

31 July 2003

The Manager
Company Announcements Platform
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Notice of Extraordinary General Meeting on 29 August 2003

Notice of Meeting and Chairman's letter are enclosed.

Yours faithfully



Wayne Chapman
Company Secretary

A LETTER FROM THE CHAIRMAN

Dear Fellow Shareholder,

The attached Notice of Meeting details a special resolution which has been requisitioned by a number of shareholders pursuant to Section 249D of the Corporations Act. The requisition has been made by 100 shareholders holding less than 250,000 shares (0.3%) of the issued capital of the Company.

The resolution seeks to amend the Company's Articles of Association to prevent the Company undertaking any development or forestry activity or processing any resource sourced from a range of areas across Tasmania. Whilst the areas are not clearly defined they are substantially within areas currently determined under the Tasmanian Regional Forestry Agreement (RFA) as being available for forestry activity and are areas which are significant to the supply of resource for the sawmilling and veneer industries in Tasmania.

The Company has a clear position in relation to the scope for its forestry activities – that is those activities will only be undertaken in areas specifically determined by Government as appropriate for forestry activity and that those activities will be conducted in accordance with regulated requirements and on a sustainable basis. This policy has been clearly stated previously, notably and most recently on receipt of a similar shareholder requisition earlier this year.

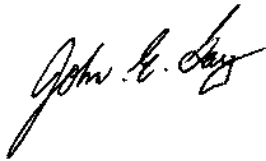
In Tasmania the primary legislative source for determination of land available for forestry activity is the RFA. This agreement has been legislated in both State and Federal parliaments and is the confirmed position of both State and Federal Governments.

The Company considers that public policy in relation to land use within the State is a matter for duly elected Government. The current policy has been determined by Government through rigorous policy formulation processes. With regard to forest management in Tasmania these processes have involved significant public interaction and detailed scientific, social and economic analysis over more than a fifteen year period. Environmental groups including The Wilderness Society have been participants and contributors to each of the major reviews over this period. Our Company and forest industry groups have been involved in at least four major review processes in which environmental groups have participated since 1989. Most recently both The Wilderness Society and Tasmanian Conservation Trust made submissions to the Inquiry on the Progress with Implementation of the Tasmanian Regional Forest Agreement (1997).

With 40% of the land mass and 39% of forests totally reserved from forestry activity, the proportion of forest reservation in Tasmania is significant in a global context. The balance of the forests are managed on a sustainable basis recognising environmental, social and economic needs of the State. I believe the proposal under the resolution to limit Gunns' activities is made without proper consideration of social and economic consequences or the balance of conservation outcomes achieved within the State.

The Directors have provided a statement attached to the Notice of Meeting further outlining the Company's position in relation to the resolution. It is the view of the Directors that adoption of the resolution is against the interests of the Company and accordingly I encourage all shareholders to vote AGAINST the resolution.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Gay', written in a cursive style.

John Gay
Executive Chairman
31 July 2003

Gunns Limited
ACN 009 478 148
Registered Office
58 Cimitiere Street
LAUNCESTON TASMANIA 7250
(P.O. BOX 572, LAUNCESTON 7250)

Notice of Extraordinary General Meeting

29 August 2003



NOTICE OF GENERAL MEETING

NOTICE is hereby given that 100 shareholders of Gunns Limited have requisitioned a General Meeting of Gunns Limited pursuant to section 249D of the Corporations Act, which will be held at the offices of Gunns Limited, 110 Lindsay Street, Launceston, Tasmania, on Friday 29 August 2003 at 10.00 a.m.

Special Business

That the Articles of Association of Gunns Ltd be amended by adding, after the final existing Article, an article to be numbered in continuing numerical sequence with the existing Articles as follows:

Notwithstanding any provision to the contrary in these Articles, or the memorandum of association of the company, the directors shall not have the power to, and shall not, authorise any act of the company which will have the effect of causing the company to develop, clearfell, selectively log, or accept any resource whatsoever from the following areas of Tasmania:

- Area covered by The Wilderness Society proposal for The Styx Valley of the Giants National Park;
- Proposed extensions to the Tasmanian Wilderness World Heritage Area (Huon, Picton, Weld, Styx, Mt Wedge, Florentine, Broad River, Navarre, Counsel, Upper Derwent, slopes of Snowy Range);
- Tarkine;
- Great Western Tiers;
- Eastern Tiers (reserves proposed by The Wilderness Society [TWS] and Tasmanian Conservation Trust [TCT]);
- North East Highlands (park proposed by TCT, and unlogged slopes of Mt Maurice, Mt Barrow and Mt Arthur);
- Proposed extensions to Ben Lomond National Park;
- Tasman Peninsula (areas proposed as extension to the Tasman Peninsular National Park);
- Reedy Marsh State Forests

and marked Reserve Agenda Maps on the attached documents numbered "A1" to "A9".

The Board recommends you vote AGAINST the proposed resolution, for the reasons set out in the Chairman's letter to shareholders (dated 31 July 2003) and Director's Statement.

By Order of the Board.

W. L. CHAPMAN

Company Secretary

31 July 2003

Voting Entitlement

The Board has determined, in accordance with the Company's Constitution and the Corporations Regulations, that a shareholder's voting entitlement at the meeting will be taken to be the entitlement of that person shown in the register of members as at 7.00pm on 27 August 2003.

