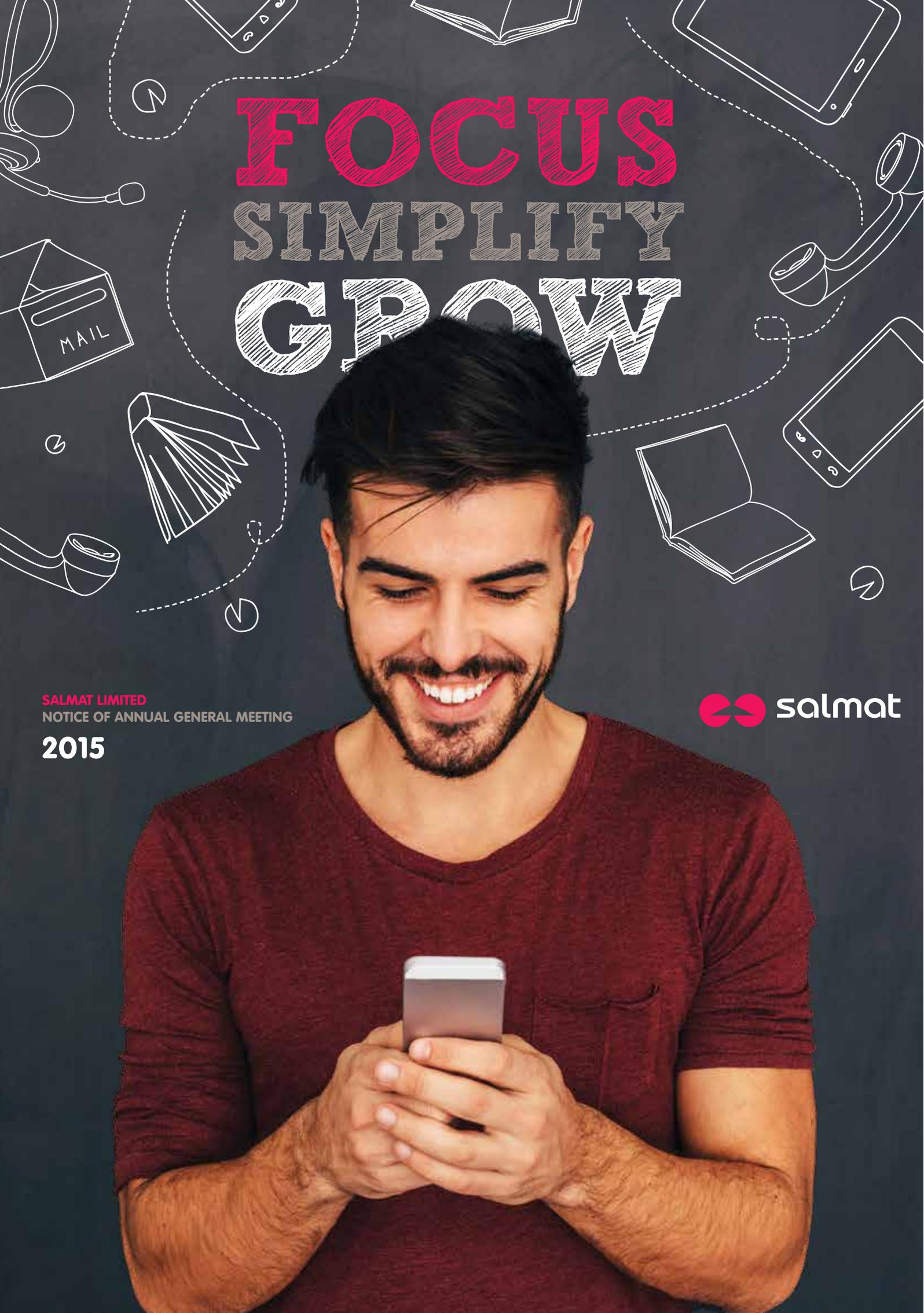


FOCUS SIMPLIFY GROW



SALMAT LIMITED
NOTICE OF ANNUAL GENERAL MEETING

2015



23 October 2015

Dear Shareholder

Annual General Meeting

On behalf of the Salmat Board, I am pleased to invite you to the 2015 Annual General Meeting (AGM) of Salmat Limited (Company) on Friday 27th November 2015. The meeting will be held at the AGL Theatre, Museum of Sydney, corner of Bridge and Phillip Streets, Sydney NSW 2000, beginning at 10.00am Sydney time.

