

ASX ANNOUNCEMENT 6 MARCH 2018

Papyrus Egypt business project update

Papyrus Australia Ltd (ASX: PPY) is pleased to advise that our Director Ramy Azer who has been directing progress at the Sohag factory since late last year, will be returning to Australia next week, allowing the Papyrus Egypt JV partner, Egypt Banana Fibre Company (EBFC) to take control of the Sohag factory operations and production of banana fibre and banana veneer.

Some recent photos of staff and activity at the Sohag factory:









The factory building with amenities and installed machinery is complete as outlined in the letter from Papyrus Egypt attached to the 7th July 2017 Announcement, namely, “The factory is now complete with the installed production line, storage facilities, material loading yard, complete electrical & mechanical workshops with stocks of spare parts, effluent discharge systems, firefighting systems, and all services connected.”





The July letter from Papyrus Egypt also stated “All necessary governmental licenses and approvals are in place.” That was then a correct statement for the status of the factory building. The July letter went on to talk about improving production capacity and commissioning which was also accurate and this has been the focus of Ramy Azer since late last year.











To clarify the situation, the factory building in Sohag is complete in the sense that it was so stated in the July 2017 Announcement.

The latter reference in February 2018 to “the new JV factory in Sohag has reached 95% completion” is also correct.

We are aware that there are some minor exterior building issues including gates and fences requiring completion to satisfy the local Government authority before the land grant can be completed.











Ramy Azer advises that:

“We have all necessary paperwork in place and are following the correct and prescribed procedures in Egypt. We are operating under a temporary license until such time as a final assessment is done and we are deemed compliant when the land title will be issued. This process doesn't interfere with our production, nor sales. Factories can remain operational under temporary licenses. We want the land title as it will enable the company to arrange financial instruments in the future should the need arise. Accordingly, we have all necessary licenses and approvals to operate as we are doing, however we are about 95% compliant with getting the title of the land.”

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