

PRO-PAC PACKAGING LIMITED

A.C.N. 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 9, 33 Erskine Street, Sydney, NSW on the 27 November 2012 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 2012 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 2012
3. To confirm the appointment of Dr Gary Weiss as a director of the Company.
4. To re-elect Mr Elliott Kaplan as a director of the Company
5. To reduce the Company's share capital by cancellation of 160,000 shares currently on issue to former employees or which have lapsed under the Company's Executive Long Term Incentive Plan (ESPP).
6. That for the purposes of Part 2E.1 of the Corporations Act, ASX Listing Rule 10.14, and for all other purposes, approval be given to the issue shares in the Company, to Brandon Penn under the ESPP on the terms set out in the Explanatory Memorandum.
7. That for the purposes of Part 2E.1 of the Corporations Act, ASX Listing Rule 10.14, and for all other purposes, approval be given to the issue shares in the Company, to Elliott Kaplan under the ESPP on the terms set out in the Explanatory Memorandum.
8. That for the purposes of Part 2E.1 of the Corporations Act, ASX Listing Rule 10.14, and for all other purposes, approval be given to the issue shares in the Company, to Gary Weiss under the ESPP on the terms set out in the Explanatory Memorandum.
9. 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

25 October 2012
Sydney.

PRO-PAC PACKAGING LIMITED

A.C.N. 112 971 874

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 23 November 2012.

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 two 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 147-151 Newton Rd, Wetherill Park, New South Wales 2164 (PO Box 6484, Wetherill Park, NSW, 2164) or the following fax number at the Company's registered office: (02) 8781 0599.

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.

Voting exclusion statement

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel ("KMP") of the Company (being Resolution 2), the Corporations Act 2001 (Cth) restricts KMP and their closely related parties from voting in some circumstances. Closely related party is defined in the Corporations Act and includes spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

The Company will disregard any votes cast on Resolution 2 by or on behalf of a KMP named in the Remuneration Report or that KMP's closely related party, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form. For clarity, if you chose to nominate a member of KMP as your proxy, please mark either the "For", "Against" or "Abstain" boxes for your vote to be recorded as valid.

The Company will disregard any votes cast on Resolution 6 by:

- a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- an associate of that person (or those 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.

The Company will disregard any votes cast on Resolution 7 by:

- a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- an associate of that person (or those 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.

The Company will disregard any votes cast on Resolution 8 by:

- a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- an associate of that person (or those 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.

Enquiries

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

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 2012 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 the Directors' Report, be adopted. A copy of this report can be found on pages five to eight of the Company's annual report and can also be found on the PPG website at www.ppgaust.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.

For the voting exclusions applicable to this Resolution 2, please refer to page 2 of this Notice of Meeting.

Items 3 – Confirmation of Director

Dr Weiss was appointed to a casual vacancy on the Board on 28 May 2012. In accordance with the Company's Constitution, the Corporations Act and other statutory requirements, Dr Weiss may not hold office past the next annual general meeting of the Company without confirmation by the members.

Information about the appointment, qualifications and experience of Dr Weiss is presented below:

Dr Gary Weiss LL.B (Hons), LL.M (with dist.), Doctor of Juridical Science (JSD)

(Non – Executive Director – appointed 28 May 2012)

Dr Weiss holds the degrees of LL.B (Hons) and LL.M (with dist.) from Victoria University of Wellington, as well as a Doctor of Juridical Science (JSD) from Cornell University, New York. Dr Weiss has extensive international business experience and

has been involved in numerous cross-border mergers and acquisitions. Dr Weiss is Chairman of Secure Parking Pty Ltd, Executive Director of Ariadne Australia Ltd, and a director of Premier Investments Limited, Ridley Corporation Ltd, Mercantile Investment Company Limited, Victor Chang Cardiac Research Institute and The Centre for Independent Studies. He was Chairman of Coats plc from December 2003 until April 2012 and an executive director of Guinness Peat Group plc from November 1990 to April 2011 and has held directorships of numerous companies, including Westfield Group, Tower Australia Ltd, Australian Wealth Management Ltd, Tyndall Australia Ltd (Deputy Chairman), Joe White Maltings Ltd (Chairman), CIC Ltd, Whitlam Turnbull & Co Ltd and Industrial Equity Ltd. He has authored numerous articles on a variety of legal and commercial topics.