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint no more than two proxies.
2. If a member appoints two proxies, each proxy must be appointed to represent a specified portion or number of the member's votes and neither proxy may vote on a show of hands.
3. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the member's votes.
4. A proxy need not be a member of the Company.
5. If a corporate representative is to attend the meeting on behalf of a corporation, a formal notice of appointment must be brought to the meeting.
6. The Proxy Form must be signed by the shareholder or the shareholder's attorney. If the shareholder is a corporation, the Proxy Form should be executed under seal or in accordance with section 127 of the Corporations Act or signed by an authorised Officer or agent.
7. The Proxy Form and any power of attorney or authority under which it is signed must be received at the registered office of the Company not less than 48 hours prior to the appointed time of meeting. Proxy Forms can be lodged:

In person or by post at: Gunns Limited, 58 Cimitiere Street, (PO Box 572) Launceston, Tasmania 7250

By facsimile on: (03) 6334 7909

8. In the case of joint holders, the names of all holders must be recorded and all joint holders must sign the proxy form.



ACN 009 478 148
ABN 29 009 478 148

Registered Office
58 Cimitiere Street
LAUNCESTON TASMANI. 7250
(P.O. BOX 572, LAUNCESTON 7250)

PROXY FORM

I/We
(BLOCK LETTERS)

of

being a member of GUNNS LIMITED, ACN 009 478 148

	Proportion of votes*	Number of votes*
appoint of	<input type="text"/>	<input type="text"/>
appoint of	<input type="text"/>	<input type="text"/>

as my/our proxy to vote in accordance with the following directions or failing the person named, or if no person is named, the Chairman of the Meeting, at the General Meeting of Gunns Limited to be held at Gunns Limited, Lindsay Street, Launceston, Tasmania, on Friday 29 August 2003 at 10.00 am and at any adjournments thereof.

* Proportion of votes or numbers of votes should only be specified where the member appoints more than one proxy.

Please indicate below beside the Resolution how you wish your vote to be cast. If no indication is given, the proxy may vote for or against or may abstain from voting upon the Resolution at his/her discretion. If you mark the abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll, and your shares will not be counted in computing the required majority on a poll.

The Chairman of the Meeting intends to vote undirected proxies AGAINST the item of Business on the Notice of Meeting. The Board of Gunns Limited recommends you vote AGAINST the proposed resolution, for the reasons set out in the Chairman's letter to shareholders dated 31 July 2003 and attached Directors' Statement.

BUSINESS

SHAREHOLDER REQUISITION

1. To amend the Constitution

FOR

☐

AGAINST

☐

ABSTAIN

☐

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Dated this day of 2003

Signed by the shareholder(s)

or

THE COMMON SEAL of

was affixed to this document in the presence of:

.....
Secretary/Director

.....
Director

.....
Name (Please Print)

.....
Name (Please Print)

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint no more than two proxies.
2. If a member appoints two proxies, each proxy must be appointed to represent a specified portion or number of the member's votes and neither proxy may vote on a show of hands.
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In person or by post at: Gunns Limited, 58 Cimitiere Street, (PO Box 572) Launceston, Tasmania 7250

By facsimile on: (03) 6334 7909

8. In the case of joint holders, the names of all holders must be recorded and all joint holders must sign the proxy form.

STATEMENT BY DIRECTORS

The attached notice of meeting details a special resolution which has been requisitioned by a number of shareholders pursuant to Section 249D of the Corporations Act. This provision of the Act, which the Government is in the process of amending to increase the number of shareholders required to act so as to minimise abuse, currently enables a group of 100 shareholders (irrespective of the size of their holding) to requisition a general meeting of the company in specified circumstances.

The current requisition has been made by 100 shareholders holding less than 250,000 shares (0.3%) of the issued capital of the Company.

The shareholders sponsoring the resolution have also provided a supporting statement for circulation to all Company shareholders in accordance with Section 249P of the Corporations Act. The Directors are of the opinion that certain comments in the statement are defamatory. Notwithstanding the fact that the Act allows the Company to refuse to circulate a statement containing defamatory comments, the directors have elected to circulate the statement, with the defamatory comments excised from the circulated copy.

The resolution seeks to amend the Company's Articles of Association to prevent the Company undertaking any development or forestry activity or processing any resource sourced from a range of areas across Tasmania. The areas identified are largely in regions designated as multiple use forests under the Tasmanian Regional Forestry Agreement (RFA) and are outside of areas reserved by State or Federal legislation.

The Directors recommend that shareholders vote AGAINST the resolution.

The Company's forestry and manufacturing activities are based on forest areas and resource specifically identified under the Tasmanian RFA as available for uses which include production forestry. The RFA has been legislated in both State and Federal Parliament and has continuing bipartisan political support. The RFA was negotiated following a rigorous assessment of the environmental, social and economic impacts of the industry in Tasmania. The process involved wide community consultation, including with The Wilderness Society and conservation groups.

Following implementation of the RFA, 40% of Tasmania's land mass and 39% of its forest area is fully reserved from forestry activity. Forestry activity in the remaining forest area, which comprises both public and private land, is controlled under the Tasmanian Forest Practices Act 1985. Provisions under this Act provide for the identification and protection of areas of environmental or cultural significance.

The Company acknowledges its responsibility to conduct its activities on a basis consistent with best practice in relation to environmental management. The Company's environmental management systems are accredited to ISO 14001, as are those of its major supplier. The Company is fully committed to implementing the Australian Forestry Standard to demonstrate it satisfies both the Australian and international standards of sustainable forest management.

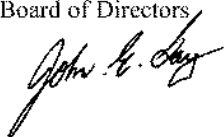
The Directors believe it is the role of relevant governments to determine public policy on land use. Reservation of land has far reaching implications for the economic and social well being in the State and is rightly the province of duly elected governments. It should be noted that the areas identified in the resolution provide a substantial component of the resource used by the sawmilling and veneer industries in the State.

