

NOTICE OF ANNUAL GENERAL MEETING

PaperlinX Limited ACN 005 146 350

The 12th Annual General Meeting of PaperlinX Limited (the Company) will be held at the Arthur Streeton Auditorium, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne, Victoria, Australia on Friday, 21 October 2011 at 11.00am (Melbourne time). Registration will commence at 10.30am.

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 2011.

Election of Directors

To elect Directors in accordance with the Company's Constitution:

2. Mr Toby Marchant, having been appointed since the last Annual General Meeting retires and, being eligible, offers himself for election.
3. Mrs M Lyndsey Cattermole AM, having been appointed since the last Annual General Meeting retires and, being eligible, offers herself for election.
4. Mr Anthony Clarke, having been appointed since the last Annual General Meeting retires and, being eligible, offers himself for election.
5. Mr Michael McConnell, having been appointed since the last Annual General Meeting retires and, being eligible, offers himself for election.

(Information on these Directors is set out in the Explanatory Notes.)

6. Re-election of Director

To re-elect Mr Harry Boon, who retires and, being eligible, offers himself for re-election in accordance with the Company's Constitution.

(Information on Mr Harry Boon is set out in the Explanatory Notes.)

7. 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 2011 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 7:

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard any votes cast by the following persons, on this resolution:

- A member of the key management personnel for the PaperlinX consolidated group (and any closely related party of any such member) on this resolution, unless:
 - that person does so as a proxy appointed by writing that specifies how the proxy is to vote on this resolution; and
 - the vote is not cast on behalf of a member of the key management personnel for the PaperlinX consolidated group whose remuneration details are included in the Remuneration Report (or a closely related party of any such member).

If the Chairman of the Annual General Meeting is your proxy (or becomes your proxy by default) or another member of the key management personnel is your proxy, you must direct him/her how to vote on this resolution otherwise your vote will not be counted. The Chairman of the Annual General Meeting or other member of the key management personnel (as applicable) will not vote any undirected proxies on this resolution.

8. Issue of Performance Share Rights to Managing Director under Short-Term Incentive Plan

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

“**That** the Company approves the issue, under a short-term incentive plan, to the Managing Director, Mr Toby Marchant of 134,738 Performance Share Rights (calculated on the basis of a 63.7 cents share price) to acquire ordinary shares in the capital of the Company, subject to achievement of performance conditions and on the other terms as set out in the Explanatory Notes accompanying this Notice of Meeting.”

Voting exclusion statement on item 8:

The following persons may not vote, and the Company will disregard any votes cast on this resolution by:

- Mr Toby Marchant, all other Directors who are eligible to participate in any Company share plan, and any of their respective associates. However, the Company need not disregard a vote if it is cast by:
 - a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - the Chairman of the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to item 8 is marked).
- A member of the key management personnel for the PaperlinX consolidated group (and any closely related party of any such member) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on this resolution, unless:
 - the proxy is the Chairman of the Annual General Meeting; and
 - the proxy appointment expressly authorises the Chairman of the Annual General Meeting to exercise the proxy even if this resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the PaperlinX consolidated group.

Where permitted, the Chairman of the Annual General Meeting will vote any undirected proxies in favour of this resolution.

INFORMATION FOR SHAREHOLDERS

Attendance at the meeting and questions in advance

If you are planning to attend the meeting, please bring the Chairman’s letter and proxy form with you to facilitate registration. A cloakroom service will be provided on the day for you to leave your bags and other large items, such as umbrellas, as these will not be allowed in the meeting.

In addition to being given a reasonable opportunity to ask questions at the meeting, shareholders are invited to submit questions in advance. They may be submitted in writing or through the Contact Us enquiry form on the PaperlinX website at www.paperlinx.com. Any questions to the Auditor must be received by PaperlinX no later than five business days before the meeting.

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

For the purpose of voting at the meeting, Directors have determined that persons holding shares in PaperlinX Limited that are listed for quotation on the ASX at 7.00pm (Melbourne time) on Wednesday, 19 October 2011 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 is entitled to appoint not more than two proxies. A proxy need not be a shareholder.

Where the Chairman of the Annual General Meeting is appointed proxy, 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 (other than in respect of resolution on item 7, where the Chairman of the Annual General Meeting will not vote any undirected proxies on this resolution), in favour of the resolutions contained in the Notice of 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 shares each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy’s percentage of voting rights, the rights are deemed to be 50 per cent each. 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 11.00am (Melbourne time) on Wednesday, 19 October 2011. Proxies may be returned by mail in the reply paid envelope provided or by hand to 452 Johnston Street, Abbotsford, Victoria 3067 or by facsimile (within Australia) 1800 783 447 or (outside Australia) +61 (0) 3 9473 2555 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.

By order of the Board.



James Orr
Company Secretary

Melbourne
20 September 2011

EXPLANATORY NOTES

Item 1 – Financial report

The consolidated financial report for the year ended 30 June 2011 and the directors' report and auditor's report are set out in PaperlinX Annual Report 2011. No vote will be taken on these.

Items 2 to 5 – 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 may hold office only until the next Annual General Meeting of the Company and is then eligible for election at that meeting. Mr Toby Marchant, Mrs M Lyndsey Cattermole, Mr Anthony Clarke and Mr Michael McConnell were appointed as additional Directors during the year, thus are required to retire at this Annual General Meeting, however, being eligible have offered themselves for election. The Board supports the election of these Directors.

