



23 December 2010

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Papyrus Australia Limited – Securities Trading Policy

In accordance with ASX Listing Rule 12.9, which takes effect on 1 January 2011, please find attached Papyrus Australia Ltd's Securities Trading Policy. The policy can also be found on the Company website.

Yours faithfully

**PIERRE VAN DER MERWE
COMPANY SECRETARY**

Papyrus Australia Limited

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SECURITIES TRADING POLICY

1) The Insider Trading Prohibition

The Corporations Act states that it is an offence for a person who possesses information that is not generally available and knows or ought reasonably to know that it is not generally available and that if it were it would have a material impact on the price or value of a security (including an option) issued by the Company, to:

- (a) trade in (ie apply for, acquire or dispose of, or enter into an agreement to do any of these things) securities issued by the Company;
- (b) procure another person (eg a family member, friend, or family company, superannuation fund or trust) to trade in securities issued by the Company; or
- (c) communicate the information to another person if you know or ought reasonably to know that the person may use the information to trade in or procure another person to trade in securities issued by the Company.

It is the responsibility of each Representative to ensure that they do not breach the insider trading prohibition. Breaches of the insider trading prohibition are considered serious and will result in disciplinary action being taken by the Company.

2) Precluded Periods

Subject to clauses 1, 3 and 5, Representatives who are:

- (a) Directors;
- (b) Company Secretaries; or
- (c) employees of the Company and have access to the Company's confidential financial information or technology updates are permitted to trade in the Company's securities throughout the year except during the following periods:

Papyrus Australia Limited

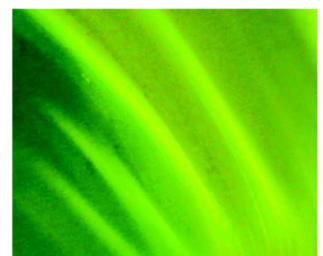
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- (i) the period between the end of the March, June, September and December quarters and the release of the Company's quarterly report to ASX (subject to section 2(c)(ii)) for so long as the Company is required by the Listing Rules to lodge quarterly reports.
- (ii) for 24 hours after the following events:
 - Any major announcements;
 - The release of the Company's quarterly, half yearly and annual financial results to the ASX; and
 - The Annual General Meeting and all other General Meetings.

3) Written Consent

If Representatives propose to deal in the Company's Securities (which includes entering into an agreement to deal) they must first:

- (a) complete and forward a "Notification Form to Deal in the Company's Securities" in the form of Part A of Schedule 1 to the "Notification Officer(s)" (as defined in Schedule 2); and
- (b) receive confirmation in the form of Part B of Schedule 1 signed by the Notification Officer(s) in their discretion to allow them to deal in the Company's Securities.

The notification must state that the proposed dealing in the Company's Securities is not as a result of access to, nor the receipt of, Inside Information.

Notification of any dealing in the Company's Securities under this paragraph and the completion of Part B of the Notification Form to Deal in the Company's Securities does not constitute approval of the dealing by or on behalf of the Company.

4) Confirmation

In addition to providing advance notice under section 3, Representatives must confirm via written or email notice to the relevant Notification Officer(s) when the dealing in the Company's Securities has occurred, the number of Securities affected and the relevant party to the dealing.

5) Waivers

In exceptional circumstances the Board may waive the requirements of this Share Trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal. Exceptional circumstances may include the following:

- A Representative in severe financial hardship where the Representative has a pressing financial commitment which cannot be satisfied otherwise than by selling the relevant securities of the Company.
- A Representative is the subject of a court order, or there are enforceable undertakings to transfer or sell the securities of the Company or there is some other overriding legal or regulatory requirement for them to do so.

The Board recognises that by nature of exceptional circumstances, it is envisaged that there may be other circumstances which have not been identified in this policy that may be deemed exceptional by the Board.

Representatives who apply for a waiver under exceptional circumstances must obtain written consent in accordance with section 3 of this policy prior to trading in the Company's securities.

