



## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Papyrus Australia Ltd (ACN 110 868 409) will be held at 10.00am (Adelaide time) on Wednesday, 18 January 2012 at The Lecture Theatre, University of Adelaide Thebarton Campus, 35-37 Stirling Street, Thebarton, South Australia for the purposes of transacting the business set out below.

### Ordinary Business

To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

#### Resolution 1 – approval of issue of shares to Mr Ramy Azer and/or his nominee

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue and allotment by the Company of 4,000,000 Shares to Mr Ramy Azer and/or his nominee at an issue price of \$0.05 per Share and otherwise on the terms and conditions set out in the Explanatory Memorandum that accompanies the notice of this meeting, is approved.”*

#### Resolution 2 – approval of issue of shares to Mr Edward Byrt and and/or his nominee(s)

*“That, for the purposes of ASX Listing Rule 10.11, the issue and allotment by the Company of 2,600,000 Shares to Mr Edward Byrt and/or his nominee(s) at an issue price of \$0.05 per Share and otherwise on the terms and conditions set out in the Explanatory Memorandum that accompanies the notice of this meeting, is approved.”*

#### Resolution 3 – approval of issue of shares to various placees

*“That, for the purposes of ASX Listing Rule 7.1, the issue and allotment by the Company of a total of 600,000 Shares to two existing Shareholders selected by the Board of Directors of the Company, at an issue price of \$0.05 per Share and otherwise on the terms and conditions set out in the Explanatory Memorandum that accompanies the notice of this meeting, is approved.”*

#### Resolution 4 – ratification of share placements

*“That, for the purposes of ASX Listing Rule 7.4, the prior issue and allotment by the Company of a total of 14,400,000 Shares on or about 9 November 2011 at an issue price of \$0.05 per Share and otherwise on the terms and conditions set out in the Explanatory Memorandum that accompanies the notice of this meeting, is approved and ratified.”*

Papyrus Australia Limited

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## **Resolution 5 – ratification of February 2011 share placement**

*“That, for the purposes of ASX Listing Rule 7.4, the prior issue and allotment and grant by the Company of 1,228,615 Shares at an issue price of \$0.12 per Share and 659 307 free attaching options on 17 February 2011 on the terms and conditions set out in the Explanatory Memorandum that accompanies the notice of this meeting, is approved and ratified.”*

### **Explanatory Notes**

The Explanatory Notes accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting, and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Notes which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Notes.

### **Voting Exclusion Statement**

The Company will disregard any votes cast on:

- a) Resolution 1 by Mr Ramy Azer, his nominee to be issued the Shares the subject of Resolution 1, any person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if the Resolution is passed, and their respective associates;
- b) Resolution 2 by Mr Edward Byrt, his nominee(s) to be issued any of the Shares the subject of Resolution 2, any person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if the Resolution is passed, and their respective associates.
- c) Resolution 3 by the placees of the Shares the subject of Resolution 3, any person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if the Resolution is passed, and their respective associates;
- d) Resolution 4 by the persons who participated in the issue of the Shares the subject of Resolution 3 and their respective associates; and
- e) Resolution 5 by the persons who participated in the issue of the Shares and Options the subject of Resolution 5 and their respective associates.

However, the Company need not disregard a vote on any Resolution if:

- a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- b) 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 relevant proxy form to vote as the proxy decides.

### **Proxies**

Please note that:

- a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- b) a proxy need not be a member of the Company; and
- c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms.

## Voting Entitlement

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting. The Company’s directors have determined that all Shares of the Company that are quoted on ASX as at close of business on 16 January 2012 will, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

## Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## Lodgement Details

A proxy form and proxy appointment authorities must be lodged by 10am on Monday, 16 January 2012:

By mail to  
Computershare InvestorServices Pty Ltd,  
GPO Box242,  
Melbourne, VIC 3001Australia.

By facsimile to:  
1800 783 447(within Australia) or +61 3 9473 2555 (outside Australia).

Vote online: Shareholders can also cast their votes online at [www.investorvote.com.au](http://www.investorvote.com.au) and follow the prompts.To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian voting: For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

Dated 16 December 2011

By Order of the Board  
Papyrus Australia Ltd



Mr Pierre Van Der Merwe  
Company Secretary

## **EXPLANATORY NOTES**

### **Introduction**

These Explanatory Notes set out information in connection with the business to be considered at the General Meeting of Shareholders of the Company to be held at 10.00am (Adelaide time) on Wednesday, 18 January 2012 at The Lecture Theatre, University of Adelaide Thebarton Campus, 35-37 Stirling Street, Thebarton, South Australia. These Explanatory Notes should be read in conjunction with the Notice of Meeting which they accompany. Capitalised terms in these Explanatory Notes are defined in the Glossary.

