Pacific Star Network Limited

2014 ANNUAL GENERAL MEETING

ORDER OF BUSINESS

Welcome

Welcome to the Pacific Star Network Limited 2014 Annual General Meeting.

As it has turned 9.30 AM, and I am reliably informed a quorum is present, I declare the meeting open.

Introductions

I am Andrew Moffat, Chairman of your Company and will chair today’s meeting.

With me today are fellow director’s Ron Hall, Gary Pert and Michelle Guthrie is an apology and unable to attend.

Also accompanying us is CEO Barrie Quick and CFO / Company Secretary Stephen Sweeney. I also note that you will find details of your director’s background and experience contained within the Annual Report.

I also advise that our auditors BDO are in attendance today and available to take questions from shareholders.

Format of the Meeting

Before moving on to the formal part of the meeting, I would first like to briefly outline the manner in which I propose to deal with the business of the day as set out in the agenda, including a number of procedural matters.

Following my brief address, I will invite Barrie Quick to provide an overview to last year’s results as well as comment on the proposed Morrison Media acquisition and key challenges in the current financial year.

I will then open the floor to any questions on the presentation before finally moving to the formal part of meeting.
Chairman’s Address

FY 2014 Results

Your Board was pleased to announce another year of EBITDA growth for the 2014 financial year. The full year EBITDA was up 19% on last year to $1.9M (FY2013 $1.57M). This result was driven by a 1.1% increase in revenue and aided by a 1.6% reduction in costs. This translated to a net profit after tax result of $953K (FY 2013 $736K). Dividends, interim and final, totaling 1.6 cents were paid for the 2014 year.

Year to Date Financial Performance and outlook

For the first 4 months of this financial year, your Company has recorded an EBITDA result of $0.91M. Underlying EBITDA, excluding costs of $130K expensed in relation to acquisition activities, was $1.04M. This represents growth of 4.0% over the previous corresponding period.

As is our usual practice, we will provide guidance for the full year upon release of our half year results. We recently announced the proposed acquisition of Morrison Media Group and shareholders are meeting early next month to decide on the acquisition and associated equity capital raising. This acquisition, should it proceed, will deliver a material step change in your Company’s financial performance and earnings per share. Accordingly the Board feels it necessary to provide some financial impact commentary.

The pro forma 2014 Pacific Star Network and Morrison Media merged group ("Merged Group") EBITDA earnings were $4.1M. This translates to an EBITDA per share of 5.6 cents, reflecting an increase of 56%. Note that this is on the expanded post capital raising equity base (the post issue shares is minimum $5m maximum $6m capital raise)

The financial performance of Morrison Media is somewhat seasonal and driven by the release months of their various publications and merchandise. The month of December can account for up to 30% of their annual earnings, owing in large part to the merchandise releases, namely frankie diary and frankie calendar. Note that the proposed acquisition is to be settled during December and agreements provide Pacific Star Network the economic benefit of the earnings from 1 December.

On the basis that the Morrison media acquisition proceeds, our full year earnings guidance, to be provided in February 2015, will reflect this positive step change in earnings.

Strategic highlights

PNW believes there is a gap between small independent content businesses and large media groups. PNW aims to fill this gap by investing in innovative media brands and content-driven businesses.

Morrison Media fits within this strategy and expands PNW’s media offering to the advertising market and creates increased scale across the group, in particular,
leveraging the Morrison Media digital expertise for the delivery of SEN’s sporting content.

PNW believes that the acquisition of Morrison Media has the opportunity to add a number of positive elements to the PNW business, including:

- expansion of earnings generated from the Morrison Media business;
- improving print circulation and online subscriptions;
- growing online communities;
- diversification in audience and revenue; and
- Addition of complementary staff capability to PNW’s existing business.

**Morrison Media Acquisition**

Earlier this month your Company announced the conditional acquisition of Morrison Media for $10.8 million in cash consideration. Your CEO, Barrie Quick, will provide an overview of Morrison Media in his presentation.

The acquisition is to be funded from internal cash (approx. $3m), new equity issue of $5-6m and the balance funded from a new bank facility (total funding available at $8m). Shareholders will be meeting on 11 December 2014 to consider the acquisition of Morrison Media.