The State government has fully considered the Tasmanian Together recommendations and clearly articulated the primacy of the RFA with respect to the management of forests. It should be noted that the effect sought under the resolution extends far beyond benchmarks referred to under the Tasmania Together process.

The Company recognises its responsibility to undertake its activities in compliance with regulatory requirements and on a basis which recognises social responsibilities and ensures long term sustainability.

The Directors believe the Company is meeting its responsibilities and, importantly, is operating within an industry which is managed on principles of long term sustainability. Accordingly, the Directors recommend shareholders vote AGAINST the resolution.

Signed on behalf of
the Board of Directors

A handwritten signature in black ink, appearing to read 'John Gay', written over a horizontal line.

John Gay
Executive Chairman
31 July 2003

SHAREHOLDER STATEMENT PURSUANT TO SECTION 249P OF THE CORPORATIONS ACT (NOT ENDORSED BY THE BOARD OF GUNNS LIMITED)

Pursuant to section 249P of the Corporations Act, 100 members of Gunns Limited have provided the following statement to the Company in relation to the resolution proposed for consideration at the general meeting requisitioned under section 249D of the Corporations Act. As required under the Corporations Act, the Company is distributing this members' statement with the notice of meeting for the requisitioned meeting. A copy of the statement follows. The Board is of the opinion that certain comments in the statement are defamatory. Notwithstanding the fact that the Act allows the Company to refuse to circulate a statement containing defamatory comments, the directors have elected to circulate the statement, with the defamatory comments excised from the circulated copy.

The Board does not endorse the contents of the statement. The Board's views are set out in more detail on page 7.

Shareholder Statement

While our Company has environmental policies and programs designed to comply with environmental laws and protect the Company from environmental liability, we believe that this compliance does not satisfy community expectations or adequately plan for possible changes to current forestry regimes. As a result, we are concerned that the economic viability of our Company – and future returns to shareholders – may be at risk.

Government Consultation Processes

During 2001 the Tasmanian Government undertook a community consultation program called *Tasmania Together*. The following is an extract of the rationale for *Tasmania Together*, taken from www.tasttogether.asn.au.

"Tasmania Together is a strategic plan for Tasmania. It is a brave and aspirational vision, based on the hopes and dreams of many thousands of people. It enjoys high-level leadership with government agencies having their policies and budgets linked to the benchmarks. *Tasmania Together*

Is a 20-year social, environmental and economic plan

Is a community-owned vision for the state

It is not tied to the fortunes of any particular government

Has 212 benchmarks that will help shape government policy, service delivery and budgets into the future

Is linked to local government, industry and communities

Will be monitored by an independent statutory authority, the *Tasmania Together* Progress Board, to ensure the recommendations of this-report are implemented"

Goal 24 of the Tasmania Together report is to **"Ensure our natural resources are managed in a sustainable way now and for future generations."**

Standard	Indicators	Targets	Rationale/Recommendation
2. To sustainably manage old-growth forests and to phase out clear felling in those forests	Area reduction of clear felling in old-growth forests	(a) to end clear felling in areas of high conservation value old-growth forest by January 1, 2003 (b) Complete phase out of clear felling in old-growth forests by 2010	Rationale Old growth forests are a finite and highly valued resource. Encouraging the reduction and overall elimination of clear-fell logging practices in old-growth forests provides for greater protection of their natural values into the future. The CLG acknowledges that there is not a consensus on this issue within the CLG and the community Recommendation: High conservation value old-growth forest refers to the following areas: Tasmanian Wilderness World Heritage Area proposed eastern extensions, Styx Valley, Tarkine forest extensions, NE Highlands, Tasman Peninsula, Eastern Tiers, Great Western Tiers, Reedy Marsh and Ben Lomond extensions. The CLG recommends that the Progress Board addresses this benchmark as a matter of priority

Will the current situation change?

The clear felling of Tasmania's forests is provoking national public outrage, attracting increased media coverage on programs such as *60 Minutes*, *A Current Affair*, a cover story on the *Sunday* program and a front page story in the Sydney Morning Herald's *Good Weekend*.

A major supplier of timber to Gunns Ltd is the Government Business Enterprise Forestry Tasmania, which has come under intense public scrutiny.

These factors and others have led the Federal Greens Senator, Bob Brown to call for a Royal Commission into Tasmania's timber industry.

Can the current level of supply be maintained at current low rates, once the recommendations of *Tasmania Together* are enacted? We believe that State and National pressure will inevitably lead to an increase in the protection of high conservation forests and a decrease in the availability of timber from state forests.

What would these changes mean to Gunns?

According to an *Age* newspaper report on the 14.1.02, \$300 million of Gunns' \$350 million exports last financial year, came from sales of woodchip – a massive 86% of all export sales. According to Gunns' Annual Report 2002, our company has an economic dependency on the continued supply of sawlogs at current levels. Furthermore, from official logging plans, The Wilderness Society has calculated that about 75% of Gunns' woodchips and sawlogs come from forests that the conservation movement regards as old growth.

We believe that possible environmental liabilities and an over-dependence on the export woodchip market may have major impacts on corporate earnings and dividends and jeopardise credit ratings, thereby significantly increasing future borrowing costs for our company.

Can our Company afford to take this stance?

In preparing this resolution, a research paper was commissioned to consider its likely impact on Earnings Per Share (EPS). This research indicated that Gunns' woodchip, retail and woodlot profit streams can be immunised over both the short and long term to the resolution.

