

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: 10.30am on Friday, 26 November 2004

Place of meeting: Kauri-Cypress Room, Crowne Plaza. 2807 Gold Coast Highway, Surfers Paradise, QLD.

Business of the Meeting:

- (a) Opening of meeting and apologies
- (b) Confirm the Minutes of the 2003 Annual General Meeting.
- (c) Chairman's Address.
- (d) 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 2004 be adopted."
 - (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 2004/2005 financial year be limited to an amount of \$250,000."
 - (iii) **Resolution 3 – Appointment of new Auditor**

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

"Subject to the consent of the Australian Securities Commission to the current auditor resigning, to appoint KPMG Chartered Accountants, having been duly nominated in accordance with Section 328B(1) of the Corporations Act 2001, as Auditor of the Company."

In accordance with Section 328(B) of the Corporations Act 2001 a copy of the notice of nomination of Auditor accompanies this Notice of Meeting.

(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) **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 2004.”

(vi) **Resolution 6 – Issue of ordinary shares**

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

“The directors of Queensland Paulownia Forests Limited are authorised to issue up to 3,500,000 ordinary shares in the Company as consideration for the acquisition of assets or businesses. The issue price to be at the discretion of the directors however the issue price will not be less than 55 cents per share.”

(vii) **Resolution 7- Employee Share Scheme**

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

“To issue up to 3,500,000 shares to employees of the company at an issue price of 55 cents per share and on such other terms as the directors determine, including the right to take security over shares and the conditions on the transfer of shares .”

(viii) **Resolution 8 - Issue of Options to Existing Shareholders**

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

“The directors of Queensland Paulownia Forests Limited are authorised to issue one option for nil consideration for each one ordinary share on issue at the time of the offer to subscribe for the options. The option will entitle the holder to subscribe for one ordinary share in the company at a future date and price, such date and price to be at the discretion of the directors.

(iv) **Resolution 9 - Issue of Options to Convertible Note Holders who convert Notes held to ordinary shares.**

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

“ That Convertible Note Holders who convert their notes to shares will be offered one option for nil consideration for each ordinary share they will hold when their Notes are converted. The option will entitle the holder to subscribe for one ordinary share in the company at a future date and price, such date and price to be on the same terms and conditions as the options offered to existing shareholders.

(x) **Resolution 10 - Issue of Options to Services Providers.**

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

“ The directors are authorised to issue options to service providers. The terms of such options to be at the discretion of the directors, however these options will be on no more favourable conditions than those offered to existing shareholders.”

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 5, Gateway Building, 50 Appel Street, Surfers Paradise QLD 4217 facsimile number (61) (07) 5531 6185 by no later than 10.30am (EST) on Wednesday, 24 November 2004.
2. Shareholders are entitled to one vote for each share they own.
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 3rd day of November 2004.



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 Kauri-Cypress Room, Crowne Plaza, 2807 Gold Coast Highway, Surfers Paradise, QLD on Friday, 26 November 2004 at 10.30am.

Resolution 1, 2, 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 is only one non-executive director.

As the Company moves towards listing on the London Stock Exchange Alternative Investment Market (AIM) the Company will require independent non-executive directors on the Board.

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 3 - Appointment of New Auditor

The Company is seeking shareholder approval to the appointment of KPMG Chartered Accountants as auditor for the Company, subject to the consent of the Australian Securities & Investments Commission (ASIC) pursuant to the Corporations Act 2001 (The Act) and subject to compliance generally with The Act.

The current auditor of the Company has provided in notice to the Company of their intention to resign as auditor and has applied for ASIC's consent under Section 329(5) of The Act. At the date of this Notice of Annual General Meeting, ASIC consent to the resignation has not been obtained.

The Company has received a nomination from a member of the Company (in the form attached to this Explanatory memorandum) nominating KPMG Chartered Accountants as a proposed auditor in accordance with Section 328B of The Act.

