

PRESS RELEASE

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PAPERLINX COMPLETES ACQUISITION OF CASCADES RESOURCES

PaperlinX has today announced the completion of the acquisition of Cascades Resources, a Canadian paper merchant, effective 28 February 2006. As previously advised, we expect that the acquisition will be earnings per share positive in year 1 and produce a return on investment of at least 15% by the end of year 3 in line with PaperlinX investment criteria.

PaperlinX has agreed with the Canadian Competition Bureau to divest certain elements of the business in Alberta and British Columbia. This will have the impact of lowering the net acquisition cost and overall size of the business being acquired, but does not materially impact the fundamental benefits of the acquisition for PaperlinX.

The net final price will be subject to some closing adjustments, and is expected to be lower than the C\$85 million (A\$97 million) first announced. The net EBIT benefit expected by the Group from the strategic initiatives highlighted in the recent half year results announcement will not be affected by any closing adjustments.

Commenting on the completion, Managing Director of PaperlinX, Tom Park said, "We are very pleased to have completed this acquisition, and look forward to working with our new colleagues at Cascades Resources. This acquisition is a logical step for PaperlinX, and is an excellent fit with our existing North American paper merchanting businesses."

For further information, please contact:

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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 including Reflex, Australia's leading copy paper, and a major Australian producer of high performance packaging and industrial papers.

Forward looking statements in this Release are based on assumptions that may change and result in the actual performance or achievements of PaperlinX being materially different from those expressed or implied by such statements. You are therefore cautioned not to place undue reliance on such forward looking statements and to seek professional advice before investing in PaperlinX shares.