



ASX ANNOUNCEMENT

25 September 2008

PAPYRUS SIGNS AGREEMENT TO DISTRIBUTE & SELL DECORATIVE VENEERS AND BOARD PRODUCTS 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 European Timber Veneer Company to distribute and sell Papyrus Veneers and Board products in the European Union.

The Company has signed an Agreement with 3W Tout Bois, based in Monaco, to distribute and sell Papyrus products to their existing customers for applications such as furniture, commercial fit outs, major building projects and interior finishes for super yachts and ferries.

3W Tout Bois have operated in the European Union for more than 90 years and sold over 20 million square metres of veneer products in 2007.

"The signing of the Agreement for the European Union is an exciting development for our Company", said 3W Tout Bois Managing Director, Mario Cassin. "The Papyrus products are directly substitutable for forest based products and are environmentally sustainable. We can see that there is great potential for these products, especially now that forest based veneers are becoming increasingly difficult to source reliably."

"3W Tout Bois has participated in many large projects in the past, supplying products to projects as diverse as the Beijing Olympics, major construction projects in Dubai as well as specialised products for aircraft interiors and super yachts. The physical properties of the Papyrus products (low flammability and high moisture resistance) will be highly desirable and increase safety, especially for the yacht and aircraft industries", said Mr Cassin. "The Papyrus products will breathe new life into the industry which is desperate to source environmentally sustainable, natural products that do not degrade our limited timber resources world wide."

"The Agreement with 3W Tout Bois is a logical extension of the overall Papyrus strategy", said Papyrus COO, Grant Pigot. "With the recent signing of the License Agreement with Banamart in Martinique, the products manufactured from that region will be readily sold in the European Union through 3W Tout Bois, without the customs and tariff barriers that would exist if Papyrus were manufacturing products outside the EU."

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.

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 3W Tout Bois

Based in Monaco, 3W S.A.M. Tout Bois is a family owned Company spanning four generations and over 90 years of operation, supplying high quality timber veneers and board products for large scale commercial projects throughout the world.

In 2007, 3W Tout Bois sold over 20 million square metres of timber veneers to Customers world wide in the following markets:

- Major commercial construction projects (Beijing Olympics, Dubai projects)
- Aircraft interiors
- Super yachts and commercial ferries

The Company currently sources timber products from many different regions including western Africa, Asia and Europe and maintains significant manufacturing facilities in Milan, Italy.

For More Information: www.toutbois.mc

For further information, please contact:

Grant Pigot, Chief Operating Officer, 08 8186 2936 or 0439 839 323.