



## ASX ANNOUNCEMENT 28 June 2022

**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 31 May 2022** and the Monthly Appendix 4C cash flow report released to the market on 28 June 2022.

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. As previously announced to the market (ASX Announcement: 1 June 2022), the Egyptian Government, via the National Authority for Military Production, has signed the Cooperation Protocol Roadmap with Papyrus. This was the next important step in finalising the agreements with the Egyptian Government to supply equipment and licences for Papyrus technology and IP.
2. Ratified by the Papyrus Board, the Cooperation Protocol Roadmap was signed in Cairo by the Vice Chairman and Managing Director of the National Authority for Military Production, Eng. M. Salah al-Din Mustafa.

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3. The Roadmap sets out the following key structural elements to bring the Cooperation Protocol into practice:
  - a. To develop and sign an exclusive license agreement with the Ministry to use Papyrus technology in Egypt (except for the existing Papyrus factory)
  - b. To develop and sign a purchase agreement for the Ministry to buy one full banana fibre processing production line from Papyrus
  - c. The fibre processing factory(s) will be operated by the Ministry
  - d. Papyrus will be the sole distributor of the output of the future factory(s)
4. It is intended that in phase two of the project Papyrus will provide a further licence to the Ministry to allow it to fabricate in Egypt certain parts of the production line for future factories to increase the local origin parts, the terms and conditions of this licence are yet to be agreed between the parties, however Papyrus will retain the right to supply the integrated control systems and specialised components.
5. Initial engineering designs and specifications for the fibre production facility to be sold to the Ministry have been developed with the focus now to develop the equipment supply chain partners for the production facility.
6. The equipment selection for the prospective moulding equipment supply to “Al Ahram for Plastics Manufacturing” has been refined and the Company continued to provide support to complete the internal business modelling work to demonstrate a viable fibre moulding processing line using Banana waste fibre.
7. The Company has commenced discussion with potential Australian customers for the Papyrus technology with early conceptual modelling work being undertaken for processing fibre in Australia.
8. The Company continued to field enquires from potential users of the technology from other countries.

During the reporting month, a payment of \$2,750 was made to Chikarovski & Associates for consultancy services rendered by Kerry Chikarovski a Company Director. No other payments were made to a related party.

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

### **Operational Activities**

- Papyrus Egypt has commenced with stable full-scale production and sales of moulded egg trays from the Sharqiah factory made from banana waste fibre produced from the fibre processing factory in Sohag. This is a significant milestone in the upscaling of the production facilities in Egypt.
- All of the processing equipment required to scale up the Sohag processing lines to the intended commercial scale of the technology has been received in Sohag, with the focus in the coming months on installation and commissioning of the new equipment.
- The expenditure reported in the May 2022 Appendix 4C cash flow report 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**