



21 July 2006

BSX Announcements Office
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Dear Sirs

QUEENSLAND PAULOWNIA FORESTS LIMITED QUEENSLAND PLANTATIONS

This announcement is further to QPFL's announcement of 30 June 2006.

QPFL's investigations have confirmed that the average survival rate of trees at its Austin Downs property is lower than expected. QPFL's River Bend property has also been affected. The survival rate for Projects located primarily at the Austin Downs and River Bend properties is 81%. QPFL is pleased to advise that the trees at its other Queensland properties are surviving at full stocking rates.

The following QPFL Projects that are affected are :-

Project 3 (partially at other properties)
Project 4
Project 5
Project 6
Project 7 (partially at other properties)
Queensland Forestry Trust (2002) .

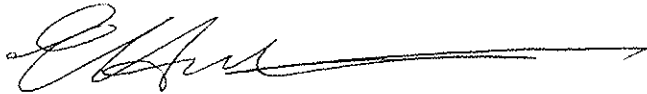
In addition to the continuing drought conditions, Projects 4 and 5 were affected by an extreme hail storm in 2003 that resulted in tree destruction and the total coppicing of these trees. As previously advised this destruction is the subject of an insurance claim. Further, some trees at the Forbes property in New South Wales, on which Project 7 is partially located, were destroyed by a locust plague in October to December 2004. The subsequent replacement under QPFL's 12 month guarantee and the lower than expected survival rate due to high temperatures in the area at that time has affected this Project.

QPFL believes that these survival rates are predominately the result of continuing extraordinary drought conditions. QPFL has determined to replant, from its existing reserves at its own cost, all affected Projects to re-establish full stocking rates.

As outlined in the announcement of June 30 QPFL is also assessing the effect of the drought on all of its plantations in terms of volume and the timing of harvesting. QPFL will make a further announcement when its assessment is complete.

Yours faithfully

QUEENSLAND PAULOWNIA FORESTS LIMITED

A handwritten signature in black ink, appearing to read 'Elizabeth Hutchinson', followed by a long horizontal flourish.

Elizabeth Hutchinson

DIRECTOR COMPLIANCE AND ADMINISTRATION