



THE BOURSE FACTOR RESEARCH

SEPTEMBER 2010

MARKET DATA

CURRENT PRICE \$0.21

ASX NOE

LISTED SHARES ON ISSUE 399.3 MILLION

PERFORMANCE SHARES 2.5 MILLION

LISTED OPTIONS 25.8 MILLION

UNLISTED OPTIONS 3.7 MILLION

MARKET CAP \$83.8 MILLION

YEAR END 31 DECEMBER

BOARD OF DIRECTORS

Qingyue Su – Chairman & Managing Director

Xiaobin Zhuang – Executive Director

Chung Yi So – Non-Executive Director

Liandong Tu – Non-Executive Director

John O'Brien – Non-Executive Director

Phillip Fook Weng Au – Non-Executive Director

FaiPeng Chen – Non-Executive Director

Chenzhang Li - Non-Executive Director

MAJOR SHAREHOLDERS

Great Rises International 254.2m (63.4%)

owned by Qingyue Su

Top10 382.2m (95.7%)

RECOMMENDATION

12 Month Recommendation Speculative Buy

Investment Outlook Good

Investment Risk Low-Moderate

SHARE PRICE MOVEMENT GRAPH



Novarise Renewable Resources International Ltd (NOE)

Novarise is China's largest plastic recycling Company. As an integrated producer of polypropylene products for the rapidly expanding Chinese and export markets, it is an environmentally friendly Company offering an outstanding opportunity for Australian investors to invest directly in a China based green enterprise. Novarise has proprietary recycling technology that provides a cheaper source for the manufacture of filament and consumer products

Novarise was listed in April 2010, through a \$25.1m Initial Public Offering, comprising 100.2m shares at \$0.25 per share. The funds raised are being utilised to develop and expand the Company's existing recycling and production capabilities in the Fujian Province, China. The Novarise listing provides Australian investors with the opportunity to invest directly in a China based green enterprise.

Novarise produces fibre-grade polypropylene (PP) pellets, PP filament yarn, PP consumer webbing products and agricultural twine from recycled PP waste, for both the domestic and export markets.

Novarise is the only major producer of recycled PP in China. Its proprietary technology provides a significant cost advantage over virgin PP. Demand for PP is expected to increase strongly until at least 2013 in China, South East Asia and the Global markets.

Novarise has grown strongly over the last three years with the ramp-up in production, resulting in increased profitability. For CY2010, Novarise has forecast a 17.6% increase in Pre-Tax Profit to \$16m on a 19.4% increase in Revenue to \$73.9m. These forecasts are supported by strong Interim Pre-Tax Profit growth of 32%, despite the currency impacts from a stronger Australian dollar.

Novarise presents the following attractions for investors:

- A leading position in the production of PP products in both Chinese and Global markets
- A significant cost advantage from use of recycled PP
- A strong demand outlook, supporting continued profit and EPS growth
- An attractive valuation, relative to the general market, in terms of profitability ratios and Balance Sheet strength.

www.novarise.com.au

SUMMARY & BACKGROUND**Summary**

Novarise is an integrated manufacturer of PP fibre based products, with an established manufacturing capability, sales and marketing network and a range of value added products. Novarise believes it is the largest PP filament yarn manufacturer in China.

Novarise has proprietary technology for the production of fibre grade polypropylene (PP) pellets from recycled and post-consumer polypropylene. In 2008, Novarise commenced full scale production of fibre grade PP pellets and recycled PP waste sourced from within China and offshore. The technical specifications, quality and performance of its products are comparable to similar products derived from virgin PP. Novarise believes it is the only Company in China currently recycling post-consumer PP.

Novarise's production of recycled PP provides it with a reliable and cheaper source of PP, giving the Company a cost advantage over traditional PP producers relying on virgin PP, derived from crude oil. Since 2008, recycled pellets have been priced at approximately 20 per cent less than virgin PP pellets. Additionally, oil price movements have increased the costs of virgin PP pellets, further sustaining the cost advantage for recycled pellets.

