



ASX ANNOUNCEMENT

31 May 2023

Monthly Activity Report for April 2023

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month of April 2023 and the monthly Appendix 4C cash flow report released to the market on 31 May 2023.

The focus of the Company for the month has been:

- Expanding the commercialisation activities for Papyrus Australia Ltd, and
- Operational activities of Papyrus Egypt Company (LLC) for the manufacture of banana fibre and liquid organic fertiliser in Sohag, and food packaging products in Sharqiah.

Highlights

- Papyrus Australia announces a proposal to consolidate with Papyrus Egypt
- Engagements with new potential customers for technology and partnership opportunities progressed

Papyrus Australia Ltd

Egyptian Government Developments

1. Egyptian Government's National Authority for Military Production (MP) Contract execution update: The fabrication of all mechanical equipment for the banana fibre moulding plant was completed In April 2023. Final assembly is due to be completed in May 23 and factory acceptance testing is also due to commence in May 23 prior to being shipped to and installed in the MP facility in the following months.
2. In April 2023, Papyrus Australia (PPY) announced a proposal to consolidate the Papyrus Egypt (PPYEg) enterprise within Papyrus Australia. This move will strategically align and support the future direction of the company's operations in Egypt.
3. The consolidation presents Papyrus with a number of advantages, including but not limited to:
 - the ability to recognise revenues and profits from PPYEg at PPY level through consolidated financials
 - the ability to have full control of the strategic and operational direction of PPYEg
 - a clearer alignment of interests between PPYEg management and shareholders to that of PPY
 - an enhanced ability to share financial and operational resources between the two entities

4. The Directors of both entities have agreed the terms for the consolidation process and outcome, which is subject to an independent valuation to be undertaken by BDO Egypt
5. Following the completion of the independent valuation, an EGM will be held for shareholders to consider the proposed consolidation.

Other Business Development

6. Ongoing engagement in April with new and existing prospective customers who have the raw material access and financial capability to establish a processing plant continue to progress feasibility studies with the Papyrus Business Development team. The basic requirements to establish capability include:
 - financial capacity or partnerships with funding
 - access to sustainable volumes of banana or plantain plantation waste resource
 - land and infrastructure for a processing facility

Papyrus Egypt

Operational Activities and Business Development

7. Papyrus Egypt commenced the provision of information for the independent valuation of PPYEg being undertaken by BDO in Egypt in preparation for the consolidation with Papyrus Australia.
8. The team at the Sohag fibre processing factory are continuing work on increasing the production volume of fibre to maintain the supply to the Sharqiah facility while adding supply to the MP moulding facility which is due to be delivered, installed and commissioned in the coming months.

Financials

Papyrus Australia Financial comments

9. During the month of April, the following related party payments were made.
 - \$ 7,491 to CC&C Pty Ltd for consultancy services rendered by Pascal Gouel as Company Director, and reimbursement of expenses incurred.
10. The expenditure reported for the month ending in April 2023 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 quarter, there was no other payment to an associate or a related party.

As approved by the Board.

ENDS