

ASX ANNOUNCEMENT

22 December 2023

Monthly Activity Report for November 2023

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month of November 2023 and the monthly Appendix 4C cash flow report released to the market on 22 December 2023.

Highlights

- Installation begins for the Egyptian Government contracted facility
- Papyrus negotiates additional facilities for the Egyptian Government
- Prefeasibility studies for potential partners in The Philippines, South America and India
- Studies to monetize the greenhouse gas assets achieved with Papyrus technology
- Papyrus receives research and development tax incentive funds in Australia
- A new plantation waste shredder designed by Papyrus and AOI engineers installed
- New trials with an Egyptian Research Centre to concentrate the organic liquid sap

Egyptian Government Developments

1. The processing equipment components for the first production facility for the Egyptian Government's National Authority for Military Production (MP) were successfully delivered to the MP facility. The assembly and installation for the moulding line to produce banana fibre packaging products has commenced. This significant milestone marks a pivotal step forward in fulfilling our obligations in the Cooperation Protocol and Roadmap signed with the Egyptian Government.



Figure 1: Installation of MP Moulding Line

2. The MP and Papyrus continued negotiating a timeline to supply additional production equipment within the same extensive facility. Installation of a primary processing line to convert surrounding plantation waste to fibre pulp onsite and an additional moulding line to produce food packaging products, are planned for 2024.
3. As part of the Cooperation Protocol, the MP made the first payment milestone which will provide Papyrus Egypt with operating capital. Papyrus Egypt initiated repayment of part of its loan from Papyrus Australia to the value of AUD\$382k.
4. As installation progresses, the MP and Papyrus are identifying components that can be manufactured by the MP as part of their long-term goals to reduce imports and increase domestic production for wider sustainable development.

Papyrus Australia Ltd

5. The engineering and design work to modularize the processing facilities developed in Egypt for containerization to deploy to new locations and facilities continued in Australia.
6. A Budget and detailed Business Development and Marketing Plan have been developed with a focus on developing the technology supply chain capability for new production facilities to shorten the fabrication, delivery and installation timeframes.
7. The business development team have prefeasibility studies underway with new potential partners in The Philippines, South America and India.
8. Following the visit to banana plantations in the Philippines in October, project feasibility studies are proceeding with two major growers. An integrated production facility producing moulded fibre packaging such as fruit trays can provide a substantial alternative for growers with the main points of value including:
 - the productive use of the voluminous unutilized plantation resource
 - producing packaging on plantation to reduce outsourced packaging
 - improved environmental sustainability in reduced plantation waste methane emissions.
9. Papyrus has invested in analysis by Envirolabs in Australia to develop a verification and certification methodology to measure and monetize the greenhouse gas assets achieved through the abatement of methane gas otherwise emitted by decomposing banana plantation waste. The EnviroLabs team is working with an NSW university to deliver institutional grade and data-driven sustainability infrastructure using their proprietary protocols to verify environmental work such as carbon reductions directly from the source. This analysis builds on the work previously undertaken by Papyrus and Sigma Global in 2010 to map the environmental benefits and value opportunities of the Papyrus technology and is a key element of our commercialisation model.
10. The investment in updated verification of carbon reduction measures will enable joint venture partners to seek project funding from sources such as the United Nations Green Climate fund which allocates its resources to low-emission and climate-resilient projects and programmes in developing countries. The use of new technologies, business models incorporating methodologies and practices that contribute to sustainable development can attract these new growth and investment opportunities which include private sector funding.

11. Discussions 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.
12. The strategy in place to take 100% control of Papyrus Egypt (PPYEg) is progressing following the valuation of Papyrus Egypt (PPYEg). The consolidation transaction due diligence includes obtaining legal and independent expert advice (“IEA”), once this process is completed and assuming the IEA determines that the transaction is fair and reasonable for shareholders, the transaction will be put to shareholders at an EGM for consideration.
13. The Papyrus Annual General Meeting was held in November and all resolutions were carried.

Papyrus Egypt

14. Papyrus Egypt continued contract negotiations with the Arab Organisation for Industrialization (AOI), for the establishment of a new processing facility in Egypt. The AOI has a diverse technology-based industrial platform.
15. Following successful trials of the new plantation waste shredder that Papyrus designed with AOI engineers to increase local manufacturing and increase the capability to process the large banana trunks, the new shredder was installed in Sohag. This will ramp up production to prepare fibre supply for the MP facility.
16. New trials commenced on the concentration of the organic liquid sap with the Desert Research Centre, which is the oldest scientific research centre in Egypt - established in 1950. The trials aim to establish the optimal technology to concentrate the abundant supply of sap to 20% and provide the best economic modelling for equipment manufacturing and running costs. 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.



Figure 2: Upgraded Chipper

Financials

Papyrus Australia Financial comments

17. Papyrus Australia received \$330k in November 2023 as a tax refund (driven by the FY23 R&D tax incentive program) and received \$161k of this amount after the R&D tax loan previously raised was paid out.
18. During the month of November 2023, no related party payments were made.
19. The expenditure reported for the month ending in November 2023 Appendix 4C cash flow report for Papyrus relates primarily to:

- Staff costs
- Engineering and Design 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.

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