

16 November 2005



QPFL Strategic Review

The Board of Queensland Paulownia Forests Limited has previously announced its intention to pursue a listing on the London Stock Exchange Alternative Investment Market (AIM) to provide expansion capital and shareholders with liquidity for their investment. After careful consideration of the costs associated with an AIM listing, including the costs associated with listing and ongoing costs to maintain investor awareness in that market, the Board has decided to investigate a domestic transaction instead.

Consistent with the exit strategy set out in the Share Prospectus dated 19 November 2001, the Board has commenced a corporate review of strategic options, with a view to maximising shareholder value.

The options include

- Listing on a recognised Stock Exchange
- A private trade sale or
- Joint venture

Hindal Securities and McMahon Clarke Legal have been appointed to advise the Company during this process.

It is possible that the process may result in offers being made for a portion or all of QPFL. The Board will consider these and recommend them to shareholders if they are considered to be in the best interests of all stakeholders. There is no assurance that any such offers or a Listing will result.

QPFL has progressed significantly since offering shares to the public at the end of 2001. The Company has developed a strong network of financial planners and accountants that distribute its financial products. QPFL has now made 12 tax effective managed investment offers and has more than \$81 million in funds under management. QPFL's forestry management division is now responsible for more than 3,500 hectares of Paulownia plantations under management in NSW and Southern Queensland and the Company conducted the first commercial harvest for its growers in August/September 2005.

QPFL has continued the implementation of its strategy to become a vertically integrated forestry company with the acquisition of the Kogan mill in East Queensland. The mill currently processes Cyprus logs and, after completing the planned \$8M expansion to upgrade milling technology and the addition of downstream value adding timber processing facilities, it will be capable of processing all plantation Paulownia from the Company's 6 plantations in Queensland.

QPFL commissioned a report from Australia's leading global forecasting and research agency BIS Shrapnel to undertake a review of the market potential for Paulownia, both domestically and internationally. The report confirmed the numerous market opportunities for Paulownia products, particularly within the mouldings, door core and marine fit out industries.

QPFL has developed a dominant position in the emerging Australian Paulownia industry. With the ability to access its growers' Paulownia resource base, the Company's integrated milling operations and an in depth understanding of the potential markets for Paulownia, QPFL is well placed to drive future growth.

David Gold, Executive Chairman
Queensland Paulownia Forests Limited