There is a possible medium term impact on the supply of category 1 and veneer wood which together account for less than 15% of earnings (EBITDA). This could be managed through retooling some processes. Long term EPS growth is not impeded. Copies of this research paper are available from The Wilderness Society.

Can our company afford to do nothing?

At a time when most other companies involved in the wood and wood products industry are selling their native forest operations, our company has taken the high risk approach of buying additional assets based on native forest logging. The strongest growth sectors in the timber industry are in the production of plantation-based wood panels and engineered wood products, yet Gunns is choosing to mine native forests rather than innovate. The risks associated with increasing exposure to activities reliant on native forest logging are greater for Gunns than for diversified businesses like Boral and Wesfarmers, who chose to reduce their exposure to these risks.

What to do if you want to support our resolution

If you cannot attend the meeting you can appoint Leanne Minshull as your proxy and place an X in the "for" box.

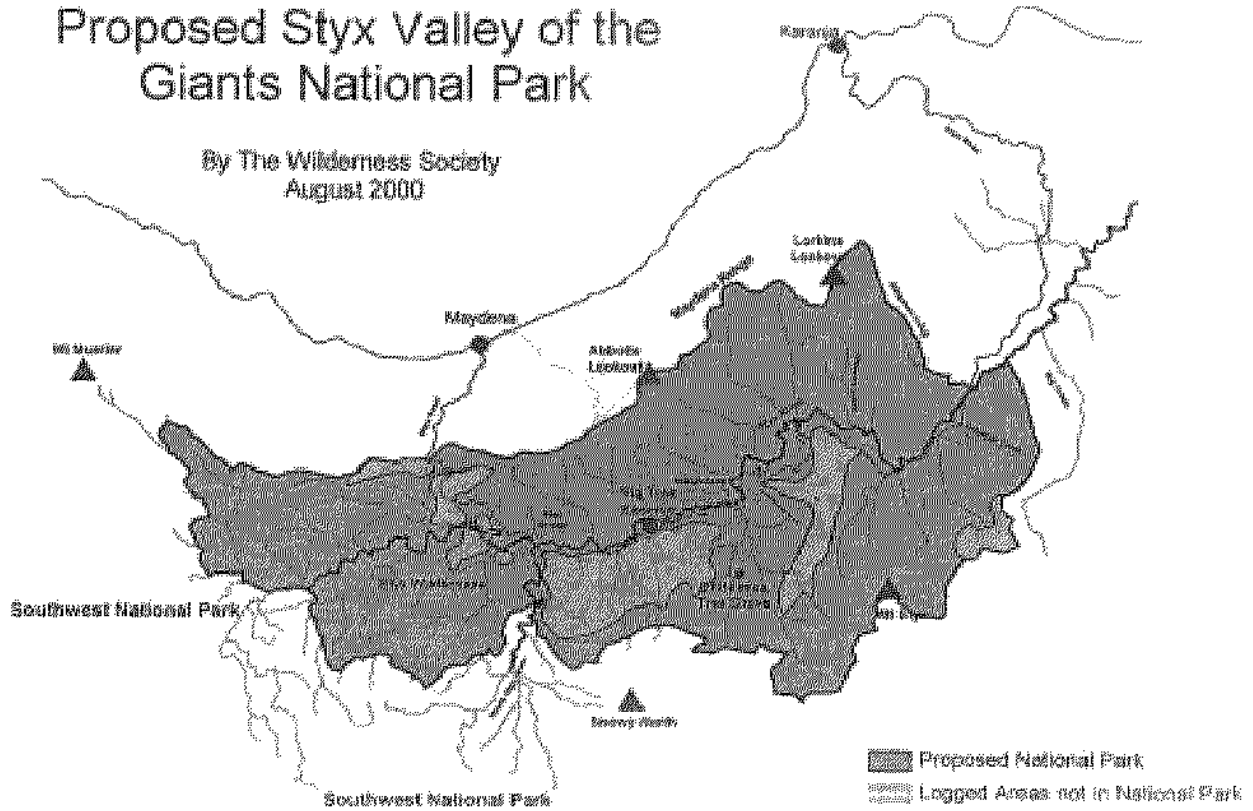
For further information regarding this resolution please phone Leanne Minshull on 0417 675 518.

MAP "A1"

Area covered by The Wilderness Society proposal for The Styx Valley of the Giants National Park

