



ASX Announcement

6 October 2017

MANAGING DIRECTOR'S STATEMENT FOR SHAREHOLDERS

Papyrus Australia Ltd (ASX:PPY) ("Papyrus", "Company") deserves to be a great company and it is my intention to use every skill at my disposal to help make that a reality. I've rolled up my sleeves and achieved this for my previous employers and I have a vivid vision of how I plan to make this happen for Papyrus.

The time is right for Papyrus to support more than one technology venture and I intend to introduce exciting new opportunities to the Board for consideration. One benefit to shareholders will be the reduced risk by spreading across various high tech sectors like renewables, energy, biotech, machine learning, fintech, medical, as appropriate. Some of these already have revenue streams, meaning Papyrus could soon start to generate income as a result.



The other part of my plan is that I intend to be the best hands-on support I can for Ramy Azer to help achieve the objectives of the banana project. It was the innovation of these original ideas that first attracted my interest in Papyrus, and it is unabated. I want to ensure the best possible outcome for the Egyptian joint venture project and its partners, using our accumulated knowledge and experience at transforming banana plantation waste to value-added products.

Papyrus is based in Adelaide, South Australia, which is the centre of one of Australia's, and indeed the world's, most inventive technology corridors. The unique local circumstances here present opportunities that we intend to pursue and capitalise on. For instance, energy, alternative energy, renewable technology and such are all topical with successful startups, IPO's and investment projects in play.

There are also unique opportunities here too. With the transitions in the automotive sector, there is a huge vacuum opening for novel ideas and solutions. I can see the energy opportunities combining with the automotive space generating immediate job and wealth opportunities. There is no reason Papyrus should not be one of the leaders in this wave of innovation, and it does not stop there. One of the hottest areas at the moment is machine learning, including robotics and artificial intelligence, something we are positioned ahead of most to create valuable enterprises. There are

medical and health sciences, and the State has one of the largest investments, and therefore expectations, for creativity in these sectors. Globally, there are opportunities in social media, financial technology, resources and educational services.

As Papyrus' new chief executive, the most important thing I am bringing to the Company is immediate access to many of these opportunities, with entities already in talks with me to consider joining us.

If we are successful at these, I see Papyrus becoming a valuable technology holding company, with wholly owned or joint venture projects that can be retained as sources of sales revenues or sectioned off as asset sales. It is my widespread background as a successful entrepreneur and commercialiser of technology in these different areas, plus the rich network of connections and contacts that I have accumulated, which allows Papyrus to jump ahead quickly.

Nothing happens without money of course and I plan to go to shareholders, and to the market at large, and to specialist investors as necessary to raise the funds. My background shows an ability to negotiate fairly but aggressively in favour of existing shareholders, so the dilution should be minimal and is likely to result in a share of something very valuable for existing shareholders.

No one is more pleased than I am to be invited to join the board and executive team at Papyrus. As we have taken time to negotiate the terms of my engagement, I have been able to draft a plan of attack:

- I will take the next week or two to be briefed in full detail by the Company's board and executives in order to become knowledgeable about the Company's operations and status.
- And I will examine first hand the activities in Egypt. I will meet Ramy there on 10 October and spend time to observe, review, contribute and support the project, meeting the staff, investors and all stakeholders.
- Then to present all the plans and news to shareholders at the AGM later in November 2017.

My experience with production and manufacturing is quite extensive, everything from cosmetics to resources to racing cars. Then importantly, selling the product.

As mentioned in the 3 Oct ASX Announcement, I have followed this company for a decade and even examined the original banana paper machine when it was being prototyped. Papyrus now has an impressive production facility in Egypt and the first thing I want to do is contribute whatever Ramy needs to help the project along.

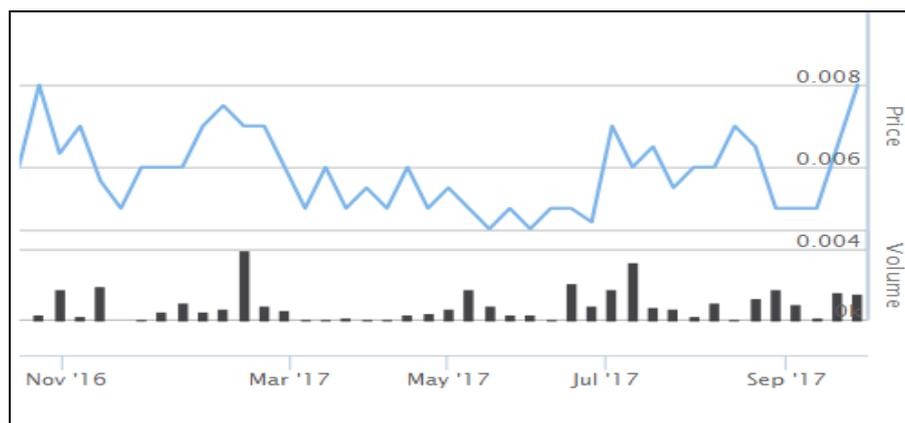


I believe in transparency and communications. It's a complex world and there are no sure things, so it is possible things will change at times, but I intend to be as forthright and direct with shareholders as possible, within regulatory and confidentiality confines of course.

You have an exceptionally talented and proven board of loyal directors, with the right mix of experiences and skills. I will join the board as Managing Director and expect to be challenged and tested at all times. But the board has also emphasised that once a project is approved, they will leave me alone to do my job. This is a perfect governance scenario well expressed by the Company in its recent Annual Report (ASX release 26/9/17).

Our advantages are several. As well as the committed board with long term industry and corporate knowledge, the Company is debt free apart from the debt support from directors and Ramy's family company Talisker Pty Ltd. This alone shows the strength of the financial management ability in the Company. With my plan to convert the past banana project investment to commercial success, the accumulated past investments, identified now as accumulated losses in the Balance Sheet, could amount to a valuable future tax relief asset. The ASX is one of the world's most robust exchanges and we are in one of the world's most stable free markets. Ramy's technical industry knowledge is second to none in my opinion. We have successfully made paper, veneers, packaging, containers, and are capable of finalising the production project, make sales, and list profits.

The Company's share price is now \$0.008 and its market capitalization is \$1.675m, the best since November 2016. The board and I have agreed to a results-based compensation package, so that cash can be utilised instead towards expanding into this new strategy.



The main thing I want to express in this first letter to shareholders is that I hope you go with us on this new adventure and support our projects, morally and financially, as we merge, acquire or joint venture opportunities into the new Papyrus. Your success will be my reward.

Sincerely,

Allan Branch
CEO and Managing Director.

Enquiries: Allan Branch: company website contact form, www.papyrusaustralia.com.au