

ASX ANNOUNCEMENT

31 May 2024

Monthly Activity Report for April 2024

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month of April 2024 and the monthly Appendix 4C cash flow report released to the market on 31 May 2024.

Highlights

- The Egyptian Government contracted facility (MP) delivered to the MP
- PPY and the MP continued phase two negotiations
- Independent Expert final Consolidation report provided to the Board
- Legal Counsel assessment of the Consolidation proposal continued
- Final Industry Growth Program report from AusIndustry was received
- Egypt continued negotiations with the AOI for a full processing and moulding facility
- AOI Feasibility Study preparation in Egypt

Egyptian Government Developments

1. Papyrus has delivered the first contracted production facility for the Egyptian Government's National Authority for Military Production (MP), accomplishing all milestones in the contract. The MP has made the delivery payment to Papyrus Egypt.
2. Papyrus is managing the facility operations as part of a six-year agreement, due for review at 12 months, when the MP may ask Papyrus to hand over operations if the MP team is ready to operate. This will coincide with the final payment from the MP, due to Papyrus at the end of the 12-month warranty period.
3. The MP and Papyrus phase two project contract negotiations continued, for an additional moulding line and a new processing line within the same facility. Under the incorporated Supply Agreement, the MP commenced manufacturing of the oven and water tanks and will manufacture supplementary facilities for plumbing and electrics, cabinets and presses. All programming and technology will remain with Papyrus.
4. To prepare for the formal high profile media event planned to launch the new facility. The Minister has requested a that a comprehensive video for presentation to the Egyptian President be prepare.
5. Papyrus Egypt is working with the Department of Petroleum and Renewable Energy to define the reduced environmental impact and improved environmental outcomes from Factory 200. This information will contribute to the development of a 'National Egyptian Green Industry Projects' booklet being prepared for the Minister of Petroleum and Renewable Energy. The booklet aims to express strategies for potential projects for Egypt and Africa and is targeted for use by the President and Government Ministers.

Papyrus Australia Ltd

6. The Papyrus Board and CEO provided final material for the Legal Counsel and Independent Experts assessing the proposed Consolidation strategy for PPY to take 100% control of Papyrus Egypt (PPYEg). Papyrus received the draft Independent Experts Report (**IER**) from Nexia Perth Corporate Finance P/L for Board consideration. The Independent Legal Counsel assessment of the transaction is due in early May ahead of a shareholder general meeting planned for June 2024.
7. Papyrus Australia received a specialist sectorial advisor draft report from the Industry Growth Program (**IGP**) of the Department of Industry, Science and Resources (AusIndustry). The report mapped a strategy for potential government funding options and once grant options are assessed, Papyrus seeks to apply for target funding for further product development.
8. Engagement continued with potential partners in South Africa, South America and Nigeria, A number of business model options were presented for these potential partners to enable them to engage investors, business and government partners and seek funding. There are requests to visit the new operations in Egypt, which will be negotiated with the MP.

Papyrus Egypt

9. Papyrus Egypt continued contract negotiations with the Arab Organisation for Industrialization (AOI), for the establishment of a full production facility in one of Egypt's tax-free zones. The full 'Recycling Production Line' includes a dewatering line (fibre production) and a rotary moulding facility and will be located on a large banana plantation, minimizing cost of supply and delivery.
10. Papyrus is working with the AOI to prepare a full Feasibility Study for the project.

Financials

Papyrus Australia Financial comments

11. During the month of April 2024, no related party payments were made.
12. The expenditure reported for the month ending in April 2024 Appendix 4C cash flow report for Papyrus relates primarily to:
 - Staff costs
 - Consolidation related 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