



ASX RELEASE

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PAPYRUS & EBFC SIGN SHARE SALE & PURCHASE AGREEMENT

Papyrus Australia Limited (ASX: PPY) is pleased to announce that it has signed a Share Sale and Purchase Agreement (“Agreement”) with Egypt Banaba Fibre Company (“EBFC”) for the acquisition by PPY of EBFC’s non-PPY owned interest in Papyrus Egypt LLC (“PPYEg”) the joint venture company established to further develop PPY’s banana fibre technology that has led to the production of moulded fibre products and ongoing R&D activities at the Sohag Factory in Egypt.

PPY currently owns 39.22% of EBFC through its wholly owned subsidiary PPY Manufacturing Pty Ltd (“PPYM”) with the remaining 68.78% of EBFC held by non-PPY related entities.

The proposed transaction contemplated in the Agreement is for PPY to achieve 100% ownership of PPYEg on a share swap basis as outlined below:

- EBFC’s shareholders other than PPYM will incorporate a new company (“Newco”) to hold their interest in PPY as contemplated in this proposed transaction.
- PPY will issue to Newco 15% of its ordinary fully paid shares post consolidation following the approval of the transaction by PPY shareholders, and EBFC will transfer all non PPYM shares held in PPYEg to PPYM (based on the current issued ordinary fully paid shares of PPY this transaction would result in the issue of approximately 87 million shares to Newco which based on the current share price have a value of \$1.74 million).
- The ordinary fully paid shares in PPY to be issued to Newco will be escrowed for 12 months from issue date.
- PPY has engaged Nexia Perth Corporate Finance Pty Ltd (AFSL 289 358) to prepare an Independent Expert Report to determine if the proposed transaction is fair and reasonable.
- Following the receipt of the Independent Expert Report, PPY will organise an EGM to put the proposed transaction and Independent Expert Report for PPY shareholders’ consideration.

PPY Chairman, Mr Edward Byrt said “This is a very significant milestone for the company in the commercialisation project in Egypt, where we have the significant support of the Egyptian Government intent on establishing a “national banana plantation waste retrieval industry” utilising the Papyrus technology. As the company enters the next phase of it’s growth in Egypt, this Agreement is not only a major step in PPY growth, enabling it to continue with product development as well as generating revenue from product sales it will create better transparency with the group through:

- The recognition of revenue and profit

- Having greater control and more detailed involvement in the operational activities in Egypt including better management of the group’s cash flow and resources.
- Intellectual property developments and technological improvements will be incorporated into the Papyrus Australia portfolio”.

Edward Byrt
Chairman

About Papyrus Australia Ltd:

Papyrus Australia Ltd (ASX: PPY) is a pioneering company specializing in the development and production of sustainable packaging solutions utilizing banana fibre. The company is dedicated to environmental responsibility and continuing innovation, aiming to deliver real solutions to the core environmental impacts of decomposing agri-waste and the ever-growing problem we face globally, with abundant plastic packaging.

ENDS