



ASX ANNOUNCEMENT

30 April 2024

Quarterly Activity Report for January to March 2024

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the quarter ended 31 March 2024 and the quarterly Appendix 4C cash flow report released to the market on 30 April 2024.

Highlights

- The Egyptian Government (MP) moulding facility commissioning is completed
- PPY and the MP engaged in phase two negotiations
- Independent Expert and Legal Counsel assess the Consolidation proposal
- Independent carbon credit modelling report for Papyrus technology received
- Industry Growth Program consultation continues

Egyptian Government Developments

1. The first production facility for the Egyptian Government's National Authority for Military Production (MP) has been installation and commissioning completed. Handover was completed with the second payment milestone for the equipment is now due.
2. A formal high profile media event to launch the new facility is planned in the next few months, to include Ministers, department and MP officials and the Australian Ambassador.
3. Official production has commenced with Papyrus managing the facility operations at one shift per day, targeting an increase to three shifts per day over the coming months. The cupholder production output target is 5,000 pieces per hour.
4. The MP and Papyrus phase two project negotiations continued, with the MP indicating that they will expand to include primary processing and additional moulding lines within the same facility. The MP plans additional buildings to accommodate the expanding operations, an administration building and an extensive raw material receipt and storage area.

Papyrus Australia Ltd

5. The Papyrus Board and CEO have been extensively engaged in the provision of material for the Legal Counsel and Independent Expert assessing the proposed Consolidation strategy for PPY to take 100% control of Papyrus Egypt (PPYEg). Nexia Perth Corporate Finance P/L were engaged as Independent Experts (IE) to assess the proposal.
6. Papyrus Australia is participating in the Industry Growth Program (IGP) of the Department of Industry, Science and Resources (AusIndustry) which provides an advisory service in relation to business growth and will provide a platform for potential for future grant funding.
7. The business development team have further engaged with new potential partners in South Africa, India, the Philippines, South America and Nigeria. Potential partners are provided with information for feasibility studies to attract partners, investors, business and government funding.
8. Papyrus invested in carbon credit modelling by Envirolabs in Australia and received the final report in March, which provides a basis to monetize the abatement of methane gas otherwise

emitted by decomposing banana plantation waste. The environmental benefits and value opportunities of greenhouse gas abatement from Papyrus technology is a key element of our commercialisation model and provides a strong value proposition for technology sales.

9. Papyrus published the Papyrus Australia Ltd Appendix 4D and half year report to 31 December 2023 and the Papyrus Egypt audited accounts for the half year ended 31 December 2023. Both reports included a review of operations for the half-year.

Papyrus Egypt

10. Papyrus Egypt continued discussions to establish an agreement to supply primary production and moulding lines to another enterprise within Egypt in a joint venture model. This is planned for operations in one of Egypt's tax-free zones, that can access privileges such as security, streamlined government administration, and guarantees including legal processes and ownership. The agreement is expected to come to fruition within 12 months and includes planned expansion into Africa.
11. The Papyrus Sohag factory promoted a new manager to enable the CEO Heba Nayil to focus on the MP facility. The Sharqiah moulding facility has closed with the manager and staff relocated to work in the MP facility, which has greater production capacity.

Financials

Papyrus Australia Financial comments

12. During the quarter to March 2024, the following related party payments were made.
 - \$ 4,583 to CC&C Pty Ltd for consultancy services rendered by Pascal Gouel as Company Director.
13. The expenditure reported for the quarter ending in March 2024 Appendix 4C cash flow report for Papyrus relates primarily to:
 - Staff costs
 - Consolidation related costs
 - Audit related 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