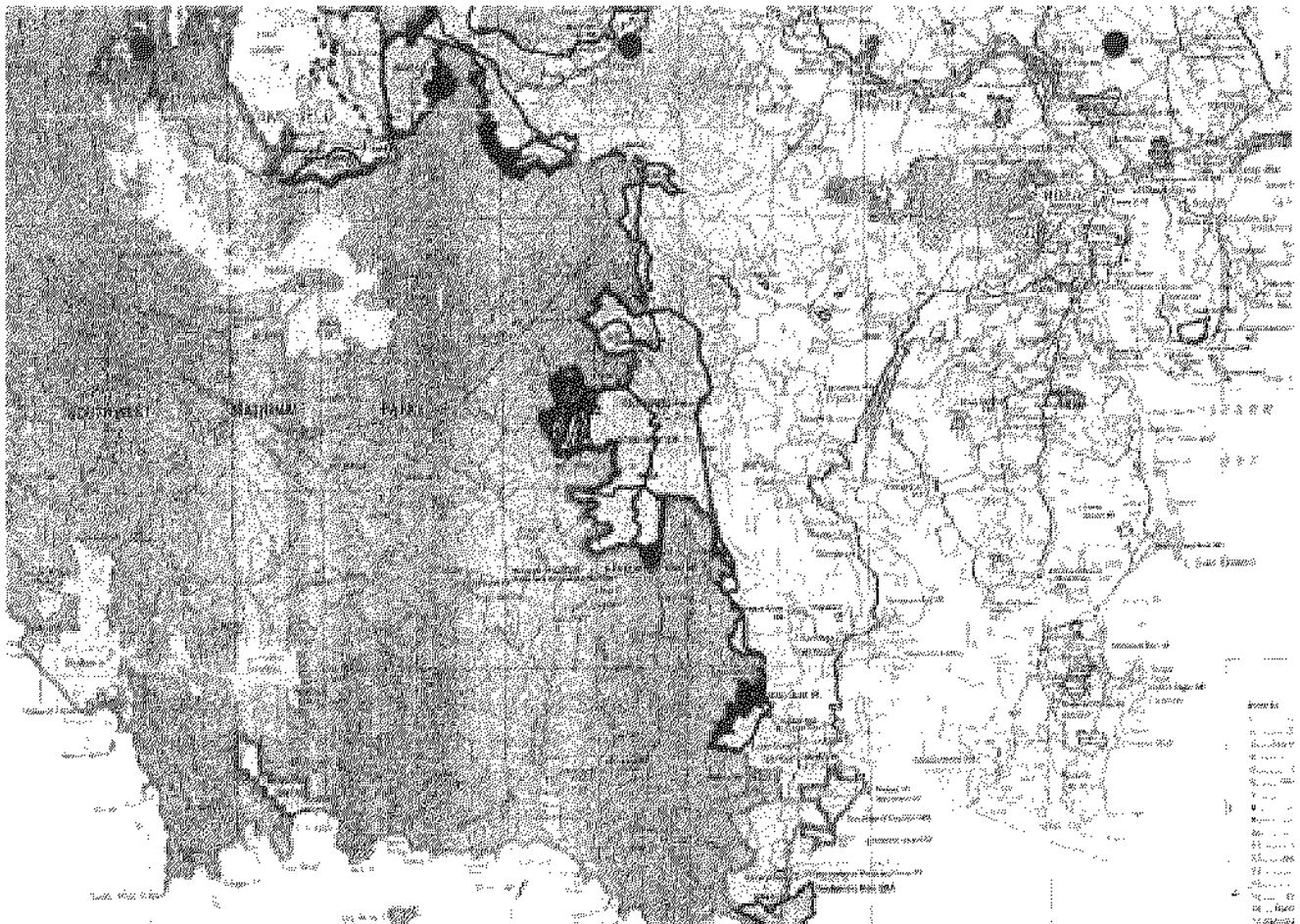
Proposed Styx Valley of the Giants National Park

By The Wilderness Society
August 2000



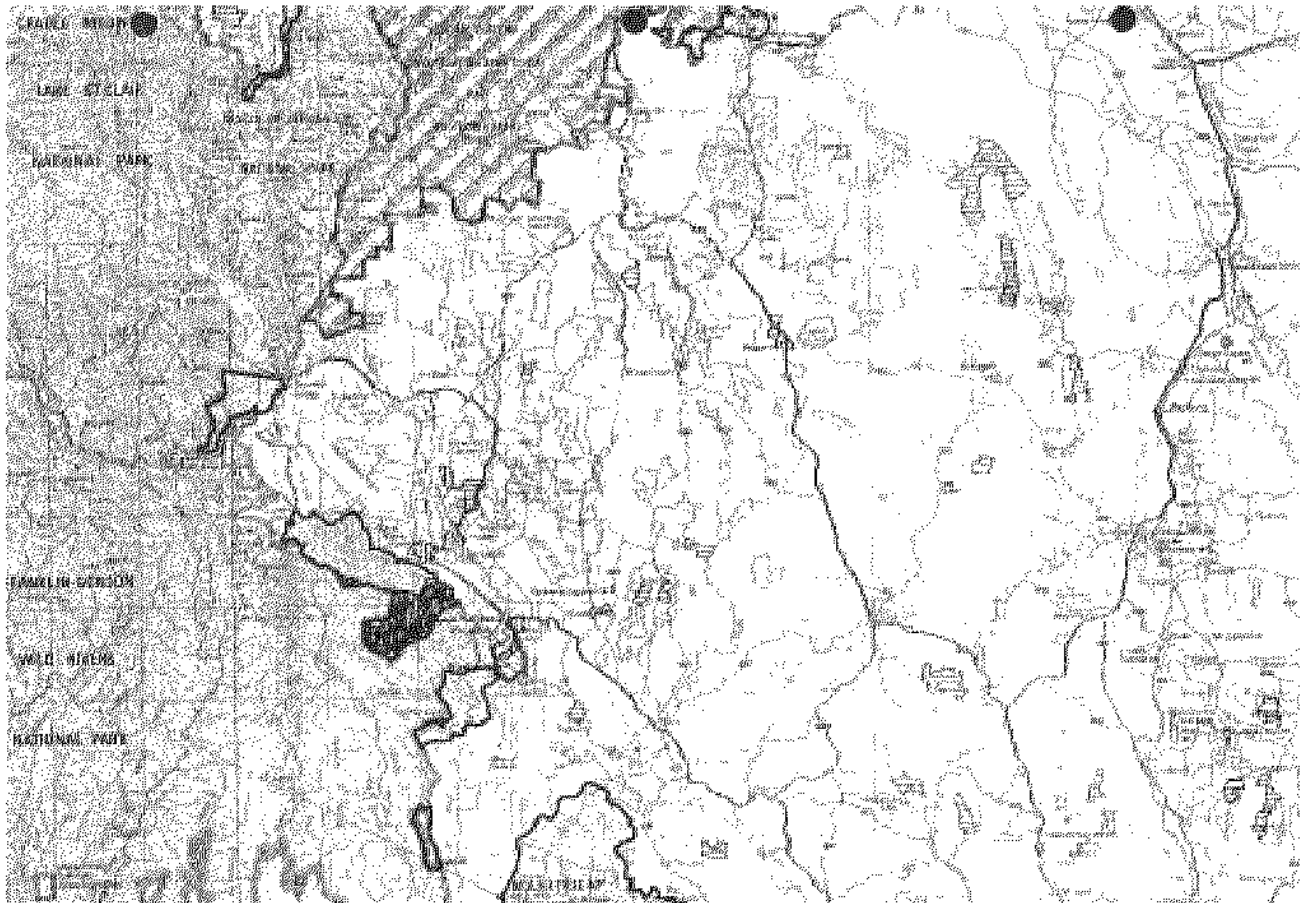
MAP "A2"

