



## ASX ANNOUNCEMENT

12 July 2007

### PAPYRUS CONFIRMS MARKET DEMAND FOR PRODUCTS AT PREMIUM PRICING

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

The Company has signed Heads of Agreement with 4 partners from diverse market sectors. The agreements formalise long standing working relationships and cover product and market development, sales and distribution activities.

In total, Papyrus market partners have indicated demand for over 7,500 tonne per annum of paper & board, as well as 150,000 square meters per annum of veneer & ply for the first year of full production.

The prices vary widely for products in different market sectors with the average weighted price expected to exceed the prospectus estimates of \$1,000 per metric tonne.

This high initial demand across diverse market segments at premium prices is encouraging confirmation of the revenue and profit streams possible from the Papyrus Banana Ply technology and raw product.

As production trials ramp up in coming months Papyrus is now confident it has secured ready markets for its initial product.

**Heads of Agreement have been signed with the following groups:**

#### 1. Elton Group trading as E veneer (Building and furniture market)

Elton Group specialise in the manufacture, sales and distribution of timber based veneers from environmentally responsible sources. These veneers supply both decorative and structural markets in Australia, New Zealand, Europe and the United Arab Emirates.

Papyrus veneers, which are suitable for both premium decorative and structural markets, offer significant advantages in the manufacturing process as well as unique aesthetic appeal.

#### 2. Daiei Australasia (Printing and stationary market)

Daiei Australasia are part of the global DaiEi group, with annual sales in excess of 2.5 million tonnes of paper worldwide. DaiEi will initially target the high end of the print and craft industry due to the unique appearance and texture of the Papyrus product.

#### 3. The Guise Group (General packaging market)

Guise Group owns and operates successful and specialised divisions servicing the packaging, board and paper industries. GuisePak generates specialty boxes without the limitation of templates and minimum orders. GuiseBoard manufactures specialty and commodity boards through a lamination process and has the capabilities to manufacture any board required. GuisePaper manufactures specialty papers for corporate entities through to annual reports.

#### 4. Food packaging market

Papyrus has also signed a confidential agreement with a specialist supplier for food packaging and wrapping applications in Australia and New Zealand. Food packaging is one of the most demanding areas of the market and requires specialist knowledge about regulation and safety as well as the usual application challenge of practically protecting food items.

#### 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](http://www.papyrusaustralia.com.au)

For further information, please contact:

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#### About Elton Group

**Elton Group Pty Ltd (ABN: 59 099 878 878)**

Trading as "E veneer"

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Elton Group are a specialist sales and distribution Company, concentrating on the supply of timber based veneers from environmentally responsible sources.

"Our goal is to preserve our wood resource for future generations and **E veneer** is committed to supplying wood veneers in accordance with advanced environmental standards. All of our veneers are sourced from woods harvested in accordance with the CITES - (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) which is an international agreement between Governments. Its aim is to ensure that international trade in species of wild animals and plants does not threaten their survival."

## About DaiEi

### DaiEi Australasia

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DaiEi Australasia has earned a reputation for expertise and reliability both internationally and within Australia, with more than 30 years of experience as importers and exporters in the Paper and Plastic film markets.

The philosophy adopted has been to establish long-term alliances with suppliers and using that as security, in turn, to develop enduring partnerships with clients. DaiEi provides financing, warehousing technical support and converting services for clients in both markets.

DaiEi Australasia Pty Ltd, ably supported by the strength of the DaiEi global network, services the Australian, New Zealand and South African markets, and is well placed through its strategically positioned offices in Melbourne, Sydney, Brisbane, Perth, Auckland and Johannesburg, to cater for both client needs and our supplier expectations.

## About Guise Group

### Guise Group Pty Ltd

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Guise Group owns and operates successful and specialised divisions servicing the packaging, board and paper industries. GuisePak generates specialty boxes without the limitation of templates and minimum orders. GuiseBoard manufactures specialty and commodity boards through a lamination process and has the capabilities to manufacture any board you require. GuisePaper manufactures specialty papers for corporate entities through to annual reports.

Guise Group is an Australian owned and operated company investing in and working with Australian business.