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REVIEW OF TASMANIAN OPERATIONS

PaperlinX has completed the initial review of its Tasmanian paper manufacturing business, Tas Paper. This review has included discussions with many different parties and has considered four main options including retention of the existing business model, partial closure, closure or sale.

Commenting on the outcome of the initial review, CEO and Managing Director of PaperlinX, Mr Tom Park, said "The review projected an unacceptable financial loss for Tas Paper in the current environment, so we will now work with all of the key stakeholders to develop models that may produce more positive future outcomes. These stakeholders include our employees, shareholders, customers, Government and our lenders. We are continuing discussions with both the Tasmanian and Federal Governments and will also look for any guidance to come from the Federal Government's review of the Australian Pulp and Paper Industry due to complete late in the calendar year."

"The initial review has given us a better understanding of the base case scenario for the business. This gives us the ability now to better calibrate alternative options to seek to meet the needs of all stakeholders. While this is underway we will continue to run Tas Paper as we have in the past and our customers will not see any change in service or product quality."

"We have seen good progress made by Tas Paper in its customer value propositions, and the development of innovative brands, such as ENVI, Australia's first carbon neutral paper, and the recent winner of three awards in the Australian Business Awards, for Best Eco-friendly Product, Product Innovation and Marketing Excellence in its industry classification."

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