



## **ASX ANNOUNCEMENT**

2 February 2009

### **PAPYRUS RECEIVES EXECUTED LETTER OF CREDIT FOR TECHNOLOGY LICENSE IN EUROPEAN UNION.**

Papyrus Australia Ltd (ASX code: PPY) the new green force in global paper and forest products, has now received the executed Letter of Credit (LC) from technology license partner Vladimir Hayot, based in Martinique, which is part of the European Union (EU).

The Hayot family are a significant shareholder in the BANAMART Company, one of the largest banana producers and exporters of banana fruit to the EU. Details of the technology licensing agreement signed between Hayot and Papyrus were explained in the Company's release to the ASX dated 22 September 2008.

Hayot has contracted to pay Papyrus AUD\$2 million after the successful demonstration of the Papyrus Commercial Manufacturing Facility, which is nearing completion in Nth. Queensland. The LC specifies the conditions upon which payment will be made, as per the requirements of the contract between Hayot and Papyrus.

"Following the successful demonstration of the Nth Queensland plant, Hayot will construct in Martinique, a similar manufacturing facility that will source raw materials from Banamart plantations." Said Papyrus COO Grant Pigot. "The sales of products manufactured at that facility will be the responsibility of Papyrus, working closely with Banamart contacts in the EU where there are significant opportunities for the sale of paper and timber products throughout the region."

The Company will also sell decorative veneer products through Monaco based 3W Tout Bois, one of the largest veneer distributors in the region. Papyrus executed a sales and distribution agreement with 3W Tout Bois as explained in the Company's release to the ASX dated 25 September 2008.

"The receipt of the LC from Hayot is a major acknowledgement of the confidence in which the Papyrus Technology is held by our Partner in the EU and reinforces the Company's achievements to date in a very difficult global economic market" said Mr Pigot. "We are now very close to proving our Technology to the world and Hayot is clearly ready to proceed once the demonstration process is complete."

#### **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](http://www.papyrusaustralia.com.au)

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