



19 October 2011

Kobe Li
Senior Adviser, Issuers (Melbourne)
ASX Limited
GPO Box 1748Q
MELBOURNE Vic 3001

Dear Kobe

Re – Price Query

The following responses are provided to the questions detailed in your letter of 19 October 2011.

1. The Company is not aware of any information that has not been announced which could explain recent trading in securities of the Company. The Company released a market update on 19 September 2011. This update remains current with the exception that the status of the State Pulp Mill permit has subsequently been clarified by the Tasmanian Environmental Protection Agency Director. A market announcement in respect of this matter was made on 28 September 2011.

The company is continuing to progress negotiations in respect of both the pulp mill equity investment and key asset sale transactions as outlined in the 19 September 2011 market update.

2. Not applicable.
3. No
4. The Company is in compliance with the listing rules, including listing Rule 3.1.

Yours sincerely

A handwritten signature in black ink, appearing to read "Wayne Chapman".

Wayne Chapman
Company Secretary



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19 October 2011

Mr Wayne Chapman
Company Secretary
Gunns Limited

By email only

Dear Wayne

Gunns Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from \$0.14 at the close of trade, 5 October 2011, to a high of \$0.33 as at the time of writing today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return e-mail or by facsimile on facsimile number (03) 9614 0303. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 12:00 noon. A.E.D.T today, 19 October 2011.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Group's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

Sent by electronic means without signature

Kobe Li

Adviser, Listings (Melbourne)