

Notice of 2012 Annual General Meeting

PaperlinX Limited ABN 70 005 146 350

The 13th Annual General Meeting of PaperlinX Limited (the Company) will be held at the Melbourne Convention Centre, Meeting Room 106, Level 1, 1 Convention Centre Place, South Wharf, Melbourne, Victoria 3006, Australia on Thursday, 15 November 2012 at 9.30am (Melbourne time). Registration will commence at 9.00am.

Ordinary Business

1. Financial Report

To receive and consider the consolidated Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2012.

2. Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2012 be adopted."

The Remuneration Report is set out in the Directors' Report of the Annual Report.

(The vote on this resolution is advisory only and does not bind the directors or the Company.)

Voting exclusion statement on Item 2

The *Corporations Act 2001* (Cth) (Corporations Act) imposes restrictions on Key Management Personnel of the Company (whose remuneration details are included in the Remuneration Report) and their closely related parties voting in any capacity (e.g. as a shareholder, proxy or corporate representative) on Item 2. The prohibition under section 250R(4) of the Corporations Act does not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on Item 2, provided that the person who appointed the proxy is not themselves a person subject to the prohibition. The Remuneration Report identifies the Company's Key Management Personnel for the financial year 30 June 2012.

In addition, the restrictions do not apply to the Chairman of the Meeting ("Chairman") as proxy where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy. If a shareholder appoints the Chairman

as their proxy and the shareholder does not direct the Chairman how to vote on Item 2, the Chairman may exercise the proxy in relation to Item 2 notwithstanding that Item 2 is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel, which may include the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of Item 2.

3. Election of Directors

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

- 3.1** **"That** Mr Andrew Price, retires in accordance with the Company's Constitution, and being eligible, offers himself for election as a Director."
- 3.2** **"That** Mr Robert Kaye SC, retires in accordance with the Company's Constitution, and being eligible, offers himself for election as a Director."
- 3.3** **"That** Mr Michael Barker, retires in accordance with the Company's Constitution, and being eligible, offers himself for election as a Director."

Special Business

4. Alteration to Constitution – Re-insertion of Partial Takeovers Provision

To consider and, if thought fit, pass the following resolution as a special resolution:

"That pursuant to sections 136(2) and 648G of the *Corporations Act 2001* (Cth), the Company's Constitution be altered by re-inserting Rule 97 in the form set out in the Explanatory Notes accompanying the Notice of Meeting."

Information for Shareholders

Attendance at the Meeting and questions in advance

If you are planning to attend the Meeting, please bring the proxy form with you to facilitate registration. Recording of the proceeding is not permitted unless authorised by the Company.

In addition to being given a reasonable opportunity to ask questions at the Meeting, shareholders are invited to submit questions in advance of the Meeting. They may be submitted in writing to the Company's address at 7 Dalmore Drive, Scoresby, Victoria 3179, Australia or through the Contact Us enquiry form on the Company's website at www.paperlinx.com.

Annual Report

You may request a printed copy of the Annual Report from the Company's Share Registrar, Computershare, if you previously have not elected to receive one. Alternatively, you can download the Annual Report from the Company's website at www.paperlinx.com.

Voting entitlement

For the purpose of voting at the Meeting, the Directors have determined that those persons who are the registered holders of ordinary shares in the Company at 7.00pm (Melbourne time) on Tuesday, 13 November 2012 will be treated as shareholders of the Company.

Appointment of proxies

A proxy form accompanies this Notice of Annual General Meeting.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies. A proxy need not be a shareholder.

Where the Chairman of the Meeting is appointed proxy (and where he has been appropriately authorised, having regard to the restrictions above), he will vote in accordance with the shareholder's directions as specified on the proxy form or in the absence of a direction and where permitted, in favour of the resolutions contained in the Notice of Annual General Meeting.

Where a shareholder wishes to appoint two proxies, an additional proxy form may be obtained by contacting Computershare. A shareholder appointing two proxies may specify the percentage of votes or proportion or number of votes each proxy is appointed to exercise.

If a shareholder appoints two proxies and does not specify the percentage of votes each proxy may exercise, each proxy may exercise 50 per cent of the votes. Fractions of votes are to be disregarded.

To be valid, the proxy form, and any authority under which the form is signed, must be received by Computershare prior to 9.30am (Melbourne time) on Tuesday, 13 November 2012. Proxies may be returned by mail in the reply paid envelope provided or by hand to 452 Johnston Street, Abbotsford, Victoria 3067, Australia or by facsimile 1800 783 447 (within Australia) and +61 (0) 3 9473 2555 (outside Australia) or via online lodgement at www.investorvote.com.au by following the instructions provided.

For Custodians who are subscribers to the Intermediary Online, please visit www.intermediaryonline.com to submit your voting intentions.

Computershare's telephone number is 1300 662 058 (within Australia) and +61 (0) 3 9415 4021 (outside Australia) should you need to contact them.