Proposed extensions to the Tasmanian Wilderness World Heritage Area (Huon, Picton, Weld, Styx, Mt Wedge, Florentine, Broad River, Navarre, Counsel, Upper Derwent, slopes of Snowy Range)



MAP "A2"

Proposed extensions to the Tasmanian Wilderness World Heritage Area (Huon, Picton, Weld, Styx, Mt Wedge, Florentine, Broad River, Navarre, Counsel, Upper Derwent, slopes of Snowy Range)

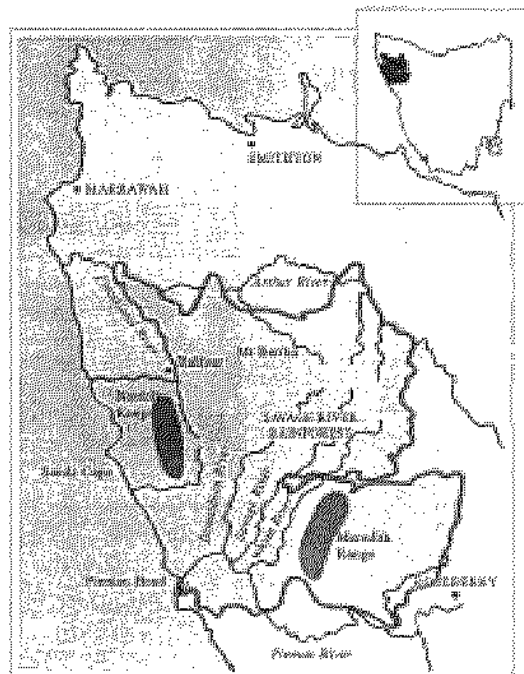


MAP "A3"

Tarkine

TARKINE HERITAGE AREA

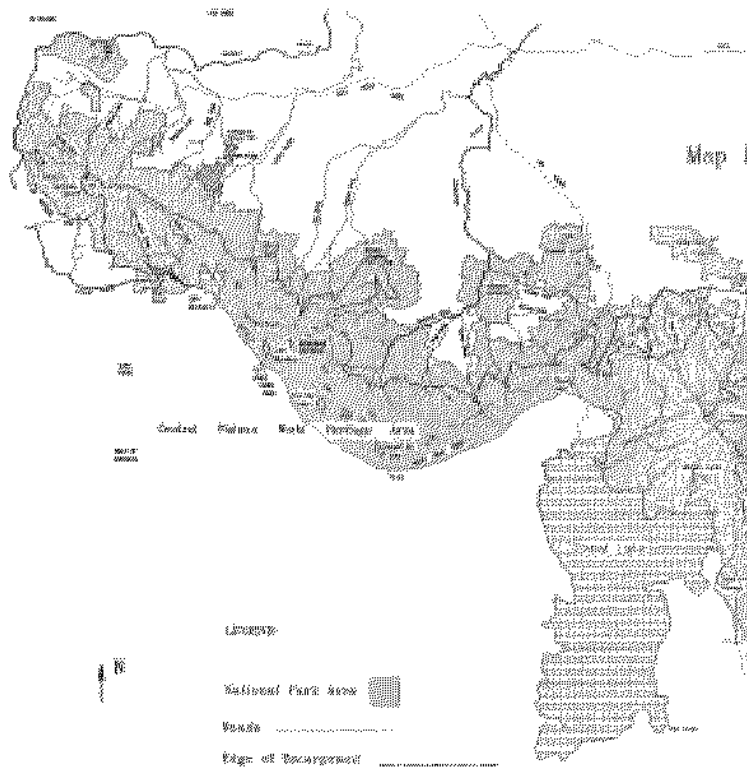
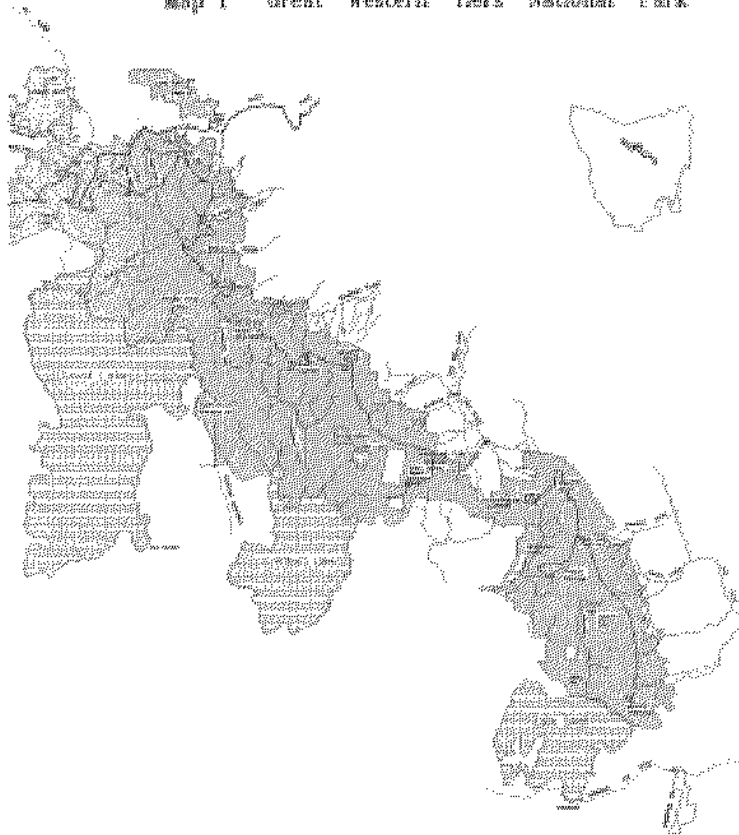
Tasmania



