

Pro-Pac Packaging Limited

ACN 112 971 874

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of Pro-Pac Packaging Limited will be held at Level 15, Chartered Accountants House, 37 York Street, Sydney, NSW on the 28th of November 2006 at 11.00am.

BUSINESS

1. To receive and consider the Financial Report of the Company and of the Consolidated Entity for the year ended 30 June 2006 and the Reports by Directors and Auditors thereon.
2. To receive, consider and adopt the Remuneration Report of the Company and Consolidated Entity for the year ended 30 June 2006.
3. To re-elect Mr John Read as a director of the Company.
4. To re-elect Mr Trevor Morrow as a director of the Company
5. To reduce the Company's share capital by cancellation of 260,000 shares currently on issue to former employees under the Company's Executive Long Term Incentive Plan.
6. To approve, that in accordance with ASX Listing Rule 10.14 and other statutory requirements, the Company's Managing Director, Mr Trevor Morrow be offered 1,000,000 shares under the Company's Executive Long Term Incentive Plan (ESPP)
7. General Business: To transact any other business that may be brought forward in accordance with the Constitution of the Company.

EXPLANATORY MEMORANDUM

An Explanatory Memorandum & Notes to the Notice of Meeting accompanies and forms part of this Notice of Meeting.

By Order of the Board

Mark Saus

Company Secretary

Sydney this 20th day of October 2006.

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EXPLANATORY MEMORANDUM & NOTES TO NOTICE OF MEETING

General Information

Documents

A proxy form accompanies these documents.

Persons entitled to vote

Under regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the General Meeting will be as it appears in the share register at 11.00am Sydney time on 24th November 2006.

How to vote

If you are eligible, you may vote by attending the 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.

Voting in person

To vote in person, attend the meeting at the time and place set out in this notice of meeting.

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.

Proxies

A member who is entitled to vote at the 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 member 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 member of the Company.

The proxy form must be signed by the member or the member'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 meeting or any adjourned meeting (or such lesser period as the Directors may permit) at:

The Company's registered office 6 Rich Street, Marrickville, New South Wales 2204; or the following fax number at the Company's registered office: (02) 9560 4447.

Voting by attorney

A member may appoint an attorney to act on the member's behalf at the 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 meeting or any adjourned meeting.

Enquiries

For further information, please contact Mark Saus at the Company on (02) 9560 7799.

Information on matters to be considered

Item 1 - Financial Report

In accordance with the Corporations Act and the Constitution of the Company the Financial Report of the Company and of the Consolidated Entity for the period ended 30 June 2006 and the Reports by Directors and Auditors thereon are to be laid before the Annual General Meeting.

There is no formal resolution to be put in respect of this matter. However shareholders will be given the opportunity to make comments and ask questions of the Board and the Auditor in respect of the reports. In addition shareholders are able to submit questions to the Company for the Auditor prior to the meeting. The list of any such questions will be presented at the meeting for discussion and responses.

Item 2 - Remuneration Report

In accordance with section 250R(2) of the Corporations Act 2001, a resolution must be put to shareholders that the remuneration report of the Company, as included in

Pro-Pac Packaging Limited

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EXPLANATORY MEMORANDUM & NOTES TO NOTICE OF MEETING

the Directors' Report, be adopted. A copy of this report can be found on pages six to nine of the Company's annual report and can also be found on the PPG website at www.pro-pac.com.au.

The resolution is not binding upon the Company or the Board but must be put and the Chair of the meeting must provide reasonable opportunity at the meeting for shareholders to ask questions about and comment on the remuneration report.

Items 3 and 4 – Appointment of Directors

In accordance with standards of corporate governance and the Company's Constitution, the Board considers it appropriate that the appointment of Messrs Read and Morrow be put to shareholders for ratification and approval.

Information about the appointment, qualifications and experience of each of Messrs Read and Morrow is presented below:

John Read, BSc. (Hons), MBA, FAICD (Non-Executive Chairman – appointed 23 August 2005)

Mr Read was appointed to a director on 23 August 2005 and became Chairman on that same date. In accordance with the Company's Constitution, Mr Read retires by rotation and being eligible offers himself for re-election.

Mr Read is a Fellow of the Australian Institute of Company Directors. He is a former director of CSIRO and a current director of the Australian Institute for Commercialisation Limited and numerous public and private companies. During the past three years, Mr Read has had and continues to hold the following directorships of ASX listed companies; Chairman of The Environmental Group Limited and non-executive director of CVC Limited.

Trevor Morrow, BBS (Hons), MBS (Hons) (Managing Director – appointed 10 July 2006. Appointed CEO on 18 April 2006)

Mr Morrow was appointed to a casual vacancy on the Board on 10 July 2006. In accordance with the Company's Constitution, ASX Listing Rules and other statutory requirements, Mr Morrow may not hold office past the next general meeting of the Company without re-election.

