



## **Sandalwood exports as good as gold**

In the world of essential oils, sandalwood oil is like gold.

Australian sandalwood producer TFS Corporation, through its US joint venture entity Santalis Pharmaceuticals, is about to ship 100 kilograms of oil to an unidentified global pharmaceutical company - at \$US4,500 per kilogram.

One kilogram of sandalwood oil is equivalent to about one litre.

The oil will be used in a range of dermatology products to be launched in the United States later in 2014.

The oil is the first to be produced from TFS Corp's sandalwood plantations at Kununarra in the Ord River region of Western Australia.

The first plantation was established in 1999.

Chief executive Frank Wilson said the first shipment of oil to a major pharmaceutical customer proved the company could grow a tree, mill it, distill it and sell it at very profitable prices.

"It's a big breakthrough for us, and we think it's the first of many to come in the pharmaceutical and medicinal market," he told AAP.

For reasons of confidentiality, Mr Wilson said he could not reveal customer's identity, or the skin conditions for which the sandalwood oil would be used to treat.

But the number of global dermatological companies is very small, and includes Swiss-based Galderma, which was recently taken over by Nestle.

Sandalwood trees take about 15 years to mature, growing about eight metres tall and to over 100kg in mass, Mr Wilson said.

About 20kg of that mass is heartwood - the aromatic wood in the inner circle of the tree from which the oil is extracted.

The heartwood from a good sandalwood tree can produce 600 to 700ml of oil, or used to make fine furniture and wood carvings.

The outer wood of the tree can be turned into very fine chips and sold to the incense market.

Mr Wilson said TFS Corp's plantations were still relatively small and were expected to produce a few tons of sandalwood oil per annum over the next few years.

"We're starting to hit our straps big time, and I think it will only get better as we start to get into our bigger harvests and our bigger plantations," he said.

The prices paid for sandalwood were high due to strong global demand from the cosmetics, fragrance, pharmaceutical, furniture and art sectors, and its limited supply.

TFS Corp's sandalwood was attracting increasing attention from the pharmaceutical sector, and Chinese and other Asian wood markets, Mr Wilson said.

The Chinese wood market was willing to pay even more for sandalwood than the pharmaceutical sector, and the market in China was promising, he said.

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