

NOTICE OF 2017 ANNUAL GENERAL MEETING

Spicers Limited
ABN 70 005 146 350

**Thursday 23 November 2017 at 10.00am (Melbourne time) at the
Computershare Conference Centre, Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria, Australia**

Invitation from the Chairman

24 October 2017

Dear Shareholder

On behalf of the Board of Directors, I am pleased to invite you to attend the 2017 Annual General Meeting of Spicers Limited, which will be held on Thursday, 23 November 2017 at 10.00am (Melbourne time) at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia.

Enclosed is the Notice of Meeting, which sets out the items of business and venue details.

Registration will commence at 9.30am. Please bring the enclosed proxy form with you to facilitate registration. If you are unable to attend the meeting, we encourage you to lodge your proxy online at www.investorvote.com.au. Alternatively, you can complete the attached proxy form. To be valid, the proxy form must be returned in the envelope provided or by hand at 452 Johnston Street, Abbotsford, Victoria 3067, Australia or by facsimile (within Australia) 1800 783 447 and (outside Australia) +61 3 9473 2555. The completed proxy form must be received by no later than 10.00am (Melbourne time) on Tuesday, 21 November 2017.

Corporate shareholders who wish to appoint a representative to attend on their behalf should complete a 'Certificate of Appointment of Representative'. A form of this certificate may be obtained from the Company's share registry.

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 Share Registry, Computershare Investor Services Pty Limited (Computershare) at the address as set out on the proxy form, or through the Contact Us enquiry form on the Company's website at www.spicerslimited.com.au.

You may request a printed copy of the 2017 Annual Report from Computershare, if you previously have not elected to receive one. Alternatively, you can download the Annual Report from the Company's website at www.spicerslimited.com.au.

If you would prefer to receive future communications via email, please go to www.investorcentre.com. Alternatively call Computershare on 1300 662 058 (within Australia) or +61 3 9415 4021 (outside Australia).

We look forward to your attendance at the meeting.

Yours sincerely



Jonathan Trollip
Chairman

Notice of 2017 Annual General Meeting

Spicers Limited
ABN 70 005 146 350

The 2017 Annual General Meeting of Spicers Limited ('Spicers' or 'the Company') will be held at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia on Thursday, 23 November 2017 at 10.00am (Melbourne time). Registration commences at 9.30am.

Business of the Meeting

1. Financial Report

To receive and consider the consolidated Financial Report and the Reports of the Directors and the Auditor for the financial year ended 30 June 2017.

2. Remuneration Report

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

"That the Remuneration Report for the financial year ended 30 June 2017 be adopted."

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

Voting exclusions for item 2: Details of voting exclusions applicable to this resolution are set out on page 4 of the 'Notes on Voting' section.

3. Re-election of Director, Mr Jonathan Trollip

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

"That Mr Jonathan Trollip, who retires in accordance with rule 3.6 of the Company's constitution, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company."

4. Grant of Performance Rights to Non-executive Directors

(a) Grant of Performance Rights to Mr Jonathan Trollip

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

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the grant of 7,200,000 performance rights to Mr Jonathan Trollip, the Chairman of the Company, and the allocation of shares in the Company on exercise of those rights, under the Spicers Performance Rights Plan and on the terms summarised in the Explanatory Notes to this Notice of Meeting."

(b) Grant of Performance Rights to Mr Andrew Preece

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

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the grant of 6,000,000 performance rights to Mr Andrew Preece, a Non-executive Director of the Company, and the allocation of shares in the Company on exercise of those rights, under the Spicers Performance Rights Plan and on the terms summarised in the Explanatory Notes to this Notice of Meeting."

(c) Grant of Performance Rights to Mr Gabriel Berger

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

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the grant of 2,400,000 performance rights to Mr Gabriel Berger, a Non-executive Director of the Company, and the allocation of shares in the Company on exercise of those rights, under the Spicers Performance Rights Plan and on the terms summarised in the Explanatory Notes to this Notice of Meeting."

(d) Grant of Performance Rights to Mr Nigel Burgess

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

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the grant of 2,400,000 performance rights to Mr Nigel Burgess, a Non-executive Director of the Company, and the allocation of shares in the Company on exercise of those rights, under the Spicers Performance Rights Plan and on the terms summarised in the Explanatory Notes to this Notice of Meeting."

(e) Grant of Performance Rights to Mr Todd Plutsky

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

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the grant of 2,400,000 performance rights to Mr Todd Plutsky, a Non-executive Director of the Company, and the allocation of shares in the Company on exercise of those rights, under the Spicers Performance Rights Plan and on the terms summarised in the Explanatory Notes to this Notice of Meeting."

