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PAPYRUS MOVES TO BE WORLD'S FIRST CARBON NEUTRAL PAPER PRODUCER

Technology Innovator Papyrus Australia Ltd (ASX code: PPY) is positioning itself to become the world's first carbon neutral paper producer.

The unique design of the patented Papyrus process requires minimal energy by comparison with conventional pulp-based paper production methods. Water is a by product of manufacture and no chemicals are used.

The Papyrus process has recently been evaluated by an independent specialist consulting firm, Australian Carbon Biosequestration Initiative Ltd. (ACBI)

"By virtue of its processes, its raw materials and its capacity to produce a carbon zero product to replace a carbon intense one, Papyrus appears likely to be able to create verifiable carbon emissions reduction units in its own right or on behalf of others." said Leonard Cohen, of ACBI.

At present, some international niche paper suppliers are attempting to achieve carbon neutral products by large scale purchase of Green Power carbon credits rather than through a process like Papyrus' that generates almost no carbon emissions.

In addition to the ACBI evaluation, the Company is undertaking a life cycle analysis including an evaluation of the impact of removing the waste trunks from banana farms. "Removing the trunks from the plantation instead of allowing them to rot on the ground may result in a reduction of methane emissions" said Papyrus CEO Ramy Azer. "If this is the case, the entire Papyrus process may be carbon negative, resulting in additional incomes to the Company and its partners arising from the trade of carbon offsets." said Mr Azer.

As part of the life cycle analysis process, Papyrus is working with specialist consulting firms to enable the Company to ultimately obtain certification under international programs such as the UNFCCC Clean Development Mechanism.

This status would uniquely position the company in the international paper industry as that industry attempts to adapt to functioning in a carbon constrained economy in the future.

"The adoption of the Papyrus technology is likely to be accelerated due to the market pressure of carbon trading mechanisms. The existing paper industry has a large environmental and carbon footprint. The Papyrus process offers the industry a timely and practical solution to reducing this footprint without a massive investment in new technology." said Papyrus Chairman Dr David Wyatt.

"The company is being strategically proactive in moving to favourably position its technology as global industry scrambles to adapt to the challenges of a low carbon future." he said.

"The board is excited by this development and increasingly confident that Papyrus is uniquely positioning itself to have a significant strategic impact on the global paper industry." said Dr Wyatt.

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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