Novarise recycles PP waste materials, such as used CD cases, agricultural twine, safety nets and fishing nets, to manufacture a range of PP fibre-based products. This output is used to produce consumer goods, including bags for brands including Dell, IBM, Samsonite, Columbia, Nintendo, Disney, Apple, Fila, Umbro and Sony.

Novarise sells its finished products in both the domestic and international markets, with its products currently used in a number of premium brands. Global demand for PP fibre filament is forecast to grow by 5.9 per cent per annum from 2009 to 2013, with demand in China expected to grow at a greater 11 per cent per annum.

Novarise is using funds recently raised to upgrade its current operations and expand production, allowing a substantial increase in production above the Prospectus forecasts.

Novarise has been profitable for at least the last three years, generating a Proforma Pre-tax Profit in CY2009 of \$13.6 million, off a Revenue base of \$61.9 million. For CY2010, Novarise has forecast a 17.6 per cent increase in Pre-tax Profit to \$16 million, off a 19.4 per cent increase in revenue to \$73.9 million. This forecast is supported by a 31.9 per cent increase in Pre-Tax profit for the six months to 30 June 2010, despite a currency impact from the increase in the Australian dollar.



Fibre-grade recycled polypropylene pellets, Polypropylene filament yarn & Polypropylene consumer webbing products are recycled to manufacture consumer goods, such as belts and fabric for bags

BACKGROUND

Novarise was established in 1998, and is the ultimate Holding Company of the business of Fujian Sanhong Renewable Resources Technology Co Ltd and Quanzhou Chemical Fibre Co Ltd, both based in Fujian Province, China.

In 1999, Novarise commenced full production of PP filament yarn and consumer webbing using virgin PP pellets derived from crude oil.

In 2005, it commenced research and development of technology for the recycling of PP waste. The development was completed in 2007, with Novarise applying patents for the process in 2009.

In 2008 it commenced full scale commercial production of fibre-grade recycled PP pellets for the production of filament yarn, significantly decreasing the need for the use of virgin PP pellets. The product range was widened in 2009 to include consumer webbing and an agricultural twine product.

In 2009, Novarise commenced sales of fibre-grade recycled PP pellets to other small scale filament and agricultural twine manufacturers.

In April 2010, Novarise listed on the Australian Securities Exchange, through a \$25.1 million Initial Public Offering, comprising 100.2 million shares at \$0.25 per share. The funds raised are being utilised to develop and expand the Company's existing recycling and production capabilities and help fund the establishment of a new production facility.

Novarise listed in Australia to provide an opportunity for Australian investors to invest directly in a China based green enterprise, to strengthen its international profile and to provide continued access to the Australian market, both for the sourcing of PP waste and as an end market for its products.

On 2nd June 2010, Novarise advised that it had entered an agreement to acquire the land for its new Nan'an production facility in Fujian province, China. The new facility, which is located 40 kilometres from its existing facility, is expected to be completed in the June Quarter 2011, with a production capacity of 75,000 tonnes.

CAPITAL STRUCTURE

The capital structure for Novarise following listing is:

Issued Capital	No (m)
Issued Capital (Pre-IPO)	299.0
IPO	100.3
Issued Capital (Post-IPO)	399.3

APPLICATION OF FUNDS

Application	\$m
Upgrade and increase existing production capabilities	3.8
Acquisition of New Equipment	4.2
New Factory	12.9
Research and Development	0.7
Working Capital	0.1
Offer Costs	3.4
Total	25.1

BOARD**QINGYUE SU – Chairman & Managing Director**

A Co-founder of Novarise, with more than 20 years experience in the polypropylene fibre market. Prior to founding Novarise in 1998, he held senior positions in a number of Chinese manufacturers of PP filament yarn and related products. Mr Su is involved in a number of industry and development associations and was involved in the establishment of standards for PP filament yarn. Under his leadership, the Company successfully developed the technology to process post-consumer polypropylene waste material to produce fibre-grade recycled polypropylene pellets and led the Company to become a member of the China Chemical Fibres Association.

