

Pro-Pac Packaging Limited

ACN 112 971 874

CIRCULAR TO SHAREHOLDERS

COMPRISING

NOTICE OF MEETING AND EXPLANATORY NOTES

Date: Friday 30 March 2012

Time: 11.00am (Sydney time)

Place: Level 1, Chartered Accountants House, 33 Erskine Street, Sydney

The Notice of Meeting is dated 29 February 2012.

This circular is important and requires your prompt attention. Please consult your stockbroker, solicitor, accountant, licensed financial adviser or other professional adviser if you have any queries as to its contents or are in any doubt as to what to do in response to it.

Table of Contents

1. Notice of Meeting	3
2. Explanatory Notes	6
3. Glossary	10

NOTE: Capitalised terms used in this document are defined in the Glossary (Section 3).

Key Dates

Due date for lodgement of proxy forms	11am (Sydney time) on 28 March 2012
Record Date	7pm (Sydney time) on 28 March 2012
General Meeting	11am (Sydney time) on 30 March 2012

NOTE: The above timetable is indicative only. The Company may vary any of the above dates subject to the Corporations Act, the ASX Listing Rules and any other applicable law.

Important Information

The Notice of Meeting is dated 29 February 2012.

A copy of this Notice of Meeting has been lodged with ASX. ASX does not take any responsibility for the contents of this Notice of Meeting.

This Notice of Meeting does not take into account the individual investment objectives, financial situation or particular needs of any person. Shareholders should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to approve the resolutions set out in the Notice of Meeting.

Financial amounts in the Notice of Meeting are expressed in Australian dollars unless otherwise stated.

The Notice of Meeting is governed by the law in force in New South Wales.

Corporate Directory

Directors

Mr Elliott Kaplan (Chairman, Non Exec. Director)
Mr Brandon Ari Penn (CEO, Executive Director)
Mr Hadrian Reuben Morrall (Executive Director)

Current Company Secretary

Mr Mark Saus

Registered Office

148 Newton Road
WETHERILL PARK NSW 2164
(PO Box 6484, Wetherill Park NSW 2164)
Tel: (02) 8781 0500
Fax: (02) 8781 0599

Bankers

Commonwealth Bank of Australia
Premium Business Services
Level 1, 430 Forrest Road
HURSTVILLE NSW 2220

Share Register

Boardroom Pty Limited
Level 7 / 207 Kent Street
SYDNEY NSW 2000
Tel: 1300 737 760

Auditors

UHY Haines Norton
Level 11, 1 York Street
SYDNEY NSW 2000

Solicitors

Thomsons Lawyers
Level 25
Australia Square Tower
264 George Street
SYDNEY NSW 2000

1. Notice of Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of the Shareholders of Pro-Pac Packaging Limited (**Company** or **PPG**) will be held at Level 1, Chartered Accountants House, 33 Erskine Street, Sydney, NSW on Friday, 30 March 2012 at 11.00am (Sydney time).

BUSINESS

1. Ratification of Prior Issue of Tranche 1 Shares to non-related parties

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders ratify the prior allotment, issue and placement of 20,628,645 fully paid ordinary shares in the Company (**Tranche 1 Shares**), to the non-related parties and on the terms and conditions specified in the Explanatory Notes."*

2. Approval of Proposed Issue of Tranche 2A Shares to non-related parties

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

*"That, for the purposes of the ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the proposed allotment, issue and placement of 39,343,578 fully paid ordinary shares in the Company (**Tranche 2A Shares**) to the non-related parties and on the terms and conditions specified in the Explanatory Notes."*

3. Approval of Proposed Issue of Tranche 2B Shares to related party

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

*"That, for the purposes of the ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment, issue and placement of 2,250,000 fully paid ordinary shares in the Company (**Tranche 2B Shares**) to those Directors of the Company (and/or their nominated associates) specified in the Explanatory Notes and on the terms and conditions set out in the Explanatory Notes."*

By Order of the Board



Mark Saus
Company Secretary
Date: 29 February 2012

1.1 Voting Exclusions

(a) Resolution 1

The Company will disregard any votes cast in favour of Resolution 1 by:

- any person allotted Tranche 1 Shares; and
- any associate of any of such persons.

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
- it is cast by the person chairing the 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.

(b) Resolution 2

The Company will disregard any votes cast in favour of Resolution 2 by:

- any person who may participate in the issue of Tranche 2A Shares; and
- any associate of any of such persons.