### **Background**

On 7 November 2011, the Company announced it had entered into agreements for the issue of a total of 21,040,000 Shares at an issue price of \$0.05 per Share to raise \$1,052,000. Of those Shares, 14,440,000 Shares were issued on or about 9 November 2011 without shareholder approval and within the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1. The remaining 6,600,000 Shares are to be issued to two Directors, Mr Ramy Azer and Mr Edward Byrt, and/or their respective nominees, subject to first obtaining shareholder approval. The Company also secured the agreement of two existing Shareholders of the Company to subscribe for a further 600,000 Shares at the same issue price of \$0.05 per Share, subject to the Company first obtaining shareholder approval.

The purpose of Resolution 1 and Resolution 2 is to obtain Shareholder approval for the purposes of ASX Listing Rule 10.11 to the issue of the 6,600,000 Shares in aggregate to Messrs Azer and Byrt and/or their respective nominee.

The purpose of Resolution 3 is to obtain Shareholder approval for the purposes of ASX Listing Rule 7.1 to the issue of the 600,000 Shares in aggregate to the existing Shareholders.

The purpose of Resolution 4 is to obtain Shareholder approval to the previous issue of the 14,440,000 Shares for the purposes of ASX Listing Rule 7.4.

On 17 February 2011, the Company issued and allotted 9,561,948 Shares and granted 4,825,974 free attaching Options as part of a \$1.4 million capital raising. On 16 March 2011, the Company sought and received, at a general meeting of Shareholders, Shareholder approval to the issue and allotment and grant by the Company of 8,333,333 of those Shares and 4,166,667 of those free attaching Options. Unfortunately, shareholder approval was not sought for the remaining 1,228,615 Shares and 659,307 Options as the actual number of Shares subscribed exceeded the Company's expectations and was not known until after the date notice of the meeting was despatched. The purpose of Resolution 5 is to obtain Shareholder approval to the issue of those remaining 1,228,615 Shares and 659,307 free attaching Options for the purposes of ASX Listing Rule 7.4.

## **Resolution 1 and Resolution 2 - Approval of issue of shares for the purposes of ASX Listing Rule 10.11**

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party, or a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

Messrs Ramy Azer and Edward Byrt are Directors of the Company and are, therefore, both a Related Party of the Company.

It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the circumstances. Accordingly, Shareholder approval is sought under Listing Rule 10.11 for the issue of Shares to Messrs Azer and Byrt and/or their respective nominees.

### **ASX Listing Rule 7.1**

If approval is sought to the issue of the Shares to Messrs Azer and Byrt and/or their respective nominees for the purposes of ASX Listing Rule 10.11, then approval is not required to be sought for the purposes of ASX Listing Rule 7.1. By Shareholders approving the issue of Shares under ASX Listing Rule 10.11, those issues will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1 (refer below for details of ASX Listing Rule 7.1).

### **Chapters 2E of the Corporations Act**

Section 208 of Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless:

- a) the giving of the financial benefit falls within one of the exceptions to section 208; or
- b) Shareholder approval is obtained.

For the purposes of Chapter 2E, Messrs Azer and Byrt are Related Parties of the Company by virtue of their being Directors. Their nominees to be issued the Shares the subject of Resolutions 1 and 2 (if any) will also likely be considered Related Parties of the Company on the basis that they are either related to those Directors or are controlled by those Directors.

The proposed issue of Shares by the Company to Messrs Azer and Byrt and/or their respective nominees constitutes the giving of a financial benefit to a Related Party of the Company. However, it is the view of the Directors that the proposed issues of Shares falls under the exception in section 210 to the Chapter 2E provisions.

Section 210 of the Corporations Act provides that Shareholder approval is not required to the giving of a financial benefit to a Related Party if the transaction is on arm's length terms. The Directors (excluding Messrs Azer and Byrt) have considered the terms of issue of the Shares, including the issue price, and the fact that the terms of issue are the same terms as applied to the issue of Shares to the third party placees the subject of Resolution 4. Based on this, they have determined that the proposed issue of Shares would be reasonable in the circumstances if the Company and the Directors were dealing at arm's length and, as such, falls within the section 210 exception to the Chapter 2E prohibition and does not require Shareholder approval for the purposes of section 208 of the Corporations Act.

## Chapter 6 of the Corporations Act

Section 606 in Chapter 6 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's voting power in the company increases to more than 20% or increases from a starting point that is above 20% and below 90%.

Under the Corporations Act a person's voting power in a company is the total of the votes attaching to the shares in that company in which that person has a relevant interest and that person's associates (within the meaning of the Corporations Act) have relevant interests.