The equity capital raising is being raised in two parts. Firstly a $4 million placement to sophisticated investors (the “Placement”), including directors and management, and secondly via a share purchase plan (“SPP”) which is capped at $2 million and underwritten to $1 million. Thus the minimum new equity raising is $5m. Both the Placement and the SPP are subject to shareholders approving both the acquisition and the associated capital raising resolutions.

**Conclusion**

In concluding this address I would like to express thanks on behalf of the Board to our loyal clients, to the management team headed by Barrie Quick, for navigating the Company through a year with many challenges and also to our loyal station talent and staff alike. We also thank shareholders for their continued support.

I will now hand over to your Company’s CEO, Barrie Quick.

I will now open the floor to questions.

As there are no further questions, I shall move on to the formal proceedings of the meeting.

**Procedural Matters**

At this time, there are a number of formalities which I would like to bring to your attention.

First, I would like to remind you that this is a shareholders’ meeting and only shareholders, their attorneys, proxies and authorised company representatives are entitled to speak at this meeting.
Shareholders present in person, or by attorney, or by representative of a corporate shareholder are entitled to vote on a show of hands.

A proxy may vote on a show of hands if he or she is the sole proxy of the relevant shareholder or shareholders and his or her appointment or appointments do not specify different ways to vote on the relevant resolution.

If a proxy is eligible to vote on a show of hands and his or her appointment specifies the way he or she is to vote, then, if the proxy wishes to vote, he or she must vote in the way specified.

I request your co-operation in adhering to these rules.

As we address each resolution it will be displayed clearly on the screen behind me, together with a statement disclosing how the proxy votes received, have been cast.

To the extent that open proxy votes are held by me, as Chairman of the Meeting, those proxies will be cast in favour of the resolution. If there is anyone who, for any reason, is unable to read the resolutions on the screen, please let me know, and I will be pleased to read each resolution as it arises for their benefit.

Additional copies of the Notice of Meeting are also available should you need one.

Finally, as regards to questions, I would ask you to state your name and whether you are a shareholder in your own right or an attorney, proxy or corporate representative of a shareholder.

**Notice Of Meeting**

I have been advised by the Company Secretary that the Notice of Meeting has been properly circulated and with your consent I will take the Notice of Meeting as read.

Thank you ladies and gentlemen.

At this juncture I have received confirmation that the presentation materials of today’s Annual General Meeting have been lodged with the Australian Securities Exchange in accordance with the Listing Rules.

**Minutes of Previous Annual General Meeting**

A copy of the minutes of the last Annual General Meeting of the Company held on Thursday 28 November 2013 are available at this meeting if any shareholders wish to inspect them.

I move that the minutes of the General Meeting held on Thursday 28 November 2013 be taken as read and that I be authorised to sign them as a correct record. Do I have a seconder to the motion?

Thank you Mr ____________.

I now formally put the resolution to the meeting.
Those in favour?
Those against?
I declare the motion carried/not carried.

Proxies
Proxies have been received from (30) shareholders representing 33,318,690 shares, being (63%) of the Company’s issued capital.
The proxies are available for inspection.

Item 1: Adoption of Remuneration Report for the year ended 30 June 2014 - Resolution 1
The first item on today’s agenda relates to the financial report of the Company for the year ended 30 June 2014, together with the directors’ report (including the remuneration report) and the auditor’s report.

It is not necessary to formally pass the 2014 financial reports however, as shareholders have gathered here today, it is a convenient time to ask shareholders whether they wish to address any matters in those documents.

[Pause for discussion]

I now go to Resolution 1 of the Notice of Annual General Meeting and move the following Resolution:

“That, for the purposes of Section 250R (2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report.”

Is there a seconder to the motion?
Thank you Mr ____________.
Please note that this resolution is advisory only and does not bind the Directors or the Company.