(f) Grant of Performance Rights to Mr Vlad Artamonov

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

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes to the grant of 2,400,000 performance rights to Mr Vlad Artamonov, a Non-executive Director of the Company, and the allocation of shares in the Company on exercise of those rights, under the Spicers Performance Rights Plan and on the terms summarised in the Explanatory Notes to this Notice of Meeting."

Voting exclusions for item 4: Details of voting exclusions applicable to the resolutions in this item 4 are set out on page 4 of the 'Notes on Voting' section.

5. Amendment to rule 31 of the Company's Constitution

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

"That rule 31 of the Constitution of the Company is amended as set out in the Explanatory Notes accompanying the Notice convening this meeting, with these amendments to come into effect immediately upon this resolution being passed."

6. Re-insertion of Proportional Takeover Bid Approval Provisions in Constitution

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 Constitution of the Company is amended by reinserting rule 32 in the form set out in the Explanatory Notes accompanying the Notice convening this meeting."

By Order of the Board



Frank Glynn
Company Secretary

Spicers Limited

24 October 2017

Notes on Voting

Voting at the Annual General Meeting

In accordance with section 249HA of the *Corporations Act 2001* (Cth) (Corporations Act) for each Item to be effective, not less than 28 days written notice has been given.

The Company has determined that, for the purpose of voting at the Meeting, those persons who are the registered holders of ordinary shares in the Company at 7.00pm (Melbourne time) on Tuesday, 21 November 2017 will be treated as shareholders of the Company.

All resolutions at the Meeting will be determined by way of a poll. On a poll, every shareholder has one vote for every share held in the Company, subject to the voting exclusions for Items 2 and 4 as set out below.

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. Only those shareholders who are entitled to cast two or more votes at the Meeting may appoint two proxies. A proxy need not be a shareholder of the Company.

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 percent of the votes. Fractions of votes are to be disregarded.

Lodgement of proxy form

To be effective, the proxy form and any authority under which the form is signed, must be received by Computershare no later than 10.00am (Melbourne time) on Tuesday, 21 November 2017. Proxy forms must be returned using one of the following methods:

- online by visiting www.investorvote.com.au and following the instructions provided; or
- by mail in the enclosed envelope provided; or
- by hand to Computershare at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia; or
- by fax to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

For custodians who are subscribers to the Intermediary Online service, please go to www.intermediaryonline.com to lodge your voting intentions.

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 10.00am (Melbourne time) on Tuesday, 21 November 2017.

Voting by 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.

Voting exclusions

The Corporations Act and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by certain persons, on two of the items to be considered at the Meeting. These voting exclusions are described below:

Item 2 – Remuneration Report

Votes may not be cast, and the Company will disregard any votes cast, on the resolution on item 2:

- by or on behalf of any member of the key management personnel for the Spicers Limited consolidated group (**KMP**) whose remuneration details are included in the Remuneration Report, or any of their closely related parties, regardless of the capacity in which the votes are cast; or
- by any person who is a KMP member at the time the resolution is voted on at the Annual General Meeting, or any of their closely related parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with the directions on the proxy form; or
- by the Chairman of the Annual General Meeting in accordance with an express authorisation in the proxy form to exercise the proxy even though item 2 is connected with the remuneration of a KMP member.

Item 4 – Grant of Performance Rights to certain Non-executive Directors

Votes may not be cast, and the Company will disregard any votes cast, on each of the resolutions set out in items 4(a) to (f):

- by any director, or any of their associates, regardless of the capacity in which the votes are cast; or
- by any person who is a KMP member at the time the resolutions are voted on at the Annual General Meeting, or any of their closely related parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with the directions on the proxy form; or
- by the Chairman of the Annual General Meeting in accordance with an express authorisation in the proxy form to cast the votes even if the resolution is connected directly or indirectly with the remuneration of a KMP member, and in accordance with a direction in the proxy appointment to vote as the proxy decides.

Explanatory Notes

The Explanatory Notes accompanying this Notice of Annual General Meeting should be read together with, and form part of, this Notice. These should be read carefully by shareholders prior to the Meeting.

Explanatory Notes

Item 1 – Financial Report

The consolidated Financial Report for the financial year ended 30 June 2017 ('FY2017') and the Reports of the Directors and the Auditor (Reports) are set out in the Company's 2017 Annual Report. The Corporations Act requires that the Reports are considered at the Meeting. While no vote will be taken on these, the Chairman will give shareholders a reasonable opportunity to raise questions on the Reports at the Meeting.

Copies of the Company's 2017 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 ASX's website at www.asx.com.au or the Company's website at www.spicerslimited.com.au.

Item 2 – Remuneration Report

The Corporations Act requires a non-binding ordinary resolution to be put to shareholders for the adoption of the Remuneration Report (which forms part of the Directors' Report).

The Remuneration Report is set out in the Company's 2017 Annual Report.