At the meeting, both CEO Craig Dower and myself will provide an overview of the Company's performance during the year to 30 June 2015 and provide further detail around progress on the current business transformation strategy. You are also referred to the commentary and overview provided in the Company's annual report.

Resolutions

This year we submit the following resolutions to shareholders for your consideration:

- **Re-election of Director – Peter Mattick**
- **Re-election of Director – Philip Salter**
- **Adopt the Remuneration Report for the year ended 30 June 2015**
- **Board spill meeting (*Provisional item – see notice of meeting*)**

The Board of Salmat Limited recommends these resolutions to shareholders, excluding the Board spill item.

Long term incentive plan

The Board has finalised the FY16 Long Term Incentive (LTI) plan for the CEO and senior executives. This plan includes targets based on earnings per share, total shareholder return and return on capital employed. Full details of the LTI plan are in the explanatory notes of the notice of meeting.

Annual Report

For those shareholders who have chosen to receive a printed version of the annual report, please find it enclosed in this package. If you have opted not to receive a printed version, you can access the annual report on our website at www.salmat.com.au.

Information on Voting

If you wish to participate in the meeting you will need to attend in person, or appoint a proxy to act on your behalf.

For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as a holder of shares as at 7 pm on Wednesday 25th November 2015.

Should you be unable to attend, an audiocast of the meeting will be available at www.salmat.com.au on the day. However you will not be able to participate in the meeting without being present or appointing a proxy.

Please find enclosed a Notice of Meeting, a personalised proxy form and a reply paid envelope. Instructions on how to appoint a proxy are detailed on the back of the proxy form. Please be aware that proxy forms must be received no later than 48 hours prior to the commencement of the meeting in order to be valid for the meeting.

Salmat has provided for electronic lodgement of proxies by its shareholders and encourages you do to so. If you wish to avail yourself of this service and have not already done so, you can do this by visiting www.linkmarketservices.com.au and clicking on 'PROXY VOTING' and then follow the prompts. We recommend that you have your proxy form with you when you log on (this document contains your SRN/HIN reference number which you will need to enter into the Link website).

If your shares are held in a name other than your personal name, you will need to lodge a valid proxy form before the proxy closing time. If a holding is in the name of a company, then a valid Corporate Representative form will allow a holder to enter the meeting and vote on behalf of the company.

If you plan to attend the AGM in person, please bring with you suitable identification, your personalised proxy form or evidence of your authority to attend (by proxy or as Corporate Representative). Registration will commence at 9.00am.

We thank you for your continued support and look forward to welcoming you at the meeting.

Yours faithfully,



Peter Mattick
Chairman

SALMAT LIMITED

ACN 002 724 638

(the Company)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Salmat Limited will be held on Friday 27th November 2015 at the AGL Theatre, Museum of Sydney, corner Bridge and Phillip Streets, Sydney NSW 2000 commencing at 10.00am Sydney time. Registration will open at 9.00am.

ORDINARY BUSINESS

To consider the following matters:

1. Financial Statements

To consider and receive the Financial Reports, the Directors' Report and the Auditor's Report of Salmat Limited for the year ended 30 June 2015.

2. Re-election of Director – Peter Mattick

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

That Peter Mattick, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a Director of the Company.

3. Re-election of Director – Philip Salter

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

That Philip Salter, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a Director of the Company.

4. Remuneration Report

To consider, and if thought fit, to pass the following as a non-binding advisory resolution in accordance with Section 250R(2) of the Corporations Act 2001.

That the Remuneration Report of the Company for the year ended 30 June 2015 be adopted.

Note: Votes cast in respect of this resolution are advisory only, and are not binding on the Company or its Directors. The Board will take the outcome and comments made by shareholders into consideration when reviewing the remuneration practices and policies of the Company. Our initiatives with the operations of the Company in its transformation program and how the Company has linked outcomes to remuneration for executives are outlined in the Explanatory Notes accompanying this Notice.