Dr Weiss is Chairman of the Remuneration Committee and the Audit Committee.

Items 4 – Re- election of Director

The Company's constitution provides that at each annual general meeting of the Company, one third of the directors retire from office but no director may retain office for more than three years without submitting himself or herself for re-election. Mr Kaplan retires in accordance with the Constitution and being eligible, offers himself for re-election.

Information about the appointment, qualifications and experience of Mr Kaplan is presented below:

Elliott Kaplan BAcc, CA

(Chairman and Non-Executive Director – appointed Director 16 February 2005 and Chairman 25 February 2011)

Mr Kaplan is a Chartered Accountant with extensive experience in senior financial and chief executive officer roles in both private and public listed companies. His experience, from both an investor and investee perspective, spans a diverse range of industries including manufacturing, environmental, distribution and services. Mr Kaplan is Managing Director of CVC Private Equity Limited, a non-executive director of Cellnet Limited and a director of a number of unlisted companies. Mr Kaplan is also a former director of Dolomatrix Limited and The Environmental Group Limited.

Mr Kaplan is a member of the Audit and Remuneration Committees.

Item 5 – Cancellation of shares

160,000 shares previously issued to certain employees under the Company's Executive Long Term Incentive Plan (ESPP) have been forfeited in terms of the plan. 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	211,417,804
Issued Capital following cancellation	211,257,804

Item 6 - Issue of shares to Brandon Penn

The Directors have decided that in view of the fact that Brandon Penn's remuneration is below market and that he has no incentive package in place that it is appropriate to issue 4,000,000 shares in the Company to Brandon Penn under the ESPP.

The issuing of shares is an established practice in Australia as part of the remuneration of Key Management Personnel. If no shares were issued, the cash remuneration of Brandon Penn may have to be increased. Issuing shares is considered a preferable alternative as the recipient benefits if the Company's share price increases – in which case all Shareholders also benefit. This part of Brandon Penn's remuneration is therefore related to the longer-term performance of the Company.

In accordance with the ASX Listing Rules and the Corporations Act, Shareholders are asked to approve the participation by Brandon Penn, a Director of the Company, in the ESPP.

The Directors consider that the participation by Brandon Penn in the ESPP constitutes the giving of a financial benefit to a related party of the Company under Part 2E.1 of the Corporations Act, which requires the approval of the Shareholders.

Under ASX Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval (unless the shares acquired under the scheme are to be purchased on market).

Brandon Penn's participation in the ESPP is conditional on the passing of Resolution 6.

In accordance with the Corporations Act, the following information is provided in relation to Brandon Penn's participation in the ESPP:

Names of the allottees or the basis upon which allottees will be identified or selected:

Brandon Penn, Director, or his associates.

Brandon Penn's total remuneration package:

Brandon Penn's remuneration package including superannuation and share based payments for FY2012 comprised a total of \$240,000.

The total remuneration package including the financial benefit associated with the securities for FY2013 is anticipated to be \$278,412.

Maximum number of securities to be issued or the formula for calculating the number of shares to be issued:

Brandon Penn will be issued 4,000,000 shares in the Company.

The date by which the entity will issue the shares:

It is intended that shares will be issued to Brandon Penn as soon as is practical after the Company's 2012 AGM is held.

In any event, the issue date will be no later than 12 months after the date of the Company's 2012 AGM (or such longer period of time as the ASX may in its discretion allow).

Price at which the securities will be issued:

\$0.50.

The present price of the securities is \$0.48, the highest and lowest trading price for the securities over the last 12 months are \$0.33 and \$0.60 respectively.

