

**PRESS RELEASE**

Wednesday, 16 May, 2001

**PAPERLINX EXPANDS IN NORTH AMERICAN PAPER  
MERCHANTING**

PaperlinX Limited today announced that it is expanding its North American paper merchanting business with an agreement to acquire Coast Paper, the leading independent merchant of high performance printing and office papers in Canada.

“Coast Paper is an excellent addition to our North American merchanting business, complimenting our existing business in the USA, Spicers Paper, which is already an established and profitable business,” said Mr Ian Wightwick, Managing Director of PaperlinX. “Coast Paper has a similar structure to our existing North American business, leading to immediate synergies, which will enhance returns. This acquisition further strengthens our position as a major independent printing and office paper merchant in North America. Combined sales in North American will exceed A\$800 million per year, which is an excellent position for further expansion.”

“Coast Paper has an excellent management team, a reputation for superior service, a diverse and long standing customer base and strong relationships with key paper manufacturers, complementing our existing suppliers.” Mr Wightwick added. “We plan to capitalise on these strengths.”

Coast Paper was established in 1941 and is headquartered in Vancouver, British Columbia, with branches across Canada in Calgary, Edmonton, Saskatoon, Regina, Winnipeg and Toronto. Annual sales are A\$290 million, and it employs 315 people.

The acquisition will be debt funded and earnings per share positive in the first full year. It will be effective from 1 May, 2001.

“We have defined PaperlinX’s international growth strategy to develop further the merchanting business which is already operating in Australia, New Zealand, Singapore, Hong Kong, Malaysia, USA and now Canada.” Mr. Wightwick said. “We believe PaperlinX brings to the consolidating global paper manufacturers a multi country presence offering superior customer relationships, supported by state-of-the-art distribution, logistics and e-commerce systems. We look forward to further developing in the major international markets.”

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