

ASX RELEASE

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PaperlinX Limited
ABN 70 005 146 350
307 Ferntree Gully Road
Mt Waverley Victoria 3149
Australia
Tel: +61 3 8540 2211
Fax: +61 3 8540 2255

SUCCESSFUL COMPLETION OF RETAIL ENTITLEMENT OFFER

PaperlinX today announced that it has successfully completed the retail component of the accelerated non-renounceable entitlement offer ("Entitlement Offer") announced on 1 October 2008. The Retail Entitlement Offer raised approximately \$35 million from existing Retail Shareholders in addition to the \$150 million raised through the institutional component of the offer.

Settlement of the Retail Entitlement Offer will occur on Friday 31 October, with New Shares issued on Monday, 3 November and normal trading expected to commence on the ASX on Wednesday, 5 November.

As previously announced, net proceeds from the Entitlement Offer will be used to repay debt, including the committed \$150 million reduction in PaperlinX's multi-currency facility originally due by May 2009, which has already been repaid.

Mr Tom Park, Managing Director of PaperlinX, said, "We appreciate the support from our shareholders during this volatile period in international markets. PaperlinX has already secured funding in relation to the \$150 million May 2009 debt repayment and these additional funds will further strengthen the Group's financial platform and reduce debt. This also provides flexibility to ensure the optimal outcome is achieved from the Australian Paper review."

"We remain focussed on completion and commissioning of the Maryvale Mill pulp upgrade, delivery of profit protection plans, sale of European warehouses, and success in our core business activities."

"Recent external factors have turned favourable for PaperlinX, including the weakness of the Australian dollar which benefits Australian Paper and the translation of overseas earnings, as well as recent announcements of major consolidation in the European paper manufacturing sector with announced capacity reductions in coated woodfree paper manufacturing supporting future pricing in that market in addition to current price rises."

Deutsche Bank AG, Sydney Branch and Macquarie Capital Advisers Limited acted as joint bookrunners and Joint Lead Managers to the PaperlinX Entitlement Offer.

For further information, please contact:

Mr David Shirer
Executive General Manager Corporate Affairs
PaperlinX Limited
Ph: +61 (3) 8540 2302
Ph: +61 (407) 512 521

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.