The shareholder vote on Item 2 is advisory only and will not bind the Directors or the Company. The vote will however be taken into consideration in determining the future remuneration policy for Directors and executives.

Directors' Recommendation

The Directors unanimously recommend that shareholders vote in favour of Item 2.

Voting Exclusion Statement

Please refer above in relation to the voting restrictions and exclusions in relation to this Item 2.

The Chairman of the meeting intends to vote all available proxies in favour of Item 2.

Item 3 – Re-election of Director, Mr Jonathan Trollip

Rule 3.6 of the Company's Constitution provides that a Director must retire from office at the third annual general meeting after the Director was elected or last re-elected. If no Director is scheduled to retire, then one Director must retire from office to ensure that there is an election at each annual general meeting.

On the basis that no Director is scheduled to retire, Mr Jonathan Trollip will retire at the Meeting and, being eligible, has offered himself for re-election. The Directors are supportive of Mr Trollip's re-election because of the skills and contributions he brings to the Board.

A profile of Mr Trollip is as follows:

Mr Jonathan Trollip B A (Hons) LLM FAICD
Non-executive Director and Chairman

Appointed as a Director of Spicers Limited on 6 September 2017, and Chairman effective from 7 September 2017.

Jonathan Trollip is an experienced Director with over 30 years of commercial, corporate, governance, legal and transaction expertise. Jonathan is currently non-executive chairman of ASX listed Antipodes Global Investment Company Limited, Future Generation Investment Company Limited, Global Value Fund and Plato Income Maximiser Limited, and a non-executive director of ASX listed Kore Potash Limited. He holds commercial private company directorships with Meridian International Capital Limited ('Meridian'), Propel Funeral Partners Limited and BCAL Diagnostics Pty Ltd.

Jonathan is involved in the not for profit sector as chairman of Science for Wildlife Limited, and is a director of the Watarrka Foundation Limited and the University of Cape Town Australia Alumni Trust.

Jonathan worked as a principal of Meridian for 22 years, and prior to that was a Partner with law firm Herbert Smith Freehills. He holds postgraduate degrees in economics and law, was admitted as a qualified lawyer in England and Australia, and is a Fellow of the Australian Institute of Company Directors.

Directors' Recommendation

The Directors (excluding Mr Trollip) recommend that shareholders vote in favour of Item 3.

The Chairman of the meeting intends to vote all available proxies in favour of Item 3.

Item 4 – Grant of Performance Rights to certain Non-executive Directors

Under the resolutions set out in items 4(a) to (f) of the Notice of Meeting, the Company is seeking shareholder approval for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the grant of performance rights (**Rights**) to the Non-executive Directors of the Company listed in those items pursuant to the Spicers Performance Rights Plan (**Rights Plan**).

Background

The Company's Board was entirely reconstituted in September of this year. On taking office, the new Board promptly undertook a review of the Company's existing remuneration arrangements for its Non-executive Directors. One of the outcomes of the review was that the Board decided that, as part of their remuneration, Non-executive Directors should receive a grant of Rights and that the cash remuneration component otherwise payable should be reduced accordingly.

For the first 12 months of their appointment it is proposed that, subject to the Rights being approved by shareholders, the cash component of remuneration payable to Non-executive Directors will be Jonathan Trollip \$100,000, Andrew Preece \$80,000, and each of the other four Non-executive Directors \$30,000 each (all amounts inclusive of superannuation). The aggregate cash cost of this to the Company for these six directors for the first 12 months following their appointment, \$300,000, is materially less than the cash cost to the Company for the two independent Board members for FY2017, after taking into account the FY2017 on-costs for secretarial services and office provision.

The Board considers that, with the share price performance hurdles described below, the Rights will align the interests of Non-executive Directors with those of shareholders.

The Rights for which approval is sought is on a once only basis. There is no intention to offer any of the current Directors further Rights on an annual basis, or on any other basis.

The Board recognises that some statements of best practice corporate governance standards (including that of the ASX Corporate Governance Council) recommend that Non-executive Directors generally should not receive equity with performance hurdles attached. The Board considers that the Company's particular circumstances require a departure from that general position. The Board notes that the performance hurdles for the Rights will relate to the Company's share price performance which is an entirely objective measure of the Company's performance and the measure which the Board believes is the most important to shareholders.

Under the Rights Plan, shares in the Company allocated on exercise of Rights may be sourced through on-market purchases or the issue of new shares. Shareholder approval under ASX Listing Rule 10.14 is not required for the allocation of shares which are sourced from on-market purchases. The Company is seeking shareholder approval to preserve its flexibility to be able to source shares required on an exercise of Rights through on-market purchases or a new issue.

Summary of Rights Plan

The Rights Plan entitles the Board to offer Rights to persons associated with the Company, including Non-executive Directors. A Right is an entitlement to receive a fully-paid ordinary share in the Company under the rules of the Rights Plan. The rules of the Rights Plan allow the Board to determine particular terms applicable to each offer of Rights, including vesting conditions.