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
- it is cast by the person chairing the 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.

(c) Resolution 3

The Company will disregard any votes cast in favour of Resolution 3 by:

- Mr Brandon Penn; and
- any of his 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
- it is cast by the person chairing the 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.

1.2 Documents

A proxy form accompanies these documents.

1.3 Persons entitled to vote

Under regulation 7.11.37 of the *Corporations Regulations 2001*, the Directors have determined that the Shareholding of each Shareholder for the purposes of ascertaining their voting entitlements at the General Meeting will be as it appears in the Company's Share register at 7pm Sydney time on 28 March 2012.

1.4 How to Vote

If you are eligible, you may vote by attending the General Meeting in person or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.

1.5 Voting in Person

To vote in person, attend the General Meeting at the time and place set out in this Notice of Meeting.

1.6 Voting by Proxy

To vote by proxy, please complete, sign and return the enclosed proxy form in accordance with the following instructions. If you require an additional proxy form, the Company will supply it on request.

1.7 Proxies

A Shareholder who is entitled to vote at the General Meeting may appoint:

- one proxy if the member is only entitled to one vote; or
- one or two proxies if the member is entitled to more than one vote.

Where the Shareholder appoints 2 proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

A proxy need not be a Shareholder of the Company.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.

The proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by the Company at least 48 hours before the time for holding of the General Meeting or any adjourned meeting (or such lesser period as the Directors may permit) at:

The Company's registered office 148 Newton Road, Wetherill Park NSW 2164
(PO Box 6484, Wetherill Park NSW 2164) or the following fax number at the
Company's registered office: (02) 8781 0599.

1.8 Voting by Attorney

A Shareholder may appoint an attorney to act on the Shareholder's behalf at the General Meeting. The power of attorney or such other evidence of the attorney's appointment and authority to the satisfaction of the Directors must be received by the Company at least 48 hours before the time for holding of the General Meeting or any adjourned meeting.

1.9 Enquiries

For further information, please contact Mark Saus at the Company on (02) 8781 0500.

2. Explanatory Notes

These explanatory notes have been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at Level 1, Chartered Accountants House, 33 Erskine Street, Sydney on Friday, 30 March 2012 at 11am (Sydney time).

2.1 Background

On 22 February 2012, the Company announced that it had completed a placement of 20,628,645 Shares in the Company at an issue price of \$0.45 per Share and intended to undertake a placement of a further 41,593,578 Shares in the Company at the same issue price, together to constitute the total placement of approximately 62 million Shares to raise approximately \$28 million for the Company before expenses.

The Company engaged Investorfirst Securities Ltd (**Investorfirst**) to act as lead manager for these placements, which for the reasons explained below, have been partially implemented to the extent of the placement of all of the Tranche 1 Shares before the date of this Notice of Meeting, with the placement of the Tranche 2A Shares and Tranche 2B Shares to be implemented subject to the approval by Shareholders of Resolutions 1, 2 and 3.

The settlement and allotment of the Tranche 1 Shares occurred, and the settlement and allotment of the Tranche 2A Shares and the Tranche 2B Shares are to occur, as follows:

Tranche	Placees	Number of Shares	Amount raised / to be raised	Status
1	The non-related parties more particularly described in Section 2.2 below	20,628,645	\$9,282,890.25	Settled and allotted on 28 February 2012
2A	The non-related parties more particularly described in Section 2.3 below	39,343,578	\$17,704,610.10	To be issued after the General Meeting, subject to Shareholder approval
2B	Mr Brandon Penn (or his associates) more particularly described in Section 2.4 below	2,250,000	\$1,012,500.00	
TOTAL		62,222,223	\$28,000,000.35	

In accordance with the ASX Listing Rules and the Corporations Act, Shareholder approval is required to complete the placement of the Tranche 2A Shares and the Tranche 2B Shares respectively.

2.2 Resolution 1: Ratification of Prior Issue of Tranche 1 Shares to non-related parties

Resolution 1 proposes that Shareholders ratify the allotment and issue of the Tranche 1 Shares to the non-related parties specified in the table below.

ASX Listing Rule 7.1 provides that a listed entity must not issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of shareholders.

Under ASX Listing Rule 7.4, the issue of securities made without shareholder approval is regarded as having been made with shareholder approval if the issue did not breach ASX Listing Rule 7.1 and shareholder approval is obtained after the issue.

