

12 July 2007

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Australian Stock Exchange
"CAO" (Company Announcement Office)
Level 10
20 Bond Street
SYDNEY NSW 2000

Dear Sir / Madam

In accordance with Listing Rule 3.1, the Directors of Auspine Limited ("Auspine") hereby make the following announcement.

Auspine Board Rejects Gunns Offer

The Auspine Board today resolved to reject Gunns current offer of \$6.15 per share.

The Board also approved Auspine's Target's Statement which will be lodged with ASIC and ASX today and mailed to shareholders on Friday 13 July 2007.

Attached to this announcement is the letter from Auspine's Chairman, Paul Teisseire, as included in the Targets Statement.

For and on behalf of the Board



Michael McGlone
Company Secretary

Attachment

Draft Chairman's letter to shareholders dated 12 July 2007



Chairman's Letter

12 July 2007

Dear Auspine Shareholder

The Board of Auspine unanimously recommends that you REJECT the Gunns Takeover Offer.

On the 15th May 2007, Gunns Limited ("Gunns") announced it had entered into an agreement with a small number of Auspine Limited ("Auspine") Shareholders to acquire approximately 25% of the issued shares in Auspine.

The Gunns Takeover Offer merely discharges its legal obligation to make an offer on the same terms and conditions as its bid for the 25% minority shareholding in Auspine.

This Target's Statement sets out your Director's reasons for recommending that you **REJECT** the Gunns Takeover Offer, as follows:

1. **Mr Adrian de Bruin, the Company's largest Shareholder, has rejected the Offer;**
2. **The Independent Expert's Valuation considers that the offer is NOT FAIR;**
3. **The Gunns Takeover Offer considerably undervalues the net assets and strategic benefits available to Gunns upon 100% acquisition of Auspine;**
4. **The Gunns Takeover Offer is opportunistic;**
5. **The Gunns Takeover Offer has adverse tax implications for Auspine Shareholders; and**
6. **If you accept the Gunns Takeover Offer you will be unable to accept a higher alternative offer.**

Mr de Bruin and your Board consider that as a result of the sale of a 25% minority interest in the Company to Gunns, Auspine is now “in play” and is likely to be acquired either by Gunns for an increased consideration or another party for an increased consideration.

In the unanimous opinion of your Board, if Gunns wishes to acquire Auspine it should make another offer which is both fair and is conditional upon acquiring at least 90% of the Company such that Gunns can be certain:

- it will gain the full benefit of business synergies;
- it can eliminate Auspine’s deferred tax liability of \$74.2 million, which is worth \$1.38 per share; and
- any Auspine Shareholders accepting a scrip for scrip offer will be certain to gain Capital Gains Tax rollover relief.

To reject the Gunns Takeover Offer, simply **TAKE NO ACTION** and **IGNORE** all documents sent to you by Gunns.

Your Directors continue to work in your best interest. We will continue to keep you informed of all material developments.

Yours sincerely

Paul Teisseire
Chairman of Directors