Accordingly, the Company is seeking shareholder approval to the appointment of KPMG Chartered Accountants as auditor of the Company, with such appointment to be effective upon the consent of ASIC being given to the current auditor of the Company resigning.

The Company considers the services of a large international firm, as KPMG is, will be beneficial to the Company given the intended listing on the London Stock Exchange (AIM).

Resolution 5 - Final Dividend

As the Company is currently in an expansion phase in regard to harvesting, milling and processing the timber, funds are required to purchase assets and develop this division prior to the first commercial harvest in 2005. The directors consider it prudent to conserve cash at this time and therefore recommend that no final dividend be paid.

Resolution 6 - Issue of Ordinary Shares

To enable the Company the opportunity to purchase assets or businesses, which will add value to the Company, should the opportunity arise and to conserve cash reserves the Company seeks shareholder approval to issue up to 3,500,000 shares in the Company as consideration or part consideration of the purchase price of such assets or businesses. The issue price to be at the discretion of the directors.

Resolution 7 - Employee Share Scheme

The Company wishes to recognise the contribution and loyalty of its employees by giving them the opportunity to purchase shares in the Company at the issue price offered to existing shareholders in its Share Prospectus dated 19 November 2001 being 55 cents per share.

The Company will make a loan to individual employees to purchase the shares should they accept the offer. These loans will be at an interest rate which will not incur Fringe Benefit Tax to the Company.

The Company considers 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. This will result in a benefit to all shareholders.

Resolution 8 - Issue of Options to Existing Shareholders.

The Company wishes to reward the existing shareholders for their confidence in and support of the Company. The Company considers that by issuing, for each one existing share held, one option for no consideration to purchase one share in the Company will give existing shareholders the opportunity to increase their shareholding on terms favourable to them.

The directors will determine the exercise price and date prior to any listing on a stock exchange.

Resolution 9 - Issue of Options to Convertible Note Holders who convert Notes held to Ordinary Shares

The Company also wishes to treat those Convertible Note holders who convert their Notes and become shareholders no differently to existing shareholders and therefore seeks the approval of shareholders to issue options on the same terms and conditions as existing shareholders.

Resolution 10 - Issue of Options to Service Providers

It is acceptable practice in London to issue options to service providers as a substitute or as a complement to fees charged for their services. Therefore to allow the Company to obtain the services of the necessary providers to facilitate listing on the London Stock Exchange (AIM) the Company seeks shareholder approval to issue options on no more favourable conditions than those offered to existing shareholders.

**QUEENSLAND PAULOWNIA FORESTS LIMITED
ANNUAL GENERAL MEETING
10.30AM, FRIDAY, 26 NOVEMBER 2004**

ATTENDANCE AND CATERING ADVICE

The Company will provide light refreshments for members who attend the Annual General Meeting.

Please complete this form and return it to:

- PO Box 8246, Gold Coast MC, Qld 9726
or
- Fax it to us on (07) 5531 6185
or
- email us at admin@qpfl.com.au

If you do return the form, please remember to make a note in your diary of the date and venue, as the Company bears the cost of catering for members who have replied, then do not attend.

Please return this advice by 5.00pm on Friday, 19 November 2004

**QUEENSLAND PAULOWNIA FORESTS LIMITED
ANNUAL GENERAL MEETING, 26 NOVEMBER 2004**

ATTENDANCE AND CATERING ADVICE

Name:

Member No.:

Address:

.....

Contact Phone No.

Signature:

QUEENSLAND PAULOWNIA FORESTS LIMITED

ACN 071 625 477

PROXY

The Secretary
Queensland Paulownia Forests Limited
Level 5 Gateway Building
50 Appel Street
Surfers Paradise Qld 4217

I

[PLEASE PRINT NAME]

of

[PLEASE PRINT ADDRESS]

being a shareholder in Queensland Paulownia Forests Limited (QPFL) ACN 071 625 477 hereby appoint—

1. the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Annual General Meeting of Queensland Paulownia Forests Limited to be held on Friday, 26 November 2004 and at any adjournment of that meeting, or

2.*

[NAME OF PROXY]

of

[ADDRESS OF PROXY]

as my proxy to attend on my behalf at the meeting of shareholders to be held on Friday, 26 November 2004 and at any adjournment of that meeting.