MAP "A4" Great Western Tiers

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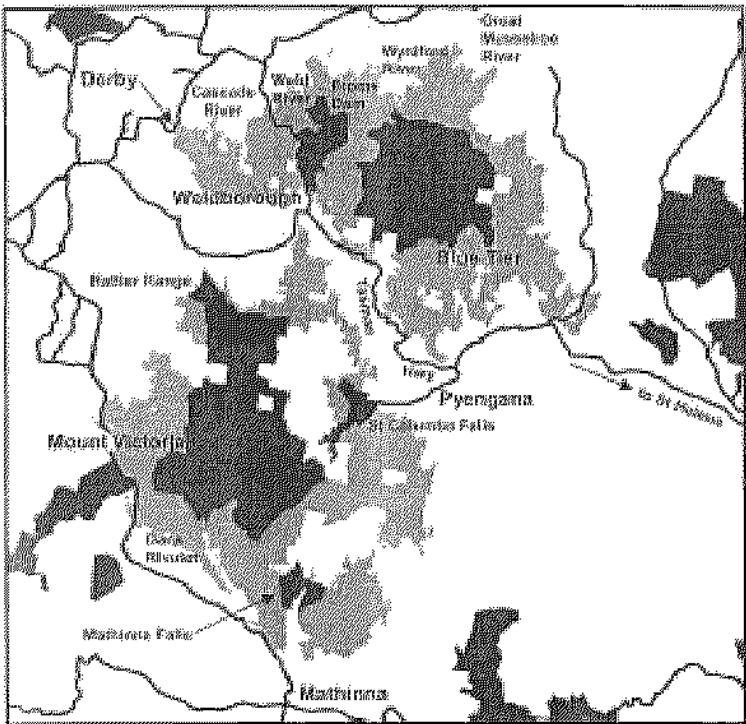
Map 1 Great Western Tiers National Park





MAP "A5"
Eastern Tiers (reserves proposed by The Wilderness Society (TWS) and Tasmanian Conservation Trust (TCT))

**North East Highlands (park proposed by TCT, and
unlogged slopes of Mt Maurice, Mt Barrow and Mt Arthur
The proposed North East Highlands National Park**

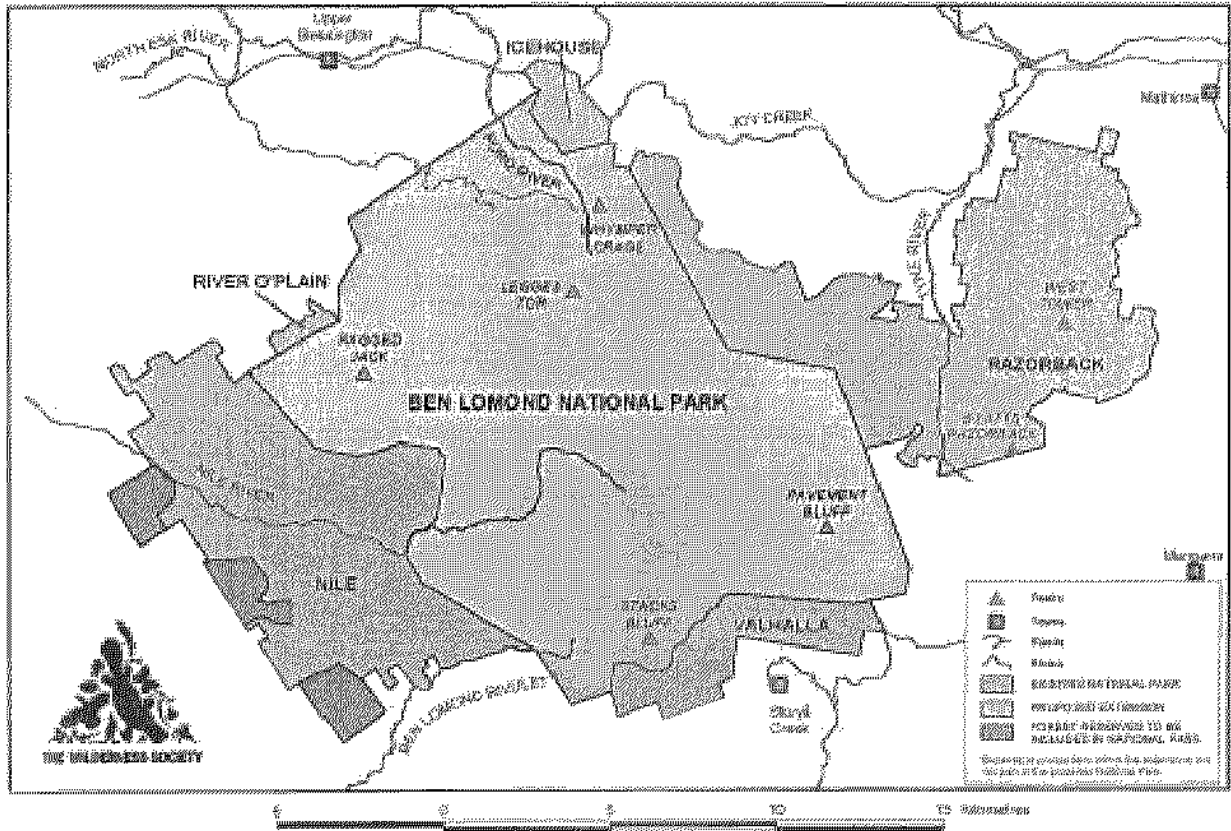
The proposed North East Highlands National Park