XIAOBIN ZHUANG – Executive Director & CFO

A qualified accountant and currently Chief Financial Officer of Novarise, with more than 10 years experience in accounting and financial management. Prior to joining Novarise in 2003, he held senior positions in both state owned and private groups.

CHUNG YI SO – Non-Executive Director

A Cofounder of Novarise, with an extensive industry background, including senior management positions in manufacturing, importing and exporting companies. Mr So has managed a number of companies in the polypropylene industry and has played a significant role in the expansion of the Company's export business.

LIANDONG TU – Non-Executive Director

Currently Chief Financial Officer of Power Capital Corp, with qualifications in accounting, law and physical chemistry, and as an accredited valuer. He also has previous experience in corporate finance and advisory and is accredited as a qualified independent director by the Shenzhen Stock Exchange.

JOHN O'BRIEN – Non-Executive Director

An Australian resident and chartered engineer with over 10 years experience in the green technology sector as an advisor and consultant, as well as previous experience in oil and gas and consulting engineering roles globally. He is a member of industry associations including the Responsible Investment Association of Australasia and the Australian Institute of Company Directors. He is a member of the South Australian Premier's Climate Change Council, is the founder and Managing Director of Australian CleanTech and has engineering and management degrees including from the University of Oxford.

PHILLIP FOOK WENG AU – Non-Executive Director

An Australian resident and accounting, taxation, economics and management consultant, as a principal of Phillip Au and associates. Mr Au is also a consultant to the Government of Nauru and the New South Wales Government and a Certified Practising Accountant.

FAIPENG CHEN – Non-Executive Director

An Australian resident lawyer and partner at Minter Ellison Lawyers, he sits on the Board of ASX listed TWT Group and Mesbon China Nylon. Mr Chen also acts as the Company Secretary for Thomas Bryson International Limited and is a Fellow of the Taxation Institute of Australia.

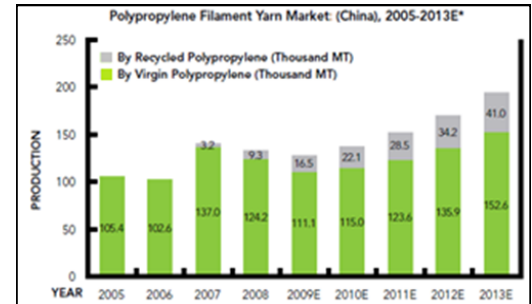
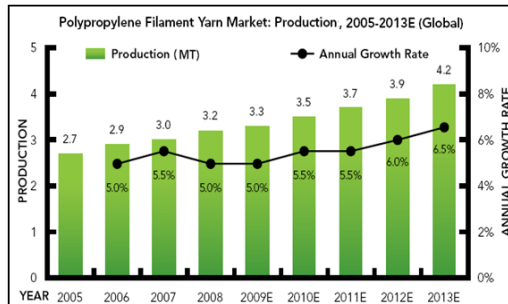
CHENZHANG LI - Non-Executive Director

A scientist, with experience in environmental and business management, Mr Li worked for the Xiamen Municipal Environmental Protection Bureau from 1991-1997. Mr Li holds an MBA and has extensive experience in environmental and business management within China, both for governments and large Chinese and International companies. Mr Li is currently the Director of the Xiamen Office of the China Environmental United Certification Centre Co. Ltd for the Ministry of Environment Protection.

THE INDUSTRY IN FOCUS

Polypropylene

Polypropylene (PP) is a thermoplastic polymer made from propylene through polymerisation, which is derived from crude oil. As a synthetic chemical fibre, it has advantages over other synthetic fibres, such as nylon and polyester, being anti-acidic, corrosion-resistant, non-toxic, wear-resistant, non-hygroscopic and less dense than water.



