



**ASX ANNOUNCEMENT
28 AUGUST 2009**

COMPANY UPDATE

Corporate

The Company is pleased to inform shareholders that the following funds have been raised to assist ongoing working capital requirements from the early exercise of unlisted options:

1st Tranche

- \$614,625 net of expenses, from the exercise of 2,235,000 unlisted options held by one of the Company's seed capitalists. The ordinary shares issued were then placed to a group of sophisticated investors located in Europe (Refer ASX announcements made on the 3rd and 7th August 2009).

2nd Tranche

- \$700,000 net of expenses from the exercise of 2,500,000 unlisted options by Taylor Collison Ltd, sharebrokers which were acquired from the Company's Managing Director, Mr Ramy Azer. The ordinary shares issued were then placed to clients of Taylor Collison Ltd (Refer to attached ASX Appendix 3B and 3Y).

Operational

The Company is also pleased to inform shareholders that it has entered into a new agreement with 3W Tout Bois in Monaco to assist the Company in marketing, stocking and distributing its products through their existing networks and clients in Europe. In accordance with the agreement, Papyrus has begun to supply 3W Tout Bois with early production samples from its Walkamin Factory, in Queensland.

Mr Mario Cassin from 3W Tout Bois assisted in the introduction of the Company to a group of sophisticated investors in Europe and along with these investors acquired the 1st Tranche shares referred to above. Some of these investors have shown considerable interest in acquiring Papyrus products in the future.

The Company is continuing the process of resolving the mechanical issues relating to the Beta Veneer Unit in Walkamin, Queensland as previously announced to the market and is currently implementing its engineering and production plan to achieve continuous and reliable production of core veneer and paper products.

The Company informs the market that Mr Grant Pigot is leaving the employment of Papyrus Australia Ltd effective Friday 29th August, 2009 and wishes to thank him for his considerable contribution over the past 3 years. Future enquires relating to the operations of the Company from that date should now be made to Mr Ramy Azer, Managing Director.

For further information, please contact:
Ramy Azer Managing Director 0448 665 938

**DISCLOSURE NOTICE – CORPORATIONS ACT 2001 –
s.708A(5)(e)**

**FOR RELEASE TO THE MARKET
PAPYRUS AUSTRALIA LIMITED
(ASX CODE: PPY)
ACN: 110 868 409**

Notice under section 708A (5) (e) of the Corporations Act (the Act)

The Company advises that 2,500,000 ordinary shares in the Company have been issued upon receiving cleared funds resulting from the exercise of 2,500,000 options at thirty cents (\$0.30) per share.

This notice is issued pursuant to Section 708A(5)(e) of the Act and the Company advises that:

1. The relevant securities are in a class of securities that were quoted securities at all times in the 12 months before the day on which the relevant securities were issued.
2. Trading in that class of securities on the prescribed financial market on which they were quoted was not suspended for more than a total of five days in that 12 month period (or not at all).
3. No exemption under Section 111AS or 111AT of the Act covered the issuer, or any person as director or auditor of the issuer at any time in that 12 month period
4. No order under Section 340 or 341 of the Act covered the issuer or any person as director or auditor of the issuer at any time in that 12 month period.

The Company has issued the shares without disclosure to investors under Part 6D.2 of the Act.

5. At the date of this Notice, the issuer has complied with:
 - The provisions of Chapter 2M of the Act as they apply to the issuer; and
 - Section 674 of the Act.
6. At the date of this Notice, there is no information that is “excluded information” required to be set out pursuant to sections 708A (7) or (8) of the Act.

An Appendix 3B in respect of the issue is attached to this notice.

Dated: 28th August 2009

Papyrus Australia Limited



**Vince Rigano
Company Secretary**

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Papyrus Australia Ltd

ABN 63 110 868 409

We Papyrus Australia Ltd give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares - Listed |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Two million five hundred thousand (2,500,000) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>YES</p>									
<p>5 Issue price or consideration</p>	<p>30 cents per share</p>									
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Exercise of unlisted options (ASX Code: PPYAS)</p>									
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>24th August 2009</p>									
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th colspan="2">Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>79,525,412</td> <td>Listed</td> </tr> <tr> <td>Options</td> <td>Nil</td> <td>Listed</td> </tr> </tbody> </table>	Number		+Class	Shares	79,525,412	Listed	Options	Nil	Listed
Number		+Class								
Shares	79,525,412	Listed								
Options	Nil	Listed								

+ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		Options 23,451,035	Unlisted

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend payable in accordance with current policy
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the ⁺ securities will be offered	
14	⁺ Class of ⁺ securities to which the offer relates	
15	⁺ Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

+ See chapter 19 for defined terms.

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

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39 Class of +securities for which
 quotation is sought

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40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

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41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



28 August 2009

Company Secretary
Vince Rigano

+ See chapter 19 for defined terms.

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Papyrus Australia Ltd
ABN 63 110 868 409

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Ramy Azer
Date of last notice	24 th February 2009

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Indirect
Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	Ramy Azer as trustee of the Azer Family Trust
Date of change	24 th August 2009
No. of securities held prior to change Direct Ramy Azer as Trustee of the Azer Family Trust Indirect	21,237,777 Ordinary Shares (quoted) 5,523,000 Class "A" Options (unquoted) 5,523,000 Class "B" Options (unquoted)
Class	Ordinary Shares (quoted)
Number acquired	Nil
Number disposed	2,500,000 Class "B" Options (unquoted)

+ See chapter 19 for defined terms.

Appendix 3Y
Change of Director's Interest Notice

Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	\$175,000
No. of securities held after change Direct Ramy Azer as Trustee of the Azer Family Trust Indirect	0 21,237,777 Ordinary Shares (quoted) 5,523,000 Class "A" Options (unquoted) 3,023,000 Class "B" Options (unquoted)
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Off market trade

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Nil
Nature of interest	
Name of registered holder (if issued securities)	
Date of change	
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	
Interest acquired	
Interest disposed	
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	
Interest after change	

+ See chapter 19 for defined terms.