

14 March 2007

Company Announcements Platform
Australian Stock Exchange Limited

ASX AND MEDIA RELEASE

Please find attached ASX Release and Media Release.



WAYNE CHAPMAN
COMPANY SECRETARY

ASX RELEASE

Gunns Limited advises that it has today notified the Tasmanian Resource Planning and Development Commission (RPDC) of its decision to withdraw the Bell Bay Pulp Mill project from the RPDC assessment process. The Company has referred the project to the State Government.

Media Release
14 March 2007

GUNNS WITHDRAWS FROM RPDC PULP MILL APPROVAL PROCESS

Gunns Limited has formally withdrawn from the Resource Planning and Development Commission's (RPDC) pulp mill assessment process.

The Gunns Limited Board of Directors says a lack of certainty over an end date for the pulp mill approval process has necessitated this action.

The Board says the indefinite time line for the assessment and approval process has placed the company in an untenable position. The lack of certainty over an end date for a final recommendation has imposed a significant impact on the financial risk of the project.

Based on indications from the RPDC Directions Hearing of 22 February 2007 and the subsequent elapse of time, it is apparent that there is little likelihood that the RPDC will deliver its report by November, or indeed anytime in 2007. In all probability, the Government and Parliament may not consider the project until well into 2008.

The Board of Directors of Gunns Limited considers this indefinite time line to be commercially unacceptable and does not have confidence that the RPDC process can deliver the project approval in a reasonable commercial timeframe.

Gunns has not taken this decision lightly. The company is proposing an investment of some \$1.5 billion, with additional and associated development expenditure expected to take the total investment to bring the project to fruition up to \$2 billion. The company has already invested more than \$30 million over four years of planning and the project has been considered in the public arena for two and a half years.

The company is confident it has designed a mill that will employ the best technology in the world, a mill that meets the most stringent guidelines established by the RPDC and one that would be accepted in any other country.

The company says the time taken to reach this point and the additional time now proposed will have a material impact on the company's project financing arrangements and the purchase of equipment for the mill. Each six months' delay imposes an additional cost of \$60 million on the project as a result of bank commitment fees, financial hedging costs and additional construction costs.

Gunns has no objection to an assessment process. It is essential that this process enables the State to secure this major investment and the economic value and contribution of the pulp mill for the future. As the company has stated publicly, this requires a process that delivers a decision in the current financial year (by 30 June 2007).

Gunns Limited maintains its great desire to develop the proposed pulp mill in Tasmania. Gunns is a proudly Tasmanian company and its directors, management and employees are proud Tasmanian people. We want to bring the major economic, employment, social and environmental benefits this sustainable development promises to the Tasmanian community.

Unfortunately, the RPDC assessment process cannot deliver this and commercial reality provided the company with no alternative but to withdraw.

Ends....

Media Contact:

Tony Harrison

Tel 6270 2250, or 0417 318 178