



ASX ANNOUNCEMENT 28 April 2022

Papyrus Australia Ltd (ASX:PPY) advises that in addition to monthly activity reports, it is required to also provide quarterly activity reports to keep the market more informed regarding its activities.

This quarterly report pertains to the quarter ended March 2022 and the quarterly Appendix 4C cash flow report released to the market on 28 April 2022.

The focus of the Company in the past quarter 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 quarterly 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. Following the execution of the lease agreement for an operational moulded fibre packaging facility in Sharqiah, Egypt which commenced in November 2021, the focus in Egypt shifted to produce and test the production of moulded fibre packaging products utilising 100% banana fibre, which led to the announcement in January 2022 by the Company that the Sharqiah factory had produced a world first 100% banana fibre burger clam shell packaging product (ASX Announcement: 7 January 2022).
2. The abovementioned production trial satisfied the Halim family, owners of “Al Ahram for Plastic Manufacturing” that our technique for processing banana plantation waste was suitable to produce banana fibre pulp capable of being moulded into food quality packaging products to replace their plastic packaging.

Papyrus Australia Limited

Building 16
35-37 Stirling Street
THEBARTON SA 5031
AUSTRALIA

PO Box 566
Torrenville Plaza
MILE END SA 5031
AUSTRALIA

Tel: (+61) 08 7324 1232

Fax: (+61) 08 8152 0553

email@papyrusaustralia.com.au

www.papyrusaustralia.com.au

ABN: 63 110 868 409



3. The successful results at the Sharqiah facility, led to the signing of a Partnership Agreement with the long established and successful Sohag based Egyptian corporation “Al Ahram for Plastic Manufacturing” on 26 January 2022, to enable Al Ahram to transition from plastic packaging to banana fibre-based food packaging – the first such transition worldwide and the beginning of a new era of sustainable and compostable 100% banana fibre packaging products in Egypt.
4. The key elements of the Partnership Agreement are:-
 - A new joint venture company “JVC” will be established in Egypt with Al Ahram holding 65% equity and PPY the remaining 35%, operating within the existing Al Ahram packaging manufacturing facilities in Sohag.
 - Papyrus Egypt will produce and sell on terms to be agreed the required refined banana fibre to the JVC for the production of moulded fiber products in Sohag.
 - Al Ahram will provide the factory building at Sohag Egypt to the JVC on commercial terms to be agreed, to house the moulded product manufacturing equipment and production lines.
 - Preparation of a business plan with input from both parties is underway and expected to be completed by the end of April 2022 and announced to the market.
5. Subsequent to that development, the Company turned its Sharqiah factory focus to the commercial production for sale of moulded packaging products, which will continue to provide the Company a return on operations.
6. The Company also continued the development of a sales and marketing plan, which will focus on how the Company’s banana plantation waste processing and product manufacturing technology will be rolled out in Egypt.
7. Late in March the Chairman and the Managing Director travelled to Egypt at the invitation of the Government of Egypt, and on 27/28 March they met His Excellency the Minister of State for Military Production, the deputy Minister Eng. Mohamed Salah al-Din, and several senior executives. The Executives informed the Company that the Government of Egypt had decided to establish a national banana plantation waste retrieval and transformation industry, and that it wished to utilise the Papyrus technology to process the banana plantation waste and to facilitate the manufacture of the several products being achieved in our factory in Sohag. Negotiations commenced immediately to determine the scope of a potential relationship with the Ministry.
8. The Ministry of State for Military Production which is responsible for essential infrastructure in Egypt is also responsible for all waste collection, retrieval and transformation for economic benefit. The Ministry has the authority to implement all

and any strategy which will benefit Egypt from an institutional infrastructure perspective.

9. Subsequent to the reporting period, the Egyptian Government, via the National Authority for Military Production, announced that it had chosen Papyrus Australia Ltd as its “partner” to establish a national industry to retrieve and transform banana plantation waste as part of the national waste collection program. The landmark agreement was formalised with the signing of a Cooperation Protocol with the National Authority for Military Production (the Ministry) (ASX Announcement: 7 April 2022).
10. The areas of planned cooperation outlined in the Protocol state that Papyrus will work with the Ministry to licence its technology and IP, and provide essential technical support to the Ministry under commercial agreement to assist with:
 - Manufacturing equipment, machinery, production lines and spare parts
 - The construction of conversion plants for agricultural waste
 - The production of fertilisers and agricultural fertilisers
 - The production of banana fibre and pulp to produce paper, cardboard and wood products
 - The production of innovative packaging products, and
 - Provide technical support and improved process equipment over time.
11. The Managing Director is presently negotiating the detail of the proposed agreements which will be released to the market upon completion.
12. The Egyptian Ministry itself informed the Egyptian public about the Cooperation Protocol (ASX Announcement: 8 April 2022).
13. The Company continued to field enquires from potential users of the technology from other countries.
14. The Company continued the development of a sales and marketing plan, which will focus on how the Company’s technology will be rolled out beyond Egypt.
15. The Company continues to field enquires from various organisations that are interested in implementing the Company’s technology.
16. Executed an independent services Deed with Sydney-based Markson Sparks Pty Ltd (“MS”) to assist the Company with its promotional activities (ASX Announcement 28 March 2022).

The objective of the arrangement is for MS to:

- Advise on and assist with marketing and branding strategies relevant to the Company’s shareholders, suppliers, customers and others generally
- Assist with media architecture relevant to the Company including assisting on relations with government and the private sector
- promote the image of the Company in Australia

17. During the reporting month, a payment of \$62,499 was made to a related party in accordance with the remuneration agreement for the Managing Director.

Papyrus Egypt Company (PPYEg)

Operational Activities

- The demand for fibre raw material to produce moulded fibre packaging products utilising 100% banana fibre at the Sharqiah factory has had a flow-on effect at the Sohag factory in that it has increased the production of 'Musa' liquid fertiliser for sale.
- Market demand for 'Musa' continues to grow, with the addition of new clients wishing to purchase the product.
- The other focus during the reporting period was to test and modify the process of production of the clam shell moulds in the Sharqiah factory, to ensure that the moulds were ready to commence production of food quality moulded banana fibre packaging products to replace plastic packaging.
- In order to upscale the machinery, equipment and production capacity and improve the quality of the fibre, required for moulded products, a review of the current machinery and equipment was carried out at the Sohag factory.
- Having completed the trials for moulded fibre packaging products, the leased Sharqiah factory was reconfigured and commercial production of moulded banana fibre packaging products commenced for the Egyptian market to customers who have directly approached Papyrus Egypt.
- Significant additional fibre refining equipment has been ordered and some is now in the process of being installed at the Sohag factory. This upscaling of refining capacity at Sohag will continue to take place over the coming months.
- The additional fibre refining equipment will ensure that sufficient banana fibre and banana fibre pulp is available to supply the impending JV with Al Ahram, and additionally as required by the Sharqiah facility for commercial sales.

Consolidated Financial Reporting

The expenditure reported in the March quarter 2022 Appendix 4C cash flow report (ASX: Announcement 28 April 2022) for PPY relates primarily to:

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

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