

PRESS RELEASE

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PAPERLINX TO ACQUIRE CANADIAN PAPER MERCHANT

PaperlinX today announced that it has agreed to acquire Cascades Resources, the Canadian paper merchanting business of Cascades Inc at a cost of approximately C\$85 million (A\$97 million) including transaction costs. This acquisition, expected to be completed in the next few months, is subject to regulatory approvals and other customary closing conditions.

The acquisition:

- More than doubles the size of PaperlinX's Canadian paper merchanting operations and establishes PaperlinX as Canada's leading supplier of fine paper and graphics arts supplies and equipment,
- Is expected to be earnings per share accretive in the first full year,
- Is expected to at least meet the company's 15% return on funds employed target for merchanting by the end of year three,
- Creates significant synergy opportunities,
- Further leverages the global paper merchanting platform established by PaperlinX over the past five years,
- Meets all PaperlinX's acquisition criteria.

Since listing in 2000, PaperlinX has followed a strategy of building a global paper merchanting platform. This acquisition is a logical continuation of this successful growth strategy.

Commenting on today's announcement, Managing Director of PaperlinX, Mr Tom Park, "Cascades Resources is an excellent fit for PaperlinX. It builds on our existing Canadian paper merchanting business made up of Coast Paper (acquired in April 2002) and Papier Turgeon (acquired in April 2003), providing the opportunity for significant operating synergies over time, beyond those included in our target return expectations."

“The acquisition brings the Cascades Resources business into PaperlinX’s global paper merchandising business, enhancing opportunities for employees, suppliers and customers,” added Mr Park.

Cascades Resources is a strong and profitable fine paper merchant with around 490 people in 15 locations across Canada. Its’ model is similar to PaperlinX’s, being primarily a stockist merchant, meaning that it provides customers, mostly general printers, with a wide range of paper products including graphic arts supplies and equipment and industrial packaging to meet their every need from stock. The business has sales revenue of approximately C\$420 million (210,000 tonnes of paper).

The acquisition will be funded from existing cash and debt facilities.

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Forward looking Statements:

Certain statements in this release relate to the future, including forward looking statements relating to PaperlinX’s financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of PaperlinX to be materially different from future results, performance or achievements expressed or implied by such statements. Neither PaperlinX nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

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Editors Note:

PaperlinX is the world’s leading fine paper merchant, with businesses in Australia, New Zealand, Asia, North America and Europe. Through its Australian Paper division, it is also the only Australasian producer of high quality communication papers, and a major Australian producer of high performance packaging and industrial papers.

Web Cast of Management Presentation

A presentation on this acquisition will be web cast live commencing at 2.30pm AEDT on Thursday 17 November 2005. The presentation will also be available on archive shortly after their conclusions. Both the live web cast and archives will be available on www.paperlinx.com.