* *There is no need to complete any details at item 2 above unless you want a person other than those mentioned in item 1 to be your proxy. That person does not need to be a member of QPFL. If you want the person you have shown in item 2 to be your only proxy, then you must strike out all of item 1. If you do not do this, then the persons named in item 1, if present at the meeting, will hold your proxy.*

The proxy is to vote the shares referred to below (**tick only one box below) in the manner indicated on this proxy form:

All of my shares

☐

The following number of shares

☐

Specify number:

** *Please tick only one box and only specify the number of shares if you are appointing the proxy to vote part of your share holding. If neither box is ticked, or if both boxes are ticked, then you appoint the proxy to vote all of your shares. The number of shares you are able to vote will be determined by the register of shareholders as at midnight on the day the meeting is called. Any transfers of shares registered after that date will not be taken into account in calculating the number of shares you may vote.*

Resolution 1 - Ordinary Resolution

To adopt the statutory Financial Statements and reports.

FOR* ☐

AGAINST* ☐

ABSTAIN* ☐

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 2 - Ordinary Resolution

To limit the Directors fees to \$250,000 for the next financial year.

FOR* ☐

AGAINST* ☐

ABSTAIN* ☐

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 3 - Ordinary Resolution

To appoint KPMG as Auditor for the next financial year.

FOR* ☐

AGAINST* ☐

ABSTAIN* ☐

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 4 - Ordinary Resolution

To approve the remuneration of the Auditor.

FOR* ☐

AGAINST* ☐

ABSTAIN* ☐

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 5 - Ordinary Resolution

To declare that no final dividend will be payable for the 2004 financial year.

FOR* ☐

AGAINST* ☐

ABSTAIN* ☐

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 6 - Ordinary Resolution

Authorise the directors to issue up to 3,500,000 shares to purchase assets or businesses

FOR* ☐




AGAINST* ☐

ABSTAIN* ☐

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 7 – Ordinary Resolution




Approve the issue of up to 3,500,000 shares to employees

FOR*  AGAINST*  ABSTAIN* 

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 8 – Ordinary Resolution




Approve the issue of Options to existing shareholders.

FOR*  AGAINST*  ABSTAIN* 

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 9 - Ordinary Resolution




Approve the issue of Options to Convertible Note holders who convert Notes held to ordinary shares.

FOR*  AGAINST*  ABSTAIN* 

* Indicate with a tick how you want your proxy to vote. Unless otherwise instructed the proxy may vote as the proxy thinks fit.

Resolution 10 - Ordinary Resolution

Approve the issue of Options to Service Providers.

FOR*  AGAINST*  ABSTAIN* 

Signed at _____ by me
[Place of signing]

this _____ day of _____ 2004
[Day] [Month]

Instructions

1. If sole or joint shareholder, then please complete part A.
2. If corporate shareholder, then please complete part B.

Part A:

Signature _____ Signature _____

_____ Please print name. _____ Please print name.

Part B:

Place seal here
(if applicable)

Director

Director/ Secretary

David Gold
23 Etna Street
Isle of Capri QLD 4217

1 November 2004

To The Directors
Queensland Paulownia Forests Ltd
Level 5, Gateway Building
50 Appel Street
Surfers Paradise QLD 4217

MEMBER NOTICE OF NOMINATION AS AUDITOR

I hereby nominate KPMG Chartered Accountants of Corporate Centre One, Cnr Bundall Road & Slatyer Ave, Bundall, Gold Coast QLD 4217, as proposed auditor of Queensland Paulownia Forests Ltd in accordance with Section 328B(3) of the Corporations Act 2001.

