

## **NOTICE OF ANNUAL GENERAL MEETING**

### **QUEENSLAND PAULOWNIA FORESTS LIMITED ACN 071 625 477**

**NOTICE IS HEREBY GIVEN** that a meeting of shareholders of Queensland Paulownia Forests Limited ACN 071 625 477 will be held at the time, date and place detailed below to consider and vote on the resolutions in this notice.

**Date and time of meeting:** 2.00 pm on Friday, 25 November 2005

**Place of meeting:** Atlantis Room 3, Level 2, Watermark Hotel, 3032 Gold Coast Highway, Surfers Paradise, Queensland

#### **Business of the Meeting:**

- ~~(a)~~(a) Opening of meeting and apologies
  - (b) Confirm the Minutes of the 2004 Annual General Meeting.
  - (c) Chairman's Address.
  - (d) Chief Executive Officer's Address
- ~~(e)~~(e) Consideration of the following resolutions:

##### **(i) Resolution 1 – Adoption of statutory financial statements and reports**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

*"That the Statement of Financial Performance, Statement of Financial Position, Directors' Report, Directors' Declaration and Auditor's Report for Queensland Paulownia Forests Limited for the year ended 30 June 2005 be adopted."*

##### **~~(ii)~~(ii) Resolution 2 - Directors' fees**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

*"That the meeting approve that the total annual Directors' fees for the 2005/2006 financial year be limited to an amount of \$250,000."*

##### **~~(iii)~~(iii) Resolution 3 – Appointment of Auditor**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

*"To re-appoint KPMG of Corporate Centre One, Cnr Bundall Road and Slayter Ave, Bundall, Gold Coast, QLD 4217, as auditors of Queensland Paulownia Forests Limited for the ensuing year."*

**(iv)(iv) Resolution 4 – Remuneration of Auditor**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

*"To authorise the Directors to fix the remuneration of the Auditor for the ensuing year."*

**(v)(v) Resolution 5 – Declaration of final dividend**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

*"The Directors recommend that no final dividend be declared for the year ended 30 June 2005."*

**(vi)(vi) Resolution 6 – Issue of Options to Directors and Related Parties**

QPFL will disregard any votes cast on the following resolutions by:

- the person named in the resolution being excluded from voting, and
- an associate of that person (or those persons).

However, QPFL need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

**(a)** To consider, and if thought fit, pass the following resolution as a special resolution:

*"The directors of Queensland Paulownia Forests Limited are authorised to issue up to 750,0000 options for nil consideration on or before 23 December 2005 to Elizabeth Hutchinson, financial controller and a director, as part of a Share Option Plan for employees and contractors. One option will entitle the holder to subscribe for one ordinary share in the company at the issue price of 55 cents per share at a future date.–Ssuch date to be at the discretion of the option holder"*

**(b)** To consider, and if thought fit, pass the following resolution as a special resolution:

*"The directors of Queensland Paulownia Forests Limited are authorised to issue up to 750,0000 options for nil consideration on or before 23 December 2005 to David Michael Gold, strategic planning and a director, as part of a Share Option Plan for employees and contractors. One option will entitle the holder to subscribe for one ordinary share in the company at the issue price of 55 cents per share at a future date.–Ssuch date to be at the discretion of the option holder"*

- (c)** To consider, and if thought fit, pass the following resolution as a special resolution:

*“The directors of Queensland Paulownia Forests Limited are authorised to issue up to 250,0000 options for nil consideration on or before 23 December 2005 to Graham Fayle, Operations manager and a director, as part of a Share Option Plan for employees and contractors. One option will entitle the holder to subscribe for one ordinary share in the company at the issue price of 55 cents per share at a future date. ~~Such date to be at the discretion of the option holder~~”*

- (d)** To consider, and if thought fit, pass the following resolution as a special resolution:

*“The directors of Queensland Paulownia Forests Limited are authorised to issue up to 50,0000 options for nil consideration on or before 23 December 2005 to Leon Lewandowski, Compliance Committee member and a director, as part of a Share Option Plan for employees and contractors. One option will entitle the holder to subscribe for one ordinary share in the company at the issue price of 55 cents per share at a future date. ~~Such date to be at the discretion of the option holder~~”*

