



ASX ANNOUNCEMENT

28 September 2023

Monthly Activity Report for August 2023

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month of August 2023 and the monthly Appendix 4C cash flow report released to the market on 28 September 2023.

Highlights

- Major components of the first contract in the Cooperation Protocol Roadmap with the Egyptian Government in transit to Egypt will avoid import fees
- New protocol signed with the Arab Organisation for Industrialization in Egypt
- The Papyrus Australia CEO interviewed for the development of a new European business benchmark on biodiversity
- Egypt will further develop the organic liquid product

Egyptian Government Developments

1. The equipment components for the contract to establish the first production facility for the Egyptian Government's National Authority for Military Production (MP) are in transit to Egypt and expected to arrive early October. The main components for the moulding line to produce banana fibre packaging products will arrive to a military port and be exempt from import fees. Upon arrival and formal handover, the MP is scheduled to make the first payment milestone, in accordance with the terms of the contract.
2. Papyrus has signed a protocol with the Arab Organisation for Industrialization (AOI), for the establishment of a new processing facility in Egypt. The AOI will purchase a factory from Papyrus for the production of an organic fertiliser product and banana fibre products. The AOI is an Egyptian based Arab military organisation established in 1975 by Egypt, Saudi Arabia, the UAE and Qatar, with a strong competitive and diverse technology-based industrial platform. Further details of the roadmap will be developed over the coming months.

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. The valuation is expected to be completed shortly and the outcome assessed for the proposal to be presented for PPY shareholder approval at an EGM.
4. The Papyrus interim CEO Mr Daniel Schmidt was interviewed in August by a European Impact Investor group who are developing a new European business benchmark to determine good practices of companies that act on biodiversity. The investor group seeks to challenge large EU companies that have not adopted biodiversity or sustainability targets and propose transformative solutions and practices based on the developed benchmark. Papyrus practices were recommended by another impact investor group who made Papyrus part of their 'investment universe' earlier this year.

Other Business Development

5. The Business Development team in Australia continued engagements and provision of information for prefeasibility assessments for new joint venture (JV) partners.
6. A feasibility study has commenced for developed for another government project in the Middle East.
7. Initial discussions have been held with 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.

Papyrus Egypt

Operational Activities and Business Development

8. Papyrus Egypt continues to assist with the independent valuation of PPYEg being undertaken in preparation for the proposed consolidation with Papyrus Australia.
9. The Sohag fibre processing factory completed installation of a new auto feeding chipper for the large banana pseudo-stems and an upgraded conveyor for increased capability of the now automated line.
10. The Sohag team have turned their focus to concentrating the extracted organic liquid with laboratory tests and experiments undertaken on dewatering to 20% concentration. Other testing on fermentation and upgrading dewatering capability and capacity are underway.
11. Papyrus has been invited to present at the COP28, which will be held in Dubai from 30 November to 12 December 2023.
12. Papyrus Egypt will continue engagement with the Arab Organisation for Industrialization (AOI) to map the establishment of an agri-waste processing facility in another governorate in Egypt.

Financials

Papyrus Australia Financial comments

13. During the month of August 2023, no related party payments were made.
14. The expenditure reported for the month ending in August 2023 Appendix 4C cash flow report for Papyrus relates primarily to:
 - Staff costs
 - Equipment cost
 - Audit and compliance costs
 - Other overhead related costs

During the month, there was no other payment to an associate or a related party.

As approved by the Board.

ENDS