

**ASX Announcement
31 July 2015**



Egypt

Papyrus Australia Ltd (ASX: PPY) ("PPY"/"Company") is pleased to advise that Papyrus Egypt, a company incorporated under the laws of the Arab Republic of Egypt (Commercial Registration Number 53536) in which PPY has 50% equity, has an offer of bank finance from the National Bank of Egypt ("NBE") to facilitate the purchase from the Company of the Patented PPY machinery which was shipped to Sohag in Egypt late last year, comprising essentially the Banana Veneering Unit ("BVU") and associated equipment as previously announced (ASX Announcement 7 November 2014).

A condition of the NBE is that security for this finance facility be a mortgage over the land and factory building at Sohag. To release the land to Papyrus Egypt unencumbered and for it to be available to provide the necessary security for the NBE, the Government as grantor of the land requires the banana fibre processing factory to be operational. Accordingly the Company has agreed to commission and make operational the BVU and other equipment and machinery in the Sohag factory established for that purpose by Papyrus Egypt as previously announced (ASX Announcements 26 July 2011 and 20 October 2011).

The Company has agreed to commission the BVU as soon as possible with the intent that commissioning be concluded by the end of September 2015. To assist the Company financially to meet this undertaking our partner in Papyrus Egypt, the Egyptian Banana Fibre Company (and its shareholders) have agreed to advance a further US\$50K (US\$35K of which has recently been received by the Company) and has entered into a further agreement with the Company to commence regular monthly payments toward payment of the full purchase price as previously announced (ASX Announcement 22 November 2012).

The Managing Director of the Company and Chairman of Papyrus Egypt – Ramy Azer – who participated in the negotiations for the finance facility from the NBE, will participate as project director in the BVU commissioning project along with other PPY staff.

ENDS

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