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As Managing Director and a Shareholder of Lignor Ltd, I would like to convey some exciting news in the development of Lignor Ltd.

On 17 January 2007 the proceeds of the highly successful Convertible Note Issue of AUD16.5 million were received.

Lignor would like to thank Macquarie Equities Ltd and Patersons Securities Ltd who acted as Joint Lead Managers to secure the funds. These funds will be used to undertake the build up of the project team and provide deposits for the long lead items required for the Mirambeena plant construction.

I would also like to advise of changes to the composition of the Board of Directors. Humphry Rolleston has stepped down as Chairman but will continue as Deputy Chairman of the Board. I would particularly like to thank Humphry on behalf of the Board for his very thoughtful and pragmatic approach to guiding the direction of Lignor over the past two years and his continuing involvement as Deputy Chairman is warmly endorsed.

Paul Elsmore and Peter Burton resigned from the Board in November as part of the Board's restructure and I thank them sincerely for their tireless efforts to develop the business and their contribution to the Board over the company's formative years. Peter continues as our Research and Development Manager on the management team.

In further developments, I'm pleased to announce the appointment of Dalton Gooding as a Director and Chairman of the Board of Directors effective from 22 December 2006. Dalton is a Chartered Accountant and was a partner of Ernst & Young for many years before establishing his own practice, Gooding Pervan. He holds a number of Directorships in both private and public companies.

The executive and management team is now taking shape with several senior appointments made over the past few months. There will be additional senior staff appointed in the coming months as we move towards the commencement of the plant's detailed design.

Several members of the management team have direct prior experience in commissioning similar plants in North America.

I would like to take this opportunity to thank all stakeholders for their continuing support as we bring Lignor closer to realizing its objective of becoming a leading global manufacturer of

high strength wood products and, in effect, a new timber industry using young plantation eucalypt.

Glyn Denison
Managing Director, Lignor Ltd

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