



**ASX ANNOUNCEMENT**  
**17 October 2006**

**PAPYRUS SIGNS CONTRACT WITH SAGE AUTOMATION TO DESIGN & CONSTRUCT FIRST 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 signed a contract with SAGE Automation (SA) Pty Ltd who is now undertaking the detailed design phase of the project, to construct the first commercial manufacturing line to produce the Papyrus banana ply. It is expected that this will be complete within the next 5-6 weeks.

Actual construction of the resultant manufacturing line will be subject to a competitive tender process once design is complete.

SAGE Automation 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.

SAGE Automation provides distinct advantages over an in house approach to design and construction. The broad array of clients that SAGE has worked with allows them to bring lateral processing solutions to the Papyrus manufacturing process.

It is expected that the first commercial manufacturing line will be delivered as a turn key process on schedule in March 2007, with commissioning and trials to occur in Adelaide throughout April.

"We are very pleased to be working with SAGE Automation to deliver our commercial manufacturing plant in early 2007" said Papyrus MD Ramy Azer. "They have the experience and results that we require and we are fortunate that they are based here in Adelaide."

**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 waste into banana ply material. 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 niche 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 is building a prototype production facility to produce the banana ply material from banana waste. 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](http://www.papyrusaustralia.com.au)

For further information, please contact:  
Grant Pigot, Chief Operating Officer, 08 8354 1844 or 0439 839 323.