



ASX ANNOUNCEMENT

8th January, 2010

Company Update

Capital Raising Relating to Conversion of Options

The directors of Papyrus Australia Ltd ('Papyrus') are pleased to announce that it has reached an agreement with Taylor Collison Ltd, to provide a capital contribution of AUD \$2.4 million to the Company by the conversion of existing unlisted options ('options').

The agreement provides for the sale by directors of 7 million options with an exercise price of \$0.25 to Taylor Collison Ltd at a premium of \$0.12. Upon completion of the transfer of options, all ordinary shares issued from the exercise of the options will be purchased by clients of Taylor Collison Ltd, providing the Company with AUD \$1.75 million. In addition, the directors have agreed that monies received from the premium (after tax) paid by Taylor Collison clients will be used to exercise further options. This will result in the receipt of AUD \$651k of additional capital into Papyrus.

Upon completion, the Company will have raised AUD \$2.4 million which will be used for the employment of labour and the purchase of material handling and transport equipment to facilitate the planned increase in production at the Company's factory in Walkamin, Far North Queensland and provide ongoing working capital.

For further information, please contact:

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