Terms of the securities:

The shares will be issued on the terms of the ESPP.

The ESPP provides:

- for the issue of shares to eligible employees as invited by the Board
- for the Board to determine the issue price and the number of shares offered
- for the person to whom the shares are issued may apply for financial assistance by way of a loan for the subscription price
- that the decision to provide financial assistance is at the discretion of the Company
- that the shares must be transferred to the Company at the original subscription price in specified circumstances including; the person to whom the shares are issued leaving the Company within three years of the date the shares are issued.

The terms of the loan are set out in the next paragraph.

Terms of any loan in relation to the acquisition of shares:

Brandon Penn will receive a \$2,000,000 loan to acquire shares under the ESPP.

The loan will be interest-free except that any dividends paid by the Company while the loan is outstanding will be applied as interest.

The loan is repayable on the 3rd anniversary of the date on which the shares were issued.

Shares are subject to disposal restrictions, such that the shares may not be disposed of until any outstanding loan balance has been repaid.

The loan is repayable if Brandon Penn ceases to be an employee of the Company or a related body corporate of the Company before the 3rd anniversary of the date on which the shares were issued or he will forfeit the shares.

The shares are pledged to the Company to secure repayment of the loan.

The Directors do not consider that the loan is financial assistance subject s260A of the Corporations Act as the loan is exempt financial assistance under s 260C(4) as it is given under the ESPP which was approved by the shareholders at the general meeting of the Company held on 11 March 2005.

Use (or intended use) of the funds raised:

As the loan will be made from the Company's cash reserves there will be no increase in the net cash position of the Company from the funds raised on the issue of the shares.

The value of the loan will be an asset of the Company but this asset will not be immediately realisable.

If the loan is repaid without the shares being forfeited, the funds received on repayment of the loan will be used for working capital.

Brandon Penn's existing interest in the Company:

Brandon Penn or his related parties at the date of this notice holds 24,438,842 shares in the Company.

This is approximately 11.56 % of the issued shares in the Company.

Maximum extent of voting power in the Company after the issue of the proposed shares under the ESPP:

Based on the issue share price, Brandon Penn would hold 28,438,842 shares which are approximately 13.11% of the issued shares in the Company.

If all of Brandon Penn, Elliott Kaplan and Gary Weiss are issued shares under the ESPP they would together hold 30,555,199 shares which would be approximately 14.09% of the issued shares in the Company.

Valuation of the financial benefit to be given to Brandon Penn:

The Company indicatively values the financial benefit as \$31,212 pa over the three year period.

In calculating the indicative value the Directors used the Black Scholes method:

- the issue price of the shares –50 cents;
- the life of the loan - 3 years;
- the current price of the Company's shares - 48 cents;
- the implied volatility 30%;
- the dividends expected on the shares (if appropriate) - 2 cps pa
- the risk-free interest rate for the life of the loan - 3.5%.

Information required under ASX Listing Rule 10.15.4

Previously shares have been issued to former executive directors 1.754m and 1.0m respectively. These shares were returned to the company and cancelled when these executive directors left the company. Currently there are no ESPP shares issued to any executive or non executive directors.

Directors of the Company who are eligible to participate in the ESPP

Brandon Penn, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Elliott Kaplan, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Gary Weiss, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Directors' interest in the outcome of this resolution

Other than Brandon Penn, no other director has an interest in the outcome of this resolution. However, as the other directors are "Key Management Personnel" for the purposes of the Corporations Act, a voting exclusion statement applies as set out on page 2 of this Notice of Meeting. For those reasons, Brandon Penn and the other directors will not be making recommendations as to voting on this resolution.

Item 7 - Issue of shares to Elliott Kaplan

The Directors have recognised the difficulty that small and mid cap ASX listed companies have in the present environment in attracting and retaining high quality directors. In recognition of the significant experience and expertise that Mr Kaplan brings to the management and affairs of the Company at director level, and it being in the best interests of the Company that he continue to do so going forward, the Directors have resolved that it is appropriate to issue 800,000 shares in the Company to Elliott Kaplan under the ESPP.