At the 2014 Annual General Meeting, there was a 32.6% vote against the Remuneration Report; we have therefore included Resolution 5 in the Notice of Meeting.

See voting exclusion in Notes below.

CONTINGENT BUSINESS

5. Board Spill Meeting

This resolution will be considered at the 2015 Annual General Meeting only if at least 25% of votes cast on resolution 4 are against the adoption of the Remuneration Report or if there is uncertainty as to whether at least 25% of votes cast on resolution 4 are cast against the adoption of the Remuneration Report. The Explanatory Notes further explains the circumstances in which this resolution will be put to the meeting.

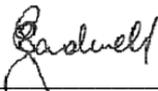
To consider, and if thought fit, to pass the following as an ordinary resolution.

That, subject to and conditional on at least 25% of the votes cast on resolution 4 being cast against that resolution:

- (a) a meeting of the Company's members be held within 90 days of the date of this meeting (Spill Meeting);*
- (b) all the Directors who were Directors when the resolution to approve the Remuneration Report for the year ended 30 June 2015 was passed cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.*

Note: *See voting exclusion in Notes below.*

**On behalf of the Board
Stephen Bardwell
Company Secretary**



23 October 2015

NOTES

Voting Exclusion

For Resolution/ Item 4- Remuneration Report and Item 5 - Contingent Business: Board Spill Meeting.

In accordance with Section 250R(4) and (5) of the Corporations Act 2001, the Company will disregard any votes cast on this resolution by:

- (a) a member of the Company's Key Management Personnel; and
- (b) a Closely Related Party of a member of the Company's Key Management Personnel.

Unless:

- (c) it is cast by a person as a proxy for a person who is otherwise entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is otherwise entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Eligibility to Vote

The Company's Constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as at 7pm on Wednesday 25 November 2015. Please note: The deadline for lodgement of proxy forms is 10am on this same day.

Annual Report

For a direct link to Salmat's online interactive annual report, visit www.salmat.com.au and then click on OUR COMPANY / INVESTOR RELATIONS / REPORTS AND RESULTS / 2015 ANNUAL REPORT. It has been split for ease of reference into two sections including the shareholder review and full financials.

Proxies

If you cannot attend, you may appoint a proxy to attend and vote for you.

Each member may appoint a proxy. The proxy need not be a member of the Company.

If you wish to appoint a proxy and you are entitled to two or more votes then you may:

- (a) appoint two proxies; and
- (b) specify the proportion or number of votes each proxy may exercise. If you do not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of your votes (disregarding fractions).

A form for the appointment of a proxy is enclosed with this notice.

To be effective, all proxies must be lodged:

- by mailing it to the share registry of the Company, Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia
- by facsimile to Link Market Services Limited on +612 9287 0309;
- by going online at www.linkmarketservices.com.au ; login using the holding details as shown on the Proxy Form; Select 'Voting' and follow the prompts to lodge your vote; or
- by hand delivery to: Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000,

no later than 48 hours before the time for the holding of the meeting, which is by **10.00 am (Sydney time) on Wednesday 25th November 2015**

How the Chairperson will vote undirected proxies

Where possible, the Chairperson intends to vote undirected proxies in favour of all the resolutions, excepting the Board Spill Meeting item.

The following definitions apply to the Notice of Meeting

Closely Related Party means the closely related parties of Key Management Personnel as defined in the Corporations Act 2001, and includes certain members of their family, dependents and companies they control.

Key Management Personnel of the Company are the Directors of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2015.

EXPLANATORY NOTES

Item 1 - 2015 Financial Report

The Corporations Act and the Company's Constitution require the Company's annual financial report, directors' report and auditor's report to be received and considered at the annual general meeting of shareholders.

Neither the Corporations Act nor the Company's Constitution require a vote of shareholders on the reports. However, in accordance with the Corporations Act and the Company's past practice, shareholders will have the opportunity to ask questions and make comments on the reports, and the Company's business and operations. A reasonable opportunity will also be given to shareholders as a whole to ask the auditor questions relevant to the conduct of the audit and the preparation and contents of the auditor's report.

