

**2007 AUSPINE ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS
DELIVERED 27 NOVEMBER 2007**

Good morning Ladies and Gentlemen and welcome to the 2007 Auspine Annual General Meeting.

Gunns Takeover Bid

As you may be aware, shortly before the commencement of this meeting this morning, Gunns Limited announced via the Australian Securities Exchange its intention to make a “new” off-market takeover bid for the balance of Auspine’s issued shares. This offer is for Auspine shares not presently held by Gunns at \$7.00 per share payable in cash on an unconditional basis.

Gunns Limited earlier bid for the Company resulted in its entitlement to 60.8 % of the issued capital of Auspine Limited, whilst those interests associated with the Managing Director, Mr Adrian de Bruin, have 30.3% of Auspine Limited. This leaves only some 8.9% in the hands of the smaller shareholders and as a consequence a very small amount as a “free float”

Auspine’s Managing Director, Mr Adrian de Bruin, has advised the Auspine Board that, subject to seeing the formal offer by Gunns he and his associates intend to accept the Gunns’ offer.

I also intend to accept the offer for my shares.

Auspine’s Independent Directors have considered this announcement. Upon receipt of Gunns’ bid, pursuant to the *Corporations Act*, Auspine will seek an independent expert’s report regarding the Gunns’ bid. If that independent expert report concludes that the Gunns’ offer is fair and reasonable, the Auspine Independent Directors would recommend Auspine shareholders to accept the “new” Gunns’ offer.

Gunns have also given assurances that Auspine Staff will be retained and that the business will continue to function as a stand alone entity within the Gunns Group.

However, some Auspine Group specific functions such as treasury, group financial reporting, business development and corporate affairs must inevitably revert to the Gunns head office.

The Company’s head office in Mount Gambier will be maintained and continue to be the management base for the Combined Group’s mainland business operations and that the operations are likely to be strengthened through the combination of Auspine within the broader Gunns organisation.

It is very unlikely that employees at the rest of the Company's Business Unit operations will be impacted by this takeover. In fact Gunns is very impressed with the overall professionalism and operational performance of the Auspine Business Units.

Having covered this morning's announcement and its likely impact on Auspine, I will now give current shareholders an overview of the Company's result and operations for the 2007 financial year and our financial performance to date.

Financial Result – Year to June 2007

Auspine reported a disappointing headline \$4.3 million loss after tax for the year to June 2007.

This result included write downs totalling \$14.5 million after tax mainly due to impairment of the Company's Tasmanian sawmilling assets.

Excluding one-off's, the normalized profit after tax was \$10.2 million albeit still an unsatisfactory result.

The result was adversely impacted by the softwood industry's heavy discounting of timber products in the first half of that year.

Auspine management subsequently arrested this madness and increased timber prices higher in the second half – a trend that has continued into the current year.

Current Year-to-Date & Outlook

Our combined timber processing operations in the Green Triangle region have performed at excellent levels of efficiency over the last six months.

The Tasmanian operations have performed reasonably well under the circumstances of lack of long term log security. It is a credit to the dedication of our Scottsdale workforce.

As previously flagged, a very strong underlying demand for softwood timber has underpinned the total reversal of the Company's fortunes in the first 4 months of the new financial year.

Reduced supply of product in the Australian market has created a shortage of structural timber for the strengthening and re-emerging domestic new housing market.

Auspine has therefore been able to secure significant price increases over recent months, considerably boosting timber margins from the disappointing levels of recent years.

To demonstrate the impact of this, the trading result for Auspine is an un-audited profit after tax of \$6.7 million for the four months to October 2007, compared with \$2.2 million for the same period to October 2006.

Australian softwood industry producers have generally indicated that pricing is likely to be reviewed again in the second half. This augers well for the balance of the 2008 financial year and beyond.

The Australian softwood industry however will be restricted in its ability to increase its sawmilling production due to the lack of increased investment in the plantation softwood sector over the last 30 years.

This means that supply of domestic softwood sawlog available to the industry is destined to remain at little more than current levels for at least the next decade. This may be insufficient to meet the needs of the Australian population increase and underlying housing needs.

Demand for Woodchip remains strong and export volumes are expected to be maintained at similar levels as in 2007.

Management is currently negotiating a price increase with our Japanese customers.

The earnings outlook for the balance of the year, based on current and forecasted production and sales, are very encouraging.

The Board of Directors

A takeover offer by Gunns Limited resulted in the Tasmanian based timber company securing 61% of Auspine and the subsequent appointment of four new Directors to the Board of Auspine.

Mr. Dean Kerr resigned from the board late September 2007 and the Board thanks him for his contribution over the years.

Thank you
Paul D Teisseire
Chairman of Directors

Dated: 27 November 2007