

PAPYRUS AUSTRALIA LIMITED
ACN 110 868 409

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting

25 November 2014

Time of Meeting

11.00 am (Adelaide time)

Place of Meeting

Grant Thornton
Level 1, 67 Greenhill Road
Wayville SA 5034

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NOTICE OF ANNUAL GENERAL MEETING

PAPYRUS AUSTRALIA LIMITED ACN 110 868 409

Notice is hereby given that the Annual General Meeting of shareholders of Papyrus Australia Limited (**Company**) will be held at Grant Thornton, Level 1, 67 Greenhill Road, Wayville, South Australia at 11.00 am (Adelaide time) on 25 November 2014.

Ordinary Business

To consider the Financial Statements for the financial year ended 30 June 2014 and accompanying reports of the Directors and Auditor.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

‘That the Company adopt the Remuneration Report for the year ended 30 June 2014 as set out in the Company’s Annual Report for the year ended 30 June 2014.’

Resolution 2: Re-election of Donald Stephens as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

‘That Mr Donald Stephens, having voluntarily retired in accordance with Listing Rule 14.4 and rule 8.1(e)(2) of the Company’s Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.’

Resolution 3: Re-election of Vincent Rigano as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

‘That Mr Vincent Rigano, being a Director who was appointed since the last Annual General Meeting of the Company, retires pursuant to Listing Rule 14.4 and rule 8.1(e)(1) of the Company’s Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director.’

Resolution 4: Re-election of Andrew Ford as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

‘That Mr Andrew Ford, being a Director who was appointed since the last Annual General Meeting of the Company, retires pursuant to Listing Rule 14.4 and rule 8.1(e)(1) of the Company’s Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director.’

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Resolution 5: Approval of 10% Placement Facility

To consider and, if thought fit, pass, with or without amendment, the following resolution as a **special resolution**:

‘That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.’

DATED 24 OCTOBER 2014

**BY ORDER OF THE BOARD
PAPYRUS AUSTRALIA LIMITED**



**DONALD STEPHENS
COMPANY SECRETARY**

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NOTES:

1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice of Annual General Meeting.

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

2. Voting Exclusion Statements

(a) Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (i) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (ii) the person is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

(b) Resolution 5

The Company will disregard any votes cast on Resolution 5 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 5 is passed.

However, the Company will not disregard a vote if:

- (i) it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

3. Proxies

A shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the shareholder at the Meeting. A proxy need not be a shareholder. If the shareholder is entitled to cast two or more votes at the Meeting the shareholder may appoint two proxies and

may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

To record a valid vote, a shareholder will need to take the following steps:

- 3.1 complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Limited:
 - (a) by post at the following address:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001
 - OR
 - (b) by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- 3.2 for Intermediary Online subscribers only (custodians), cast the shareholder's vote online by visiting www.intermediaryonline.com,

so that it is received no later than 11.00 am (Adelaide time) on 23 November 2014.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of each item of business.

4. 'Snap Shot' Time

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 Directors have determined that all shares of the Company that are quoted on ASX as at 7.00 pm (Adelaide time) on 23 November 2014 shall, 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.

5. 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.

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EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of shareholders of Papyrus Australia Limited to be held on 25 November 2014. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by shareholders to consider Resolutions 1 to 5 (inclusive).

1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 30 June 2014 contains a Remuneration Report which sets out the remuneration policy of the Company.

An electronic copy of the 2014 Annual Report is available to download or view on the Company's website at www.papyrusaustralia.com.au. The 2014 Annual Report has also been sent by post to those shareholders who have previously elected to receive a hard copy.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Section 250R(4) of the Corporations Act prohibits a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, under section 250R(5) of the Corporations Act a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 1.

Resolution 1 is an ordinary resolution.

Please also note that under sections 250U and 250V of the Corporations Act, if at two consecutive annual general meetings of a listed company at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these annual general meetings there must be put to the vote a resolution that another meeting be held within 90 days at which all directors (except the managing director) who were directors at the date the remuneration report was approved at the second annual general meeting must stand for re-election. So, in summary, shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives 'two strikes'. The Remuneration Report did not receive a 'first strike' at the Company's 2013 annual general meeting.