Voting by attorney

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 9.30am (Melbourne time) on Tuesday, 13 November 2012.

Corporate representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

Explanatory Notes

The Explanatory Notes accompanying this Notice of Annual General Meeting should be read together with, and form part of, this Notice.

By Order of the Board,



Michelle Wong
Company Secretary

Melbourne
5 October 2012

Explanatory Notes

Item 1 – Financial Report

The consolidated Financial Report for the year ended 30 June 2012 and the Directors' Report and Auditor's Report are set out in the Company's 2012 Annual Report. No vote will be taken on these.

Item 2 – Remuneration Report

The Corporations Act requires a non-binding resolution to be put to shareholders for the adoption of the Remuneration Report. The Remuneration Report is contained in the Company's 2012 Annual Report. Copies of the 2012 Annual Report will be available at the Meeting. You may request a printed copy of the Annual Report from the Company's Share Registrar, Computershare, if you previously have not elected to receive one. Alternatively, you can download the Annual Report from the Company's website at www.paperlinx.com.

The shareholder vote is advisory only and will not bind the Directors or the Company. The vote will however be taken into consideration in determining future remuneration policy for Directors and executives.

Item 3 – Election of Directors

Rule 50 of the Company's Constitution allows the Board to appoint additional directors to the Board, but any Director appointed under this Rule 50 may hold office only until the next Annual General Meeting of the Company and is then eligible for election at that meeting.

Mr Andrew Price, Mr Michael (Mike) Barker and Mr Robert Kaye SC were appointed as additional Directors since the Company's last Annual General Meeting and they are all required under the Company's Constitution to retire at this Annual General Meeting and being eligible, offer themselves for election.

Separate resolutions will be put to the Meeting in respect of each candidate.

Profiles of the candidates standing for election as Directors are set out as follows:

Mr Andrew Price

Independent Non-executive Director

Appointed a Director in September 2012. He has 30 years of experience in the paper, print and supply chain fulfilment industries. In his early career in Australia, he held various senior management roles at Spicers Paper. In 1998 he established Stream Solutions which provided the Australian print industry with an internet-based order fulfilment capability. Stream Solutions was sold to Toll Group in 2007 but Andrew continued to manage the company until 2011.

Mr Robert Kaye SC

LLB (Syd), LLM (Cantab) (Hons)

Independent Non-executive Director

Appointed in September 2012. Robert was admitted to legal practice in 1978 and was employed as a solicitor at Allen Allen & Hemsley Solicitors. Thereafter he pursued his legal career at the NSW Bar and was appointed Senior Counsel in 2003, practising in commercial law. He has been involved extensively in an array of commercial matters, both advisory and litigious in nature and served on a number of NSW Bar Association committees, including the Professional Conduct Committee. Robert has also served as a director for various private companies. In the conduct of his practice as a barrister, he has acted for many public and private financial institutions and commercial enterprises, and given both legal and strategic advice. He has had significant mediation experience and been involved in the successful resolution of complex commercial disputes.

Mr Michael (Mike) Barker

MA (Oxon), FIAA, FIA

Independent Non-executive Director (Chairman)

Appointed a Director in September 2012 and Chairman effective 1 October 2012. Mike is an actuary with a career background in institutional investment management. He has served as a non-executive director on a number of Boards in the financial and property sectors. Currently a director of Metlife Insurance Ltd (since May 2001). Mike's last executive role was director of NatWest Investment Management in London from 1994 to 1996, responsible for marketing and sales in Europe and Asia. Before that he held senior positions in Sydney with County NatWest Investment Management (1986 to 1994) and Aetna Life and Casualty (1968 to 1986). Mike has been extensively involved with the Actuaries Institute in the areas of education and governance, and was elected a Life Member in 2007.

Item 4 – Alteration to the Company’s Constitution – Re-insertion of Partial Takeovers Provision

Background

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by shareholders.

The Company’s Constitution currently contains Rule 97 which deals with proportional takeovers. A proportional takeover is a takeover bid where the offer made to each shareholder is only for a specified proportion of that shareholder’s shares. The inclusion of this rule is intended to assist shareholders in receiving proper value for their shares in the circumstances of a proportional takeover. Broadly, it permits shareholders, in a general meeting, to vote on any proportional takeover offer. If the resolution is rejected the offer is prevented from proceeding.

It is a requirement of the Corporations Act that these provisions in a company’s constitution apply for a maximum period of three years, unless earlier renewed. In the case of the Company, a proportional takeover bid approval rule (existing Rule 97 of the Constitution) was last approved by shareholders at the 22 October 2009 Annual General Meeting and ceases to have effect from 22 October 2012, in accordance with its terms and the Corporations Act.