Yours faithfully



David Gold

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

1) Welcome

Good morning. On behalf of the directors I would like to welcome shareholders and invited guests here today to the 2003 Annual General Meeting of Queensland Paulownia Forests and thank you for your attendance.

Before we commence the meeting I would like to introduce you to your directors Liz Hutchinson, Graham Fayle, and Leon Lewandowski.

2) Open Meeting

As it is now past the appointed time for the meeting and a quorum (3 persons in person or by proxy) is present I declare the meeting open at 10:35 a.m.

3) Apologies

We have received apologies from the following shareholders:

- Raymond Garcia
- Mary Scroop
- Robyn Mitchell

Are there any other apologies?

There were no other apologies received.

4) Proxies

We have received 80 proxies totalling 2,684,485 shares and there are also 18 proxies from 'A' Class shares totalling 1,907,667 shares

In addition please be aware the directors present also hold a total of 14,003,000 shares and intend to vote on every resolution.

For those shareholders who hold 'A' class shares you should have received a red card. These are shareholders who purchased shares from United Capital, United Capital itself, Liz Hutchinson and David Gold. These cards are only needed to vote on Resolution 12. We will explain the procedure when we arrive at Resolution 12.

5) Chairman's Address

David Gold, Chairman of Queensland Paulownia Forests Limited, addressed the shareholders.

6) Confirm the Minutes of 2002 AGM

The first order of business is to confirm the minutes of the 2002 Annual General Meeting. As these have been circulated prior to the meeting I propose that they be accepted as read.

I now put the motion to accept the minutes of the 2002 AGM be taken as read.

Do I have a seconder to propose the motion? Leon Lewandowski was seconder.

All in favour raise your hand – 10

Against raise your hand – 1

There are 10 votes 'For' and 1 'Against'.

I now declare the minutes of the 2002 AGM are taken as read.

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

I now propose the minutes of the 2002 AGM are accepted as a true and correct record of the minutes of the Annual General Meeting held on the 29th of November 2002.

Do I have a seconder to propose the motion? Liz Hutchinson was seconder.

Are there any questions? No questions were asked.

I now put the motion to accept the minutes as a true and correct record of the Annual General Meeting held on 29 November 2002.

Do I have a seconder? Liz Hutchinson was seconder.

All in favour raise your hand – 9

Against raise your hand – 0

I now declare the minutes unanimously accepted as a true and correct record.

7) Resolution 1

Resolution 1 is '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 2003 be adopted'.

I now propose that we vote on this resolution.

Do we have a seconder? Liz Hutchinson was seconder.

We hold 80 Proxies for this resolution –

- 77 (2,584,030 shares) For
- 1 (60,000 shares) Against
- 2 (40,455 shares) Abstain

Before we vote on the resolution are there any questions? There were no questions.

Who would like to move that Resolution 1 be accepted? Leon Lewandowski was the proposer.

Do we have a seconder? Alan Wehl was the seconder.

We will now vote.

All in favour raise your hand – 11

Against raise your hand – 0

Votes 'For' - 88

Votes 'Against' - 1

96.7%

I now declare Resolution 1 passed.

8) Resolution 2

Resolution 2 is 'that the meeting approve that the total annual directors fees for the 2003/2004 financial year be limited to an amount of \$100,000'.

As explained in the Notice of Meeting, Directors' fees are 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 director's fees of \$12,000 per annum are paid, however should we wish to appoint additional non-executive directors, we need the ability to pay them directors fees.

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

I now propose that we vote on this resolution.

Do we have a seconder? Liz Hutchinson was seconder.

We hold 80 proxies for this resolution –

- 74 (2,485,575 shares) 'For'
- 5 (192,910 shares) 'Against'
- 1 (6,000 Shares) 'Abstain'

Before we vote on the resolution are there any questions? There were no questions but David Gold explained the purpose of the fee limitation and said that as of now, only \$12,500 is paid in directors fees. This was in response to a gentleman who raised a question earlier about director's fees when shareholder were not getting a final dividend. There were no further questions.