In accordance with the ASX Listing Rules and the Corporations Act, Shareholders are asked to approve the participation by Elliott Kaplan, a Director of the Company, in the ESPP.

The Directors consider that the participation by Elliott Kaplan in the ESPP constitutes the giving of a financial benefit to a related party of the Company under Part 2E.1 of the Corporations Act, which requires the approval of the Shareholders.

Under ASX Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval (unless the shares acquired under the scheme are to be purchased on market).

Elliott Kaplan's participation in the ESPP is conditional on the passing of Resolution 7.

In accordance with the Corporations Act, the following information is provided in relation to Elliott Kaplan's participation in the ESPP:

Names of the allottees or the basis upon which allottees will be identified or selected:

Elliott Kaplan, Director, or his associates.

Elliott Kaplan's total remuneration package:

Elliott Kaplan's remuneration package including superannuation and share based payments for FY2012 comprised a total of \$60,000

The total remuneration package including the financial benefit associated with the securities for FY2013 is anticipated to be \$66,242.

Maximum number of securities to be issued or the formula for calculating the number of shares to be issued:

Elliott Kaplan will be issued 800,000 shares in the Company.

The date by which the entity will issue the shares:

It is intended that shares will be issued to Elliott Kaplan as soon as is practical after the Company's 2012 AGM is held.

In any event, the issue date will be no later than 12 months after the date of the Company's 2012 AGM (or such longer period of time as the ASX may in its discretion allow).

Price at which the securities will be issued:

\$0.50.

The present price of the securities is \$0.48, the highest and lowest trading price for the securities over the last 12 months are \$0.33 and \$0.60 respectively.

Terms of the securities:

The shares will be issued on the terms of the ESPP.

The ESPP provides:

- for the issue of shares to eligible employees as invited by the Board
- for the Board to determine the issue price and the number of shares offered
- for the person to whom the shares are issued may apply for financial assistance by way of a loan for the subscription price
- that the decision to provide financial assistance is at the discretion of the Company
- that the shares must be transferred to the Company at the original subscription price in specified circumstances including; the person to whom the shares are issued leaving the Company within three years of the date the shares are issued.

The terms of the loan are set out in the next paragraph.

Terms of any loan in relation to the acquisition of shares:

Elliott Kaplan will receive a \$400,000 loan to acquire shares under the ESPP.

The loan will be interest-free except that any dividends paid by the Company while the loan is outstanding will be applied as interest.

The loan is repayable on the 3rd anniversary of the date on which the shares were issued.

Shares are subject to disposal restrictions, such that the shares may not be disposed of until any outstanding loan balance has been repaid.

The loan is repayable if Elliott Kaplan ceases to be an employee of the Company or a related body corporate of the Company before the 3rd anniversary of the date on which the shares were issued or he will forfeit the shares.

The shares are pledged to the Company to secure repayment of the loan.

The Directors do not consider that the loan is financial assistance subject s260A of the Corporations Act as the loan is exempt financial assistance under s 260C(4) as it is given under the ESPP which was approved by the shareholders at the general meeting of the Company held on 11 March 2005.

Use (or intended use) of the funds raised:

As the loan will be made from the Company's cash reserves there will be no increase in the net cash position of the Company from the funds raised on the issue of the shares.

The value of the loan will be an asset of the Company but this asset will not be immediately realisable.

If the loan is repaid without the shares being forfeited, the funds received on repayment of the loan will be used for working capital.

Elliott Kaplan's existing interest in the Company:

Elliott Kaplan or his related parties at the date of this notice holds 516,357 shares in the Company.

This is approximately 0.24 % of the issued shares in the Company.

Maximum extent of voting power in the Company after the issue of the proposed shares under the ESPP:

Elliott Kaplan would hold 1,316,357 shares in the Company which is approximately 0.50% of the issued shares in the Company.