A summary of the rules of the Rights Plan is set out below.

Eligibility	All employees and Non-executive Directors of the Company.
Term of Rights	Determined by Board on each grant of Rights.
Vesting conditions	Determined by Board on each grant of Rights.
Exercise of vested Rights	On each grant of Rights, the Board determines the exercise period within which vested Rights must be exercised.
Exercise price of Rights	The Board may determine whether any exercise price must be paid on the exercise of vested Rights.
Allocation of shares	Shares to be allocated to the holder of vested Rights may be sourced through on-market purchases or a new issue of shares.
Cessation of employment/ directorship of holder of Rights	Unvested Rights lapse for Non-executive Directors upon them ceasing to be Directors. In certain circumstances with respect to employees only, the Board has a discretion to vary this and to waive vesting conditions.
Lapse of Rights in other circumstances	Rights may lapse in other circumstances, including where the holder commits any act of fraud or gross misconduct in relation to the Company's affairs; hedges unvested Rights or purports to dispose of Rights.
Change of control	If the Company is the subject of a change of control transaction, unvested Rights may vest if that is provided for in the vesting conditions. In addition, the Board has a discretion to waive vesting conditions, to replace the Rights with rights in the new controlling company or to cause unvested Rights to lapse.
Reorganisation of capital, rights issue, demerger, special dividend or other such events	The number of Rights, or the number of shares allocated on the exercise of Rights, may be adjusted by the Board to take account of the relevant event.

Vesting conditions for proposed grants of Rights referred to in items 4(a) to (f) of the Notice of Meeting

The Rights proposed to be granted to certain Non-executive Directors of the Company, subject to the passage of the Resolutions set out in items 4(a) to (f) of the Notice of Meeting, are as follows:

Non-executive Director	Number of 'Tranche A' Rights	Number of 'Tranche B' Rights	Total number of Rights
Jonathan Trollip	3,600,000	3,600,000	7,200,000
Andrew Preece	3,000,000	3,000,000	6,000,000
Gabriel Berger	1,200,000	1,200,000	2,400,000
Nigel Burgess	1,200,000	1,200,000	2,400,000
Todd Plutsky	1,200,000	1,200,000	2,400,000
Vlad Artamonov	1,200,000	1,200,000	2,400,000

For each of the 'Tranche A' Rights and 'Tranche B' Rights there are two sets of vesting conditions. These are set out below:

Tranche A Rights Vesting Conditions

(a) VWAP Conditions

The rights specified as 'Tranche A' Rights in the table above (**Tranche A Rights**) will vest upon satisfaction of the following conditions:

- one third of the Tranche A Rights will vest on the first date following the Start Date upon which the volume weighted average ASX sale price of shares in the Company (**Shares**) for the preceding 6 month period (**6 Month VWAP**) equals or exceeds the Tranche A VWAP Hurdle (**First Tranche A Vesting Date**);
- one third of the Tranche A Rights will vest on the first date following the expiration of 6 months from the First Tranche A Vesting Date upon which the 6 Month VWAP equals or exceeds the Tranche A VWAP Hurdle (**Second Tranche A Vesting Date**); and
- one third of the Tranche A Rights will vest on the first date following the expiration of 6 months from the Second Tranche A Vesting Date upon which the 6 Month VWAP equals or exceeds the Tranche A VWAP Hurdle.

(b) Change of Control Conditions

Tranche A Rights will also vest upon the satisfaction of the following conditions:

- a Change of Control Event occurs, or the Board determines in its absolute discretion that a Change of Control Event is likely to occur; and
- such Change of Control Event will or, in the Board's view, is likely to result in Shareholders receiving consideration equal to or greater than the Tranche A VWAP Hurdle for each Share which is transferred or sold in relation to that Change of Control Event.

If these conditions are satisfied, then all unvested Tranche A Rights will vest on the date the Board determines that a Change of Control Event is likely to occur, or the date of the Change of Control Event (as applicable).

(c) Definitions for Tranche A Rights Vesting Conditions

For the purposes of paragraphs (a) and (b) above:

Change of Control Event means the occurrence of any of the following:

- (i) any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than fifty percent (50%) of the issued Shares in the Company as a result of a takeover bid;
- (ii) any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than fifty percent (50%) of the issued Shares in the Company through a scheme of arrangement; or
- (iii) any other similar event (including a merger of the Company with another company) which the Board determines, in its absolute discretion, to be a Change of Control Event.

Start Date means 6 September 2017.