Item 2 - Re-election of Mr Peter Mattick

In accordance with the Constitution, one of our Non-executive Directors, Mr Peter Mattick is due to retire at this meeting and, being eligible, offers himself for re-election.

Peter Mattick is the Chairman of the Company. Peter co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from executive duties with Salmat in October 2009. Since that time Mr Mattick has remained as a Non-executive Director of the Company and was appointed Chairman in July 2013. He is a member of the Technology and Innovation Committee.

Mr Mattick has served as Chairman and Director of the Australian Direct Marketing Association and is a Member of the National Aboriginal Sports Corporation. He is a Fellow of CPA Australia and the Australian Institute of Company Directors, a Governor of the Advisory Council for the Institute of Neuromuscular Research and Chairman of The Shepherd Centre. Mr Mattick was educated at the University of New South Wales where he gained a Bachelor of Commerce degree.

The Board recommends the re-election of Mr Mattick.

Item 3 - Re-election of Mr Philip Salter

In accordance with the Constitution, one of our Non-executive Directors, Mr Philip Salter is due to retire at this meeting and, being eligible, offers himself for re-election.

Philip Salter co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from his executive duties with Salmat Limited in October 2009. Since that time, Mr Salter has remained as a Non-executive Director of the Company. He is a member of the Technology and Innovation Committee.

Philip entered the real estate business in 1972. In 1979 Philip and Peter Mattick formed Salmat, developing the business into one of Australasia's leading customer communications companies. Philip is a member of the Australian Institute of Company Directors.

The Board recommends the re-election of Mr Salter.

Item 4 - Remuneration Report

The Remuneration Report is for consideration and adoption by way of non-binding resolution.

The Remuneration Report is set out on pages 12 to 22 of the Salmat Limited Annual Report 2015. It is also available on Salmat's internet site (www.salmat.com.au).

The report:

- Provides an overview of the key remuneration outcomes and its response to concerns raised by shareholders at the 2014 AGM;
- Details key management personnel and how remuneration is governed;
- Outlines our remuneration policy and how it supports our strategic objectives for the long term with a description of the key components of remuneration;
- Details fixed remuneration, short term incentives and long term incentives;
- Details the operation of legacy equity plans;
- Discloses by person the remuneration paid to executives in the current and previous periods;
- Includes a summary of the key contract terms of key management personnel;
- Provides details of Non-executive Director remuneration; and
- Provides information on Salmat's performance in key shareholder measures, and five year statutory information.

Subsequent to the first strike against the Remuneration Report received at the 2014 Annual General Meeting, your Board has undertaken a number of steps to improve both our reporting and demonstration of the clear link between executive and shareholder outcomes.

The Board proactively engaged in detail with our key shareholders and with the assistance of our remuneration advisors, Ernst and Young, the Board undertook a review of Salmat's remuneration report. This review of remuneration also encompassed the performance conditions of long term incentives (LTIs) and short term incentives (STI). From this review, whilst a number of the features of the current incentive schemes were retained, a number of key elements were changed to reflect feedback from our remuneration review.

The decisions made and reflected in the attached remuneration report were as follows:

- In the fiscal 2015 year, covering the initial period of our business transformation, there will be no STI bonuses paid to senior executives. For future periods commencing fiscal 2016, STI bonuses will not be payable until 85% of the EBITDA target for the period has been achieved.
- For future LTIs, the performance hurdles will be split equally between earnings per share (EPS), total shareholder return (TSR) and return on capital employed (ROCE), making all of the performance conditions for LTIs to vest, objective measures. The 20% allocation of LTIs to achievement of strategic goals has been discontinued. In addition, there have been no LTIs issued to any executive in the current 2015 period. The Board took this decision to ensure that alterations to performance conditions had been canvassed with major shareholders and stakeholder advisory groups.
- A greater level of disclosure on the LTIs and their objective measures to give further clarity on how the key executives are measured and to strengthen the alignment of their interests with those of shareholders.

Further details of these changes are set out in the Remuneration Report.

The Board recognises its responsibility to maintain shareholder confidence in Salmat's leadership and remuneration practices. It is our continued intention, as much as we are able to do so, to link our compensation plans with the performance of the Company and with its long term financial security.

