



ASX ANNOUNCEMENT

4 June 2007

PAPYRUS COMMERCIAL MANUFACTURING LINE – PRODUCTION TRIALS IN PROGRESS

Technology Innovator Papyrus Australia Ltd (ASX:PPY) has achieved another milestone of its project to take its banana ply technology to commercial production.

The Company is now well into the final phase of the Commercialisation Project, described in the Prospectus dated January 2004.

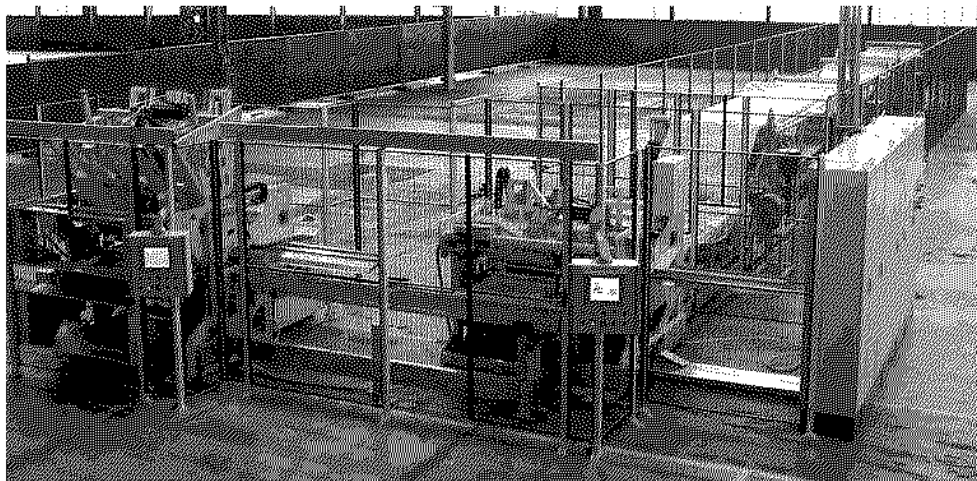
The first phase included construction of the prototype facility that was primarily used to develop and test the various engineering solutions that would comprise the first commercial manufacturing line.

Phase two included the actual design and construction of the first commercial manufacturing line, undertaken with SAGE Automation (SA) Pty Ltd. This phase was completed on time in late March, with the resultant line installed and commissioned on site at Papyrus Headquarters in Lonsdale in late April.

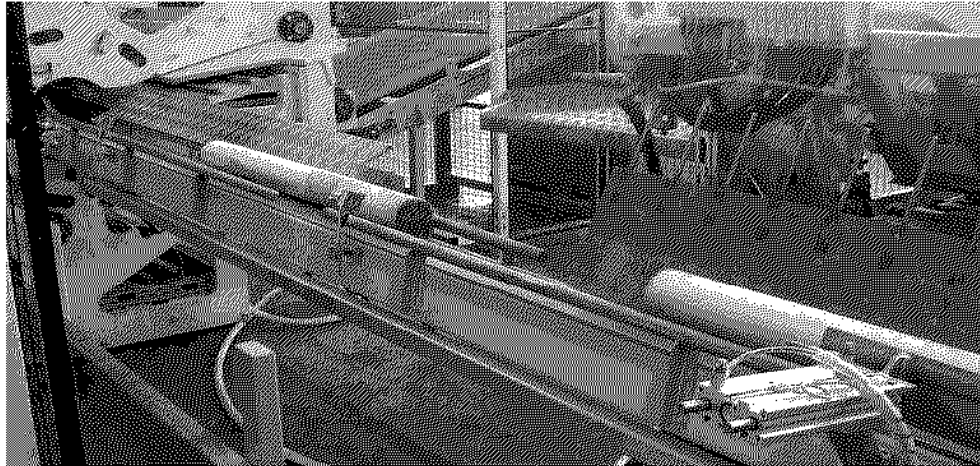
“We are now well underway in completing the final phase of the Engineering project” said Papyrus CEO Mr Ramy Azer. The Company has formally accepted the first commercial manufacturing line as complete and compliant with the requirements of the specification developed between Papyrus and SAGE Automation. Commissioning is complete and any installation and operational problems have been rectified.”

“In addition to the commissioning process, we have also been concentrating on the finalisation of raw material supply, transport and labour issues. We have also been working closely with our identified Customers to complete the development of commercially viable products as part of our on-going production trials. The trial production process is progressing satisfactorily” said Mr Azer.

The Company expects to finalise the remaining elements of the commercialisation process in the near future. “We are nearing the completion of a long journey from the development of an idea to showcasing a commercially viable, cost effective technology with a low environmental and carbon footprint,” said Mr Azer. “This is a most exciting stage in proving the capability of the Papyrus Technology.”



Papyrus Manufacturing Line – Installed, Ready For Trials



Papyrus Manufacturing Line – Trials in Progress

About Papyrus

Papyrus Australia Ltd listed on the Australian Stock Exchange in April 2005 to develop and commercialise proprietary technology that converts banana trunk fibre into banana ply material. The Company has recently completed the first Commercial Manufacturing Line to produce the banana ply material that utilises a cost effective, environmentally sustainable process with low energy usage and no requirement for water during manufacture.

This material has highly desirable physical properties (low flammability, high wet strength and barrier properties) and will complement existing paper manufacture and marketing operations by providing raw material for the development of products with a broad array of applications.

The Company has been awarded a Commercial Ready Grant of \$1.2M through Ausindustry, to take its technology through to commercial production. Bananas are grown in over 160 countries, making the raw material a readily available and renewable resource. www.papyrusaustralia.com.au

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