Tranche A VWAP Hurdle means 5 cents, subject to the following adjustments:

- (i) the Tranche A VWAP Hurdle will be increased by 10 percent on each anniversary of the Start Date, commencing on the second anniversary of the Start Date;
- (ii) the Tranche A VWAP Hurdle will be decreased by an amount determined by the Board (in its absolute discretion) to account for any dividends or return of capital; and
- (iii) the Tranche A VWAP Hurdle will be increased or decreased (as applicable) by an amount determined by the Board (in its absolute discretion) to account for any share consolidation or other reorganisation of capital of Spicers.

Tranche B Rights Vesting Conditions

(a) VWAP Conditions

The rights specified as 'Tranche B' Rights in the table above (**Tranche B Rights**) will vest upon satisfaction of the following conditions:

- one third of the Tranche B Rights will vest on the first date following the Start Date upon which the 6 Month VWAP equals or exceeds the Tranche B VWAP Hurdle (**First Tranche B Vesting Date**);
- one third of the Tranche B Rights will vest on the first date following the expiration of 6 months from the First Tranche B Vesting Date upon which the 6 Month VWAP equals or exceeds the Tranche B VWAP Hurdle (**Second Tranche B Vesting Date**); and
- one third of the Tranche B Rights will vest on the first date following the expiration of 6 months from the Second Tranche B Vesting Date upon which the 6 Month VWAP equals or exceeds the Tranche B VWAP Hurdle.

(b) Change of Control Conditions

Tranche B Rights will also vest upon the satisfaction of the following conditions:

- a Change of Control Event occurs, or the Board determines in its absolute discretion that a Change of Control Event is likely to occur; and
- such Change of Control Event will or, in the Board's view, is likely to result in Shareholders receiving consideration equal to or greater than the Tranche B VWAP Hurdle for each Share which is transferred or sold in relation to that Change of Control Event.

If these conditions are satisfied, then all unvested Tranche B Rights will vest on the date the Board determines that a Change of Control Event is likely to occur, or the date of the Change of Control Event (as applicable).

(c) Definitions for Tranche B Rights Vesting Conditions

For the purposes of paragraphs (a) and (b) above:

Change of Control Event means the occurrence of any of the following:

- any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than fifty percent (50%) of the issued Shares in the Company as a result of a takeover bid;
- any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than fifty percent (50%) of the issued Shares in the Company through a scheme of arrangement; or
- any other similar event (including a merger of the Company with another company) which the Board determines, in its absolute discretion, to be a Change of Control Event.

Start Date means 6 September 2017.

Tranche B VWAP Hurdle means 6 cents, subject to the following adjustments:

- the Tranche B VWAP Hurdle will be increased by 10 percent on each anniversary of the Start Date, commencing on the second anniversary of the Start Date;
- the Tranche B VWAP Hurdle will be decreased by an amount determined by the Board (in its absolute discretion) to account for any dividends or return of capital; and
- the Tranche B VWAP Hurdle will be increased or decreased (as applicable) by an amount determined by the Board (in its absolute discretion) to account for any share consolidation or other reorganisation of capital of Spicers.

Additional Information

The Company provides the following additional information in respect of the proposed grant of Rights to the Non-executive Directors referred to above.

- The maximum number of securities that may be acquired by the Non-executive Directors is 22,800,000.
- There is no price payable by the Non-executive Directors in respect of the grant of the Rights or the exercise of vested Rights.
- No persons to whom ASX Listing Rule 10.14 applies have previously received securities under the Rights Plan.
- Directors in office may from time to time participate in the Rights Plan. Current Directors are the persons listed above.
- It is proposed that the Rights be granted by 1 December 2017. In any event, the proposed Rights will be granted no later than 12 months after the Meeting.
- If approval is given to the grant of Rights, it will also mean that the grant of those Rights will not utilise any of the Company's placement capacity under Listing Rule 7.1. No further shareholder approval under Listing Rule 7.1 is needed for that purpose.

Directors' Recommendation

Messrs Trollip, Preece, Berger, Burgess, Plutsky and Artamonov abstain from providing a recommendation in respect of each of the resolutions set out in items 4(a) to (f) of the Notice of Meeting due to their interest in the outcome of the resolutions.

Voting Exclusion Statement

Please refer above in relation to the voting restrictions and exclusions in relation to this item 4.

The Chairman of the meeting intends to vote all available proxies in favour of the resolutions.

Item 5 – Amendments to rule 31 of the Company's Constitution

Subject to certain conditions, the Company's Constitution provides the power to the Company to dispose of shares in the Company on behalf of shareholders who are holders of an unmarketable parcel. Under the Constitution, an Unmarketable Parcel means a parcel of shares of a single class which is less than:

- (a) the number that constitutes a marketable parcel of shares of that class under the ASX Listing Rules; or
- (b) subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Rules, any other number determined by the Board from time to time.

(Unmarketable Parcel). Currently, an Unmarketable Parcel of ordinary shares in the Company is a number of shares which is valued, based on ASX sale prices, at less than \$500.