The Global PP Market

The Global filament yarn market was estimated to be at approximately 3.2 million tonnes at the end of 2009, with moderate growth of 2.7 million tonnes in 2005 to 2008. From 2009 to 2013, production is expected to increase at a compound annual growth rate of 5.9 per cent to around 4.2 million tonnes. This reflects a recovery in consumption following the recent economic downturn and a broadening in PP applications.

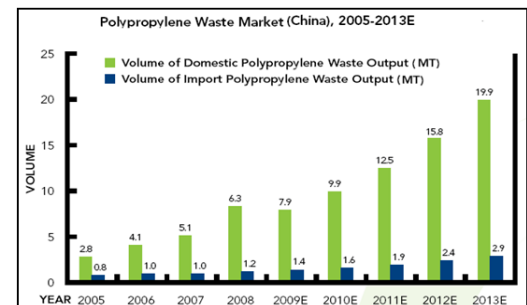
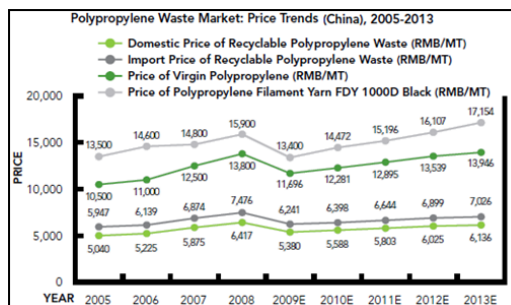
The Chinese PP Market

The Chinese market for PP filament yarn represents around 4 per cent of global production, although this share is increasing rapidly. Novarise is the largest Chinese producer, based on the 2008 production capacity of 23,718 tonnes, then comprising around 14 per cent of production.

In 2008 and 2009 Chinese PP filament yarn production declined, production was partly impacted by the global economic downturn and domestic demand, however production is expected to increase from 2009 through until at least 2013 at a compound annual growth rate of 11 per cent per annum.

The current agricultural twine market in China is at approximately 100,000 tonnes. This market is expected to grow at a compound annual growth rate of 10 per cent to 160,000 tonnes in 2013.

Novarise is the only producer of twine using recycled PP, due to its use of fibre-grade pellets, generating twine of similar quality to that of virgin PP pellets, at a significant cost advantage.



The PP Waste Market

The Chinese PP filament yarn industry was formed in the 1970s, with recycled PP filament yarn not developed until 2007. This was assisted by access to increasing level of PP waste, to approximately 6.3 million tonnes in 2008, and incentives from the Chinese Government.

The Chinese Government is actively promoting recycling, supported by the Circular Economy Promotion Law, which became effective in January 2009. This legislation is aimed at reducing resource consumption and waste production and increasing recycling, with the Chinese Government introducing a number of preferential taxation policies and grants to support manufacturers of recycled plastic products.

Supply should not be a problem for Novarise, with current projections of strong growth in waste PP suitable for recycling in existence. With an increasing level of PP waste generated in China and increasing access to imported PP waste, Novarise expects recycled PP to have significant cost advantages over virgin PP.