The fiscal 2016 LTI plan for the CEO and senior executives will be based on 33% earnings per share (EPS) performance, 33% total shareholder return (TSR) performance and 33% on return on capital employed (ROCE) over a measurement period ending June 2018. There is also a service condition in that each participant in the plan must be an employee of the Company at the time the performance measure is confirmed.

Performance results will be confirmed for the EPS and ROCE measures at the time the accounts for the fiscal year 2018 year are finalised in August 2018 and in respect of the TSR performance, it will be determined as at June 2018. It is intended that these performance rights will be issued in early November 2015.

The performance targets that will be set for each of the three measures are:

EPS

A cumulative EPS target of 14 cents for the performance period of three years is required to be achieved and will be based on actual performance which may be adjusted for one-off items at the discretion of the Board. Vesting will not occur unless 90% of the cumulative EPS target is achieved. At this performance achievement, 80% of the rights will vest and in a straight line to 100% achievement.

TSR

Vesting will depend on the Group's relative TSR ranking over the measurement period. The comparators are the constituents of the ASX small industrials index (XSIAI) for the three fiscal years ending June 2018 at the testing date of 30 June 2018. Vesting will not occur unless 50% of the hurdle is met and the rights will then vest in a straight line until 75% achievement occurs where 100% of the rights will vest.

ROCE

An average ROCE of 6.5 % over the three years ending June 2018 has been set as the performance hurdle and will be based on actual performance unless adjusted for one off items at the discretion of the Board. Vesting will not occur unless 90% of the ROCE target is achieved. At this performance achievement, 80% of the rights will vest and in a straight line to 100% achievement.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

All shareholders are strongly encouraged to cast their vote.

The Board recommends that shareholders vote in favour of adoption of the Remuneration Report.

Voting exclusion

In accordance with Section 250R(4) of the Corporations Act, Key Management Personnel and a closely related party of any Key Personnel may not vote on this resolution except in accordance with Section 250R(5).

CONTINGENT BUSINESS

Item 5 – Board Spill Meeting

At the 2014 Annual General Meeting (AGM), more than 25% of the votes cast on the resolution to adopt the 2014 Remuneration Report were voted against the resolution. Accordingly, Salmat received a "first strike" under the executive remuneration laws.

If less than 25% of the votes on resolution 4 are cast against the adoption of the 2015 Remuneration Report, there will be no second strike and this resolution 5 will not be put to the meeting.

If the votes cast against the 2015 Remuneration Report are 25% or more of the votes cast on the resolution, Salmat will receive a second strike and resolution 5 will be put to the meeting.

If at the meeting it is uncertain whether more or less than the 25% of the votes on resolution 4 have been cast against the adoption of the Remuneration Report, then resolution 5 may be put to the meeting. In that case, resolution 5 will only be regarded as a spill resolution for the purposes of section 250V of the Corporations Act and will only be effective if, when the votes are finally counted on resolution 4:

- a second strike was in fact received on resolution 4; and
- this resolution 5 is passed with 50% or more of the votes cast in favour.

This means that if a second strike is not received on resolution 4, no Spill Meeting (as defined below) will be convened even if resolution 5 was put to the meeting and passed.

If a second strike was in fact received on resolution 4, and resolution 5 is put to the meeting and passed, then:

- (a) an extraordinary general meeting must be convened within 90 days of this AGM (Spill Meeting);
- (b) all of the current members of the Board will vacate their offices immediately before the end of the of the Spill Meeting; and
- (c) at the Spill Meeting, resolutions will be voted on to elect individuals to the vacated offices.

If this resolution is passed and becomes effective, all of the current Directors will offer themselves for re-election. If however all of the current Directors cease to be Directors prior to the Spill Meeting, the meeting need not be held.

If resolution 5 is put to the Spill Meeting, it will be an ordinary resolution conducted by way of a poll.

Recommendation

The board unanimously recommends that Shareholders vote against resolution 5 on the basis that it would be extremely disruptive to the Company and in the Board's view, it would be inappropriate to remove all the Non-executive Directors in the circumstances. However, the Board recognises that Shareholders can remove a Director by majority shareholder vote at any time and for any reason.

Directors' Recommendation

The Board recommends that members vote in favour of all resolutions except Item 5.