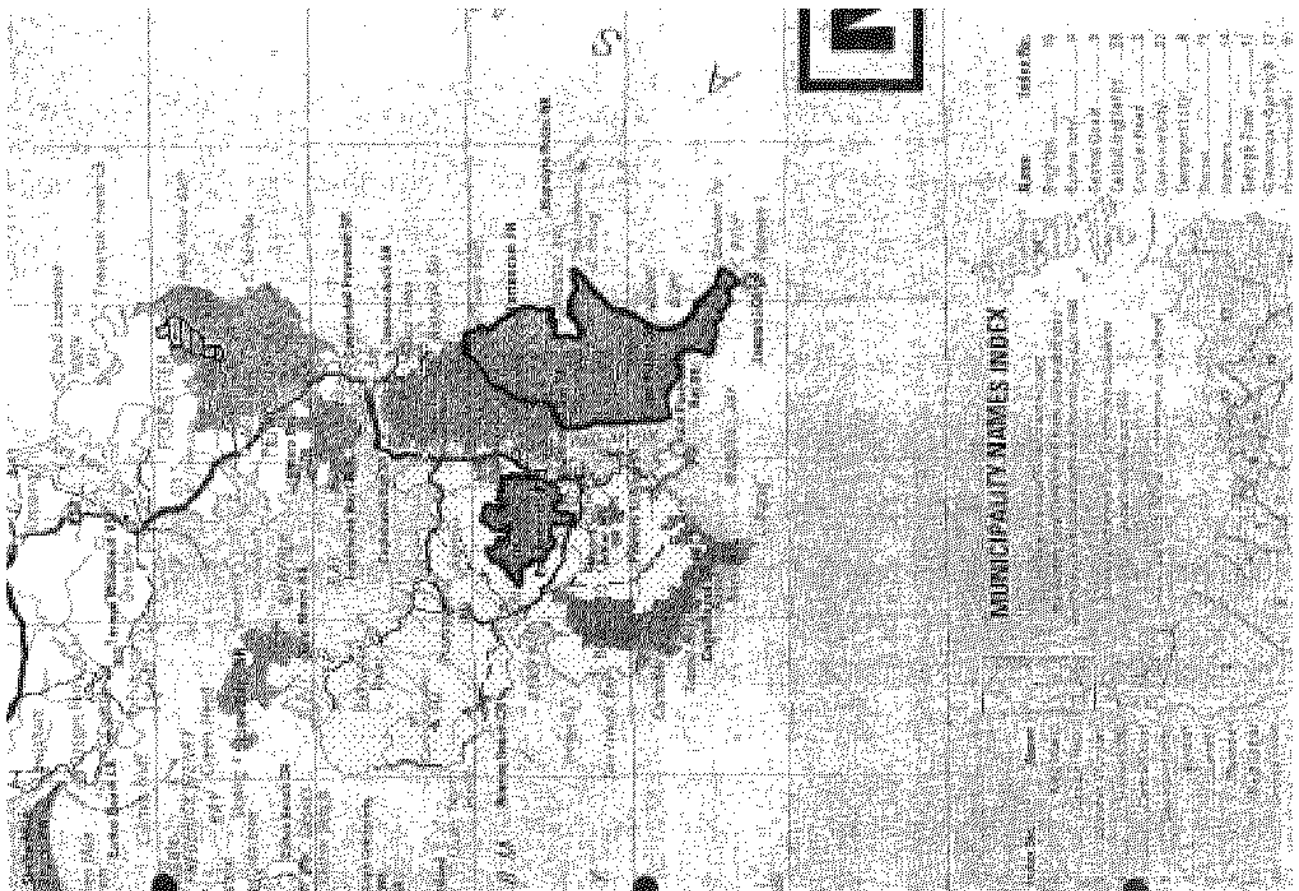
 Proposed new reserves to create North East Highlands National Park
 Existing conservation reserves

MAP "A7"
Proposed extensions to Ben Lomond National Park

Proposed Ben Lomond National Park Extension



MAP "A8"
Tasman Peninsula (areas proposed as extensions to the Tasman Peninsula National Park)



MAP "A9"
Reedy Marsh State Forests