If all of Brandon Penn, Elliott Kaplan and Gary Weiss are issued shares under the ESPP they would together hold 30,555,199 shares which would be approximately 14.09 % of the issued shares in the Company.

Valuation of the financial benefit to be given to Elliott Kaplan:

The Company indicatively values the financial benefit as \$6,242 pa for the three year period.

In calculating the indicative value the Directors used the Black Scholes method:

- the issue price of the shares - 50 cents;
- the life of the loan - 3 years;
- the current price of the Company's shares - 48 cents;
- the implied volatility 30%;
- the dividends expected on the shares (if appropriate) - 2 cps pa
- the risk-free interest rate for the life of the loan - 3.5%.

Information required under ASX Listing Rule 10.15.4

Previously shares have been issued to former executive directors 1.754m and 1.0m respectively. These shares were returned to the company and cancelled when these executive directors left the company. Currently there are no ESPP shares issued to any executive or non executive directors.

Directors of the Company who are eligible to participate in the ESPP

Brandon Penn, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Elliott Kaplan, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Gary Weiss, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Directors' interest in the outcome of this resolution

Other than Elliott Kaplan, no other director has an interest in the outcome of this resolution. However, as the other directors are "Key Management Personnel" for the purposes of the Corporations Act, a voting exclusion statement applies as set out on page 2 of this Notice of Meeting. For those reasons, Elliott Kaplan and the other directors will not be making recommendations as to voting on this resolution.

Item 8 - Issue of shares to Gary Weiss

The Directors have recognised the difficulty that small and mid cap ASX listed companies have in the present environment in attracting and retaining high quality directors. In recognition of the broad experience and expertise that Mr Weiss brings to the management and affairs of the Company at director level, and it being in the best interests of the Company that he continue to do so going forward, the Directors have resolved that it is appropriate to issue 800,000 shares in the Company to Gary Weiss under the ESPP.

In accordance with the ASX Listing Rules and the Corporations Act, Shareholders are asked to approve the participation by Gary Weiss, a Director of the Company, in the ESPP.

The Directors consider that the participation by Gary Weiss in the ESPP constitutes the giving of a financial benefit to a related party of the Company under Part 2E.1 of the Corporations Act, which requires the approval of the Shareholders.

Under ASX Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval (unless the shares acquired under the scheme are to be purchased on market).

Gary Weiss's participation in the ESPP is conditional on the passing of Resolution 8.

In accordance with the Corporations Act, the following information is provided in relation to Gary Weiss's participation in the ESPP:

Names of the allottees or the basis upon which allottees will be identified or selected:

Gary Weiss, Director, or his associates.

Gary Weiss's total remuneration package:

Gary Weiss's remuneration package including superannuation and share based payments for FY2012 comprised a total of \$4,000.

The total remuneration package including the financial benefit associated with the securities for FY2013 is anticipated to be \$58,562.

Maximum number of securities to be issued or the formula for calculating the number of shares to be issued:

Gary Weiss will be issued 800,000 shares in the Company.

The date by which the entity will issue the shares:

It is intended that shares will be issued to Gary Weiss as soon as is practical after the Company's 2012 AGM is held.

In any event, the issue date will be no later than 12 months after the date of the Company's 2012 AGM (or such longer period of time as the ASX may in its discretion allow).

Price at which the securities will be issued:

\$0.50.

The present price of the securities is \$0.48, the highest and lowest trading price for the securities over the last 12 months are \$0.33 and \$0.60 respectively.

Terms of the securities:

The shares will be issued on the terms of the ESPP.

The ESPP provides:

- for the issue of shares to eligible employees as invited by the Board
- for the Board to determine the issue price and the number of shares offered
- for the person to whom the shares are issued may apply for financial assistance by way of a loan for the subscription price
- that the decision to provide financial assistance is at the discretion of the Company
- that the shares must be transferred to the Company at the original subscription price in specified circumstances including; the person to whom the shares are issued leaving the Company within three years of the date the shares are issued.