Who would like to move that Resolution 2 be accepted? Leon Lewandowski was the proposer.

Do we have a seconder? Liz Hutchison was the seconder.

We will now vote by a show of hands.

All in favour raise your hand – 7

Against raise your hand – 0

Votes 'For' – 81

Votes 'Against' – 5

93%

I now declare Resolution 2 passed.

9) Resolution 3

Resolution 3 is 'to re-appoint PKF – Chartered Accountants as auditors for the ensuing year'.

At this point we would like to thank PKF for their services over the year and I now propose that we vote on this resolution.

Do we have a seconder? Alan Wehl was seconder.

We hold 80 proxies for this resolution -

- 79 (2,624,485 shares) 'For'
- 1 (60,000 shares) 'Against'

Before we vote on the resolution are there any questions? No questions were asked.

Who would like to move that Resolution 3 be accepted? Liz Hutchinson was proposer.

Do we have a seconder? Alan Wehl was seconder.

We will now vote.

All in favour raise your hand – 10

Against raise your hand – 0

Votes 'For' – 89

Votes 'Against' – 1

98.8%

I now declare Resolution 3 passed.

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

10) Resolution 4

Resolution 4 is 'to authorise the Directors to fix the remuneration of the auditors for the ensuing year'.

I now propose that we vote on this resolution.

Do we have a seconder? Ben Santic was seconder.

We hold 80 proxies for this resolution –

- 74 (2,427,030 shares) 'For'
- 3 (75,455 shares) 'Against'
- 3 (182,000 shares) 'Abstain'

Before we vote on the resolution are there any questions? There were no questions.

We will now vote by a show of hands.

All in favour raise your hand – 10

Against raise your hand – 0

Votes 'For' – 84

Votes 'Against' – 3

96.5%

I now declare Resolution 4 passed.

11) Resolution 5

Resolution 5 is 'the directors recommend that no final dividend be declared for the year ended 30 June 2003'.

I now propose that we vote on this resolution.

Do we have a seconder? Alan Wehl was seconder.

We hold 80 proxies for this resolution –

- 67 (2,582,890 shares) 'For'
- 11 (80,685 shares) 'Against'
- 2 (20,910 shares) 'Abstain'

Before we vote on the resolution are there any questions? There were no questions.

Who would like to move that Resolution 5 be accepted? Alan Wehl was the proposer.

Do we have a seconder? Ben Santic was seconder.

We will now vote.

All in favour raise your hand – 6

Against raise your hand – 0

Votes 'For' – 73

Votes 'Against' – 11

86.9%

I now declare Resolution 5 passed.

That concludes the resolutions normally passed at an AGM. We will now move on to Special business that is Resolutions 6 to 12 contained in the Notice of Meeting.

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

12) Resolution 6

Resolution 6 is 'the share capital of Queensland Paulownia Forests Limited be increased from 40,600,000 shares to 100,000,000 shares'.

I now propose that we vote on this resolution.

Do we have a seconder? Ben Santic was seconder.

We hold 80 proxies for this resolution -

- 70 (2,492,118 shares) 'For'
- 9 (186,912 shares) 'Against'
- 1 (5,455 shares) 'Abstain'

Before we vote on the resolution are there any questions? There were no questions.

Who would like to move that Resolution 6 be accepted? Leon Lewandowski was proposer.

Do we have a seconder? Liz Hutchinson was seconder.

We will now vote by a show of hands.

All in favour raise your hand – 9

Against raise your hand – 0

Votes 'For' – 79

Votes 'Against' – 9

89.7%

I now declare Resolution 6 passed.

