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23 April 2012

Company Announcements Platform
Australian Securities Exchange

MARKET UPDATE

Further to Gunns Limited's (the "Company") announcement on 16 April 2012 the Company confirms its preparation for its planned equity raising is continuing but has not been finalised.

To facilitate the equity raising the Company is preparing a Prospectus and associated offering documents ("Offering Documents"). Investors are advised that the Offering Documents will contain the most current financial information regarding the Bell Bay Pulp Mill project ("Pulp Mill"). As such, investors should disregard the financial information concerning the Pulp Mill released by the Company on 24 November 2011 and 27 February 2012 and rely solely on the financial information concerning the Pulp Mill contained in the Offering Documents. The Prospectus will not include EBITDA projections concerning the Pulp Mill.

The Company will provide a further update to the market on 30 April 2012. It is expected that this update will provide information regarding the timing of the equity raising.

Legal action

The Company notes media commentary in respect of a legal action by the Tasmanian Conservation Trust ("TCT"). The TCT is seeking declarations from the court that, amongst other things, the Pulp Mill Permit and certain other permits issued under the Pulp Mill Assessment Act 2007 lapsed at midnight on 30 August 2011. The Director of the Tasmanian Environmental Protection Authority formed the view that this was not the case and announced this decision and the reasons on 28 September 2011 (refer to the company announcement of 28 September 2011). Following the initiation of the TCT action, the Company sought an order from the court that the TCT be required to provide security for costs that will be incurred in the matter in the event the TCT's action is unsuccessful and the TCT is ordered to pay the Company's costs. The Company's application was unsuccessful. The Company is currently reviewing the decision. No date has yet been set for trial of the matter.

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Suspension from Trading

The Company requests that its suspension from trading continue until the details of the proposed equity raising, and associated document preparation have been finalised. The Company is not aware of any reason why the suspension should not continue.

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