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

Profiles of the candidates standing for election are as follows:

Mr Toby Marchant

BA

Executive Director

(Managing Director and Chief Executive Officer)

Appointed Managing Director and Chief Executive Officer of PaperlinX Limited in November 2010. With over 30 years' experience in Paper Merchancing, his previous roles include Chief Executive Officer of PaperlinX Europe, Regional President for PaperlinX UK, Ireland and South Africa and Managing Director of Robert Horne Group in the UK.

Mrs M Lyndsey Cattermole, AM

B.Sc., FACS

Independent Non-executive Director

Appointed a director in December 2010. An experienced company director with strong background in information technology and telecommunications experience. Currently, a director of Tatts Group Limited (since May 2005) and Treasury Wines Estates Ltd, which demerged from Foster's Group Limited (since May 2011). A former director of Foster's Group Limited (October 1999 to May 2011). She was the founder and Managing Director of Aspect Computing Pty Limited and has also held many board and other membership positions on a range of government, advisory, association and not-for-profit committees. She is a member of the Audit Committee and the Nomination & Governance Committee.

Mr Anthony (Tony) Clarke

BComm, FCPA

Independent Non-executive Director

Appointed a director in June 2011. Tony has a strong financial background having held senior finance positions in the paper, packaging, automotive and property trust industries. Executive positions include Chief Financial Officer Amcor Europe and Finance Director Pacifica Ltd. More recently Tony has worked in a financial turnaround role for Centro Properties as their Chief Financial Officer and Chief Executive of the Australian operations. He is a member of the Audit Committee and Nomination & Governance Committee.

Mr Michael (Mike) McConnell

BA (Economics), MBA (Honors)

Independent Non-executive Director

Appointed a director in August 2011. Mike has a strong background in company strategy, global business, finance and governance. Currently, he is the Chief Executive Officer of Collectors Universe and a director of Redflex Holdings Limited (since August 2011). He is a former Managing Director of direct investment fund, Shamrock Capital Advisors and a former director of Ansell Limited and Nuplex Industries Limited. He is a member of the Audit Committee and Nomination & Governance Committee.

Item 6 – Re-election of Directors

Rule 63 of the Company's Constitution requires a maximum of one-third of the Directors of the Company to retire by rotation every year; however, they are eligible for re-election. In addition, a Director (other than an exempt Managing Director under Rule 65) must retire from office at the conclusion of the third annual general meeting after which the Director was last elected or re-elected. Mr Harry Boon and Mr Lindsay Yelland were last elected at PaperlinX's 2008 Annual General Meeting and accordingly are required to retire this year.

Mr Harry Boon being eligible has offered himself for re-election. The Board supports the re-election of Mr Harry Boon. A profile of Mr Harry Boon is as follows:

Mr Harry Boon

LLB(Hons), BComm

Independent Non-executive Director (Chairman)

Appointed a director in May 2008 and Chairman effective 1 September 2011. An experienced director with strong background in international marketing, sales and manufacturing operations. A former Chief Executive Officer and Managing Director of Ansell Limited (retired in 2004 after a career spanning 28 years), and a former Chairman of Gale Pacific Limited (August 2005–November 2009). Currently, Harry is Chairman of Tatts Group Limited, and a director of Toll Holdings Limited and Hastie Group Limited. He is a member of the Audit Committee and the Nomination & Governance Committee.

Mr Lindsay Yelland will retire as a director of the Company at the conclusion of the Annual General Meeting and is not standing for re-election.

Item 7 – 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 PaperlinX Annual Report 2011. Copies of the Annual Report will be available at the meeting.

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 8 – Issue of Performance Share Rights to Managing Director under Short-Term Incentive Plan (STIP)

Introduction

On 1 November 2010, Mr Toby Marchant was appointed Managing Director and Chief Executive Officer of PaperlinX Limited. Pursuant to his Employment Contact, he is entitled to Performance Share Rights (PSRs) under a STIP, subject to shareholder approval.

Accordingly, the Company seeks shareholder approval for all purposes (including ASX Listing Rule 10.14) for the granting of 134,738 PSRs to Mr Marchant under the STIP. The number of PSRs has been calculated based on 30 per cent of Mr Marchant's total fixed remuneration, divided by the average cost of PaperlinX shares for the month of June 2010, which was 63.7 cents.

The PSRs will only vest if the performance hurdles as set out below are met. Shares resulting from the vesting of qualifying PSRs will have full voting rights and dividend rights corresponding to the rights of all other holders of ordinary shares in the Company.

If approved by shareholders, the PSRs will be issued as soon as possible and no later than 12 months after the Annual General Meeting.

Performance measures and hurdles

Performance hurdles for the PSRs are based on achieving targets for Group Profit After Tax, Group Average Working Capital and Expenses as a percentage of revenue, and implementation of business and strategic plans. The number of PSRs that will ultimately vest and be automatically exercised to acquire shares in the Company will be dependent on achieving these performance hurdles.

The measurement period for the performance conditions is one year. Mr Marchant will be required to remain employed by the PaperlinX Group for the whole of the measurement period and for a further two year service period. If he leaves employment with the Group before the end of the service period (except in certain specified circumstances including redundancy, bona fide retirement or a takeover bid) all PSRs will lapse.

No amount was payable on the grant of the PSRs. Each PSR will carry the right, upon vesting, to convert into one fully paid ordinary share at a zero exercise price.

ASX Listing Rule 10.14 requires shareholder approval for the issue of securities under an employee incentive scheme to a Director, however it is not required if shares are purchased on-market. Shareholder approval is being sought to give the Company future flexibility to purchase or issue shares, and in the interests of transparency and good governance.

Mr Marchant is the only Director entitled to participate in the Short-Term Incentive Plan and is the only Director or associate of a Director who will be granted securities under that plan.

SHARE REGISTRY

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