



ASX ANNOUNCEMENT

17 May 2006

**PAPYRUS OFFERED \$1.2 MILLION GRANT FOR
BANANA PAPER FACTORY**

Paper technology innovator Papyrus Australia Ltd (ASX:PPY) today announced it has been offered a \$1.2 million Australian Government Commercial Ready grant to take its banana ply paper technology to commercial production.

The \$1.2 million Commercial Ready grant will assist Papyrus in building the first commercial banana ply paper factory in the world expected to start production by May 2007.

Federal Industry Minister Ian Macfarlane congratulated Papyrus on being offered the Commercial Ready grant and emphasised the project's potential return to Australia.

"This is a commendable project which, all going well, could result in significant benefits for Australia. Banana plantations are grown world-wide and Papyrus's technology could generate valuable export dollars for Australia," Mr Macfarlane said. "Australia has a strong reputation for innovative ideas, and through our \$1 billion Commercial Ready program, the Australian Government is pleased to support clever companies, like Papyrus, in commercialising world-class R&D."

"We are pleased to have been offered this grant. It is an endorsement by the Industry Research and Development Board and AusIndustry of our project and technology. It is also an endorsement of the management team and the corporate strategy it is implementing to commercialise the result of a decade of hard work." Said Papyrus Australia managing director Ramy Azer

About Papyrus

Papyrus Australia Limited 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 paper (BPP). This new form of paper is fire retardant and water repellent with natural resilience and a unique texture. It will complement existing paper manufacture and marketing operations by providing the raw material for the development of niche products based on these properties. The company is building a prototype production facility capable of producing 20,000 tonnes of banana ply paper from banana waste. The process is cost effective and environmentally friendly, with low energy and water requirements. Bananas are grown in 164 countries, making the raw material a readily available and renewable resource. www.papyrusaustralia.com.au

For further information please contact:

Mr Ramy Azer, Managing Director, (08) 8354 1844 or 0414 507 169