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MEDIA RELEASE

November 16, 2004

TIMBER COMPANY BRANCHES OUT AND RAISES \$9M

Renewable timber plantation company, Queensland Paulownia Forests Ltd, has raised \$9 million in its convertible notes offer.

QPFL Chairman, David Gold, said the convertible notes prospectus offering of \$9 million was reached this week – The offer is now closed; ahead of schedule.

Mr Gold said the funds raised under the Notes issue has and will be used to acquire and develop its 1600 hectare site in Forbes, New South Wales, where planting of Paulownia seedlings began this week.

The Forbes site is the company's first NSW plantation, and the company expects to plant more than 430,000 trees there by 2007. The site will supplement the six plantations QPFL already manages in southeast Queensland.

Paulownia timber is currently imported from China, and is a fast growing hardwood used by Australian manufacturers for window shutters, in the boat building industry and in other uses for jointed board.

Mr Gold said QPFL was delighted with the successful Convertible Notes Issue, which coincides with the release this month of its annual report documenting a strong profit performance for 2004, and ahead of the company's first commercial harvest next year.

Mr Gold said the completion of the convertible notes issue means investors will be able to convert their \$1 notes into ordinary shares in the company once QPFL shares are listed with a recognised market.

"QPFL Convertible Notes are currently trading on the Bendigo Stock Exchange, and we expect to list QPFL's shares on a recognised market early in 2005," Mr Gold said.

"While the \$1 notes have been attracting an interest rate of 9.28% per annum for investors, once they're converted into shares our expectation is that investors will receive a capital or dividend return .

"Risk averse noteholders will be able to redeem their notes just prior to listing, or holders can convert them to shares which will achieve a 20% bonus in doing so."

Mr Gold said plantation forestry offered a tax effective investment opportunity for all types of investors including mums and dads.

“What’s great about Paulownia is that it’s a renewable resource, and these Australian grown trees have the ability to replace the use of old-growth forest in timber manufacturing, such as Western Red Cedar, Meranti and Pacific Maple,” Mr Gold said.

“Farming trees instead of logging old-growth forest is the way of the future.

“I think what we’re seeing these days is that people want to diversify their investment portfolios, and investing in Paulownia is a tax effective, environmentally-conscious decision.”

For more information, contact Melissa Watter at Sequel Communications on (07) 3251 8111 or 0409 500 934.