



ASX ANNOUNCEMENT

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PAPYRUS COMMERCIAL MANUFACTURING LINE CONSTRUCTION IS PROCEEDING ON SCHEDULE DESPITE RAIN & FLOODS.

Papyrus Australia Ltd (ASX code: PPY) the new green force in global paper and forest products, is currently constructing the world's first manufacturing line capable of producing decorative veneers, paper and board products from the trunks of banana trees, an unutilised resource generated as a consequence of the production of banana fruit.

"The construction of the manufacturing line is being undertaken by specialist engineering company SAGE Automation, who have been working with Papyrus for the past two years and have a detailed knowledge of precisely what we require." said Papyrus COO Grant Pigot. "We are pleased to advise that the construction of the line is proceeding on schedule and it is our expectation that the line will be installed at the Nth Queensland facility on schedule during February, with production trials set to commence in early March as planned."



The Papyrus Beta Veneer Unit showing all required elements constructed within a container, facilitating ease of transport and protection of IP sensitive engineering. The picture shows the Joint Papyrus and SAGE Engineering team of Bill Halliday, Adrian Evans and Wayne Michell.



The innovative design of the banana trunk outer layer and inner core conversion processes operating within the modular unit

"The major component of the line where the banana trunks are converted is contained within a fully self contained unit that will assist in the protection of our Intellectual Property and facilitate ease of transport of these units to other locations in Australia and overseas as we roll out the Papyrus Technology later in 2009 and beyond." said Mr Pigot.

Situated on the flood free Atherton Tableland, North Queensland (approximately 1 hour west of Cairns) the commercial facility that will ultimately house the world's first Papyrus Manufacturing Line has been constructed by Joint Venture partner World Future Fibre Pty Ltd (WFF). Management of the commercial facility construction process is part of WFF's contractual obligations under the Joint Venture Agreement with Papyrus. The facility is now ready for installation of the Papyrus Manufacturing Line and some of the manufacturing equipment has already been installed. Recent rain and flood has not adversely affected plans.

"This is an incredibly exciting time for the Company and the culmination of years of effort to bring us to commercialisation of the Papyrus Technology. We have undertaken a number of verification tests of the manufacturing line during construction and the results to date are consistent with our expectations. We have worked closely with plantation owners in the region to secure raw materials, with our joint venture partner to construct the facility and with our Engineering partner to construct the world's first example of this important Technology. We are now very close to showing the world what we have achieved." said Mr Pigot.

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 panelled 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.

Production trials of the first Papyrus manufacturing line (installed in Adelaide) are complete, with the first Commercial Manufacturing Facility to be installed at Mt Uncle Plantation in North Queensland in early 2009.

Papyrus plans to take its Technology to all major banana growing regions of the world. Agreements have now been signed for the roll out of production lines in Vietnam and the Caribbean and discussions are well advanced for the Papyrus production lines to be rolled out in other regions.

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

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