



ASX ANNOUNCEMENT
15 January 2007

**CONSTRUCTION COMMENCES FOR PAPYRUS COMMERCIAL
MANUFACTURING LINE**

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

The Company has now awarded the contract to construct and deliver the first Papyrus Commercial Manufacturing Line.

"We are pleased to announce that SAGE Automation (SA) Pty Ltd will undertake the construction, supply and commissioning of the first Papyrus Commercial Manufacturing Line, here in Adelaide" said Papyrus CEO Ramy Azer. "They have the capacity to supervise the construction project from beginning to end and clearly represent the best option for Papyrus".

"SAGE are committed to the success of the Papyrus project. We have worked closely with Papyrus throughout the design process and we are committed to the delivery of the working Papyrus Manufacturing Line by 31st March 2007" said SAGE Managing Director, Andrew Downs.

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.

"The Papyrus board is very pleased that this major contract is within our current budget and close to the original projections in our 2005 Prospectus." said Papyrus Australia Chairman Dr David Wyatt. "The commercialisation project remains on track."

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 into ply. 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 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 has completed a prototype production facility to produce banana ply from banana trunks. 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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