2. **RESOLUTION 2: RE-ELECTION OF DONALD STEPHENS AS DIRECTOR**

In accordance with Listing Rule 14.4 and rule 8.1(e)(2) of the Constitution at each annual general meeting of the Company one third of the Directors for the time being (rounded down, if necessary, to the nearest whole number, and excluding a managing director and any Director who retires under rule 8.1(e)(1) of the Constitution) must retire from office and are eligible for re-election. Accordingly, Mr Donald Stephens retires as a Director of the Company and, being eligible, offers himself for re-election.

A resume for Mr Stephens follows:

Donald Stephens, BAcc, FCA (Non-Executive Director and Company Secretary)

Donald is a Chartered Accountant and corporate adviser with over 25 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd, Petratherm Ltd, Papyrus Australia Ltd, Lawson Gold Ltd, Reproductive Health Science Ltd and was formerly a director of TW Holdings Ltd (resigned 14 December 2012). Additionally, he is Company Secretary to Minotaur Exploration Ltd, Mithril Resources Ltd and Musgrave Minerals Ltd. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

He is also a member of the Company's Audit Committee.

Resolution 2 is an ordinary resolution.

The Directors (other than Mr Stephens) recommend that shareholders vote in favour of Resolution 2.

The chair intends to vote undirected proxies in favour of Resolution 2.

3. **RESOLUTION 3: RE-ELECTION OF VINCENT RIGANO AS DIRECTOR**

Listing Rule 14.4 and rule 8.1(e)(1) of the Constitution requires that at each annual general meeting of the Company any Director (excluding a managing director) appointed by the Board, either to fill a casual vacancy or as an addition to the Board, since the Company's last annual general meeting must retire from office as Director, and is eligible for re-election at that annual general meeting.

The Board appointed Mr Vincent Rigano as an addition to the Board after the Company's last Annual General Meeting. Accordingly, Mr Rigano retires pursuant to Listing Rule 14.4 and rule 8.1(e)(1) of the Constitution and, being eligible, offers himself for re-election.

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A resume for Mr Rigano follows:

Vincent Peter Rigano, BA Accounting, CPA (Non-Executive Director)

Vince is a CPA with over 25 years' experience in corporate accounting, management consulting and company secretarial. Vince was company secretary for a number of years for the Company.

Vince provides management accounting and consulting services to a variety of industry sectors including start-ups.

He is also a member of the Company's Audit Committee.

Resolution 3 is an ordinary resolution.

The Directors (other than Mr Rigano) recommend that shareholders vote in favour of Resolution 3.

The chair intends to vote undirected proxies in favour of Resolution 3.

4. **RESOLUTION 4: RE-ELECTION OF ANDREW FORD AS DIRECTOR**

Listing Rule 14.4 and rule 8.1(e)(1) of the Constitution requires that at each annual general meeting of the Company any Director (excluding a managing director) appointed by the Board, either to fill a casual vacancy or as an addition to the Board, since the Company's last annual general meeting must retire from office as Director, and is eligible for re-election at that annual general meeting.

The Board appointed Mr Andrew Ford as an addition to the Board after the Company's last Annual General Meeting. Accordingly, Mr Ford retires pursuant to Listing Rule 14.4 and rule 8.1(e)(1) of the Constitution and, being eligible, offers himself for re-election.

A resume for Mr Ford follows:

Andrew Ford, B Arch (Non-Executive Director)

Andy Ford, retired Woods Bagot Director, is one of the leading design principals in Australia. His proven creative, technical and professional abilities in architecture and interior design are matched by an understanding and appreciation of commercial realities: he is both designer and manager, professional and businessman.

Recognised as a skilled leader and manager of multi-disciplinary teams, Andy's strategic expertise was utilised on major and special projects in Australia, Asia, Middle East, North America and Europe.

Andy has been a director of the South Australian Motor Sport Board since September 2001 and was appointed Chairman in October 2011. He is also a member of the Company's Audit Committee.

Resolution 4 is an ordinary resolution.

The Directors (other than Mr Ford) recommend that shareholders vote in favour of Resolution 4.

The chair intends to vote undirected proxies in favour of Resolution 4.

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5. RESOLUTION 5: APPROVAL OF 10% PLACEMENT FACILITY

5.1 General

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued ordinary share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the eligible entity's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities which may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 5.2(c)).

5.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue the following classes of Equity Securities:

- ordinary shares quoted on ASX
- options not quoted on ASX

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period (refer to section 5.2(f)), a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;

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- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under Listing Rules 7.1 and 7.4;
- less the number of fully paid ordinary shares cancelled in the 12 months.

(Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.)

