



## **ASX Announcement**

**22 November 2012**

### **PAPYRUS EGYPT**

Papyrus Australia Ltd (ASX: PPY) advises that it has received in its bank account a further tranche of funds of USD 50,000 (ex fees) as part of the non-refundable deposit from the Egyptian Banana Fibre Company ("EBFC") for machinery to establish a commercial banana fibre production factory in Egypt through the auspice of Papyrus Egypt. This factory will deliver a significant production cost reduction and will be geographically more aligned to the key markets for product in Europe and the Middle East.

The Chairman of PPY Mr Ted Byrt in acknowledging the receipt of these further funds said "The Directors of the Company welcome this progress toward EBFC fulfilling its commitment to the joint venture (Papyrus Egypt) to procure proprietary and patented machinery, equipment and know-how from Papyrus Australia". Additionally advanced discussion continues with a funding provider in Egypt to assist in additional funds to Papyrus Egypt. The Chairman further acknowledged that the "economic and political climate in Egypt, like many countries in that region, has been particularly tough in recent times and we have had to be patient with our Egyptian partners as they work through that environment to deliver the operating factory. The receipt of these funds is a clear indicator of their continued commitment."

In a release to the market on 26 July 2011 PPY advised that it had entered into an Agreement with EBFC to establish a 50/50 joint venture to be controlled by PPY. Papyrus Egypt is obligated to procure proprietary and patented machinery, equipment and know-how from Papyrus Australia to the value of AUD2.0M to enable it to operate the factory and to conduct the business of the joint venture. EBFC is solely responsible to fund the capital and initial operating requirements of Papyrus Egypt through the joint venture.

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The first tranche of the non-refundable deposit of USD100,000 was received by PPY in October 2011 (ASX Announcement 20 October 2011) which now leaves a balance outstanding of the non-refundable deposit of USD350,000. To complete the purchase EBFC will thereafter be required to satisfy the outstanding balance of USD1.5M which is under negotiation with a funding provider as commented above.

PPY's Annual General Meeting is scheduled to be held at 2pm (ACST) on 29 November 2012 at Grant Thornton, Level 1, 67 Greenhill Road, Wayville, South Australia.

*ENDS*