

ASX RELEASE

1 April 2009

PAPERLINX LENDERS EXTEND WAIVERS

PaperlinX confirms that its lenders and note holders have extended waivers, in respect of the non-compliance by the Company with certain of its financial ratio covenants, to 31 May 2009 pending either completion of the sale of Australian Paper or agreement over alternative long term arrangements.

PaperlinX will provide its lenders with security over certain assets as agreed under the initial waiver granted in February. As previously advised, PaperlinX must gain approval from lenders and note holders before declaring dividends or making distribution payments on its ordinary shares and hybrid securities.

Under the terms of the initial waivers granted, PaperlinX has been paying a higher lending margin and has paid facilitation fees. As a result of the higher margins, PaperlinX expects net interest costs of around \$90 million for the 2009 financial year. Interest costs are expected to be considerably lower in 2010 assuming successful completion of the sale of Australian Paper. Upfront fees paid to the banking syndicate and the note holders are around \$7 million and additional line fees are approximately \$6 million. Costs associated with advisors for the lenders and note holders, paid for by PaperlinX under the terms of its lending arrangements, are expected to be in the range of \$5 - 8 million. All of these charges will be included in Corporate costs.

PaperlinX requires the approval of its lenders and note holders to complete the sale of Australian Paper and is in discussions aimed at completing the sale as early as practical to the benefit of all stakeholders. Proceeds of the sale will be applied to reducing debt.

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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