

ASX ANNOUNCEMENT

29 November 2022

Monthly Activity Report for October 2022

Papyrus Australia Ltd (ASX:PPY) reports monthly to keep the market more informed regarding its activities. **This monthly report pertains to the month ended 31 October 2022** and the Monthly Appendix 4C cash flow report released to the market on 29 November 2022.

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

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

Highlights

- Papyrus signs the contracts for the phase 1 of the Cooperation Protocol Roadmap with the Egyptian Government
- The Australian Ambassador to Egypt invited Papyrus Egypt to showcase the Papyrus technology and commercialization model to diplomats, private companies, investors and agencies.
- COP27 Conference preparation to showcase the Papyrus technology
- Interest is growing from top tier banana growers globally for the Papyrus commercialisation model
- Papyrus Egypt equipment upgrades in Sohag has achieved the October throughput targets
- Lodged Australian patent for our fibre production
- Registered Trademark MUZA for the brand of liquid fertilisers

Papyrus Australia Ltd

Egyptian Government Developments

1. As previously announced to the market (ASX Announcement: 1 June 2022), the Egyptian Government, via the National Authority for Military Production (the Ministry), has signed a Cooperation Protocol and Roadmap with Papyrus to establish a national industry in Egypt to retrieve, process and repurpose banana plantation waste utilising the Papyrus technology and IP, as part of the Egyptian 'national waste retrieval and repurposing program'.
2. On Sunday 30 October 2022, Papyrus signed phase one contracts with the Egyptian Government, through its Egyptian commercial entity Papyrus Egypt.
3. The phase one contracts cover:
 - the sale, installation and commissioning of banana fibre moulding equipment,
 - a moulded banana fibre product offtake agreement.
4. This key milestone for Papyrus in the Cooperation Protocol Roadmap, will see Papyrus prioritising the supply, installation and commission of the new banana fibre moulding plant and supporting the Egyptian Government in training on all aspects of the operation of the moulding line to ensure its success.

5. The new banana fibre moulding plant will initially be supplied with fibre from Papyrus' Sohag factory, before it is later expanded to include the processing of banana plantation waste, becoming self-sufficient for its feed material.
6. The plant will convert 100% refined banana fibre into a range of biodegradable, sustainable moulded food packaging products including egg trays, fruit trays and cup holders, with the capacity to process 2,500 tonnes of banana fibre per year, producing approximately 35 million pieces of food packaging annually.
7. The second component of the phase one contracts is the moulded banana fibre product offtake agreement, in which Papyrus Egypt will procure all moulded products produced from the new banana fibre moulding line to sell through its distribution network in Egypt. At full capacity this additional production has the potential for more than \$1.5m USD in additional end product sales annually by Papyrus Egypt.

Other Business Development

8. Papyrus is engaging with an increasing number of groups globally, who have expressed an interest in partnership opportunities with Papyrus to create sustainable economic, environmental, and social impact in banana producing communities.
9. Papyrus plants have the capacity to process 50,000 metric ton of plantation waste to generate over 40,000 metric tons of liquid organic fertiliser and 5,000 metric tons of virgin banana fibre pulp, for conversion to biodegradable food packaging products. The fertilizer production alone is generating interest in processing plants for some groups.
10. Papyrus Australia Ltd lodged the Australian patent application for the method and apparatus for producing a mouldable cellulosic fibrous material. This Australian patent is an important step in acquiring broad-ranging international patent protection for this state of the art zero waste, dewatering and fibre production.
11. Papyrus Australia Ltd registered the Trademark MUZA to cover its brand of fertilisers.

Papyrus Egypt

Operational Activities and Business Development

12. At the invitation of Dr Axel Wabenhorst, the Australian Ambassador to Egypt, Papyrus was provided a significant opportunity to showcase the Papyrus technology and the newly developed commercialization model to a select group of African diplomats, private companies, investors, representatives from African countries and agencies and the European Bank for Reconstruction and Development (EBRD).
13. On Monday 17 October 2022, Ambassadors from Senegal, Côte d'Ivoire, Sudan and Egypt were introduced to Papyrus' patented technology that creates biodegradable food packaging and organic fertilizers from agricultural waste. This was also the first opportunity for Papyrus to showcase our business model that was developed with the EBRD which outlines the economic, environmental and social benefits of our products that have the potential to address several key issues that are of growing concern across the African continent.
14. The presentation outlined the combination of addressing the three environmental and sustainability issues of:
 - reducing greenhouse gas emissions from the decomposing waste resource
 - replacing plastics and wood pulp used in food packaging, and
 - replacing synthetic fertilisers,
 which attracted interest in the Papyrus technology and the chemical free processing without the use of water and the low energy consumption in processing.

15. The banana growing countries of Senegal, Côte d'Ivoire, Sudan and Egypt have all taken steps to eliminate plastic pollution which is identified as one of the biggest threats to their environments. The adoption of the Papyrus technology to convert unutilized banana plantation waste into consumable products provides opportunities for these countries to develop a circular economy whereby valuable products are created from waste materials that would otherwise negatively contribute to climate change and a deteriorating environment. This also presents opportunities to address their commitments to reduce environmental degradation and work towards sustainable development.
16. A holistic understanding of resource management, technical capability, economic incentive combined with broader environmental and social impact has driven the Papyrus mission for a circular economy product. Our presentation showcased our community-based factories in Egypt which have established supplier and market distribution networks, local employment and social opportunities which can be replicated in communities throughout Africa for positive environmental, economic and social impact.
17. Papyrus is preparing for presentation in the Green Zone of the UN Climate Change Conference (COP 27) which will be held in Egypt from 6-18 November 2022. This is a significant opportunity to showcase our product, our partnership opportunities and develop 'global coalition for impact' partners to progress the rollout of the technology across banana growing regions globally.

European Bank for Reconstruction and Development (EBRD) Support

18. As previously announced (ASX Announcement 5 July 2022), the European Bank for Reconstruction and Development (EBRD) provided funding support for an independent consultant to develop a five-year business plan for the full commercialisation of the Papyrus Egypt production facility in Sohag Egypt.
19. Following the completion of the report and the financial modelling of Papyrus Egypt by the independent consultant, the EBRD requested to use this Papyrus Egypt business commercialization plan as part of their presentation at COP27.
20. The EBRD consultant has developed an ongoing relationship with Papyrus Egypt to facilitate future cooperative business development opportunities.
21. During the reporting period the following payments were made to related parties:
 - \$2,750 to Chikarovski & Associates for consultancy services rendered by Kerry Chikarovski as Company Director; and
 - \$20,833 to the Managing Director in accordance with the remuneration agreement.No other payments were made to a related party.
22. The expenditure reported in the October 2022 Appendix 4C cash flow report for Papyrus relates primarily to:
 - staff costs
 - compliance costs and related expenses
 - expenditure relating to the Papyrus Egypt operations at the Sohag and Sharqiah factories.

As approved by the Board.

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