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 177,736,431 ordinary shares and therefore has a capacity to issue:

- (i) 26,660,464 Equity Securities under Listing Rule 7.1; and
- (ii) subject to shareholder approval being obtained under Resolution 5, 17,773,643 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 5.2(c)).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date referred to in section 5.2(e)(i), the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

5.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of at least 75% of the votes cast by shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the Resolution.

5.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within five Trading Days of the date in section 5.4(a)(i), the date on which the Equity Securities are issued.
- (b) There is a risk that:
 - (i) the market price for the Company's Equity Securities in the same class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities in the same class on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary shares the Company

has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

| Variable 'A' in formula in Listing Rule 7.1A.2 | | Issue Price | | |
|--|----------------------------|--|------------------------|---|
| | | \$0.006 50% decrease in issue price | \$0.012 issue price | \$0.024 100% increase in issue price |
| Current Variable 'A' 177,736,431 shares | 10% voting dilution | 17,773,643 shares | 17,773,643 shares | 17,773,643 shares |
| | Funds raised | \$106,642 | \$213,284 | \$426,567 |
| 50% increase in current Variable 'A' 266,604,646 shares | 10% voting dilution | 26,660,464 shares | 26,660,464 shares | 26,660,464 shares |
| | Funds raised | \$159,963 | \$319,926 | \$639,851 |
| 100% increase in current Variable 'A' 355,472,862 shares | 10% voting dilution | 35,547,286 shares | 35,547,286 shares | 35,547,286 shares |
| | Funds raised | \$213,284 | \$426,567 | \$853,135 |

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No current options are exercised into shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements pursuant to the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and no other issues of Equity Securities.
- The issue of Equity Securities under the 10% Placement Facility consists only of shares.

- The issue price is \$0.012, being the closing price of the shares on ASX on 10 October 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as referred to in the Note to Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition) and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities and the number of Equity Securities allotted to each will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - (i) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which the existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments or the nominee of such vendors.

- (g) The Company previously obtained shareholder approval under Listing Rule 7.1A at its 2013 Annual General Meeting.
 - (i) The Company has issued 36,391,667 Equity Securities in the 12 months preceding the date of this Meeting, representing 25.74% of the total number of Equity Securities on issue at the commencement of that 12 month period.

(ii) Details of the Equity Securities referred to in section 4.4(g)(i) is as follows:

| | |
|--|---|
| Date of issue: | 11 December 2013 |
| Number issued: | 10,000,000 |
| Class/Type of equity security: | Ordinary shares |
| Summary of terms: | Same as the terms and conditions of already issued fully paid ordinary shares in the Company |
| Names of persons who received securities or basis on which those persons was determined: | As to 5,000,000 shares, sophisticated investor applicants as determined by the Board. As to 5,000,000 shares, Edward Byrt or his nominee |
| Price: | \$0.01 per share |
| Discount to market price (if any): | 28% |
| Total cash consideration received: | \$100,000 |
| Amount of cash consideration spent: | \$100,000 |
| Use of cash consideration: | To fund the Company's working capital requirements, and to assist the Company in the establishment of a proposed new joint venture company to commence a new business for the manufacturing of papier mache products. |
| Intended use for remaining amount of cash (if any): | N/A |

| | |
|--|---|
| Date of issue: | 16 December 2013 |
| Number issued: | 9,200,000 |
| Class/Type of equity security: | Options |
| Summary of terms: | 5,100,000 options each to acquire one fully paid ordinary share with an exercise price of \$0.035 and an exercise period expiry date of 15 December 2016 4,100,000 options each to acquire one fully paid ordinary share with an exercise price of \$0.05 and an exercise period expiry date of 15 December 2016 |
| Names of persons who received securities or basis on which those persons was determined: | As to 5,100,000 options, Ramy Azer, Edward Byrt, Donald Stephens, Colin Dunsford, Geoff Whitbread and Warwick Moyes or their respective nominees. As to 4,100,000 options, Ramy Azer, Edward Byrt, Donald Stephens, Geoff Whitbread and Warwick Moyes or their respective nominees. |
| Price: | Nil |
| Discount to market price (if any): | N/A |
| Non-cash consideration paid: | Issued as a key component of remuneration |

| | |
|---|--|
| Current value of that non-cash consideration: | The fair value of the options issued, calculated via the Black Scholes method, is \$112,020. |
|---|--|

