



GROWER UPDATE

11 June 2010

Late last month, Mr John Gay announced his retirement as a Director of Gunns Limited (GNS) and its subsidiary companies.

The Board and Management of Gunns Plantations Ltd (GPL) would like to acknowledge Mr John Gay's retirement and wish to thank him for his years of dedication and commitment to the business. Mr Gay has been the Chairman of Gunns Plantations Ltd (GPL) since its inception in Nov 1999. The new Chairman of Gunns Plantations Ltd will be announced shortly.

Gunns Limited has announced that they will be pursuing Forest Stewardship Council (FSC) certification for a large portion of their managed forest estate (Tas, WA, SA and Vic). GPL is pleased to announce that this includes Growers' plantations in both the GPL Woodlot Projects as well as the ex-GSMAL 1998 – 2006 schemes. Please find an attached flyer which explains the FSC certification process and how you can assist Gunns in achieving certification.

In addition, there have been several other very positive ASX announcements made by Gunns Limited during the past few weeks.

- The sale of the Mitre 10 Retail Hardware business to Lowes/Woolworth's has now settled for a sum of \$40 million (subject to completion adjustments).
- The company has announced that four of its major woodchip export customers have been granted FSC Controlled Wood certification for the wood delivered to them by Gunns Limited.
- The price for eucalyptus, mixed grade woodchips for the 2010 calendar year has been settled with Japanese customers at AUD\$1/tonne less than last years' price. Under current market conditions, and the high Australian dollar, this is considered a good outcome.

Gunns Limited has outlined publicly a process for restructuring its business and the sale of the Mitre 10 business is a sign of Gunns' commitment to that restructuring process. Gunns has also announced that it is considering the sale of other non-core assets.

In relation to the pulp mill project, Gunns Limited has previously announced the release of an Information Memorandum ("IM") to a number of pre-qualified international parties that provides details on the proposed creation of a new corporate group, to be known as Southern Star Corporation ("Southern Star") to develop the Bell Bay pulp mill.

The release of the IM marked the commencement of a formal process whereby potential investors are being offered an opportunity to partner with Gunns in the creation of a highly attractive integrated pulp manufacturing and plantation based forest management company.

Southern Star's principal assets will be a world scale bleached hardwood Kraft Pulp Mill in the Bell Bay Industrial Zone of Northern Tasmania and the highly prized Tasmanian land and eucalyptus plantation resource currently owned by Gunns Limited.

Since Gunns' announcement in February, engagement with potential equity and debt investors has progressed positively.

It is intended that Southern Star will have a sustainable long-term capital structure that is appropriate for the nature and type of assets and investments undertaken by the company, including the Pulp Mill. The company will be a stand-alone operation with a separate board of directors representing the respective stakeholders.

GPL wishes to re-assure investors that none of the events of the previous month have impacted upon the maintenance of Grower's assets; whether that be in the existing woodlot, winegrape or walnut projects.

Grower/investors can be assured that their assets continue to be managed to best industry standard.

It greatly assists GPL in communicating with you if we have a current email address for you. Please contact us to provide your email address on Ph: 1800 015 023 or email gpl@gunns.com.au.

If Growers wish to be kept informed of developments within Gunns Limited they should strongly consider subscribing to the email communication service offered by Gunns Limited, called "*Gunns Communications*".

Growers can subscribe via the Gunns Limited web-site by completing an on-line request form (the link to the page is included below).

<http://www.gunns.com.au/contact-us/>

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