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30 June 2010

PAPERLINX UPDATE - JUNE 2010 HYBRID DISTRIBUTION AND ACCELERATED RESTRUCTURING

As per the announcement of 11 June 2010, PaperlinX is today paying the scheduled distribution of \$3.3655 per security for the PaperlinX Step-up Preference Securities.

Commenting on this payment, Managing Director of PaperlinX, Tom Park, said, "We see the recommencement of distributions on the PaperlinX Step-up Preference Securities as a key step going forward. As indicated previously the ongoing challenging business conditions have meant that the Board felt it prudent not to make up the missed distributions at this time, with a decision on the missed December 2009 distribution to be made in due course."

"We are continuing to focus on improving operational returns and maximising our leverage to any economic improvements, particularly in Europe, following the completion of our refinancing programme. The completion of this programme has also allowed us the opportunity to bring forward a number of one-off restructuring activities and costs in our merchanting activities into the 2010 year which will further recalibrate costs and bring benefits as we enter the 2011 financial year. Total costs in the second half will be in the range of \$10-15 million."

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