- (e)** To consider, and if thought fit, pass the following resolution as a special resolution:

*“The directors of Queensland Paulownia Forests Limited are authorised to issue up to 50,0000 options for nil consideration on or before 23 December 2005 to Bex Gold, print and media coordinator and the daughter of a director , as part of a Share Option Plan for employees and contractors. One option will entitle the holder to subscribe for one ordinary share in the company at the issue price of 55 cents per share at a future date. ~~Such date to be at the discretion of the option holder~~”*

- (f)** To consider, and if thought fit, pass the following resolution as a special resolution:

*“The directors of Queensland Paulownia Forests Limited are authorised to issue up to 100,0000 options for nil consideration on or before 23 December 2005 to Stephen van der Mye, a director and deputy chairman , as part of a Share Option Plan for employees and contractors. One option will entitle the holder to subscribe for one ordinary share in the company at the issue price of 55 cents per share at a future date. ~~Such date to be at the discretion of the option holder~~”*

### **General business**

To consider and vote on any business which may be transacted at an Annual General Meeting.

### **Important Note:**

1. If you are unable to attend the meeting, you are encouraged to complete and return the enclosed proxy form. The completed proxy form must be received at Queensland Paulownia Forests Limited, Level 16, 50 Cavill Avenue, Surfers Paradise, QLD 4217 - facsimile number (61) (07) 5531 6185 by no later than 2 p.m. (EST) on Wednesday, 23 November 2005.
2. Shareholders are entitled to one vote for each share they hold.
3. Please read the attached explanatory note that sets out in further detail the purpose of the meeting. The explanatory memorandum to Shareholders is hereby incorporated into, and forms part of, this notice of meeting.

### **By order of the Board of Queensland Paulownia Forests Limited**

Dated this 27th day of October 2005.

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Elizabeth Hutchinson  
Secretary  
Queensland Paulownia Forests Limited

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is provided to shareholders of Queensland Paulownia Forests Limited (Company) to explain the resolutions to be put to shareholders at the Annual General Meeting to be held at Atlantis Room 3, Level 2, Watermark Hotel, 3032 Gold Coast Highway, Surfers Paradise, Queensland on Friday, 25 November 2005 at 2 p.m.

Resolution 1, 2, 3, 4 and 5 are standard for an Annual General Meeting and, save as set out below, the Company does not propose to make any further comment in relation to those Resolutions in this Explanatory Memorandum.

### **Resolution 2 - Directors fees**

Directors' fees are only paid to non-executive directors. All executive directors who are involved in the day-to-day provision of services to the company are paid separately for these services and do not receive any directors fees. Currently there are two non-executive directors.

The proposal to pay no more than \$250,000 per annum allows the Company flexibility to appoint directors with the necessary skills and experience to the Board and remunerate them accordingly.

### **Resolution 5 - Final Dividend**

As the Company is currently in an expansion phase in regard to milling and processing the timber, funds are required to purchase assets and develop the mill to enable down stream processing of the commercial harvests, the first of which commenced in August 2005.

Further due to the successful sale of managed investment schemes for the 2005 financial year further land is required in preparation for the coming financial year's sales.

The directors consider it prudent to conserve cash at this time and therefore recommend that no final dividend be paid.

### **Resolution 6 - Issue of Options to Directors and Related Parties**

At the 2004 AGM the shareholders resolved to authorise the directors to issue 3,500,000 shares to employees at the issue price offered to existing shareholders in its Share Prospectus dated 19 November 2001 being 55 cents per share.

The Company considered that it is more likely to retain the services of employees who hold shares in the Company and that employees will be more focused on the profitability and productivity of the Company, which will result in a benefit to all shareholders.

This view has not changed however after due consideration of legal and taxation advice the company decided that the issue of options to purchase the shares at 55 cents was the preferred mechanism to achieve this.

As directors also hold key executive positions within the company they are also eligible to participate in the Option Plan. Related parties who hold positions in the company are also eligible.

Shareholders must approve the issue of the options to directors and related parties.

Directors and related parties who are also shareholders are not allowed to vote on the issue of options to themselves or their related parties therefore the remaining shareholders must vote in favour of the issue of these options by a majority of 75% or more voting in favour of the resolution.