



ASX ANNOUNCEMENT
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PAPYRUS SIGNS AGREEMENT TO LICENSE TECHNOLOGY IN EUROPEAN UNION

Papyrus Australia Ltd (ASX code: PPY) the new green force in global paper and forest products, has signed an Agreement with a major Banana Producer in the Caribbean to manufacture products for sale in the European Union.

The Company has signed an Agreement with Mr. Vladimir Hayot a member of the Hayot Family, based since 1644 in Martinique, a major member of BANAMART, one of the largest banana producers and-exporters of banana fruit to the European Union.

The Agreement covers the Caribbean and Central America, with an option to roll out the Papyrus Technology into South America, based on performance in the initial regions. BANAMART, through UGPBAN (Union of Banana Producers from Guadeloupe and Martinique) has access to over 11,500 Ha of banana plantations in Martinique and Guadeloupe (Australia total area is 10,000 Ha) and produced over 250,000 tonnes of fruit in 2006, with an income in excess of 125,000,000 (€).

"The signing of the Agreement for the Caribbean and Central America is part of the overall Papyrus strategy to position the Papyrus Technology in strategic locations around the world, with partners who are capable of installing production capacity as quickly as the demand for our products grows." said Papyrus Managing Director, Ramy Azer. "There is ample raw material in the region (in excess of 140,000 Ha in the Caribbean alone) and Banamart has access to significant markets for the Papyrus products (particularly paper, board replacement products and possibly veneers) in the European Union."

Hayot has contracted to pay Papyrus AUD\$2 million after successful demonstration of the Papyrus Commercial Manufacturing Facility, currently under construction in Nth Queensland. Hayot will construct in Martinique, a Manufacturing Facility similar to that under construction in Nth Queensland and other facilities as the Technology is rolled out throughout the region in the future.

"The operation of the proposed Manufacturing Facility in Martinique will be undertaken in a Joint Venture between Papyrus and Banamart, with Papyrus taking responsibility for sales and marketing of the manufactured products in the European Union and surrounding regions", said Papyrus COO Grant Pigot. "We will work closely with Banamart's contacts in Europe and there are significant opportunities for the sale of paper and timber products in a variety of large markets, all of whom are keen to source and utilise environmentally sustainable products. As Martinique is part of the EU, the Papyrus products can be readily sold in the European Union"

About Papyrus

Papyrus Australia Ltd, the new green force in the global paper and forest products industry, listed on the Australian Stock Exchange in April 2005 to develop, commercialise and operate proprietary technology that converts banana tree trunks (an unutilised resource) into timber, board and paper products.

For the first time ever people will be able to enjoy paneled walls, attractive furniture, newsprint, paper wrappers, cardboard boxes, paper and fibreboard that is produced without any damage to the environment. Critically scarce resources, like forests and water, can be saved.

Papyrus will soon be producing timber products and paper on an environmentally sustainable, ethical and commercially sound basis.

A world wide patent, granted in Australia in 2007, protects the Papyrus Technology and the products that it manufactures.

The Papyrus Technology produces a broad range of timber, board and paper products that are directly substitutable for many products that are currently manufactured using forest based resources. The process uses little energy, no chemicals and produces water.

Independent research shows that the Papyrus Technology will make a significant saving of greenhouse gas emissions by comparison with conventional manufacturing methods. The Papyrus Technology offers the world a clean, green and sustainable alternative without consuming finite forest based resources.

The Company was awarded a Commercial Ready Grant sum of \$1.2M through Ausindustry, to take its technology through to commercial production, with the Grant sum increased to \$1.5M in 2008.

Bananas are grown in over 160 countries, making the raw material a readily available and renewable resource. www.papyrusaustralia.com.au

About Banamart, Martinique and the Caribbean Region.

Banamart, based in Martinique was formed in 2004, through the merger of two major grower co-operatives GIPAM and SICABAM, representing over 500 growers.

Banamart produced over 250 000 tonnes of banana fruit for the European market in 2006.

According to UNFAO statistics, banana plantation area in Martinique and Guadeloupe exceeded 19,000 Ha in 2007, which almost twice the annual production of Australia.

As Martinique is part of the European Union, there are no customs or trade barriers to sale of goods into the European Union. In addition, entities based in Martinique qualify for access to subsidies and grants available in the European Union.

The Caribbean region is a prolific source of banana fruit with over 143,000Ha of banana harvested in 2007 (UNFAO).

For More Information: www.bananeguadeloupemartinique.com

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