



ASX ANNOUNCEMENT

30 September 2021

Papyrus Australia Ltd (ASX:PPY) advises that the Company has moved from quarterly activity reports to monthly activity reports to keep the market more informed regarding its activities. This monthly report pertains to the month ended 31 August 2021 and the Monthly Appendix 4C cash flow report released to the market on 30 September 2021.

The focus of the Company in the past month has been:

- to support the Papyrus Egypt Company (PPYEg) activities in Egypt, which provide increasingly positive results, and
- to continue activities pursuing new opportunities to exploit its technology.

This report and future monthly reports will focus on two topics, namely:

- Corporate activities of Papyrus Australia Ltd in Australia, and
- Operational activities of Papyrus Egypt Company (LLC) for the manufacture of banana fiber products in Sohag, Egypt.

Papyrus Australia Ltd

Corporate Activities

1. The ongoing Papyrus Egypt operations at Sohag and research and development activities have resulted in the development and lodgment of new Australian patent for its innovative banana fibre production process which produces a cost-efficient environmentally friendly fibre ideal for use in moulded food packaging products (ASX Announcement 22 September 2021).
2. This Australian patent application is an important first step in the Company acquiring broad-ranging international patent protection for this state-of-the-art zero waste process. The significant commercial value of this process was recently proven in a series of trials in which the Company successfully produced commercial quantities of high-quality biodegradable moulded food packaging using off-the-shelf moulding machines.
3. Executed a promotional services Deed with Sydney-based BPE Investments Pty Ltd and Union Pacific Investments Pty Ltd to

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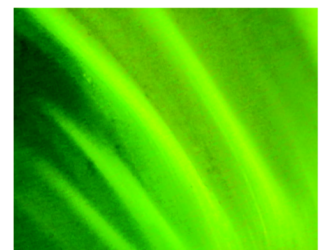
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assist the Company with its international business (ASX Announcement 30 August 2021).

4. The objective of the arrangement is for BPE and UPI to:
 - Promote the Company to potential users of its environmentally friendly technology
 - Improve the Company's opportunities and profile in Australia and internationally
 - Increase value for shareholders
5. The Company continued to field enquires from potential users of the technology from other countries.
6. During the reporting month, a payment of \$20,833 was made to a related party in accordance with the remuneration agreement for the Managing Director.

Papyrus Egypt Company (PPYEg)

Operational Activities

- Demand for 'Musa' continues to be strong with demand outstripping supply.
- Research and development has been carried out in conjunction with production activities, which continues to upscale the production capacity and improve the quality of the fibre, required for moulding products.
- In collaboration with a potential manufacturing partner, the trial manufacture of moulded product samples in a controlled experiment was in progress in August and the successful trial using its factory-produced refined banana fibre to produce commercial quantities of biodegradable moulded food packaging products in a conventional, off the shelf, moulding machine was completed during September.
- This successful trial is a major milestone for the Company as it:
 - proves banana fibre is a viable alternative to wood pulp in moulded food packaging products
 - is the first time refined banana fibre has been used on standard moulding machines
 - demonstrates the commercial value of the Company's patented process of producing mechanically refined banana fibre
 - represents a significant IP gain on how to prepare banana fibre for moulding and how to set up moulding lines to successfully mould the Company's fibre products

Consolidated Financial Reporting

The expenditure reported in the August Appendix 4C cash flow report (ASX: Announcement 30 September 2021) for PPY relates primarily to:

- staff costs
- compliance costs and related expenses
- the provision of funding to Papyrus Egypt for the purchase and installation of new Musa production equipment and the employment of additional resources to cope with the growing demand for the Company's products
- expenditure relating to the Papyrus Egypt operations at the Sohag factory

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

As approved by the Board.

ENDS