The passing of Resolution 1 will ensure that ASX Listing Rule 7.1 does not limit the Company's ability to issue the Tranche 2A Shares, the Tranche 2B Shares or any further equity securities within the 15% annual limit prescribed in the ASX Listing Rules in the next 12 months.

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Tranche 1 Shares:

Number of securities allotted:	20,628,645 Shares.
Price at which the securities were issued:	\$0.45 per Placement Share, (being the same issue price as for the proposed issue of the Tranche 2A Shares and the Tranche 2B shares).
Terms of the securities:	Fully paid ordinary shares of the Company ranking equally with all other ordinary shares of the Company, save that none of these Shares will participate in the dividend announced by the Company on 20 February 2012.
Names of the allottees or the basis on which allottees were determined:	<ul style="list-style-type: none"> • Sophisticated and professional investors as identified by Investorfirst as to 10,630,255 Shares; and • Bennamon Pty Ltd (ACN 126 160 852) as to 9,998,390 Shares. <p>(No Director participated in the placement of the Tranche 1 Shares.)</p>
Use (or intended use) of the funds raised:	To fund identified acquisition targets and associated working capital requirements.

The Company has determined that Shareholder approval pursuant to Section 611 item 7 of the Corporations Act is not required in relation to the participation by Bennamon Pty Ltd in the placement of the Tranche 1 Shares, as Bennamon Pty Ltd retains the same percentage interest in the Company's Shares immediately after the issue of the Tranche 1 Shares as it did immediately prior to that issue.

Directors' Recommendation: The Board recommends that Shareholders vote in favour of this resolution.

2.3 Resolution 2: Approval of Proposed Issue of Tranche 2A Shares to non-related parties

Resolution 2 proposes that Shareholders approve the allotment and issue of the Tranche 2A Shares to the non-related parties specified in the table below.

ASX Listing Rule 7.1 provides that a listed entity must not issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of shareholders.

The passing of Resolution 2 will ensure that ASX Listing Rule 7.1 does not limit the Company's ability to issue the Tranche 2A Shares, the Tranche 2B Shares and any further equity securities within the 15% annual limit in the next 12 months.

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Tranche 2A Shares:

Maximum number of securities to be issued or the formula for calculating the number of securities to be issued:	39,343,578 Shares.
The date by which the entity will issue/allot the securities:	The Tranche 2A Shares will be issued to the allottees no later than 1 month after the date of the General Meeting, on the same day as the Tranche 2B Shares are issued.
Price at which the securities will be issued:	\$0.45 per Placement Share, (being the same issue price as for the Tranche 1 Shares and the proposed issue of the Tranche 2B Shares).
Names of the allottees or the basis upon which allottees will be identified or selected:	<ul style="list-style-type: none"> • Sophisticated and professional investors as identified by Investorfirst as to 19,183,805 Shares; and • Bennamon Pty Ltd (ACN 126 160 852) as to 20,159,773 Shares. <p>(No Directors will participate in the placement of the Tranche 2A Shares.)</p>
Terms of the securities:	Fully paid ordinary shares of the Company ranking equally with all other ordinary shares of the Company, save that none of these Shares will participate in the dividend announced by the Company on 20 February 2012.
Use (or intended use) of the funds raised:	To fund identified acquisition targets and associated working capital requirements.

The Company has determined that Shareholder approval pursuant to Section 611 item 7 of the Corporations Act is not required in relation to the participation by Bennamon Pty Ltd in the placement of the Tranche 2A Shares as Bennamon will have the same percentage interest in the Company's Shares immediately after the issue of the Tranche 2A Shares as it did immediately prior to that issue.

Directors' Recommendation: The Board recommends that Shareholders vote in favour of this resolution.

2.4 Resolution 3: Approval of Proposed Issue of Tranche 2B Shares to related party

Resolution 3 proposes that Shareholders approve the allotment and issue of the Tranche 2B Shares to Mr Brandon Penn (or his associates).

ASX Listing Rule 10.11 prohibits the Company from issuing or agreeing to issue equity securities to a related party without the approval of ordinary shareholders, unless one of the exceptions in ASX Listing Rule 10.12 applies.

Mr Brandon Penn (being a Director) is a related party to the Company for the purpose of ASX Listing Rule 10.11 and therefore the participation by him (or his associates) in the placement of the Tranche 2B Shares requires shareholder approval in accordance with ASX Listing Rule 10.11.

In accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of Tranche 2B Shares to Mr Brandon Penn:

Names of the allottees or the basis upon which allottees will be identified or selected:	Mr Brandon Penn or his nominated associates. (No other Directors will participate in the placement of the Tranche 2B Shares.)
Maximum number of securities to be issued or the formula for calculating the number of securities to be issued:	2,250,000 Shares.
The date by which the entity will issue the securities:	The Tranche 2B Shares will be issued to Mr Brandon Penn (or his associated entity) no later than 1 month after the date of the General Meeting, and in any event on the same day as the Tranche 2A Shares are issued.
Price at which the securities will be issued:	\$0.45 per Placement Share, being the same price as for the Tranche 1 Shares and the Tranche 2A Shares.
Terms of the securities:	Fully paid ordinary shares of the Company ranking equally with all other ordinary shares of the Company, save that none of these Shares will participate in the dividend announced by the Company on 20 February 2012.
Use (or intended use) of the funds raised:	To fund identified acquisition targets and associated working capital requirements.

The Company has determined that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to the participation by Mr Brandon Penn (or his associates) in the placement of the Tranche 2B Shares.

Chapter 2E prohibits the giving of a financial benefit to a related party of a public company, unless the financial benefit has been approved by shareholders, or the giving of that benefit falls within the exceptions set out in Chapter 2E.

Section 210 of the Corporations Act provides an exemption for transactions that are on terms that would be reasonable if the Company and the related party were dealing at arm's length. The Tranche 2B Shares will be offered to Mr Brandon Penn (or his associates) on the same terms as those applicable to sophisticated and professional investors in the placements of the Tranche 1 Shares and the Tranche 2A Shares.

Accordingly, the exemption in section 210 of the Corporations Act applies to the participation of Mr Brandon Penn (or his associates) in the in the placement of the Tranche 2B Shares.

Directors' Recommendation: The Directors other than Mr Brandon Penn recommend that Shareholders vote in favour of this resolution.

3. Glossary

In this Notice of Meeting, unless the context or subject matter otherwise requires:

ASX	ASX Limited (ABN 98 008 624 691).
ASX Listing Rules	The official listing rules of the ASX.
Board	The board of Directors of the Company.
Company or PPG	Pro-Pac Packaging Limited (ACN 112 971 874).
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
Director	A director of the Company.
Explanatory Notes	The explanatory notes to the Notice of Meeting.
Notice of Meeting	This document, comprising the notice of meeting, the explanatory notes and all appendices.
Shareholder	Holder of Shares.
Shares	A fully paid ordinary share in the capital of the Company.

Pro-Pac Packaging Limited

ACN 112 971 874

Registered Office: 148 Newton Road, Wetherill Park NSW 2164, Australia
PO Box 6484, Wetherill Park, NSW 2164 Phone: (02) 8781 0500 Fax: (02) 8781 0599

Proxy Form

I,
(FULL NAME, BLOCK LETTERS)

of
being a member of Pro-Pac Packaging Limited.

SECTION A

HEREBY APPOINT
of

or, failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held on Friday, 30 March 2012 at 11.00 am (Sydney time), or at any adjournment thereof. The proxy so appointed shall represent all my/our voting rights except those (if any) specified in B below.

SECTION B (DO NOT COMPLETE THIS SECTION UNLESS YOU WISH TO APPOINT TWO PROXIES)

AND I FURTHER APPOINT

of

as my proxy to vote for me/us and on my/our behalf at the said meeting or at any adjournment thereof. The proxy, appointed by this Section B, shall represent my/our voting rights in respect of shares.

I/ we instruct my/our proxy to vote as indicated below in respect of the resolutions:

	A			B		
	For	Against	Abstain	For	Against	Abstain
Resolution 1 – Ratification of Prior Issue of Tranche 1 Shares to non-related parties						
Resolution 2 – Approval of Proposed Issue of Tranche 2A Shares to non-related parties						
Resolution 3 – Approval of Proposed Issue of Tranche 2B Shares to related party						

Signed this day of 2012.

.....
Signature of Shareholder(s)

.....
Signature of Witness

This proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by the Company at least 48 hours before the time for holding of the meeting or any adjourned meeting (or such lesser period as the Directors may permit) at the Company's registered office: 148 Newton Road, Wetherill Park NSW 2164 (PO Box 6484, Wetherill Park NSW 2164); or the following fax number at the Company's registered office: (02) 8781 0599.