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NEWS RELEASE

ASX RELEASE

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PAPERLINX LAUNCHES NON RENOUNCEABLE ENTITLEMENT OFFER

PaperlinX Limited ("PaperlinX") today announced that it is seeking to raise new equity through an accelerated non-renounceable entitlement offer ("Entitlement Offer"). The institutional component of the Entitlement Offer ("Institutional Entitlement Offer") is seeking to raise approximately $200 million, with the potential for approximately an additional $100 million to be raised through the retail component of the Entitlement Offer ("Retail Entitlement Offer")[1].

Net proceeds from the Entitlement Offer will be used to repay debt, including the committed $150 million reduction in PaperlinX's multi-currency facility by May 2009. This will strengthen PaperlinX's financial platform and support the continuation of its strategy of building on the key competitive advantages in its two business streams of global paper merchanting and paper manufacturing in Australia.

Mr Tom Park, CEO of PaperlinX said: "This raising will enable PaperlinX to meet our obligations to reduce our multi-currency facility ahead of time, increases flexibility to fully explore all options in relation to Australian Paper and removes uncertainty from the market on the potential pro-rata entitlement offer."

"We are conducting this raising at a time when we are seeing positive moves for PaperlinX in exchange rates and favourable industry consolidation announcements, including significant consolidation and capacity closures announced in Europe on Monday. This should help support paper prices in most key markets. While we are seeing negative volume impacts from the global economic situation, we are looking to mitigate these with our Profit Protection Plan and European asset sales. With the forthcoming completion of the Maryvale Mill pulp capacity upgrade, favourable currency and sector consolidation, we are positive about the future."

Accelerated Non-Renounceable Entitlement Offer

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for new PaperlinX shares ("New Shares") at a price and entitlement ratio to be determined by a bookbuild process conducted as part of the Institutional Entitlement Offer between Thursday, 2 October and Friday, 3 October 2008.

Through the Entitlement Offer, PaperlinX will raise funds in two tranches:

[1] Assumes 67% of the company's register is dealt with in the institutional tranche of the Offer

- An Institutional Entitlement Offer, which is seeking to raise approximately $200 million; and
- A Retail Entitlement Offer, through which PaperlinX may raise approximately an additional $100 million, if fully subscribed.

The Entitlement Offer is non-renounceable. New Shares equal to the number of Entitlements not taken up under the Institutional Entitlement Offer will be offered to new and existing Institutional Investors as part of the institutional bookbuild, and New Shares equal to the number of Entitlements not taken up under the Retail Entitlement Offer will be offered to existing retail Shareholders under the Retail Entitlement Offer, to the extent there are oversubscriptions.

The Institutional Entitlement Offer is not underwritten, although it is settlement underwritten. The Retail Entitlement Offer is not underwritten.

The Record Date for the Entitlement Offer will be 7.00pm (Melbourne time) on Friday, 3 October 2008. The Institutional Entitlement Offer will be conducted during the period 1 October 2008 to 3 October 2008, with the Retail Entitlement Offer to follow. To conduct the Institutional Entitlement Offer, PaperlinX has requested that ASX place PaperlinX shares in a trading halt until the recommencement of trading on Monday, 6 October 2008. The Entitlements will not be tradeable on the ASX or otherwise transferable, and Shareholders who elect not to take up their full Entitlement will not receive any value in respect of Entitlements they do not take up.

Further details of the Entitlement Offer are included as an Appendix to this announcement.

Shareholder Enquiries

Retail shareholders who have any queries regarding the Entitlement Offer are encouraged to contact the PaperlinX Limited Shareholder Information Line on 1300 662 058 from within Australia or on +61 3 9415 4021 from elsewhere, between 8.30am and 5.00pm (Melbourne time).

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.

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This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, and the District of Columbia). This announcement is not an offer of securities for sale into the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred in the United States or to, or for the account or benefit of any “U.S. person” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. Any offering of securities in the United States will be made by means of a prospectus that contains detailed information about PaperlinX and the management of its business, as well as financial statements.

Appendix – Details of the Entitlement Offer

The Entitlement Offer has been structured as an accelerated non-renounceable entitlement offer consisting of an Institutional Entitlement Offer and a Retail Entitlement Offer. Entitlements cannot be traded on ASX or otherwise transferred.

1. Institutional Entitlement Offer

Existing Eligible Institutional Shareholders will be invited to participate in the Institutional Entitlement Offer which commences on Wednesday, 1 October 2008 and concludes at 12:00pm (Melbourne time) on Friday, 3 October 2008.

Eligible Institutional Shareholders can choose to take up their Entitlements in whole or in part or, in the case of Eligible Institutional Shareholders that are located outside the United States and are not, or are not acting for the account or benefit of, U.S. Persons, subscribe for New Shares in excess of their Entitlements by placing bids into the institutional bookbuild, which opens on Thursday, 2 October 2008 and closes at 12:00pm on Friday, 3 October 2008. Alternatively, Eligible Institutional Shareholders can choose to not to take up their Entitlement by electing to do nothing.

