



ASX Announcement

11 October 2012

Funding Arrangement

Papyrus Australia Ltd (ASX: PPY) ("Company") advises that it has today signed a funding agreement by way of a draw down loan facility for \$250,000 with Talisker Pty Ltd, a company wholly owned by Papyrus Australia Ltd managing director and major shareholder Ramy Azer and his wife Phoebe Azer. The loan is unsecured and will be repayable from future revenues or from the proceeds of any future equity raisings and subject to not materially prejudicing the ability of the Company to repay its creditors.

The making of the loan is recognised as a related party transaction within the meaning of Chapter 2E of the *Corporations Act 2001* but is considered to be on terms that are fair and reasonable to the Company and are significantly more favourable to the Company than would otherwise be available from any arms length financier. The loan will be used for working capital purposes. The Company continues to review each segment of its operating expenditure with the view of reducing to an absolute minimum all but essential expenditure.

The managing director is currently in Egypt, where the first full scale commercial banana fibre processing factory is being built (previously reported), to work with our joint venture partner, the Egyptian Banana Fibre Company and to secure further financing to assist the project and fund the machinery purchase from the Company's wholly owned machinery development company, The Australian Advanced Manufacturing Centre Pty Ltd.

ENDS

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



For personal use only