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FACSIMILE MESSAGE

TO: IAN CRAIG
DATE: 2 September 2004
RE: QPFL Media Release

FROM: Shai Griffiths
PAGES: 3
FAX NO: 03 5444 0033

Dear Ian

Re: Media Release

Please find following signed off media release.

Kind Regards

Shai Griffiths
Client Services Manager

IF THIS TRANSMISSION IS NOT RECEIVED IN FULL, PLEASE CONTACT THE NUMBER BELOW

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David Gold
2/9/04

September 2, 2004

TRIALS PROMISE NEW GREEN INDUSTRY FOR QUEENSLAND

Queensland looks set to spawn a new green industry in timber production after successful trials conducted by Queensland Paulownia Forests Limited.

QPFL has just completed its largest milling trial to date from its plantations with encouraging results according to its Chairman David Gold.

"We used approximately 1,600 trees which weren't quite mature but for their size we were very encouraged with the harvesting and the recovery from the milling trials," Mr Gold said.

"The timber was easy to work with, and even though the trial trees were younger than the harvestable age, the recovery rate was higher than expected."

Paulownia is a fast-growing deciduous hardwood that is mature enough for harvest within eight to eleven years.

There are currently more than 600,000 Paulownia trees on six QPFL plantations in Queensland, and two in New South Wales. The QPFL plantations were started nine years ago, and are on track for the first commercial harvest next year.

QPFL employs up to 60 people at its eight plantations in Bundaberg, Eidsvold, Kingaroy, Surat and Forbes.

Mr Gold said the timber has proven itself as an ideal substitute for Western Red Cedar, without the toxic characteristics.

"These trees have been grown in Australia for the past 50 years, but it's only recently that they've received attention as a potential timber resource," Mr Gold said.

"Many people would already be familiar with this type of wood, as it's currently imported into Australia from China for use by timber blind manufacturers, boat builders and manufacturers who use jointed board.

"So is Western Red Cedar, yet that's an old-growth forest and global supplies are dwindling.

"These locally grown trees are a renewable resource, and have the ability to replace old-growth timbers such as Western Red Cedar, Meranti and Pacific Maple.

"World demand for hardwood is increasing, and in coming decades the demand could outstrip supply, particularly in Asia where population and GDP are expected to rise."

Mr Gold said the Paulownia forestry industry could be worth a potential \$100 million to the Queensland economy.

"The price achieved for our first commercial orders for the inaugural harvest next year have been exceptionally strong, eclipsing our most optimistic expectations," Mr Gold said.

"The forward sale prices achieved in these first commercial orders would have resulted in growers and investors receiving a return in excess of the \$975 per cubic metre (rough-sawn timber) price currently used in the Product Disclosure Statement."

Mr Gold said the environmental benefits were enormous, as the trees have a high moisture content that provides a fire resistance quality, and can regenerate from a stump.

"Their large broad leaves produce a large volume of oxygen. In fact, just 17 trees can sequester the carbon dioxide produced by the average Australian family car each year," Mr Gold said.

"All plantations have their own private irrigation and water supplies with over 3,500km of irrigation infrastructure and access to approximately 12,000 megalitres of water."

Mr Gold said the company was also considering developing a \$6 million sawmill dedicated to processing Paulownia in Southern Queensland.

Independent timber quality consultant QA Pty Ltd was appointed by QPFL in October 2002 to establish a product standard for Paulownia and a quality certification scheme.

QA has also been engaged to identify and investigate potential product applications and to incorporate grade rules for these products into the Paulownia timber standard. This work includes milling trials to determine the milling and processing systems that are best suited to extract the value potential of QPFL's plantation resource.

Consultant Greg Barnes of QA said that a product standard incorporating grade rules is being developed with input from interested potential customers. The standard, backed by on-going quality control, will provide the technical framework needed for successful market penetration.

"Response to our market investigations has been positive," Greg said. "The range of solid, joined and composite product types identified has helped to crystallise the milling, seasoning and value added processing systems needed to supply these markets."

"Our work is now moving from the research and development arena into commercialisation strategies that are timed to fit with QPFL's plans for large scale thinning and harvesting operations commencing in 2005."

Mr Gold said early results were encouraging and potential product markets for Paulownia such as core-board, jointed board, furniture and as a substitute for balsa (in boats) would be investigated further.

For information, contact Allison Smith at Spin Business Solutions on 3251 8127 or 0438 500 412, or David Gold, QPFL Chairman on 5579 1700