

30 July 2012

### **CLARIFICATION TO ASX**

In response to a request from ASX, PaperlinX provides the following clarification regarding the directorship of Mr Mike McConnell:

1. The Company's policy on share trading operated to prohibit directors (including Mr McConnell) from trading in PaperlinX securities while it was considering various potentially price-sensitive matters, being the Strategic Review and the whole of company proposal that were subsequently announced to the market. The Company's policy operated to restrict trading notwithstanding that the Corporations Act contains a specific exemption from the insider trading provisions of the Corporations Act in respect of directors obtaining a shareholding qualification.
2. Mr McConnell has continued at all times to act as a director of the Company notwithstanding the conflicting treatment under the constitution and Corporations Act for the entire period since his initial appointment in August 2011. PaperlinX considers that there has not been a change of director in this period and that it has been in compliance with Listing Rule 3.16.
3. Mr McConnell was formally re-appointed as a director for purposes of the constitution in April 2012. Mr McConnell will stand for re-election at the 2012 AGM.

The above is to be read in conjunction with item 2 of Additional Matters in the Company's "Completion of Strategic Review and CEO's Departure" announcement dated 17 July 2012.

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