

MEDIA RELEASE

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Media Release – Gunns’ Pulp Mill

The Pulp Mill – how relevant is the \$2.3 billion price tag?

Following recent claims by managing director Greg L’Estrange that Gunns Limited intends to begin construction of its pulp mill project despite the absence of finance, or a Joint Venture Partner, Friends of the Tamar Valley today expressed concern that local contractors who may be considering signing contracts with Gunns may ultimately end up either out of pocket, or out of business – just like many forestry and logging contractors.

At least one financial analyst* has also queried Gunns’ failure to provide more up-to-date estimates of construction costs for the development, suggesting the commonly-quoted \$2.3 billion price tag is now likely to be considerably higher. He cites the experience of other companies within Australia currently involved in large developments, all of which are over-budget.

Announcements by Gunns that work on the pulp mill will have been ‘substantially commenced’ before state permits expire during August appear to have left investors unimpressed. Gunns’ share price has remained around the company’s record low of 25 cents, indicating a recognition by the market that the project is unviable. At its peak Gunns share price was well over \$4.00.

It is widely considered unlikely Gunns are able to underwrite this project without additional finance from a JVP.

Gunns Limited continues to lack community acceptance or support for the project.

“While it continues to arrogantly ignore and dismiss the community’s concerns Gunns will never have a social licence for this pulp mill,” said FTV spokesperson XXXXX. “Any contractor that decides to sign up for work on the pulp mill project faces a massive community backlash. They run the risk of a targeted campaign against their businesses. These campaigns were successful in stopping the ANZ Bank from financing the pulp mill, and Gunns Mitre 10 stores reportedly suffered a drop in sales after car windows were noted sporting the ‘I no longer shop at Gunns’ stickers,” XXXX concluded.



Ref: *The Examiner* – 14 July 2011: p.5