Primary Processing Centre



Removing sapwood from harvested sandalwood logs



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For investor queries, please contact:

Frank Wilson
Chief Executive Officer
Ph: (08) 9386 3299

Alistair Stevens
Chief Financial Officer
Ph: (08) 9386 3299

Quentin Megson
GM of Communications & HR
Ph: (08) 9386 3299

For analyst queries, please contact:

Gerry Bullon
gerry.bullon@insor.com.au

Ph: 0418 106 675

ABOUT TFS

TFS Corporation Ltd ("TFS", ASX: TFC) is an owner and manager of Indian sandalwood plantations in northern 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 plantations in the world, with approximately 7,600 hectares planted of which TFS owns directly and indirectly approximately 2,400 hectares. TFS plantations are managed on behalf of both retail and institutional investors.

TFS commenced the first commercial harvest of its Indian sandalwood plantations in September 2013. The company listed on the Australian Stock Exchange in December 2004. Since March 2014, TFS has been an ASX300 company.

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. In 2012 and 2013 TFS subsidiary Mount Romance was awarded the Platinum Award by the Water Corporation for its Water Efficiency Management Plan (WEMP) and in 2014 the company received a Champion Award recognising its on-going commitment to water saving.

TFS is ranked as an industry leader in ethical and sustainable practices by Oekom Research, a leading international ratings agency.

In 2009, TFS entered the prestigious Forbes Asia Pacific's 'Best Under a Billion', which recognises the Top 200 companies from more than 25,326 publicly-listed firms in the Asia/Pacific region with revenue of less than US\$1 billion.

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. The price of its heartwood has risen at a compounded rate of over 15% per annum since 1990.

Indian sandalwood oil is a globally important ingredient in fine fragrances, cosmetics and toiletries, Indian consumer products and for medicinal purposes (Ayurvedic and Chinese medicine) and the wood is used for high quality carvings and artefacts and religious worship in the Hindu and Buddhist faiths. Indian sandalwood has a well entrenched market throughout the world, particularly in the fast growing economies of India and China.