

ASX ANNOUNCEMENT
8 February 2021



Papyrus grants “first right” to exploit technology in China

Highlights:

- **Significant shareholder UPE introduces new China opportunity**
- **UPE related entity Union Pacific Trading (UPT) signs MOA**
- **PPY contemplates first “turn-key” factory in China in 2022**
- **UPT commits to establish Chinese entity and operations**
- **Sale of “turn-key” factories to produce moulded banana fibre products**
- **China’s unmet need for sustainable packaging to be addressed**
- **First PPY banana fibre manufacturing operation outside Egypt**

Papyrus Australia Ltd (ASX:PPY)(“Company”/”Papyrus”) a world leading “agricultural waste fibre technology company” is pleased to announce the signing of a Memorandum of Agreement (MOA) with Union Pacific Trading P/L an entity related to significant shareholder Union Pacific Equities P/L (UPE).

As previously announced PPY intends to advance to a second stage of corporate development and to sell turn-key factories to produce banana fibre products to operators in other banana growing countries once construction of the proposed Egypt moulded fibre factory is operational.

China is the second largest producer of banana and China has a plastic packaging waste problem which the Chinese government demands be addressed. Papyrus can assist by selling “turn-key” factories and licensing the rights to establish banana fibre product manufacturing facilities in China which is contemplated by the MOA which was signed and formally agreed to on the 7th February 2021.

The MOA contemplates a 5 stage milestone process, namely:-

- Stage one contemplates the establishment of a joint venture company under Chinese Law, with a completion date target of end of March 2021.
- Stage two requires the JV Company to undertake comprehensive project research in China regarding the Government and all other requirements to establish the first Project within or near the banana growing areas.
- Stage three would requires the JV Company to organise in 2021 field trips for PPY officers to travel to China to assess the proposed site for the first manufacturing facility and inspect the available banana plantations.
- Stage four requires the develop a business plan for the JV Company to undertake the first Project which will require patented Papyrus

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equipment and other proprietary fibre processing machinery required for the first Project.

- Stage five requires the execution of a contract between PPY and the JV Company no later than the end of July 2021, together with the payment of a deposit to PPY for the purchase of proprietary plant and equipment necessary for the first project in accordance with the agreed business plan.

PPY has offered to grant UPT the Intellectual Property Licence necessary to enable the undertaking of the Project, subject to further exploration and negotiation of relevant commercial terms and conditions and entering into formal binding agreements. UPT which has established relations in China has commenced its obligations to establish a Chinese legal entity to undertake the project. It is anticipated that this process will be complete by 2022, the pathway for which is agreed within the terms of the MOA.

PPY will provide further updates as and when they become available.

On behalf of the Board

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