I confirm that the Company has received the following valid proxy votes (from 30 shareholders) in relation to Resolution 1:

<table>
<thead>
<tr>
<th>Category</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>In favour</td>
<td>14,451,226</td>
</tr>
<tr>
<td>Against</td>
<td>1,010</td>
</tr>
<tr>
<td>Excluded</td>
<td>17,347,424</td>
</tr>
<tr>
<td>Proxy’s Discretion</td>
<td>1,519,030</td>
</tr>
<tr>
<td><strong>Total Votes of</strong></td>
<td><strong>33,318,690</strong></td>
</tr>
</tbody>
</table>

Is there any discussion on the motion?

[discussion]

I now formally put the resolution to the meeting.

Those in favour?
Those against?

I declare the motion carried/not carried.

[If NOT CARRIED] The decision has been made to put a poll (see page 6) on this resolution.

The poll will be taken once all of the resolutions contained in the Notice of Meeting have formally been put to the meeting.

Where 25% or more of the votes cast are against this resolution and at the 2015 Annual General Meeting, 25% or more of the votes cast are also against the adoption of the remuneration report, then shareholders will be required to vote at the 2015 Annual General Meeting on a resolution that another meeting be held within 90 days at which all of the company’s directors must stand for re-election.

Notes


Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Directors recommend that shareholders vote in favour of adopting the Remuneration Report.

A reasonable opportunity will be provided for discussion of the Remuneration report at the Meeting.

This resolution is advisory only and does not bind the Company or its Directors.

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company’s remuneration policies.

Item 2: Re-election of Mr Gary Pert - Resolution 2

I now go to Resolution 2 of the Notice of Annual General Meeting and move the motion:

“That, Mr Gary Pert, who retires from office in accordance with the Constitution, being eligible, is hereby re-elected as a Director.”

Notes

The Directors in the absence of Mr Pert unanimously support the re-election of Mr Pert as a Non-Executive Director of the company (With Mr Pert abstaining)

Is there a seconder to the motion?

Thank you Mr ____________

I confirm that the Company has received the following valid proxy votes (from 30 shareholders) in relation to Resolution 2:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>In favour</td>
<td>15,753,399</td>
</tr>
<tr>
<td>Against</td>
<td></td>
</tr>
</tbody>
</table>
IF A POLL IS REQUIRED

IF POLL DEMANDED BY CHAIRMAN

The resolution was not CARRIED on a show of hands and I now demand a poll.

You will now be handed a voting paper for the poll. The resolution upon which the poll is being taken is to be set out on the ballot paper by you – that is Resolution #. You should record your vote by placing a cross in either the “For” or “Against” square on the paper.

You should also print on the ballot paper your name, if you are a shareholder, or the name of the shareholder whose proxy, representative or attorney you are. If you hold multiple proxies please state this and we will complete the information from the proxies.

I appoint The Company Secretary as the Returning Officer to conduct the Poll and to report to me the results of the poll.

A company representative will collect your ballot paper.

IF POLL IS DEMANDED BY MEMBERS

(A poll may be demanded before or immediately upon the declaration of the result of the show of hands by:

(i) The Chairman; or
(ii) at least five shareholders (our constitution states two shareholders as the minimum) present in person or by proxy, attorney or representative; or
(iii) any one or more shareholders holding not less than 5% of the total voting rights of all shareholders having the right to vote on the resolution.)

Being properly demanded by a member, a poll will take place. (Check member is entitled).

You will now be handed a voting paper for the poll. The resolution upon which the poll is being taken is to be set out on the ballot paper by you – that is Resolution #. You should record your vote by placing a cross in either the “For” or “Against” square on the paper.

You should also print on the ballot paper your name, if you are a shareholder, or the name of the shareholder whose proxy, representative or attorney you are. If you hold multiple proxies please state this and we will complete the information from the proxies.

I appoint Stephen Sweeney, as the Returning Officer to conduct the Poll and to report to me the results of the poll. A company representative will collect your ballot paper.

I suggest that the meeting be adjourned once all the voting papers have been completed until the results of the poll have been tabulated.

Have all persons who intend to vote now voted?

It appears as though the voting process has been completed.
I therefore declare the poll closed and adjourn the meeting until the Returning Officer reports to me the results of the poll.

The results of the poll were as follows:

- In respect of Resolution X:
  - in favour - (*)
  - against – (*)
  - Abstained – (*).

I therefore declare that Resolution X has been/has not been carried.