The Company has a significant number of holders of Unmarketable Parcels (**Unmarketable Parcel Holders**). As at 30 September 2017, there were 33,206 Unmarketable Parcel Holders representing 93 percent of the total number of shareholders in the Company. The total number of Spicers shares held in Unmarketable Parcels was approximately 45.8 million as at 30 September 2017, or 2.2 percent of the total issued capital.

The annual administrative costs of dealing with Unmarketable Parcel Holders is presently a significant cost burden for the Company.

Your Directors unanimously consider that a reduction in the number of Unmarketable Parcel Holders in the Company will be of benefit to the Company.

Whilst the Constitution does provide power to the Company to deal with this matter, these powers are restricted to only being able to sell Unmarketable Parcel shares on-market. Given the number of shares that will be required to be sold and regulatory restrictions in relation to the period that the sale consideration must be passed back to the Unmarketable Parcel Holders, your Directors believe that a Company buy-back of the Unmarketable Parcel shares is the preferred method and is in the best interests of the Company and its shareholders. An unmarketable parcel share buy-back is not currently an option available to the Company under its Constitution.

Your Directors seek your approval to amend the Constitution to provide the power to the Company to undertake an Unmarketable Parcel share buy-back.

The proposed amendments to the Company's Constitution are as follows:

Existing rule 31.4 of the Company's Constitution is set out below:

"A sale of shares under this rule includes all dividends payable on and other rights attaching to them. The sale must be made in the ordinary course of trading on a prescribed financial market (as defined for the purposes of the Personal Property Securities Act 2009 (Cth)) and the Company must pay the costs of the sale. Otherwise, the Board may decide the manner, time and terms of sale."

The proposal is that rule 31.4 of the Company's Constitution be amended to read as follows:

"A sale of shares under this rule includes all dividends payable on and other rights attaching to them. Otherwise, the Board may decide in its sole discretion all matters relating to the manner, time and terms of sale."

In addition, it is proposed to amend rule 31 of the Company's Constitution by inserting a new rule 31.9 in the following form:

"31.9 Sale to include Buy-back

For the avoidance of doubt, a buy-back of shares by the Company involves a sale of those shares by the holder to the Company for the purposes of this rule 31."

If Resolution 5 is duly passed as a special resolution, the Directors expect to announce an Unmarketable Parcel buy-back program during the 2018 financial year.

Board recommendation

The Board unanimously recommends that shareholders vote in favour of the resolution proposed in Item 5.

Item 6 – Re-insertion of Proportional Takeover Bid Approval Provisions in Constitution

The Corporations Act permits a company to include provisions in its constitution prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders of the securities in a general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a company's constitution apply for a maximum period of 3 years, unless earlier renewed. In the case of the Company, such provisions (existing rule 32 of the Constitution) were adopted (as part of the adoption of a new constitution) in 2014. Existing rule 32 expires on 24 October 2017.

Given that existing rule 32 will expire before the meeting, it is not able to be renewed again 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 reinsert proportional takeover bid approval provisions into the Company's Constitution, in the form of new rule 32. The new rule 32 is in exactly the same form as the existing rule 32, and is in the following terms:

"32. PROPORTIONAL TAKEOVER APPROVAL

32.1 Special definitions

The following definitions apply in this rule 32.

Accepted Offer means an offer under a proportional takeover bid that has been accepted and from the acceptance of which a binding contract has not resulted as at the end of the Resolution Deadline.

Approving Resolution means a resolution to approve the proportional takeover bid passed in accordance with rule 32.4.

Resolution Deadline means the day that is 14 days before the last day of the bid period of the proportional takeover bid.

A reference to **an associate of** another person is a reference to a person who is an associate of the first person because of sections 11, 12 or 15 of the Act.

32.2 Limited life of rule

This rule ceases to apply by force of section 648G(1) at the end of three years starting when this rule was inserted in this constitution or starting when this rule was last renewed in accordance with that section.

32.3 Restriction on registration of transfers

The Company must not register a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid until an Approving Resolution is passed.

32.4 Approving Resolution

If offers have been made under a proportional takeover bid for securities in a class issued by the Company:

- (a) an Approving Resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the Approving Resolution;
- (b) the Board must ensure that an Approving Resolution is voted on in accordance with this rule before the Resolution Deadline for the bid;
- (c) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held securities included in that class is entitled to vote on an Approving Resolution;
- (d) the bidder or an associate of the bidder is not entitled to vote on an Approving Resolution; and
- (e) an Approving Resolution that has been voted on is 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 50%, and otherwise is taken to have been rejected.