New Shares equal in number to those attributable to Entitlements not taken up by Eligible Institutional Shareholders, together with New Shares attributable to Entitlements which would otherwise have been offered to Ineligible Institutional Shareholders if they had been eligible to participate in the Institutional Entitlement Offer, will be offered to Eligible Institutional Shareholders outside the United States that are not, or are not acting for the account or benefit of, U.S. Persons who subscribe for New Shares in excess of their Entitlement and to certain other Institutional Investors.

2. Retail Entitlement Offer

Eligible Retail Shareholders will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer under a Prospectus which is expected to be lodged with ASIC on Monday, 6 October 2008. The Retail Entitlement Offer will open on Monday, 6 October 2008 and close at 5:00pm (Melbourne time) on Friday, 24 October 2008.

Eligible Retail Shareholders can choose to take up their Entitlements in whole, in part or subscribe for New Shares in excess of their Entitlement. New Shares equal in number to those attributable to Entitlements not taken up by Eligible Retail Shareholders, together with New Shares attributable to those Entitlements which would otherwise have been offered to Ineligible Retail Shareholders if they had been eligible to participate in the Retail Entitlement Offer, will be allocated to other Eligible Retail Shareholders that applied for New Shares in excess of their Entitlement.

If there is not sufficient demand for New Shares from Eligible Retail Shareholders who applied for New Shares in excess of their Entitlements, the Retail Entitlement Offer will lapse in respect of those New Shares for which there is no demand. In these circumstances, the Retail Entitlement Offer will close undersubscribed and an amount less than the total amount sought under the Retail Entitlement Offer will be raised.

Stock Lending and Other Transactions

Eligible Shareholders will be entitled to apply under the Entitlement Offer for a certain number of New Shares held as at 7:00pm (Melbourne time) on the Record Date, 3 October 2008. Notwithstanding the Record Date for the Entitlement Offer, PaperlinX will be granted a waiver by ASX so that, in determining shareholder entitlements for the Entitlement Offer, it may ignore changes in security holdings that occur after the announcement of the Entitlement Offer (other than registrations of transactions that were effected through ITS before that announcement).

Accordingly, a person who is a registered shareholder of PaperlinX at 7.00pm (Melbourne time) on the Record Date for the Entitlement Offer as a result of a dealing after the announcement of the Entitlement Offer (other than the registration of a transaction effected through ITS before that announcement) may not be entitled to receive an Entitlement under the Entitlement Offer.

This means, for example, that in the event a PaperlinX Shareholder has existing PaperlinX shares out on loan, the borrower will be regarded as the Shareholder for the purposes of determining the entitlement (provided that those borrowed shares have not been on-sold).

Key Entitlement Offer Dates*

Record Date for entitlements under the Entitlement Offer	3 October 2008 (7:00pm, Melbourne time)
Institutional Entitlement Offer	**Date / Time (Melbourne time)**
Announcement date	1 October 2008
Institutional Entitlement Offer bookbuild opens	2 October 2008
Institutional Entitlement Offer bookbuild closes	3 October 2008 (12:00pm)
Settlement of Institutional Entitlement Offer	14 October 2008
Issue of shares under Institutional Entitlement Offer	15 October 2008
New Shares which were issued under Institutional Entitlement Offer expected to commence trading on a normal settlement basis	15 October 2008

Retail Entitlement Offer	Date / Time (Melbourne time)
Prospectus lodged with ASIC	6 October 2008
Retail Entitlement Offer opens	6 October 2008
Prospectus dispatched to Eligible Retail Shareholders	9 October 2008
Retail Entitlement Offer closes	24 October 2008 (5:00pm)
Settlement of Retail Entitlement Offer	31 October 2008
Issue of shares under Retail Entitlement Offer	3 November 2008
New Shares which were issued under Retail Entitlement Offer expected to commence trading on a normal settlement basis	5 November 2008
Dispatch of holding statements	7 November 2008

**Dates and times are indicative only and are subject to change. All times and dates refer to Melbourne time. PaperlinX, in conjunction with the Joint Lead Managers and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to extend the Closing Date for the Retail Entitlement Offer, to accept late Applications, or to withdraw the Entitlement Offer without prior notice.*

Full details of the Retail Entitlement Offer will be set out in a Prospectus which will be made available to Eligible Retail Shareholders when offers of New Shares are made under the Retail Entitlement Offer. The Prospectus is expected to be lodged with ASIC on Monday, 6 October 2008, and will be sent to Eligible Retail Shareholders after lodgement and be made available on PaperlinX's website. Any Eligible Retail Shareholder who wishes to acquire New Shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised Entitlement and Acceptance Form that will be in or will accompany the Prospectus, and should consider the Prospectus in deciding whether to subscribe for New Shares.