Other trading that is specifically excluded from the operation of this trading policy includes the following:

- Transfers of securities of the Company already held, into a superannuation fund or other saving scheme in which the Representative is a beneficiary.
- An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party.
- Where a Representative is a trustee, trading in securities of the Company by that trust provided the Representative is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by other trustees or by the investment managers independently of the Representative.
- Undertakings to accept, or the acceptance of a takeover offer;
- Trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution

reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue.

- Trading through participation in a share placement or other dealings approved by shareholders at a general meeting.
- The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the Representative could not reasonably have been expected to exercise it at a time when free to do so.

Ultimate discretion rests with Chairman of the Board in respect of granting a waiver to the requirements of this Share Trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal.

6) Financial arrangements

Directors and employees of the Company are prohibited from entering into financial arrangements such as margin loans, stock lending or any other arrangements involving equity of the Company where the lender or other third party is granted a right to sell, or compel the sale of all or part of the Director or employee's securities held in the company. Where such arrangements were entered into on or before 1 January 2011, the above prohibition does not apply. However, the details of such arrangements must be promptly notified in writing to the Company Secretary if notification has not previously been given, in order to assess whether the existence of such arrangements must be disclosed to the market.

7) Dealing in securities of other companies

Representatives must not deal in securities of other companies if they possess "inside information" or price sensitive information in relation to the relevant company.

8) Reference Documentation

Schedule 1- Notification form to deal in the Company's Securities

Schedule 2- Notification Officers

9) Definitions

In this Share Trading Policy, unless the context otherwise requires, the following expressions have the following meanings respectively:

ASX means the Australian Securities Exchange.

Board means the board of directors of the Company.

Chairman means the chairman of the Board.

Company means Papyrus Australia Ltd (ACN 110 868 409).

Company Secretary means the company secretary of the Company;

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Listing Rules means the official listing rules of ASX.

Representatives means the Company's officers, employees and contractors and consultants to the Company, while engaged in work for the Company.

Securities means quoted shares of the Company listed on the Australian Securities Exchange.

10) Implementation

Adopted by the Board on 13 December 2010 and will be reviewed by the Board on an annual basis.

SECURITIES TRADING POLICY

SCHEDULE 1 - NOTIFICATION FORM TO DEAL IN THE COMPANY'S SECURITIES

Part A - For completion by Representative

Name of Representative	
Description of Securities (ie number of Securities)	
Nature of agreement/dealing (sale/purchase/subscription)	
Proposed date of transaction (ie order date)	

I confirm that:

- (a) I am not in possession of any unpublished information which, if generally available, might materially affect the price or value of the Company's Securities; and
- (b) the transaction in the Company's Securities described above does not contravene the Trading Policy of the Company dated #insert date#.

Signed:.....

Dated:

Part B - For completion by Notification Officer

I confirm that I am not aware of any circumstances pursuant to which the Representative named above is or is likely to be in possession of the unpublished information which, if generally available, might materially affect the price or value of the Company's Securities and hereby confirm that the Representative may deal in the Company's securities in accordance with the terms set out in part A of this schedule.

Name:

Signed:.....

Dated:

The completed form is to be sent to the Company Secretary or other applicable Notification Officer(s).

SECURITIES TRADING POLICY

SCHEDULE 2 - NOTIFICATION OFFICERS

In this policy the relevant Notification Officer(s) for each of the Representative is as set out in the table below:-

Representative	Notification Officer(s)
Chairman	Chairman of the Audit, Risk and Compliance Committee ⁽¹⁾
Managing Director or Chief Executive Officer	Chairman ⁽¹⁾
Non-executive Directors	Chairman ⁽¹⁾
Company Secretary	Managing Director or Chairman ⁽¹⁾
All other Representatives	Managing Director or Chairman

⁽¹⁾ Where the relevant notification officer(s) are not available, the Representative must receive confirmation signed by two directors (other than the relevant Representative).