



ASX ANNOUNCEMENT
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**NEXT DESIGN STAGE COMPLETE – PAPYRUS ON TRACK TO CONSTRUCT FIRST
COMMERCIAL MANUFACTURING LINE**

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

The Company has now completed the design and specification work required for the round up and core veneer machines, which are the central element of the Papyrus proprietary technology. The Company now has 3D graphical working models of both machines, from which the final specification drawings can be taken.

The Company is now in the process of working with SAGE Automation (SA) Pty Ltd to complete the final stage that includes the design and specification of the down line elements of the commercial manufacturing process.

Actual construction of the manufacturing line will be subject to a competitive tender process and this is expected to commence as soon as final stage of the design and specification program is complete.

The first commercial manufacturing line is expected to be delivered on schedule in March 2007, with commissioning and trials to occur in Adelaide throughout April.

SAGE Automation (SA) Pty Ltd are a South Australian based company with significant experience in delivering complex design and construct projects to the defence, automotive, whitegoods, food and beverage industries. Founded in 1994, SAGE Automation has grown to a turnover in excess of \$38m, with Offices in Adelaide and Melbourne.

"We are very pleased to have completed stage one of the design and specification of our first commercial manufacturing line with SAGE Automation" said Papyrus Managing Director Ramy Azer. "We are on track to complete our project"

About Papyrus

Papyrus Australia Ltd listed on the Australian Stock Exchange in April 2005 to develop and commercialise proprietary technology that will convert banana trunk fibre waste into banana ply material. This material has some unique properties (fire retardant, water repellent) with natural resilience and a unique texture. The material will complement existing paper manufacture and marketing operations by providing raw material for the development of niche products based on these properties.

The Company has been awarded a Commercial Ready Grant of \$1.2m through Ausindustry, to take its technology through to commercial production.

The Company is building a prototype production facility to produce the banana ply material from banana waste. The process is cost effective and environmentally sustainable, with low energy and water requirements. 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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