



ASX ANNOUNCEMENT

28 February 2024

Monthly Activity Report for January 2024

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month of January 2024 and the monthly Appendix 4C cash flow report released to the market on 28 February 2024.

Highlights

- The Egyptian Government contracted facility (MP) installation and dry commissioning
- Papyrus engaged an Independent Expert to assess the Consolidation proposal
- Prefeasibility information for potential partners in South Africa
- Studies to monetize the greenhouse gas assets achieved with Papyrus technology
- Papyrus approved to receive industry support advice from AusIndustry
- Draft report from the Desert Research Centre to concentrate the organic liquid sap

Egyptian Government Developments

1. The installation of the first production facility for the Egyptian Government's National Authority for Military Production (MP) is ongoing with the first dry run machinery test conducted.
2. The MP and Papyrus progressed negotiations for the supply of additional production equipment within the same facility with a new supply agreement. The MP will manufacture heavy components such as the ovens and base metal plates for the planned primary processing line to convert plantation waste to fibre pulp onsite and an additional moulding line to increase food packaging production.
3. The MP manufacture of components will stay under Papyrus confidential control and provide competitive advantages. The manufacturing will enable the MP to increase domestic production, reduce imports and contribute to their long-term sustainable development goals.

Papyrus Australia Ltd

4. As a progressive step in the Egypt Australia Consolidation proposal, Papyrus Australia Ltd (PPY) called a trading halt on 24 January 2024 ahead of the announcement of 29 January 2024 regarding the signing of a Share Sale and Purchase Agreement between PPY and the Egypt Banana Fibre Company (EBFC). This agreement is integral in the Consolidation proposal for the acquisition by Papyrus of EBFC's non-Papyrus owned interest in Papyrus Egypt LLC (PPYEg) the joint venture company established to conduct R&D activities in Egypt and further develop the Papyrus banana fibre technology to produce moulded banana fibre food packaging products.
5. The ASX release detailed the proposed transaction contemplated in the Agreement for PPY to achieve 100% ownership of PPYEg on a share swap basis and informed of the engagement of Nexia Perth Corporate Finance Pty Ltd to prepare an Independent Expert Report (IER) to determine if the proposed transaction is fair and reasonable for shareholders. If this

determination is positive for shareholders, PPY will present the proposed transaction and the Independent Expert Report at an EGM for PPY shareholders' consideration.

6. Papyrus Australia has obtained approval to participate in the Industry Growth Program (IGP) from the Department of Industry, Science and Resources (AusIndustry). The program provides tailored industry strategy advice to support commercialisation and growth projects. With this specialist sectorial expertise Papyrus may be able to apply for matched growth funding opportunities to support Papyrus:
 - commercialise new product ideas
 - operational growth and scaling opportunities
 - international and national market engagement
 - position PPY to seek future investment.

The program recognises the crucial role this Australian business development plays in the economy, industry and manufacturing capability and driving investment into projects.

7. The business development team have provided prefeasibility information with a new potential partner in South Africa and continued engagement with potential partners in India, the Philippines and South America, exchanging information for the formulation of tailored business models.
8. Papyrus invested in analysis by Envirolabs in Australia and received preliminary positive carbon credit modelling. The greenhouse gas assets achieved through the abatement of methane gas otherwise emitted by decomposing banana plantation waste will be in the range of 450-650kg of carbon per tonne of plantation waste. The exact carbon value for a location will depend on several factors such as electricity generation source.
9. Further work will continue on the carbon credit standard and validation processes to generate carbon credit certificates that can be sold.
10. The environmental benefits and value opportunities of greenhouse gas abatement from Papyrus technology is a key element of our commercialisation model. This institutional grade and data-driven sustainability infrastructure using proprietary protocols to develop a verification and certification methodology to measure and monetize credits and verify environmental benefits builds on the work previously undertaken by Papyrus and provides a strong value proposition for technology sales.
11. Discussions including the terms of product delivery continued with a major Australian packaging product distribution company 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

12. Papyrus Egypt continued discussions on two contract negotiations in Egypt and another project in the Middle East.
13. The new plantation waste shredder that Papyrus designed with AOI engineers was fitted with safety equipment and installed in Sohag, increasing the overall capacity of the facility and types of banana plantation waste that can be processed.
14. The existing larger shredder at Sohag processes the larger trunks into shorter fibre lengths, with the mix of these fibres providing the strength of the moulded product without additives.
15. The trials on the concentration of the organic liquid sap undertaken by the Desert Research Centre continued with a draft report of findings produced for Papyrus. Trials will continue in February with adjustments to reduce the time to concentrate to 20% of the original organic liquid volume and ensure the integrity of the biochemistry is maintained. The concentrated liquid will increase the sales value - currently purchased for use as a fertilizer and is also in consideration as a building material additive.

Financials

Papyrus Australia Financial comments

16. During the month of January 2024, the following related party payments were made.
 - a. \$ 4,580 to CC&C Pty Ltd for consultancy services rendered in December by Pascal Gouel as Company Director.
17. The expenditure reported for the month ending in January 2024 Appendix 4C cash flow report for Papyrus relates primarily to:
 - Staff costs
 - 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