NEWS RELEASE

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PAPERLINX FINALISES REFINANCING

PaperlinX Ltd is today repaying in full its historic lending facilities, made up of syndicated bank debt and US Private Placement notes. These facilities have been replaced by regional asset backed facilities established in Australia, New Zealand, USA, Canada and Europe.

This refinancing will reduce financing costs, while increasing flexibility and efficiency. As stated in our interim results presentation, interest costs are expected to fall to $20-25 million on an annualised basis, with interest costs for fiscal 2010 expected to be around $30-35 million.

Debt has also been significantly reduced over the past year, with gross debt of $526 million at 31 December 2009 compared with $1,518 million at 31 December 2008. Gross debt at June 2010 is expected to be down to around $400 million; a further 25% reduction in the current half year and around $1.1 billion lower than the 31 December 2008 level.

Commenting on the repayment, PaperlinX Chairman, Mr David Meiklejohn said “The Board is very pleased with the speed that PaperlinX has been able to undertake the refinancing programme, while at the same time making a substantial reduction to overall debt levels. The Company’s new lending profile provides a much better fit with our business as a focussed merchant. Repaying our historic lenders early has removed the expensive supervisory role played by them and their advisors that caused substantial, and sometimes unnecessary, distraction to the Board and management over the past 18 months.”

Commenting on the Group’s refinancing, PaperlinX Chief Executive Officer and Managing Director, Mr Tom Park, said, “This is a key step in rebuilding our financial position, which, along with our significant debt reduction and exit from manufacturing substantially reduces risk across the Group and provides us with a solid platform on which we can rebuild returns for our shareholders.”

PaperlinX Total Nominal Borrowing Facilities

Asset Backed Facilities	Facility Size [2]	A$ Equivalent
Receivables Facilities		
Australia	A$80m	A$80m
Europe [1]	€285m	A$430m
Receivables & Inventory Facilities		
NZ	NZ$35m	A$30m
Canada	C$75m	A$80m
USA	US$65m	A$70m
Other facilities (Incl. Overdrafts)	Various	A$70m
Total		A$760m

Notes: (1) Includes both previously existing and new receivables facilities

(2) These facilities are, on average, able to be drawn to between 60% and 80% of the total nominal borrowing facility size, and are subject to changes in the availability of receivables and inventory to borrow against.

"Repayment of our syndicated bank lenders and US Private Placement noteholders removes the need for their consent to payment of distributions and dividends to holders of PaperlinX Step-up Preference Securities and Ordinary Shares. Accordingly, the Board is giving consideration to the payment of some or all distributions including those which were not paid on the PaperlinX Step-up Preference Securities in 2009, taking account of all circumstances including the challenging market conditions we are continuing to see in our key European markets and alternate near term uses for cash", added Mr Park.

"Trading conditions worldwide remain subdued and we continue to see weak earnings through the second half. Our focus remains on ensuring that we have an efficient and affordable cost base and level of working capital across all our businesses to generate adequate returns in the event of minimal demand improvement. Our success in achieving this also increases our leverage to the upside should we see improved paper demand or planned growth of our non-paper activities in the future."

For further information, please contact:

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