Given that the existing Rule 97 will expire before the Meeting, technically, it is not able to be renewed by shareholders at the Meeting. Accordingly, a special resolution is being put to shareholders under sections 136(2) and 648G of the Corporations Act to re-insert a proportional takeover bid approval rule into the Company’s Constitution. For a special resolution to pass, the resolution has to receive at least 75 per cent of the votes cast by shareholders on the resolution. If re-inserted, the provision will be in exactly the same form as the existing Rule 97, and is in the following terms:

Rule 97 – Approval of partial takeover bids

97.1 Where offers have been made under a proportional takeover bid in respect of shares in a class of shares in the Company the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the takeover bid is prohibited unless and until a resolution (in this Rule referred to as an **Approving Resolution**) to approve the proportional takeover bid is passed in accordance with this Rule.

97.2 Where offers have been made under a proportional takeover bid in respect of shares in a class of shares in the Company:

- (a) a person (other than the offeror or an associate of the offeror) who, as at the end of the day on which the first offer under the proportional takeover bid was made, held shares in that class is entitled to vote on an Approving Resolution and, for the purpose of voting, is entitled to one vote for each of the shares held in that class; and
- (b) the offeror or an associate of the offeror is not entitled to vote on an Approving Resolution.

97.3 An Approving Resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the Approving Resolution.

97.4 The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with modifications as the circumstances require, in relation to a meeting that is convened to vote on an Approving Resolution and apply as if the meeting was a general meeting of the Company.

97.5 An Approving Resolution that has been voted on in accordance with this Rule is to be taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is to be taken to have been rejected.

97.6 This Rule ceases to have effect on the third anniversary of the date of the adoption or last renewal of this Rule.

If the re-insertion of Rule 97 is approved by shareholders at the Meeting, the rule will operate for three years from the date of the Meeting, unless earlier renewed.

The operation of Rule 97

If a proportional takeover bid is made for the Company, the existence of the re-inserted Rule 97 would require a meeting to be convened for shareholders to vote on a resolution to approve the proportional bid. The resolution must be voted on at least 14 days before the close of the proportional bid. If a meeting were called, it would be conducted in accordance with the provisions of the Company’s Constitution governing general meetings. The vote is decided on a simple majority and each person (other than the bidder and their associates) who, as at the end of the day on which the first offer was made, held bid class securities, is entitled to vote.

If the resolution is not passed, transfers giving effect to takeover contracts for the bid will not be registered and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), the transfers must be registered (provided they comply with other provisions of the Corporations Act and the Company’s Constitution).

The proportional takeover approval provisions do not apply to full takeover bids (that is, for all of the shares in the Company).

Reasons for proposing the resolution

The Directors consider that it is in the interests of the Company’s shareholders to have a proportional takeover approval rule in its Constitution, as it gives shareholders the opportunity to vote on a proposed proportional takeover bid. If the proposed proportional takeover bid were not subject to such a vote, control of the Company may be acquired by a party holding less than a majority stake without shareholders having the opportunity to dispose of all their shares. This leaves shareholders at risk of becoming part of a minority interest in the Company, which could result in them suffering a loss due to a decrease in share price following reduced opportunities to dispose of their remaining shares. The re-insertion of Rule 97 will prevent this situation by permitting shareholders to decide whether a proportional takeover bid should be permitted to proceed and assist in ensuring any partial bid is appropriately priced.

Potential advantages and potential disadvantages

The Corporations Act requires this explanatory statement to discuss the potential advantages and disadvantages of the re-insertion of Rule 97 for both Directors and shareholders.

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted. One view, however, is that a re-insertion of Rule 97 could make it easier for Directors to discharge their fiduciary and statutory duties to the Company and shareholders in respect of a bid as it allows Directors to formally ascertain the views of shareholders in respect of the bid.

The potential advantages for shareholders of the proportional takeover provisions include:

- shareholders have the right to study a proportional takeover bid and decide by majority vote whether an offer under a proportional takeover bid should proceed;
- they provide a process for shareholders to express their collective views and to act in a cohesive manner to both increase their bargaining power in the face of a proportional bid and to lessen any coercive effects of the proportional bid;
- they may lead prospective bidders to structure any prospective proportional bids to be attractive to a majority of shareholders; and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for shareholders of the proportional takeover provisions include:

- proportional takeover bids for shares in the Company may be discouraged;
- shareholders may lose an opportunity to sell some of their shares at a premium; and
- the likelihood of a proportional takeover bid succeeding may be reduced.

Present acquisition proposals

As at the date this Notice of Meeting was prepared, no Director of the Company is aware of any current proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company or to announce a takeover offer for shares in the Company.

Directors' recommendation

The Directors do not believe the above or any other possible disadvantages outweigh the potential advantages of re-inserting the proportional takeover provisions for a further three years.

The Directors consider that it is in the interests of the Company's shareholders to have a proportional takeover rule in the Constitution and shareholders are asked to consider this resolution to re-insert Rule 97 on identical terms.

Directors recommend that shareholders vote in favour of Item 4.

Share Registry

Computershare Investor Services Pty Ltd

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