17) Resolution 7

This resolution is subject to the approval of Resolution 6. This being the case Resolution 7, which is 'for the purposes of issuing capital, the directors of Queensland Paulownia Forests Limited are authorised to make a public offer to invite subscriptions for up to 3,500,000 ordinary shares in the Company'.

As explained in my address this is to allow the company to take advantage of opportunities should they arise. I now propose that we vote on this resolution.

Do we have a seconder? Liz Hutchinson was seconder.

We hold 80 proxies for this resolution –

- 73 (2,514,483 shares) 'For'
- 5 (159,092 shares) 'Against'
- 2 (10,910 shares) 'Abstain'

Before we vote on the resolution are there any questions? There were no questions

Who would like to move that Resolution 7 be accepted? Ben Santic was the proposer.

Do we have a seconder? Leon Lewandowski was seconder.

We will now vote.

All in favour raise your hand – 8

Against raise your hand – 0

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

Votes 'For' – 81
Votes 'Against' – 5
94.2%

I now declare Resolution 7 passed.

18) Resolution 8

Resolution 8 is to make an 'amendment of articles to enable issue of redeemable preference shares on terms determined by the directors.'

This resolution is also subject to the approval of Resolution 6. As Resolution 6 was passed we will proceed with this resolution.

As this a lengthy resolution and was contained in the Notice of Meeting I propose this resolution be taken as read. Do I have a seconder? Tony Cartwright was the seconder.

Those in favour raise your hands – 10
Against raise your hands – 0

As the majority have voted for, I confirm this resolution will be taken as read.

"The articles of Queensland Paulownia Forests Limited will be amended to delete article 3 and insert the following provisions:

3. *Terms of issue of redeemable preference shares*
 - a) *If the directors resolve to issue a preference share, then they must pass a resolution (Issue Resolution) which specifies—*
 - i) *the date on which dividends will be paid (Dividend Date)*
 - ii) *the rate which will be used to calculate the amount of the dividend (Dividend Rate)*
 - iii) *whether dividends are cumulative or non-cumulative*
 - iv) *the priority with respect to payment of dividends and repayment of capital over other classes of shares*
 - v) *whether the share is a redeemable preference share or not, and if so the amount for which the share will be redeemed (Redemption Amount), and*
 - vi) *if the share is redeemable at the end of a fixed period, then the date on which the share will be redeemed (Redemption Date)*
 - (b) *If the Issue Resolution specifies that the dividend on preference shares must be a franked dividend, then it must also specify—*
 - i) *the extent to which the dividend must be franked (within the meaning of the prevailing income tax act legislation), and the consequences of the dividend not being franked*
 - c) *The holder of a preference share is entitled to be paid the amount of the dividend on each Dividend Date in priority to any payment of dividend on any other class of shares.*
 - d) *The dividend entitlement will not be cumulative unless the Issue Resolution provides it will be cumulative.*
 - e) *On winding up of the Company, the holder of a preference share is entitled to payment of the following amounts in priority to any payment to the holders of ordinary shares:*
 - i) *The amount then paid up on the share.*

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

- ii) *If dividends are cumulative, then any arrears of dividend*
- f) *The holder of a preference share has no right to participate in surplus assets and profits of the Company.*
- g) *Preference shares will have no voting rights attached to them.*
- h) *Subject to the Corporations Act, the Company must redeem a redeemable preference share on the Redemption Date by paying the Redemption Amount to the holder in cash, by cheque or in any other form that the holder agrees to in writing.”*

As explained earlier this resolution is to give flexibility to the Capital Structure of the company and there is no current intention to offer Preference Shares.

As this is a special resolution it must be passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

We hold 80 proxies for this resolution -

- 64 (2,324,073 shares) 'For'
- 9 (186,047 shares) 'Against'
- 7 (174,365 shares) 'Abstain'

Before we vote on the resolution are there any questions? Yes

Alan Wehl wanted an explanation of what preference shares were. David Gold responded and explained preference shares.

John James questioned whether preference shares would dilute the dividend. DG explained the Forbes purchase and how the preference shares would be expired at a future time.

