



ASX ANNOUNCEMENT

29 August 2023

Monthly Activity Report for July 2023

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month of July 2023 and the monthly Appendix 4C cash flow report released to the market on 29 August 2023.

Highlights

- Equipment completion and shipping for the first contract in the Cooperation Protocol Roadmap with the Egyptian Government
- Director and Company Secretary visit to Egypt for operations review and meetings
- Prospective new processing facility in Egypt
- Ongoing relationship development with major banana growers
- Papyrus Sohag processing facility upgrades to increase raw material feed capability

Egyptian Government Developments

1. The Egyptian Government's National Authority for Military Production (MP) contract for equipment to produce moulded banana fibre packaging products has achieved the following milestones:
 - the equipment fabrication, assembly and factory acceptance testing were completed
 - Papyrus Australia made the final payment for equipment components
 - the equipment is in transit to Egypt
 - Papyrus has been working closely with all relevant parties to ensure a smooth and timely delivery process

Upon arrival and formal handover, the MP is scheduled to make the first payment milestone, in accordance with the terms of the contract.

2. A further opportunity has been identified for the establishment of a new processing facility for another Governate in Egypt.

Papyrus Australia Ltd

3. The proposal to consolidate Papyrus Egypt (PPYeg) enterprise within Papyrus Australia, is subject to the outcome of the independent valuation currently being conducted by BDO in Egypt. During a visit to Egypt in July, the Company Secretary and Director Mr Vince Rigano met with BDO to determine the progress of the valuation, and we expect to receive the draft report in August.
4. Papyrus has registered for the Australian Government Research and Development Tax Incentive (R&DTI) program and has received a tax offset claim for the financial period July 2021 to June 2022. Papyrus complies with the R&DTI program aims which encourage research and development within Australia to improve productivity across the Australian economy. Papyrus is seeking registration for an overseas R&D finding for R&D activities conducted in Egypt as the expenditure incurred on R&D includes eligible overseas activities and provides incentive and support for companies such as Papyrus to continue R&D for product advancements.

Other Business Development

5. The commercialisation outside of Egypt is progressing well with strong interest from large scale banana growers in the Philippines, Indonesia and South America. The growers all value the ability to convert their Agri-waste into new products and revenue streams and have the access to land and financial capability for the establishment of a waste material processing and moulding facility with Papyrus.

Papyrus Egypt

Operational Activities and Business Development

6. Initial discussions have been held with customers and packaging product distribution companies, as Papyrus prepares to market the moulded food packaging products that will be produced at the MP facility in Egypt as part of the Offtake Agreement.
7. Papyrus Egypt continues to assist with information and data required for the independent valuation of PPYEg being undertaken in preparation for the proposed consolidation with Papyrus Australia.
8. The Sohag fibre processing factory is installing and testing a new auto feeding chipper for large banana pseudo-stems. Once operational, this upgrade can will allow for continuous operation at the target capacity of 150 ton per day.
9. Work continues to upgrade the fertiliser processing capacity to match the production capacity of the fibre processing line and further concentrate the liquid fertiliser.
10. Papyrus Egypt has engaged with another Governate in Egypt, who have identified land for the establishment of a waste processing plant, which will include an agri-waste processing facility. Meetings with the Governor, Environment and Agriculture Ministers and representatives and outsourced Engineers during the Director visit were encouraging.

Financials

Papyrus Australia Financial comments

11. During the month of July 2023, the following related party payments were made.
 - \$ 4584 CC&C Pty Ltd for consultancy services rendered by Pascal Gouel as Company Director.
 - \$ 913 to David Attias as Company Director for reimbursement of expenses incurred.
12. The expenditure reported for the month ending in July 2023 Appendix 4C cash flow report for Papyrus relates primarily to:
 - Staff costs
 - Contracted equipment cost
 - Audit and compliance costs
 - Other overhead related costs

Except for the payment referred to above during the month, there was no other payment to an associate or a related party.

As approved by the Board.

ENDS