



Australian sandalwood sells for millions

The world's largest producer of Indian sandalwood has signed a major contract with a pharmaceutical company, expected to be worth half a billion dollars.

Tropical Forestry Services (TFS), which has plantations in Western Australia, the Northern Territory and Queensland, has secured a deal to sell sandalwood oil for \$4,500 per kilogram for up to 20 years.

It's the first time the company has signed an official contract with a pharmaceutical company.

TFS chief executive, Frank Wilson, says the agreement is great news for the company and the industry based in Kununurra.

"We've spent a lot of time and money in America with our research and it's been something we thought has a lot of potential and it's great to now realise that," he said.

"Obviously the global pharmaceutical industry is a very large one and we believe it's both a very high volume market and also a very high price market."

The oil will be used in skin products, however the pharmaceutical company will remain undisclosed until it releases products later this year.

Mr Wilson says TFS is happy with the price of \$4,500 per kilogram on offer.

"Well it's a very good price that's equivalent to today's exchange rate of around about \$5,000 a kilogram, which is \$5 million a tonne.

"When we started this project 16 years ago we were contemplating of getting a figure around about a quarter of that," he said.

Since the announcement of the deal Mr Wilson says TFS's share price has increased by 20%.

4 Mar 2014