



ASX ANNOUNCEMENT

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PAPYRUS SIGNS JV AGREEMENT TO OPERATE MANUFACTURING LINE IN NTH QLD AND VIETNAM

Papyrus Australia Ltd (ASX code: PPY), the new green force in the global paper and forest products industry, took its first step today to rolling out its production lines internationally.

Papyrus signed a Joint Venture Agreement with a Melbourne based company, QFL Photographics Pty Ltd.

The Joint Venture Agreement has two elements:

The first is a Papyrus/QFL joint venture that will operate the first Papyrus Commercial Manufacturing Line in North Queensland in early 2009.

The second is a Papyrus/QFL joint venture to produce fibre, paper and veneers in Vietnam.

"The importance of this Joint Venture Agreement is that it is highly scaleable", said Papyrus CEO, Ramy Azer. It is not just for one plant but for all plants established both in Australia and Vietnam," he said.

QFL, after operating the Papyrus plant in Far North Queensland in early 2009 will then take this technology to Vietnam.

Vietnam produces over nine times the raw material – banana tree trunks – for the Papyrus process than does Australia. Based on existing raw material, more than 180 production lines could be rolled out in Vietnam alone, with at least 15 to 20 in Australia under the Agreement.

The Papyrus manufacturing line will be producing fibre, paper and timber veneers without the need to destroy forests and trees, with zero chemicals, with little energy and little if any greenhouse gas emissions.

Papyrus Australia was particularly attracted to the Vietnamese focussed QFL because they are as interested in helping the banana growers in Vietnam as they are in running a commercially viable business.

QFL director Mr De Luong said "Our ultimate aim through our relationship with Papyrus is to make a positive contribution to poverty in Vietnam by the use of the sustainable and environmentally responsible Papyrus Technology."

"This is an exciting opportunity to achieve one of the central aims of our business activities here in Australia and most importantly, in Vietnam," said Vietnamese born De Luong.

This is a very important step for Papyrus for the launch internationally throughout the world, said Papyrus CEO Ramy Azer. "The Company plans to roll out its machinery and participate in the production and trading of fibre, paper and timber veneers to a number of strategically important locations around the world, beginning with Australia."

"The first line in Australia will be used to demonstrate the capability of the Technology to a list of Companies world wide who have already indicated strong interest in the Papyrus manufacturing process and the products that it manufactures," said Mr Azer.

QFL is an Australian Company with diverse business interests in photographics, aquaculture, hotels and property in Australia and overseas. The Company has been established for more than 20 years and has a strong track record in logistics businesses.

"QFL is well positioned to operate and proliferate the Papyrus Technology in that region", said QFL Director, Mr De Luong.

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.

The Papyrus Technology and the products that it manufactures are protected by a world wide patent, granted in Australia in 2007.

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 line to be installed in North Queensland in early 2009.

Papyrus plans to take its Technology to all major banana growing regions of the world. A joint venture has been signed for the roll out of production lines in Vietnam and discussions are advancing 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

For further information, please contact:

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