

7 November 2011

Mr Justin Nelson
Manger, Issuers (Adelaide)
ASX Limited
Level 25
91 King William Street
ADELAIDE SA 5000



Dear Justin

PLACEMENT OF SHARES

Papyrus Australia Ltd (ASX: PPY, 'Papyrus') is pleased to announce that it has entered into agreements with new and certain existing shareholders to raise \$1,052,000 by way of a placement of 21,040,000 ordinary fully paid shares in the capital of the Company at a price of \$0.05 per new share.

The placement will be conducted in two tranches. The first tranche will occur immediately upon receipt of cleared funds under the Company's allowance in accordance with ASX Listing Rule 7.1 (15% rule) and will result in the issue of 14,440,000 new ordinary fully paid shares, raising gross proceeds of \$722,000. The remaining shares to be allotted will require shareholder approval and will be put to shareholders at a general meeting expected to take place in mid-December 2011.

In accordance with ASX Listing Rule 3.10.3, the Company provides the following details of the agreed placement of shares:

Class of Securities:	Ordinary fully paid shares	
Number of Securities to be issued:	21,040,000 Fully Paid Ordinary Shares	
Consideration:	\$1,052,000 at \$0.05 per share	
Principal Terms	The shares will rank pari passu with existing Ordinary fully paid shares on issue.	Papyrus Australia Limited Building 16 35-37 Stirling Street THEBARTON SA 5031 AUSTRALIA PO Box 566 Torrensville Plaza MILE END SA 5031 AUSTRALIA Tel: (+61) 08 7324 1232 Fax: (+61) 08 8152 0553 email@papyrusaustralia.com.au www.papyrusaustralia.com.au ABN: 63 110 868 409
Purpose of the issue:	The funds raised will be used to fund working capital requirements and, in particular, to assist the company in continuing to support the establishment of Papyrus Egypt, the Yellow Pallet Project and the completion of the construction of the Veneering and Fibre Production Units.	



Shareholder approval

The Company will seek shareholder approval to the issue of 6,600,000 shares. The remaining 14,440,000 shares will be issued without shareholder approval and within the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

Issue to class

The issue is not being made to a class of security holders.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'P. Van Der Merwe', with a long horizontal stroke extending to the right.

Pierre Van Der Merwe
Company Secretary