32.5 General meeting provisions apply

The rules in this constitution relating to general meetings apply, modified as necessary, to any meeting convened under this rule, except that:

- (a) a meeting may be convened on less than 28 days' notice and on at least 14 days' notice if the Board considers that should be done to ensure that the meeting is held before the Resolution Deadline; and
- (b) the holder of a security that carries no right to vote at a general meeting of the Company has one vote for each security held at a meeting convened under this rule.

32.6 Notice of meeting outcome

If an Approving Resolution is voted on in accordance with this rule before the Resolution Deadline for the proportional takeover bid, the Company must, on or before the Resolution Deadline give a written notice stating that an Approving Resolution has been voted on and that the resolution has been passed or rejected to:

- (a) the bidder; and
- (b) ASX.

32.7 Failure to propose resolution

If, as at the end of the day before the Resolution Deadline for a proportional takeover bid, no Approving Resolution has been voted on in accordance with this rule, an Approving Resolution is taken to have been passed in accordance with this rule.

32.8 Rejected resolution

If an Approving Resolution is voted on, in accordance with this rule, before the Resolution Deadline for the proportional takeover bid and is rejected:

- (a) despite section 652A, all offers under the bid that have not, as at the end of the Resolution Deadline, been accepted, and all Accepted Offers are taken to be withdrawn at the end of the Resolution Deadline;
- (b) as soon as practical after the Resolution Deadline, the bidder must return to each person who accepted an Accepted Offer any documents that were sent by the person to the bidder with the acceptance of the offer;
- (c) the bidder may rescind, and must rescind, as soon as practical after the Resolution Deadline, each contract resulting from the acceptance of an offer made under the bid; and
- (d) a person who has accepted an offer made under the bid may rescind the contract (if any) resulting from that acceptance."

The Directors consider that it is in the best interests of shareholders to reinsert these provisions.

If approved by shareholders at the meeting, the new rule 32 will operate for 3 years from the date of the meeting (i.e. until 23 November 2020), unless earlier renewed.

The effect of the proportional takeover provisions

The effect of rule 32, if reinserted, will be that where a proportional takeover bid is made for securities in the Company (i.e. a bid is made for a specified proportion, but not all, of each holder's bid class securities), the Directors must convene a meeting of holders of the relevant securities to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on, by the 14th day before the bid period closes.

To be passed, the resolution must be approved by a majority of votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that if the meeting is not held within the time required, then a resolution to approve the proportional takeover bid is deemed to have been passed.

If the resolution is passed or deemed to be passed, the transfer of securities resulting from acceptance of an offer under the proportional takeover bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the Company.

If the resolution is rejected, the registration of any transfer of securities resulting from acceptance of an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

The new rule 32 will not apply to full takeover bids.

Reason for proposing the resolution

In the Directors' view, shareholders (and holders of any other relevant securities that the Company might issue) should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant holders may not have the opportunity to dispose of all their securities, and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the securities or makes the securities less attractive and, accordingly, more difficult to sell. The new rule 32 would only permit this to occur with the approval of a majority of the relevant holders.

Advantages and disadvantages of the proportional takeover provisions

For shareholders, the potential advantages of the new rule 32 are as follows:

- it will provide all shareholders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved;
- this affords shareholders an opportunity to have a say in the future ownership and control of the Company and may help shareholders to avoid being locked in a minority;
- this opportunity increases the bargaining power of shareholders which may encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic; and
- knowing the view of the majority of shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

On the other hand, the potential disadvantages for shareholders arising from the new rule 32 are as follows:

- proportional takeover bids may be discouraged by the further procedural steps that the rule will entail, and, accordingly, this may reduce any takeover speculation element in the price of the Company's securities; and
- shareholders may be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects an offer from persons seeking control of the Company.

While these proportional takeover approval provisions have been in effect in the past, there have been no proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders, respectively, during this period.

The Directors do not consider that there are any advantages or disadvantages specific to the Directors in relation to the proposed new rule 32, or that have been applicable during the period that existing rule 32 has already been in effect. The Directors will continue to remain free to make a recommendation to shareholders as to whether a proportional takeover bid should be accepted.

