



Chairman's report to the AGM on 28 November 2019.

This report is presented to shareholders on behalf of the board. Those directors who are present today will answer any questions shareholders may have following the formalities. Our Managing Director Ramy Azer will give a presentation after the formalities and will take questions.

I refer shareholders to the Company's Operations report contained within the published Annual Report for 2019 which gave a satisfactory overview of the activities of the company during the past financial year.

Financial support.

I wish to note the outstanding financial support we have received in Australia during the past 12 months primarily from a few sophisticated investors, most of whom are here today who are true believers in what Papyrus is seeking to achieve and have demonstrated their belief in the company by such investments.

For the record today I note that those investors collectively contributed essential capital totalling \$90,000 during the year.

The company also retains the confidence of all directors who have supported the company financially during the year, especially Ramy Azer and his wife Phoebe Azer, who through their company Talisker (SA) Pty Ltd have maintained significant financial support.

I should also add that in this financial context Ramy Azer again committed the year to live in Egypt and support and strategically guide the emerging business of the Egypt Banana Fibre Company and Papyrus Egypt, such is his belief in and commitment to the Papyrus opportunity.

Papyrus support for EBFC in Egypt.

The sole focus of the company in the past year has been to support the Egypt Banana Fibre Company activity in Egypt which has been positive through 2018 - 2019 as a result of the strategic support of Ramy Azer and the EBFC Chief Executive Ms Heba Nayle. I will leave it to Ramy Azer to comprehensively address the status in Egypt later this morning.

Our primary goal in supporting the project in Egypt is to establish a true demonstration of the potential of the Papyrus vision in a commercial operating environment in a developing country where banana is grown.

Product sales commenced in Egypt some time ago and have continued with growing volume and value through the year, with all revenue generated to date used to support the factory, and expand its production output to meet increased demand for its products. Sales have steadily increased to the point where a regular and reliable cash flow is being generated.

Legal claim for Defamation.

I refer to the ASX Announcements on 19 March 2019 and on 8 April 2019 wherein it was stated that Dr Allan Branch had instituted legal proceedings against the Company and its directors for alleged defamation.

The Company and its directors instructed their lawyers to make an application to “strike out” the claim for want of a demonstrated legal basis for the claim of defamation, which was heard by Justice Wheelahan in Hobart on 31 October 2019.

I now advise that on 14 November 2019 the Federal Court of Australia ruled, inter alia, that the Statement of Claim filed in the action by Dr Branch on 5 July 2019 be struck out, and that Dr Branch be given leave until 4.00pm on 13 December 2019 to file an amended Statement of Claim. The Company and the directors will contest any new claim so instituted by Dr Branch believing there has been no actionable cause.

The Court also ordered that Dr Branch pay the costs of the Company and the directors, and I advise that the Company and the directors have instructed their lawyers to pursue immediately the recovery of costs from Dr Branch as ordered by the Court.

The Future.

We are fielding enquiries regularly from other developing countries which grow banana and who have stated their wish to establish a local banana waste fibre facility subject to project finance and the demonstrated commercial outcomes in Egypt.

The proof of commercial opportunity being realised in Egypt will be used as the basis for attracting interest from other countries and their communities to establish waste banana fibre processing facilities.

The opportunity now for Papyrus Australia is to consolidate the long held goal to be a technology development and licensing entity to exploit waste or residue fibre, and that will be our focus with the support of our new strategic investor Union Pacific Equities Pty Ltd.

Ramy Azer will focus on “the future” in his presentation but for the purposes of corporate governance I make the following comments.

As announced to the ASX on 11 November 2019 Union Pacific Equities Pty Ltd (“UPE”) has agreed to subscribe for up to 19.9% of the issued shares in the Company, at a price of \$0.01 per share. The subscription for the shares will be undertaken in two tranches, the first payment of \$60,000 having been received, and the balance of the entitlement being due within 45 days of that date.

UP Equities is seeking to access the Papyrus technology and expertise in the processing and the application of its residual agricultural fibre. UP Equities has primary access to substantial agricultural holdings of hemp, both in Australia and overseas.

UPE also brings to Papyrus an existing international business network, new market opportunities and an experienced potential director in Roger Smeed.

The agri-waste fibre facility in Egypt and the applied Papyrus technology has proven that there are many valuable applications for a sustainable future in previously “wasted” or “unused” residual agricultural waste fibre such as banana, and other emerging agricultural waste fibre such as is proposed by UP Equities for residual hemp fibre.

It is the intention of UP Equities and the Company to seek to exploit this new synergistic opportunity and to integrate the activities of both entities to maximise future opportunities, about which an announcement will be made as and when such co-operation agreement is concluded.

Our agent in The Philippines, John Doughty, understands the relevance and importance of this new synergistic opportunity offered by UP Equities when he reported to us recently that:

“Abaca, which is known as Manila hemp, is a species of banana native to The Philippines which produces over 85% of world production of Abaca for cordage and pulp for specialist paper”.

He added that Southern Mindanao where he is based and from where he is supporting Papyrus “should be your focus for both a banana fibre and Abaca fibre factory using Papyrus technology”.

Governance.

I thank the directors for their ongoing support and guidance which is greatly appreciated. I also record our thanks and appreciation to Managing Director Ramy Azer who continues to enthusiastically represent the Company in Egypt and worldwide as opportunities arise.

Our most important tasks now are to ensure that EBFC in Egypt is fully supported to achieve its business potential, and that the new business opportunities being presented by UP Equities are properly identified and captured, and that we develop revenues and become a profitable company.

To achieve this we will need appropriate executive support and the board will address that need as a priority.

Remuneration

The board is committed and working with determination and perseverance to achieve a sound and a sustainable future for the Company. We implemented further significant cost cutting measures during the year to ensure sustainability consistent with our needs and future direction.

As a matter of record, the directors have not taken any fees since late in 2010 and Ramy Azer's remuneration ceased in June 2012. No liability is accruing for any of these items. The directors are all absolutely committed to this company and its potential.

I thank the directors for their tireless commitment to the future of Papyrus Australia and I thank the shareholders for their patience. I am looking forward to an exciting and positive future.

Ted Byrt. Chairman.
28 November 2019.