



28 October 2019

Mr Alex Sutton  
Compliance Adviser, Geology, Listing Compliance  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Mr Sutton,

**Papyrus Australia Limited**

We refer to your letter of 25<sup>th</sup> October 2019 in which several matters were raised in regards to the Appendix 4C quarterly report for the period ended 30 September 2019. In response to your queries, we advise as follows:

1. Does PPY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes, as previously reported to the market, PPY main revenue generating activity in the foreseeable future will come from its licensing and royalty arrangements with EBFC in Egypt. Based on information PPY has to date, we anticipate that licensing and royalty payments should commence during the December 2019 quarter.

2. Has PPY taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

PPY has in place a draw down loan agreement with Talisker Pty Ltd (a company owned by Ramy Azer and Phoebe Azer) to provide working capital if and when required at the discretion of PPY. The arrangements of the loan facility have been previously provided to the market, and the status of the drawdown is outlined in the 2019 Annual Report released to the market on 28 October 2019. In addition, the Board continually considers its available funding options.

3. Does PPY expect to be able to continue its operations and to meet its business objectives and, if so, on what bases?

Yes, PPY expects to be able to continue its operations and objectives. Refer to response to 2 above.

Papyrus Australia Limited

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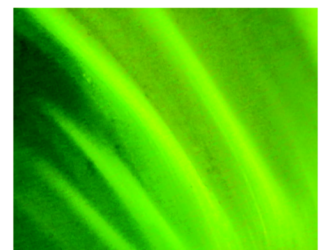
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4. Please confirm that PPY is in compliance with Listing Rule 3.1 and that there is no information that should be given to the ASX about its financial condition in accordance with that Rule that has not already been released to the market.

PPY is in compliance with The Listing Rule 3.1 and that there is no information that should be given to the ASX about its financial condition in accordance with that Rule that has not already been released to the market.

5. Please confirm that PPY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PPY with delegated authority from the board to respond to ASX on disclosure matters.

The responses to the above questions have been authorised by the Board.

Please also provide any other information that PPY considers may be relevant to ASX forming an opinion whether PPY is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

PPY has in place sufficient loan arrangements (as mentioned in 2 above) to ensure that PPY can continue to fund its operations in the short and medium term, until license fees and royalty payments begin to flow from the arrangements with EBFC in Egypt.

The Egypt project is of sufficient scale that it will generate positive cash flows for PPY. The potential projects in the pipeline which are being considered by the board for implementation following the present Egypt project will further ensure that PPY continues to generate positive cash flows and benefits for its shareholders in the future.

Yours sincerely



Vince Rigano

Company Secretary



25 October 2019

Mr Vincent Rigano  
Company Secretary  
Papyrus Limited  
C/- HLB Mann Judd  
169 Fullarton Road  
Dulwich SA 5065

By email:

Dear Mr Rigano

### **Papyrus Limited ('PPY'): Appendix 4C Query**

ASX refers to PPY's Appendix 4C quarterly report for the period ended 30 September 2019 lodged with the ASX Market Announcements Platform and released on 25 October 2019 (the 'Appendix 4C').

ASX notes that PPY has reported:

- negative net operating cash flows for the quarter of \$26,000;
- cash at the end of the quarter of \$8,000; and
- estimated cash outflows for the next quarter of \$19,000.

It is possible to conclude, based on the information in the Appendix 4C, that if PPY were to continue to expend cash at the rate indicated by the Appendix 4C, PPY may not have sufficient cash to continue funding its operations.

### **Request for Information**

In view of that, ASX asks PPY to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does PPY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has PPY taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does PPY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that PPY is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that PPY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PPY with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that PPY considers may be relevant to ASX forming an opinion on whether PPY is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

### **When and where to send your response**

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This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **09:00 AM AEDT Wednesday, 30 October 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in PPY's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PPY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to PPY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PPY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PPY's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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## Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

A handwritten signature in black ink that reads "Alex Sutton". The signature is written in a cursive style. Below the signature is a horizontal blue line.

**Alex Sutton**

Compliance Adviser, Geology, Listings Compliance (Sydney)