Who would like to move that Resolution 8 be accepted? Alan Wehl was the proposer.

Do we have a seconder? Alan Cartwright was seconder.

We will now vote.

All in favour raise your hand – 10

Against raise your hand – 0

Votes 'For' – 74

Votes 'Against' – 9

89.2%

I now declare Resolution 8 passed by 74 'For' and 9 'Against'.

19) Resolution 9

Resolution 9 is an amendment to the Constitution. As this resolution is also quite lengthy and it was contained in the Notice of Meeting I propose we accept this resolution as read.

Do I have a seconder? Ben Santic was the seconder.

In favour raise your hands – 8

Against raise your hand – 0

I confirm the meeting by 8 votes in favour to 0 votes against accept the resolution as read.

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

“The articles of Queensland Paulownia Forests Limited will be amended to insert the following additional provision:

**Minutes – Annual General Meeting of Queensland Paulownia Forests Limited
28 November 2003**

“If the Company is admitted to an official list of a recognised exchange (for example, the Australian Stock Exchange or the Bendigo Stock Exchange), then the following applies:

- a) Anything required by the listing rules of the exchange (listing rules) is permitted under these Articles.*
- b) Anything prohibited by the listing rules is prohibited by these Articles.*
- c) If the listing rules require an act to be done or not to be done, then authority is given for that act to be done or not to be done (as the case may be).*
- d) These Articles are deemed to contain every provision required by the listing rules and is deemed not to contain any provisions prohibited by the listing rules.*
- e) If any provision of these Articles is or becomes inconsistent with the listing rules, then these Articles are deemed not to contain that provision to the extent of the inconsistency.”*

This resolution is to ensure to the greatest extent possible that the Constitution of the Company will not need to be amended further if the company decides to list on an existing Stock Exchange

As it is a special resolution it must be passed by at least 75% of the votes cast by the shareholders entitled to vote on the resolution.

We hold 80 proxies for this resolution –

- 77 (2,613,575 shares) ‘For’
- 1 (60,000 shares) ‘Against’
- 2 (10,910 shares) ‘Abstain’

Before we vote on the resolution are there any questions? Yes

Alan Wehl asked why QPFL was thinking of listing the Convertible Notes on the Bendigo Stock exchange. David Gold explained that if QPFL listed on the ASX, the company would probably be in the managed investment sector. David Gold explained this was not the best option for shareholders. He went on to explain that when the company becomes a fully integrated forestry company we may list on the ASX in the industrial sector.

Who would like to move that Resolution 9 be accepted? Alan Wehl was the proposer.

Do we have a seconder? John James was the seconder.

We will now vote.

All in favour raise your hand – 11
Against raise your hand – 0

Votes ‘For’ – 88
Votes ‘Against’ - 1
98.9%

I now declare Resolution 9 passed by 88 ‘For’ and 1 ‘Against’.

20) Resolution 10

Resolution 10 is to consider, and if thought fit, pass the following resolution as an ordinary resolution:

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“That, for the purposes of raising capital, the directors of Queensland Paulownia Forests Limited are authorised to issue a maximum of 9 million convertible notes to the public at \$1.00 per note on such terms and conditions as the directors determine including that the convertible notes will be converted to ordinary shares in Queensland Paulownia Forests Limited on the earlier of —

- Queensland Paulownia Forests Limited being listed on a recognised exchange, or
- at the end of a fixed period from the date of issue of the convertible notes.”

It is the intention of the directors to issue these notes to raise funds for the purchase and development of land and water rights at Forbes, New South Wales and to develop the land for the planting of further sales of woodlots. The directors did not have to seek shareholder approval to issue these Notes however they considered it prudent to obtain shareholder approval.

