



Company Announcements Office
Australia Stock Exchange Limited

Papyrus Completes Stage 1 of Banana Ply Paper Production

Adelaide, 9 August, 2005: Papyrus Australia Ltd (ASX:PPY) today announced that it has successfully completed the first three processes that will transform banana tree trunks into paper.

The success marks the completion of Stage 1 of the technology company's production line engineering design, and places the company on target to complete a six-stage rollout that will culminate in the commissioning of a commercial trial production line for banana ply paper (BPP) in North Queensland.

Papyrus is a public company that is commercialising proprietary banana ply paper technology developed over the last nine years.

In January 2005*, the company announced a project for development of a production facility capable of producing 20,000 tonnes of banana ply paper. Stage 1 relates primarily to designing the production line, building the trunk-in feed facility for the plant, building the combined round-up and core lathe and constructing the curing oven.

Papyrus has successfully:

- Rounded-up banana tree trunks, removing the outer layers of fibre to obtain the solid core (the round-up process)
- Separated a continuous thin sheet from the solid core (the core veneering process)
- Cured full width paper using its newly constructed microwave (curing process).

"With these fundamentally important processes successfully completed, Papyrus is able to process banana tree trunks into cured paper," Papyrus Managing Director Ramy Azer said.

"The three processes will now be tested and optimised to control all the production parameters."

Papyrus is now working towards producing quantities of raw paper samples needed to test the performance of the banana ply paper in commercial applications in various markets.

With completion of stage 1, the company is well placed to move through stages 2 and 3.

- Stage 2 is the trimming and packing process to finish and prepare the cured banana ply paper for shipment to be tested by various paper users and finishers.
- Stage 3 is working on auxiliary processes, including lamination, and increasing capacity.
- Stage 4 is the integration of all processes and machinery into a production line, as well as increasing production rates and achieving consistent product quality.
- Stage 5 represents a scale-up of the production line and shipping it to facilities in North Queensland.
- Stage 6 represents the construction of the production line in North Queensland for commissioning to permit commercial trial production.

*See Company Prospectus dated 19 January 2005, page 15.

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