Section 611 of the Corporations Act sets out certain exceptions to this general prohibition. Item 9 of section 611 exempts from the prohibition an acquisition of shares by a person who held at least 19% of the shares in a company throughout the 6 months before the acquisition and as a result of the acquisition that person would not have voting power in the company more than 3% higher than they had 6 months before the acquisition.

The Company understands Mr Azer's total voting power in the Company 6 months prior to the date on which agreement for the Share issue was entered into and 6 months prior to the date of the general meeting to approve the issue of the Shares was 23.22%. Following the proposed issue of Shares to Mr Azer or his nominee, Mr Azer's total voting power will be 21.97% (assuming all the Shares the subject of Resolutions 1 and 2 are approved for issue by Shareholders and no options to subscribe for Shares are exercised before the date of issue of those Shares) or 22.4% (assuming only the Shares the subject of Resolution 1, and not the Shares the subject of Resolution 2, are approved for issue, and no options to subscribe for Shares are exercised before the date of issue of those Shares). Based on this, the Directors are satisfied that Mr Azer is able to utilise the 3% 'creep' provision to acquire the Shares the subject of Resolution 1 without contravening section 606 of the Corporations Act.

The issue of Shares to Mr Byrt or his nominee(s) pursuant to Resolution 2 will not cause Mr Byrt's or anyone else's voting power in the Company to increase to more than 20%. Accordingly, section 606 of the Corporations Act will not apply to that issue of Shares.

### Resolution 1

Resolution 1 seeks approval under ASX Listing Rule 10.11 for the issue and allotment of Shares to Mr Azer and/or his nominee.

ASX Listing Rule 10.13 requires the following information be included in a notice of meeting in respect of Resolution 1 for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 10.11:

- a) the maximum number of Shares that may be issued to Director, Mr Azer and/or his nominee is 4,000,000 Shares;
- b) if Resolution 1 is approved by Shareholders, it is proposed that the 4,000,000 Shares will be issued within 3 business days of the Meeting and, in any case, no later than 1 month after the date of the Meeting;
- c) the issue price of the Shares will be \$0.05 each and they will be issued on the same terms and rank equally with existing Shares;
- d) the funds raised from the issue will be used towards 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;
- e) **Voting Exclusion:** The Company will disregard any votes cast on Resolution 1 by Mr Azer, his nominee (if one) to be issued the Shares, any person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if the Resolution is passed, and their respective associates. However, the Company will not disregard a vote if:

- (i) 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
- (ii) 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 Directors (other than Mr Azer who has an interest in the outcome of Resolution 1) recommend that Shareholders vote in favour of Resolution 1.

## **Resolution 2**

Resolution 2 seeks approval under ASX Listing Rule 10.11 for the issue and allotment of Shares to Mr Byrt and/or his nominee(s).

ASX Listing Rule 10.13 requires the following information be included in a notice of meeting in respect of Resolution 2 for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 10.11:

- a) the maximum number of Shares that may be issued to Director, Mr Byrt and/or his nominee(s) is 2,600,000 Shares;
- b) if Resolution 2 is approved by Shareholders, it is proposed that the 2,600,000 Shares will be issued within 3 business days of the Meeting and, in any case, no later than 1 month after the date of the Meeting;
- c) the issue price of the Shares will be \$0.05 each and they will be issued on the same terms and rank equally with existing Shares;
- d) the funds raised from the issue will be used towards 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;
- e) **Voting Exclusion:** The Company will disregard any votes cast on Resolution 2 by Mr Byrt, his nominees to be issued the Shares, any person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if the Resolution is passed, and their respective associates. However, the Company will not disregard a vote if:
  - (i) 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
  - (ii) 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 Directors (other than Mr Byrt who has an interest in the outcome of Resolution 2) recommend that Shareholders vote in favour of Resolution 2.

## **Resolution 3 – approval of issue of shares for the purposes of ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for the issue of equity securities if the equity securities will, when aggregated with the equity securities issued by the company during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

The Company seeks approval under Listing Rule 7.1 of the issue and allotment of the 600,000 Shares the subject to Resolution 3, such that those Shares will not be counted towards the 15% limit.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders:

- a) the maximum number of Shares that may be issued to the relevant placees is 600,000 Shares;
- b) if Resolution 3 is approved by Shareholders, it is proposed that the 600,000 Shares will be issued within 3 business days of the Meeting and, in any case, no later than 3 months after the date of the Meeting;
- c) the issue price of the Shares will be \$0.05 each;
- d) the allottees of the Shares are two existing Shareholders of the Company selected by the Board;
- e) each Share will be fully paid and will rank equally in all respects with the existing Shares on issue;
- f) the funds raised from the issue will be used towards 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; and
- f) **Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by the placees of the Shares, any person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if the Resolution is passed, and their respective associates. However, the Company will not disregard a vote if:
  - (i) 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
  - (ii) 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.