We hold 80 proxies for this resolution –

- 70 (2,464,028 shares) ‘For’
- 6 (169,092 shares) ‘Against’
- 4 (51,365 shares) ‘Abstain’

Before we vote on the resolution are there any questions? Yes

Alan Wehl asked what the minimum subscription would be. David Gold responded that it was \$5,000,000.

Who would like to move that Resolution 10 be accepted? Alan Wehl was the proposer.

Do we have a seconder? Ben Santic was the seconder.

We will now vote.

All in favour raise your hand – 11
Against raise your hand – 0

Votes ‘For’ - 81
Votes ‘Against’ – 6
93.1%

I now declare Resolution 10 passed.

21) Resolution 11

Resolution 11 - Conversion of A class shares to ordinary shares

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

“That the A class shares will be converted to ordinary shares in Queensland Paulownia Forests Limited.”

This resolution is to consolidate the current shares on issue into one class. It does not adversely affect the holders of ordinary shares issued under the Share Prospectus or ‘A’ class shares held by the shareholders at the time of that issue. Those of you who purchased shares from United Capital also now hold ‘A’ Class shares. These shares currently have the same rights the only reason for consolidation is to have only one class of shares on issue.

Those of you who have been issued a coloured card on registration hold ‘A’ class shares and will be invited to vote on Resolution 12 as well as this resolution.

We hold 80 proxies for this resolution –

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- 72 (2,504,483 shares) 'For'
- 6 (169,092 shares) 'Against'
- 2 (10,910 shares) 'Abstain'

Before we vote on the resolution are there any questions? There were no questions.

As this is a special resolution it must be passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution

Who would like to move that Resolution 11 be accepted? Ben Santic was the proposer.

Do we have a seconder? Liz Hutchinson was the seconder.

We will now vote.

All in favour raise your hand – 6
Against raise your hand – 0

Votes 'For' – 78
Votes 'Against' – 6
92.8%

I now declare Resolution 11 passed.

22) Resolution 12

Resolution 12 – Conversion of A class shares to ordinary shares

This resolution is to be voted on by 'A' class shareholders only. Only those who hold a coloured card to indicate they are A Class shareholders are eligible to vote. When asked to vote please hold your coloured card in your raised hand and one of our staff members will collect these from you.

This resolution is a special resolution and as such must be passed by at least 75% of the votes cast by shareholders eligible to vote on the resolution:

The resolution is

"That the A class shares will be converted to ordinary shares in Queensland Paulownia Forests Limited."

We hold 18 proxies from a Class 'A' shareholders for this resolution –

- 17 (1,847,667 shares) 'For'
- 1 (60,000 shares) 'Against'

Before we vote on the resolution are there any questions? There were no questions.

Who would like to move that Resolution 12 be accepted? Please hold your coloured card in your raised hand. Ben Santic was the proposer.

Do we have a seconder? Please hold your coloured card in your raised hand. Liz Hutchinson was the seconder.

We will now vote by a show of hands raising your coloured cards.

All in favour raise your hand – 3
Against raise your hand – 0

Votes 'For' – 20

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Votes 'Against' – 1
95.2%

I now declare Resolution 12 passed by 20 'For' and 1 'Against'

That concludes the Resolutions detailed in the Notice of Meeting and we will now move on to General Business.

Does anyone have any other general business they wish to discuss?

Question from a shareholder – Explain the process of milling? David Gold responded by discussing the milling trials and the success to date.

Question from a shareholder – Is the company going to buy a portable mill. David Gold explained the types of mills we have used for the milling trials and said QPFL would buy its own mill if the company found that appropriate and financially reasonable.

Question from John James – Is the company planting too many trees and how will this affect the market. David Gold explained that the company looked into flexible harvesting from both a volume and a marketing point of view. The company didn't want to glut the market but wanted a smooth supply of paulownia.

Question from Alan Wehl – What kind of saw has QPFL used in the milling trials. David Gold responded that a circular saw was used.

The meeting concluded at 11:30 am.

Shareholders were thanked for their attendance and invited to join the staff for light refreshments.