OPERATIONS

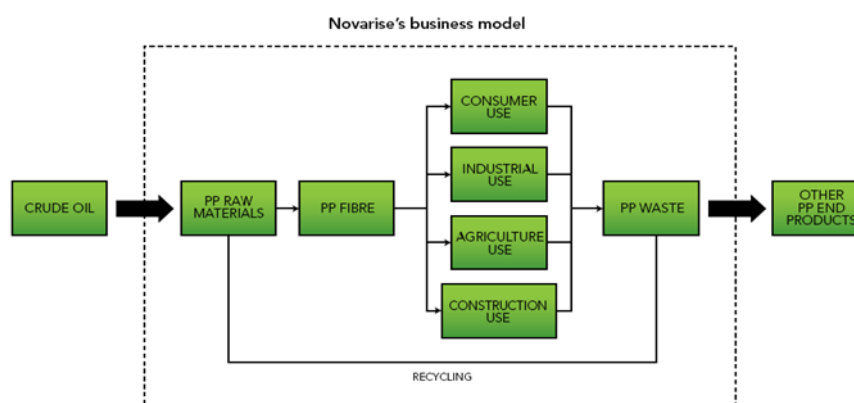
The operations of Novarise have been based at Quanzhou, Fujian Province in South Eastern China since 1999, giving the Company good access to infrastructure and transport, which is important for the sourcing of recyclable PP and export sales. Novarise is an integrated green PP manufacturer, with operations primarily covering the sourcing of PP waste for the production of PP pellets, filament yarn, consumer webbing and agricultural twine. Novarise’s operations are wholly linked to its proprietary technology for the recycling of polypropylene. Novarise is thought to be largest producer of PP pellets and products in China and a leading global manufacturer. Novarise is also the only operator in China currently recycling PP waste to manufacture pellets.



Map showing the location of Quanzhou in Fujian Province, China, where the Company’s production facility is located

Novarise commenced sales of PP filament yarn and PP webbing products in 1999 and commenced full production of those products using PP recycled waste in 2008 using its proprietary technology for the recycling of polypropylene. Use of recycled PP has the benefit of reducing the need of oil based virgin PP and reduced plastic waste deposited in landfill or incinerated.

The production process involves:



Recycling PP waste

Quality tested recycled PP waste is crushed into pieces, washed, dried, fed into a pelletiser for mixing and modification, then processed into fibre grade pellets.

There are 18 different types of useable PP waste including CD cases, agricultural twine, safety net, fishing nets, PP yarn and straps. Over 50 per cent is sourced from overseas, including Australia. This proportion is expected to increase, through the expansion of its supply network in the USA, Europe, Australia, Japan, South East Asia and the Middle East. This is due to the more sophisticated recycling systems, ensuring a quality and consistent grade of waste. Novarise’s domestic PP waste supply is sourced directly from recycling centres in Shandong, Guandong, Fujian and Zhejiang provinces.

Production of Filament yarn and downstream activities

PP pellets are melted into a liquid, spun into a yarn, which is stretched twisted and packed into rolls. PP filament yarn is generally more than 300 metres in length and made in varying degrees of denier.

For consumer webbing, yarn is processed by warping, weaving and rewinding into straps and ropes.

Agricultural twine

PP pellets are melted, extruded, stretched and split, then twisted together and spun into twine.

PRODUCTION

Novarise has progressively increased recycled PP production capacity, with increasing demand and utilisation rates.

PRODUCT	2007			2008			2009	2010
	Capacity (Tonnes p/a)	Production (Tonnes p/a)		Capacity (Tonnes p/a)	Production (Tonnes p/a)		Capacity (Tonnes p/a)	Capacity (Tonnes p/a)
Recycled PP pellets	4,000	3,243	81.1	12,500	9,282	74.3	25,000	35,000
PP filament yarn	18,312	14,996	81.9	23,712	18,377	77.5	23,712	28,088
PP consumer webbing	9,804	5,950	60.7	12,590	8,534	67.8	15,531	18,438
Agricultural twine	N/A	N/A	N/A	N/A	N/A	N/A	1,000	3,000

The funds raised will expand production by:

- Increasing fibre-grade pellet capacity by installing new production equipment
- Upgrading existing filament yarn capacity and installing new capacity
- Increasing consumer webbing and agricultural twine capacity.

With rising oil price, an increasing volume of available recyclable PP, helped by increased emphasis on recycling, economies of scale and a technologically advanced production process, Novarise will maintain its cost advantage over virgin PP suppliers. Novarise also limits the supply of recycled PP pellets to outside PP manufacturers to between 20 per cent and 40 per cent of output, to maintain its cost advantage.