#### **Resolution 4 and 5 - Ratification of share placements**

ASX Listing Rule 7.1 is explained in the section above.

ASX Listing Rule 7.4 provides that an issue by a company of equity securities made without prior approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and the company's members subsequently approve it, such that those equity securities will not be counted towards the company's 15% limit prescribed by ASX Listing Rule 7.1.

#### **Resolution 4**

Resolution 4 seeks approval under ASX Listing Rule 7.4 in respect of the issue and allotment of 14,440,000 Shares at \$0.05 per Share on or about 9 November 2011.

If Resolution 4 is passed then the Shares the subject of Resolution 4 will be deemed to have been issued with Shareholder approval and will not be counted towards the 15% limit prescribed by ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- a) the total number of securities issued was 14,440,000 Shares;
- b) the Shares were issued at \$0.05 per Share;
- c) the Shares were allotted as fully paid and rank equally with the existing Shares on issue;
- d) the Shares were allotted and issued to a number of placees identified by members of the Board;
- e) funds raised from the issue will be used towards 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;
- f) **Voting Exclusion:** The Company will disregard any votes cast on Resolution 4 by the persons who participated in the issue their respective associates. However, the Company will not disregard a vote if:
  - (i) 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
  - (ii) 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 Directors recommend that Shareholders vote in favour of Resolution 4.

### Resolution 5

Resolution 5 seeks approval under ASX Listing Rule 7.4 in respect of the issue and allotment of 1,228,615 Shares and 659,307 free attaching Options on 17 February 2011.

If Resolution 5 is passed then the Shares and Options the subject of Resolution 5 will be deemed to have been issued with Shareholder approval and will not be counted towards the 15% limit prescribed by ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 5 for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- a) the total number of securities issued was 1,228,615 Shares and 659,307 Options.
- b) the Shares were issued at \$0.12 per Share. The Options were issued for nil consideration;
- c) the Shares were allotted as fully paid and rank equally with the existing Shares on issue. The terms and conditions of the Options are set out in the Annexure;
- d) the Shares were allotted and issued to a number of placees identified by Taylor Collison Limited;
- e) funds raised from the Share issue have been used to continue improvements in production at the Company's Walkamin Factory in far North Queensland, manufacturing and commissioning of new veneering units and for working capital purposes. No funds were raised from the issue of the Options;
- f) **Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by the persons who participated in the issue and their respective associates. However, the Company will not disregard a vote if:
  - (i) 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
  - (ii) 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 Directors recommend that Shareholders vote in favour of Resolution 5.

## GLOSSARY

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**ASX** means ASX Limited ACN 008 624 691.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors.

**Company** means Papyrus Australia Ltd ACN 110868 409.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Option** means the option of the holder to subscribe for a Share in the Company on the terms and conditions set out in the Annexure.

**Proxy Form** means the proxy form set out at the last page of this Notice.

**Related Party** has the meaning given to that term in Section 228 of the Corporations Act.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

## ANNEXURE

### TERMS AND CONDITIONS OF OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options is exercisable at a price of \$0.12.
3. Each option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on 31 March 2013 (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company did not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. Options are not transferable within 12 months after their issue. Thereafter, options may be transferred in the form commonly used for the transfer of options at any time until the expiry of the Exercise Period, subject to any restrictions that may be imposed by ASX.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
  - O = the old exercise price of the option;
  - E = the number of underlying ordinary shares into which one option is exercisable;
  - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
  - S = the subscription price for a security under the pro rata issue;
  - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
  - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

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**Papyrus Australia Ltd**  
ABN 63 110 868 409

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000

**Proxy Form**



Vote online 24 hours a day, 7 days a week:

**www.investorvote.com.au**



**Cast your proxy vote**



**Review and update your securityholding**

*Your secure access information is:*



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10:00am (Adelaide time) on Monday, 16 January 2012**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Papyrus Australia Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Papyrus Australia Limited to be held at The Lecture Theatre, University of Adelaide Thebarton Campus, 35-37 Stirling Street, Thebarton, South Australia on Wednesday, 18 January 2012 at 10:00am (Adelaide time) and at any adjournment of that meeting.

**Important for Item 2:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on **Item 2** below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on **Item 2** and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of **Item 2** of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if the Chairman has an interest in the outcome of this item and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Approval of issue of shares to Mr Ramy Azer and/or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Approval of issure of shares to Mr Edward Byrt and/or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Approval of issue of shares to various placees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Ratification of share placements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Ratification of February 2011 share placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_