Mr Morrow has extensive business experience in both the SME market (buying, building and selling businesses) and in corporate multinationals. This included successful tenures in senior executive positions for six years with Brambles, three years with Spotless and a term with ITW. His expertise has been gained mainly in environmentally sustainable industries including the packaging and recycling services.

Item 5

In July 2005, 260,000 shares were issued to certain employees under the Company's Executive Long Term Incentive Plan (ESPP). These individuals left the Company during the interval to this notice of meeting and in accordance with the terms and conditions of the ESPP, these shares issued to them were forfeited.

In order to give effect to the forfeiture, these shares must be cancelled by an ordinary resolution of shareholders under Section 258(D) of the Corporations Act 2001. The cancellation will have the following impact on the Company's capital:

Current Issued Capital	41,782,501
Issued Capital following cancellation	41,522,501

Item 6 – Offer of 1,000,000 shares to Mr Trevor Morrow under the Company's Executive Long Term Incentive Plan (ESPP)

The Company has entered into a service agreement ("CEO agreement") effective 18 April 2006 pursuant to which the CEO has agreed to act as Chief Executive of the Company until 30 June 2009 (unless the CEO Agreement is terminated earlier). In consideration of the CEO agreeing to enter into the CEO Agreement, the CEO is entitled to amongst other things, to be offered shares under the ESPP subject to shareholder approval. Accordingly, shareholder approval is now sought to the offer of shares pursuant to the CEO Agreement and the Company's Executive Long Term Incentive Plan (ESPP)

The CEO is entitled, subject to shareholder approval, to be offered 1,000,000 shares under the CEO Agreement and on the terms set out in the Company's Executive Long Term Incentive Plan (ESPP).

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EXPLANATORY MEMORANDUM & NOTES TO NOTICE OF MEETING

Listing rule 10.11 prohibits the company from issuing or agreeing to issue equity securities to a related party (which includes a director) without approval by its shareholders. As noted above, the CEO is a director of the Company. An exception to the Listing Rule 10.11 prohibition applies in relation to securities issued under an employee incentive scheme (such as Company's Executive Long Term Incentive Plan) with approval by shareholders.

Listing rule 10.14 permits a director of the Company to acquire securities under an employee incentive scheme only if that director's participation has been approved by shareholders. Accordingly, shareholder approval is being sought for the offer of shares to the CEO under the CEO Agreement and the ESPP.

The following are the key terms and conditions of the ESPP:

- No Shares under the ESPP will be allotted unless the requirements of the Corporations Act 2001 and the ASX Listing Rules have been complied with.
 - Performance hurdles apply to the ESPP. The key performance hurdle is that the total shareholder return to shareholders of the Company must exceed the rate of growth over the same period for the S&P/ASX Small Ordinaries Accumulation Index (or any equivalent or replacement of that index).
 - Shares are allocated to employees at either the value of shares as detailed in the latest disclosure document issued by the Company or the 5-day weighted average price immediately prior to the offer being made to employee.
 - The Company may provide loans to participants to acquire shares under the ESPP. As security for the loans, Participants will pledge the shares acquired under the ESPP to the Company at the time the loans are provided and will grant a charge over any benefits attributable to the Shares, including bonus shares, rights, and dividends. Any dividends paid on the shares by Pro-Pac Packaging Limited are treated as interest on the loan.
 - The term of the loans and the vesting period for the shares from the date of issue of shares is 3 years.
- The Shares will be registered in the names of the Participants from allotment, but will remain subject to restrictions on dealing while they are pledged as security for a loan or subject to performance hurdles specified.
 - If the employee leaves the employment of the Group, the loan balance must be repaid in full or the shares surrendered in full settlement of the outstanding loan balance.

All executives (including executive Directors) of the Company are eligible to participate in the ESPP at the invitation of the Board. Currently, Mr Trevor Morrow is the only executive Director on the Board.

Voting exclusion statement. The entity will disregard any vote cast on resolution 6 by: Mr Trevor Morrow; and any associate of Mr Trevor Morrow.

However, the entity need not disregard a vote if: it is cast by a person as a 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 a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

If resolution 6 is passed, the ESPP shares will be issued to Mr Morrow within 30 days after the date of the Meeting.

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Registered Office: 6 Rich Street, Marrickville, Sydney NSW 2204, Australia

Phone: (02) 9560 7799 Fax: (02) 9560 4447

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 Annual General Meeting of the Company to be held on 28th day of November 2006 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
Item 2 – Adoption of Remuneration Report						
Item 3 – Election of Mr John Read as a Director						
Item 4 – Election of Mr Trevor Morrow as a Director						
Item 5 – Cancellation of forfeited shares						
Item 6 – Issue of shares to the Managing Director under ESPP						

If you do not wish to direct your proxy how to vote, please place a mark in the box:

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by him other than as proxy holder will be disregarded because of that interest.

The Chairman will vote all undirected proxies in favour of all resolutions.

Signed this _____ day of _____ 2006.

Signature of Shareholder (s)

Signature of Witness