

PRESS RELEASE

Tuesday, 31st July, 2001

PAPERLINX SELLS AUSTRALIAN PAPER PLANTATIONS

PaperlinX Limited today announced the sale of Australian Paper Plantations (APP) to Hancock Victorian Plantations Pty Ltd (HVP) for \$152 million. The sale of APP is the result of a strategic review of PaperlinX's assets and will be effective 31 August 2001 subject to regulatory approvals.

HVP (and their predecessor, Victorian Plantations Corporation) have been a supplier of plantation fibre to PaperlinX's Maryvale Mill for many years. This transaction includes a long term agreement for APP/HVP to supply PaperlinX with plantation fibre, accordingly Maryvale Mill's fibre supply will be unaffected by the sale.

"While PaperlinX is committed to the increased use of fibre sourced from plantations in its paper making operations, this does not mean we have to own the plantations", said Mr Wightwick, Managing Director of PaperlinX. "The sale of APP is a strategic step. Plantations are a different style of asset from those normally associated with an industrial company".

"HVP is a natural owner of these assets, with the acquisition of APP giving them synergies and economies of scale", added Mr Wightwick. "HVP have sound environmental credentials and will continue to operate within the Code of Forest Practices for timber production in Victoria".

"We will continue to have a close relationship with APP, as we will remain a long term, contracted customer for their plantation fibre. Management and staff at APP have done an excellent job in managing the business and we look forward to continuing to benefit from their skills as part of HVP".

“PaperlinX intends to reinvest the funds in higher returning assets in paper merchanting internationally which is in line with our strategic direction. We believe there are significant opportunities for us to improve shareholder returns by redeploying this capital” said Mr Wightwick.

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