No person to acquire or increase its substantial interest

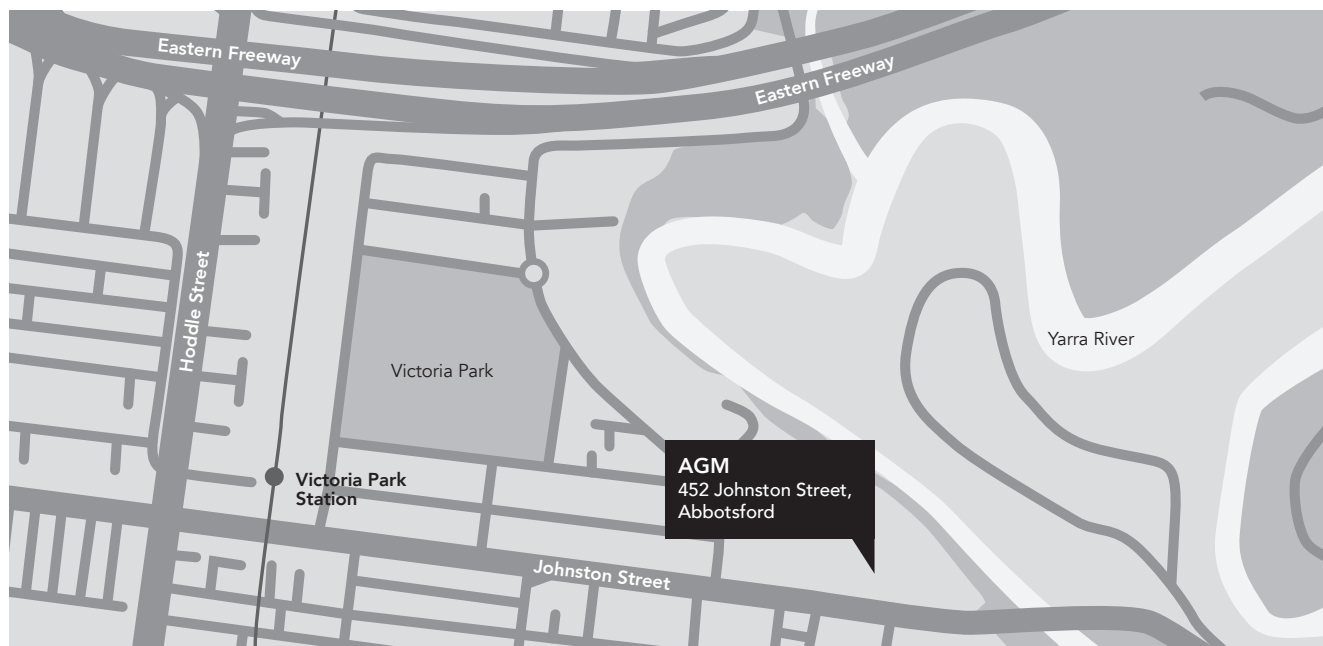
As at the date of this Notice, none of the Directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Board recommendation

The Board unanimously recommends that shareholders vote in favour of the resolution proposed in Item 6.

Location of the Meeting

Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067.
Entrance is via the Conference Centre. Melways Map Reference 2D – B8.



Getting there

By Train

The nearest train station is Victoria Park station, which is a ten-minute walk from the Yarra Falls building. Victoria Park station is a stop on both the South Morang and Hurstbridge lines.

By Bus

Bus route numbers 200 and 207 stop outside the Yarra Falls building on Johnston Street.

By Car

Car parking is generally available on Johnston Street and in surrounding streets.

Spicers Share Registry

Computershare Investor Services Pty Limited,
Yarra Falls, 452 Johnston Street, Abbotsford,
Victoria 3067, Australia.

GPO Box 2975, Melbourne, Victoria 3001, Australia.

Telephone: 1300 662 058 (within Australia)
and +61 3 9415 4021 (outside Australia).

Facsimile: 1800 783 447 (within Australia)
and +61 3 9473 2555 (outside Australia).

Website: www-au.computershare.com/investor.
Email: web.queries@computershare.com.au

Spicers Registered Office

Spicers Limited (ABN: 70 005 146 350)

155 Logis Boulevard, Dandenong South,
Victoria, 3175, Australia.

Telephone: +61 3 9768 8300
Facsimile: + 61 3 9768 8402

Website: www.spicerslimited.com.au
Email: contact@spicers.com.au



Spicers Limited
ABN 70 005 146 350

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 662 058
(outside Australia) +61 3 9415 4021

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 131038

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10.00am (Melbourne time) on Tuesday, 21 November 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Spicers Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Spicers Limited to be held at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia on Thursday, 23 November 2017 at 10.00am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 4(a), 4(b), 4(c), 4(d), 4(e) and 4(f) (except where I/we have indicated a different voting intention below) even though Items 2, 4(a), 4(b), 4(c), 4(d), 4(e) and 4(f) are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 4(a), 4(b), 4(c), 4(d), 4(e) and 4(f) by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Item 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 4 (e)	Grant of Performance Rights to Mr Todd Plutsky	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Director - Mr Jonathan Trollip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 4 (f)	Grant of Performance Rights to Mr Vlad Artamonov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 (a)	Grant of Performance Rights to Mr Jonathan Trollip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 5	Amendment to rule 31 of the Company's Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 (b)	Grant of Performance Rights to Mr Andrew Preece	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 6	Re-insertion of Proportional Takeover Bid Approval Provisions in Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 (c)	Grant of Performance Rights to Mr Gabriel Berger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 4 (d)	Grant of Performance Rights to Mr Nigel Burgess	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date

/ /
