



## **ASX ANNOUNCEMENT**

### **29 October 2021**

**Papyrus Australia Ltd** (ASX:PPY) advises that the Company has moved from quarterly activity reports to monthly activity reports to keep the market more informed regarding its activities. This monthly report pertains to the month ended 30 September 2021 and the Monthly Appendix 4C cash flow report released to the market on 29 October 2021.

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

- to support the Papyrus Egypt Company (PPYEg) activities in Egypt, which provide increasingly positive results, and
- to continue activities pursuing new opportunities to exploit its technology.

This report and future monthly reports will focus on two topics, namely:

- corporate activities of Papyrus Australia Ltd in Australia, and
- operational activities of Papyrus Egypt Company (LLC) for the manufacture of banana fiber products in Sohag, Egypt.

## **Papyrus Australia Ltd**

### **Corporate Activities**

1. Papyrus completed a successful trial using refined banana fibre to produce biodegradable moulded food packaging.
2. This successful trial is a major milestone for the Company as it:
  - proves banana fibre is a viable alternative to wood pulp in moulded food packaging products
  - is the first time refined banana fibre has been used on standard moulding machines
  - demonstrates the commercial value of the Company's patented process of producing mechanically refined banana fibre
  - represents a significant IP gain on how to prepare banana fibre for moulding and how to set up moulding lines to successfully mould the Company's fibre products.

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3. Signed a 12-month operational lease for control of a fully operational moulded fibre packaging facility in Sharqiah, Egypt. Commencing 1 November 2021, the lease includes rights of renewal for the following two years at the option of PPYEg.
4. The benefits of the lease for PPYEg are:
  - The JV has immediate access to a toll manufacturing factory to fast track the commercial development of its moulded fibre packaging products.
  - The factory will be managed by the existing management and toll manufacturing staff without the need for PPYEg to employ additional human resources.
  - The anticipated output at full production is the equivalent of 5,000 clam shell food packaging products per hour of operation. Processed banana fibre will be supplied by the Sohag factory.
  - Whilst the longer-term objective is to build a moulded fibre factory next to the existing facility at Sohag, in the short to medium term, PPYEg no longer needs to use capital to build its own moulded fibre products factory and is therefore able to fast track the development of its product range.
  - The small capex expenditure required is for the manufacture of specific product moulds, which can subsequently be utilised at its own future facility in Sohag.
  - The importance of having a moulded fibre packaging products factory operating in an existing commercial environment is essential to the Company, as it will demonstrate its commercial scale capability to all prospective purchasers of its technology, using the abundant banana tree trunk waste available around the world.
5. The Company continued to field enquires from potential users of the technology from other countries.
6. During the reporting month, a payment of \$20,833 was made to a related party in accordance with the remuneration agreement for the Managing Director.

## **Papyrus Egypt Company (PPYEg)**

### **Operational Activities**

- Demand for 'Musa' continues to be strong.
- Research and development has been carried out in conjunction with production activities, which continues to upscale the production capacity and improve the quality of the fibre, required for moulding products.

**Consolidated Financial Reporting**

The expenditure reported in the August Appendix 4C cash flow report (ASX: Announcement 29 October 2021) for PPY relates primarily to:

- staff costs
- compliance costs and related expenses
- expenditure relating to the Papyrus Egypt operations at the Sohag factory.

Except for the payment referred to under corporate activities during the month, there was no other payment to an associate or a related party.

As approved by the Board.

**ENDS**