



ASX ANNOUNCEMENT

28 June 2024

Monthly Activity Report for May 2024

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month of May 2024 and the May monthly Appendix 4C cash flow report released to the market on 28 June 2024.

Highlights

- The Egyptian Government contracted facility (MP) began production of moulded products
- Papyrus signs the substantial phase two contracts with the Egyptian Government
- Independent Expert final report to assess the Consolidation was provided to the Board
- The Legal Counsel assessment of the Consolidation proposal was provided to the Board

Egyptian Government Developments

1. Papyrus signed two significant contracts with the Egyptian Military Armoured Production and Repair Factory (200), (Factory 200), one of the companies affiliated with the National Authority for Military Production (MP) (ASX Announcement 28 May 2024).
 - a. The first phase two contract planned for installation in early 2025 is for the supply, installation and commissioning of a primary processing line which will convert banana plantation waste into cellulosic fibre (for use in the moulding lines to make packaging) and organic liquid (for use as fertilizer). Importantly this processing line will enable Factory 200 to process their local plantation waste and become a fully self-sufficient integrated processing plant.
 - b. The second contact for an additional moulding line which will increase the sites production capacity from 50 million pieces to 100 million pieces. This capacity represents potential revenue of up to \$2.7m USD per year from moulded product sales by Papyrus through the offtake agreement.
2. Papyrus and the MP crew commenced production on the newly installed moulding facility, operating one shift per day, producing up to 7,000 pieces per hour. The MP crew is trained on operations, maintenance and automation controls and is under Papyrus management for the first 12 months.

Papyrus Australia Ltd

3. The Papyrus Board received and considered the final Independent Legal Counsel report and the Nexia Perth Corporate Finance P/L Independent Experts assessment of the proposed Consolidation strategy for PPY to take 100% control of Papyrus Egypt (PPYEg).
4. The Notice of General Meeting was released to announce the 28 June 2024 meeting and included comprehensive information for shareholders consideration of the proposal for Papyrus Australia proposed acquisition of shares in Papyrus Egypt LLC.

Papyrus Egypt

5. Papyrus Egypt will operate the equipment installed at the MP Factory 200 for a period of up to 12 months. During this period, MP Factory 200 staff will be trained in operating the equipment and to assist with this process the leased Sharqiah moulding facility lease was terminated and experienced staff members transferred to the MP Factory 200.
6. Papyrus continued contribution to the 'National Egyptian Green Industry Projects' booklet being produced by the Egyptian Department of Petroleum and Renewable Energy, to define the reduced environmental impact and improved environmental outcomes from the new operations at Factory 200.

Papyrus Australia Financial comments

7. During the month of May 2024, the following related party payments were made.
 - \$ 2,718 to V P Rigano & Co Pty Ltd for reimbursement of expenses incurred by Vince Rigano as Company Director.
8. The expenditure reported for the month ending in May 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