| | |
|--|--|
| Date of issue: | 20 December 2013 |
| Number issued: | 10,525,000 |
| Class/Type of equity security: | Ordinary shares |
| Summary of terms: | Same as the terms and conditions of already issued fully paid ordinary shares in the Company |
| Names of persons who received securities or basis on which those persons was determined: | As to 5,000,000 shares, Mr Ramy Azer and or nominee As to 5,525,000 shares, Talisker (SA) Pty Ltd |
| Price: | As to 5,000,000 shares, \$0.01 per share As to 5,525,000 shares, \$0.0104 per share |
| Discount to market price (if any): | As to 5,000,000 shares, 28% As to 5,525,000 shares, 25% |
| Total cash consideration received: | As to 5,000,000 shares, \$50,000 As to 5,525,000 shares, to satisfy partial repayment of a loan |
| Amount of cash consideration spent: | \$50,000 |
| Use of cash consideration: | The funds raised will be used to fund working capital requirements and, in particular, to assist the Company in the establishment of a proposed new joint venture company to commence a new business for the manufacturing of papier mache producers to assist fruit and vegetable growers and sellers, utilising materials made from banana fibres. |
| Intended use for remaining amount of cash (if any): | N/A |

| | |
|--|--|
| Date of issue: | 26 February 2014 |
| Number issued: | 5,000,000 |
| Class/Type of equity security: | Ordinary shares |
| Summary of terms: | Same as the terms and conditions of already issued fully paid ordinary shares in the Company |
| Names of persons who received securities or basis on which those persons was determined: | Sophisticated investor applicants as determined by the Board. |
| Price: | \$0.01 per share |
| Discount to market price (if any): | 47% |
| Total cash consideration received: | \$50,000 |

| | |
|---|---|
| Amount of cash consideration spent: | \$50,000 |
| Use of cash consideration: | To fund the Company's working capital requirements, and to assist the Company in the establishment of a proposed new joint venture company to commence a new business for the manufacturing of papier mache products. |
| Intended use for remaining amount of cash (if any): | N/A |

| | |
|--|--|
| Date of issue: | 6 May 2014 |
| Number issued: | 1,666,667 |
| Class/Type of equity security: | Ordinary shares |
| Summary of terms: | Same as the terms and conditions of already issued fully paid ordinary shares in the Company |
| Names of persons who received securities or basis on which those persons was determined: | A sophisticated investor applicant as determined by the Board. |
| Price: | \$0.03 per share |
| Discount to market price (if any): | 7% |
| Total cash consideration received: | \$50,000 |
| Amount of cash consideration spent: | \$33,000 |
| Use of cash consideration: | To fund the Company's working capital requirements. |
| Intended use for remaining amount of cash (if any): | To fund the Company's working capital requirements. |

- (h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing shareholder's votes will therefore be excluded under the voting exclusion statement in the Notice.

Resolution 5 is a **special resolution**.

The Directors recommend that shareholders vote in favour of Resolution 5.

The chair intends to vote undirected proxies in favour of Resolution 5.

6. GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

10% Placement Facility has the meaning given in section 5.1;

10% Placement Period has the meaning given in section 5.2(f);

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691;

Board means the board of directors of the Company;

Closely Related Party of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed as such by the *Corporations Regulations 2001* (Cth);

Company means Papyrus Australia Limited ACN 110 868 409;

Constitution means the existing constitution of the Company;

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

Director means a director of the Company;

Equity Securities has the same meaning as in the Listing Rules;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Listing Rules means the listing rules of ASX;

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of meeting to which this Explanatory Memorandum is attached;

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

VWAP means volume weighted average price.

For personal use only



Papyrus Australia Ltd
ABN 63 110 868 409

Lodge your vote:



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

For your vote to be effective it must be received by 11:00am (Adelaide time) on Sunday 23 November 2014

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 or abstain as they choose (to the extent permitted by law). 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

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 help tab, "Printable 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.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

Review your securityholding

Update your securityholding

Your secure access information is:



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

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

XX

I/We being a member/s of Papyrus Australia Limited 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Papyrus Australia Limited to be held at Grant Thornton, Level 1, 67 Greenhill Road, Wayville SA 5034 at 11:00am (Adelaide time) on Tuesday, 25 November, 2014 and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 1** (except where I/we have indicated a different voting intention below) even though **Item 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 1** by marking the appropriate box in step 2 below.

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 |
|---|--------------------------|--------------------------|--------------------------|
| 1. Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Donald Stephens as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Re-election of Vincent Rigano as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Re-election of Andrew Ford as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

____/____/____