While Novarise mainly uses recycled PP, it does use some Virgin PP, around 20 per cent of input costs, for white or and coloured PP filament yarn and for white and coloured agricultural twine.

Novarise aims to retain its industry leadership with continued investment in Research and Development, primarily aimed at improving its processes and the specifications and performance of its products. Novarise has applied for patents for its production process.

Novarise's product range currently covers:

Fibre-grade recycled Pellets Commenced production in 2007, Outside sales in 2009	Pellets made from recycled PP waste	Production of PP filament yarn and agricultural twine
PP Filament Yarn Commenced production in 1999, from waste PP in 2007	A type of continuously drawn filament, that is anti-acidic, corrosion and water resistant, non hygroscopic and non toxic	Consumer use - belts and bags Industrial - safety nets Agricultural - fishing nets & shelter Construction – construction fibre (mixed with concrete)
Consumer webbing products Commenced production in 2007	PP straps and rope made from filament yarn	Used for straps and edging on bags, on beach chairs and tents
Agricultural twine Commenced Production in 2009	Twisted fibres made from fibre grade recycled PP pellets	The agriculture sector, including grape vines, nets and shade cloth

SALES

Geography	CY2007	CY2008	%Ch	CY2009	%Ch	CY2010	\$Ch
Domestic Sales	11.8	24.3	105.9	52.7	116.9	53.8	2.1
Export Sales	20.4	15.3	-25	9.2	-39.9	20	117.4
Total	32.2	39.6	23	61.9	56.3	73.8	19.2

The largest and strongest growth market for PP filament is consumer use, accounting for 60 per cent of overall volume, followed by industrial (25 per cent), agriculture (10 per cent) and construction (5 per cent). Novarise is broadening the application of its technology from the consumer area to agricultural, industrial and construction areas.

Novarise's products are sold within China and also internationally, utilising an established network of customers and distributors. While 90 per cent of revenue in CY2009 (67 per cent in CY2008) was derived from within China, this was due to the stronger Chinese economy, and a sharp temporary downturn in some of its international markets. The domestic customers of Novarise are mainly original equipment manufacturers, including global brands such as Dell, IBM, Apple, Fila, Umbro, Samsonite and Coleman. From the second half of CY2009, Novarise has increased sales of recycled PP pellets to smaller PP manufacturers, whilst also limiting supply to outside PP manufacturers to maintain the cost advantage. The international sales are mainly in the PP filament yarn and consumer webbing products area to customers mainly in Hong Kong, the Philippines, Taiwan and India. Products are generally customised to customers' specific requirements.

FINANCIALS

Novarise has achieved strong revenue, margin and profit growth over the three and a half years to 30 June 2010, with a ramp up in production. The increase is across pellet production and value added products, especially the higher margin straps and ropes.

Half Yearly Result for 6 Months to June 30, 2010

The Half Yearly result (in A\$) was heavily impacted by strength in the A\$, which increased by 26 per cent against the Chinese currency (RMB). In constant currency terms, revenue increased by 32 per cent, with reported profit increasing by 9.1 per cent. The Net Profit of \$6.7 million has been adjusted for one-off significant loss items of \$1.4 million, comprising the costs of \$300K for the Initial Public Offer (IPO) and a Foreign Exchange loss of \$1.2 million on remittance of the IPO proceeds. The balance of the IPO costs were capitalised to the Balance Sheet. The strong underlying revenue profit result was due to:

- Strength in the Chinese economy, with GDP increasing by 11.1 per cent over the previous corresponding period. This growth was due mainly to strength in the domestic economy
- A 14.7 per cent increase in export revenue in RMB terms, now comprising 13.2 per cent of total revenue.