The terms of the loan are set out in the next paragraph.

Terms of any loan in relation to the acquisition of shares:

Gary Weiss will receive a \$400,000 loan to acquire shares under the ESPP.

The loan will be interest-free except that any dividends paid by the Company while the loan is outstanding will be applied as interest.

The loan is repayable on the 3rd anniversary of the date on which the shares were issued.

Shares are subject to disposal restrictions, such that the shares may not be disposed of until any outstanding loan balance has been repaid.

The loan is repayable if Gary Weiss ceases to be an employee of the Company or a related body corporate of the Company before the 3rd anniversary of the date on which the shares were issued or he will forfeit the shares.

The shares are pledged to the Company to secure repayment of the loan.

The Directors do not consider that the loan is financial assistance subject s260A of the Corporations Act as the loan is exempt financial assistance under s 260C(4) as it is given under the ESPP which was approved by the shareholders at the general meeting of the Company held on 11 March 2005.

Use (or intended use) of the funds raised:

As the loan will be made from the Company's cash reserves there will be no increase in the net cash position of the Company from the funds raised on the issue of the shares.

The value of the loan will be an asset of the Company but this asset will not be immediately realisable.

If the loan is repaid without the shares being forfeited, the funds received on repayment of the loan will be used for working capital.

Gary Weiss's existing interest in the Company:

Gary Weiss or his related parties at the date of this notice hold no shares in the Company.

Maximum extent of voting power in the Company after the issue of the proposed shares under the ESPP:

Gary Weiss would hold 800,000 shares in the Company which is approximately 0.37% of the issued shares in the Company.

If all of Brandon Penn, Elliott Kaplan and Gary Weiss are issued shares under the ESPP they would together hold 30,555,199 shares which would

be approximately 14.09 % of the issued shares in the Company.

Valuation of the financial benefit to be given to Gary Weiss:

The Company indicatively values the financial benefit as \$6,242 pa over the three year period.

In calculating the indicative value the Directors used the Black Scholes method:

- the issue price of the shares - 50 cents;
- the life of the loan - 3 years;
- the current price of the Company's shares - 48 cents;
- the implied volatility 30%;
- the dividends expected on the shares (if appropriate) - 2 cps pa
- the risk-free interest rate for the life of the loan - 3.5%.

Information required under ASX Listing Rule 10.15.4

Previously shares have been issued to former executive directors 1.754m and 1.0m respectively. These shares were returned to the company and cancelled when these executive directors left the company. Currently there are no ESPP shares issued to any executive or non executive directors.

Directors of the Company who are eligible to participate in the ESPP

Brandon Penn, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Elliott Kaplan, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Gary Weiss, a director of the Company will participate in the ESPP, subject to Shareholder approval.

Directors' interest in the outcome of this resolution

Other than Gary Weiss, no other director has an interest in the outcome of this resolution. However, as the other directors are "Key Management Personnel" for the purposes of the Corporations Act, a voting exclusion statement applies as set out on page 2 of this Notice of Meeting. For those reasons, Gary Weiss and the other directors will not be making recommendations as to voting on this resolution.

PRO-PAC PACKAGING LIMITED

A.C.N. 112 971 874

Registered Office: 147-151 Newton Rd, Wetherill Park, Sydney, 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 Annual General Meeting of the Company to be held on 27 November 2012 at 11.00 am (Sydney time) at Level 9, 33 Erskine Street, Sydney, NSW, 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 Dr Gary Weiss as a Director						
Item 4 – Election of Mr Elliott Kaplan as a Director						
Item 5 – Cancellation of forfeited shares						
Item 6 – Issue of shares to Brandon Penn						
Item 7 – Issue of shares to Elliott Kaplan						
Item 8 – Issue of shares to Gary Weiss						

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

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

Signed this day of 2012.

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Signature of Shareholder (s)

Signature of Witness