Profit & Loss				Balance Sheet	
6 Mths to June 30 (\$m)	2009	2010	% Ch	At June 30 (\$m)	2010
Total Revenue	30.5	31.8	4.3	Current Assets	70.1
Cost of Goods Sold	-22.3	-22.4	0	Non Current Assets	13.3
Gross Profit	8.2	9.4	15.1	Total Assets	83.4
Pre-Tax profit	5.8	7.7	31.8	Current Liabilities	32.4
Net Profit	5.8	6.7	16	Non Current Liabilities	0
Significant Items	0.4	-1.4		Total Liabilities	32.4
Reported Profit	6.1	5.3	-13.8	Shareholder Funds	51
Gross Margins	26.8	29.5		Return on Equity (%)	37.5
EBIT Margins (%)	20.1	25.5		Net Debt	0
Effective Tax Rate (%)	0.5	12.4		Net Cash (cps)	4.2
EPS (cps)		1.1		NTAV (cps)	12.8
Cash Flow (cps)		-1		Net Assets (cps)	12.8
DPS (cps)		0		Working Capital Ratio	2.4

The strong underlying growth in margins was due to optimum and full utilisation of production capacity. The weak cash flow was mainly due to a build-up in receivables and inventory resulting from the increase in production and sales. The Balance Sheet remained strong following the IPO raising, with net cash of \$16.5 million (4.2¢ ps), providing the resources to fund the expansion in capacity and working capital requirements.

FORECASTS FOR THE 12 MONTHS TO DECEMBER 30 2010

Novarise has reaffirmed its revenue and profit forecasts for 2010, outlined below:

Profit & Loss	Proforma	Historical			Forecast*	Balance Sheet		Actual*	
		2007	2008	2009		2010	As at June 30		2010
Year to December 31									
Sales Revenue	\$m	32.3	39.6	61.9	73.9	Cash	\$m	40.9	37.9
EBITDA	\$m	6.6	8.5	16.2	18.7	Receivables	\$m	12.5	8.1
Depreciation & Amortisation	\$m	-1.1	-1.3	-1.6	-2.2	Inventory	\$m	5.4	3.6
EBIT	\$m	5.5	7.2	14.6	16.5	Other Current Assets	\$m	11.3	7.2
Interest	\$m	0.0	-0.6	-1.0	-0.5	Current Assets	\$m	70.1	56.7
Pre Tax Profit	\$m	5.1	6.9	13.6	16.0	Property, Plant & Equipment	\$m	12.9	13.0
Tax	\$m	-1.5	-0.5	-0.3	-4.8	Other NC Assets	\$m	0.4	0.4
Net Profit After Tax	\$m	4.4	6.3	13.3	13.8	Non Current Assets	\$m	13.3	13.4
EBITDA Margin	%	20.5	21.5	26.2	25.3	Total Assets	\$m	83.4	70.1
EBIT Margin	%	17.2	18.2	23.6	22.3	Payables	\$m	4.6	7.1
Revenue Growth	%		22.7	56.2	19.4	Current Debt	\$m	24.3	26.5
EBIT Growth	%		29.8	103	12.9	Other Current Liabilities	\$m	3.6	2.8
Net Profit Growth	%		42.1	112	4.0	Current Liabilities	\$m	32.4	36.5
EPS	¢ps			3.3	3.5	Non Current Debt	\$m	0.0	0.0
DPS	¢ps			0.8	0.9	Other NC Liabilities	\$m	0.0	0.0
Price Earnings Ratio **	x			7.2	6.9	Non Current Liabilities	\$m	0.0	0.0
Dividend Yield **	%			3.2%	3.7%	Total Liabilities	\$m	32.4	36.5
Sector Breakdown						Net Assets	\$m	51.0	33.6
Revenue						Contributed Equity	\$m	29.3	20.3
Yarn	\$m		17.6	14.2		Reserves	\$m	6.5	2.4
Straps & Ropes	\$m		22	47.6		Retained Earnings	\$m	15.3	10.9
Operating Profit						Total Shareholder Funds	\$m	20.6	33.6
Yarn	\$m		4.2	3.5		Enterprise Value	\$	67.2	84.5
Straps & Ropes	\$m		4.7	13.5		Enterprise Value/EBITDA	x	4.1	5.2
Gross Operating Margin						Gearing (Debt: Equity)	%	0.0	0.0
Yarn	%		23.7	24.9			cp		
Straps & Ropes	%		21.5	28.4		Net Tangible Assets	s	12.8	8.4
						Price to Book Value	x	1.6	2.8

*Prospectus Forecasts

**Based on current share price

For CY2010, Novarise has forecast a 17.6 per cent increase in Pre-tax Profit to \$16 million on a 19.4 per cent increase in revenue to \$73.9 million. The lower Net Profit increase of 4 per cent to \$13.8 million reflects an increase in the provision for tax rate from 4 per cent to 30 per cent.



Recycled PP Pellets

Novarise will pay tax of 25 per cent within China on its profits, adjusted for various tax concessions. Dividends paid to Australian shareholders will be made through Novarise's Hong Kong subsidiary, after a 5 per cent Chinese withholding tax, and paid as unfranked dividends.

For CY2011 and CY2012, further increases in revenue and profit are expected with the increases in capacity, especially for recycled PP pellets and PP Yarn. Novarise expects to maintain production capacity utilisation at optimum levels for the remainder of 2010 and into 2011, with continued strong demand for PP yarn from both the domestic and export markets.

The forecast for CY2010 is based on increased production below the maximum level following the plant expansion, providing considerable upside.

Novarise intends to distribute around 30 per cent of Net Profit as unfranked dividends, subject to general business and financial conditions, its tax position and any other relevant factors. Novarise has also established a Dividend Reinvestment scheme, with Great Rises International Investments, Novarise's largest shareholder, agreeing to participate in the scheme for at least 60 per cent of its current shareholding until 31 December 2011.

PEER GROUP COMPARATIVES

Company	Activities	Code	Price \$	Mark Cap \$m	PER FY2011 x	Yield FY2011 %
Novarise*	Recycling of polypropylene	NOE	0.21	83	6.6	4
Sims Metal Management	Metal recycling	SGM	18.76	3,447	10.3	3.9
Transpacific	Waste management & recycling	TPI	1.07	1,028	10.9	1.4
Dolomatrix	Hazardous waste services	DMX	0.25	34.2	10	4
Tox Free Solutions	Waste management & recycling	TOX	2.24	215	13.1	1.7
Cardia Bioplastics	Waste Plastic to Diesel	CNN	0.016	12	N/A	0
CMA Corporation	Metal recycling	CMZ	0.087	84	N/A	0

*PER and Yield relate to the 12 months ended 31/12/2010

Data as at 12/9/2010



Qingyue Su, Managing Director, Novarise at the opening of the new production facility in Fujian Province, China

OUTLOOK

Novarise expects strong revenue and profit growth over the next five years, as a result of:

- Strong domestic demand with the Chinese economy demonstrating recovery from the impact of the global economic downturn
- Continued global expansion, based on the promotion of its environmentally-friendly PP fibre based products
- An expansion in production as a result of the production capacity for PP pellets and investing in new advanced equipment, enhancing operating efficiency. Novarise's new 75,000 tonne Nan'an facility is expected to be completed in the June Quarter of 2011, enabling a more efficient manufacturing process
- Increasing production capacity for higher margin, new, innovative and value-added products, such as eco-friendly shopping bags
- Expansion of its procurement network internationally and within China, securing ongoing supply and maintaining its raw material cost advantage
- Taking advantage of China's Circular Economy Promotion Law and other global environmental related incentive programs.

Novarise has identified Australia as an opportunity to establish a base, both as a procurement centre, and as an end market for its proposed new products, such as eco-friendly shopping bags.

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