



ASX ANNOUNCEMENT

28 May 2021

Monthly Activity Report for April 2021

Papyrus Australia Ltd (ASX:PPY) advises that the Company has moved from quarterly activity reports to monthly activity reports in order to keep the market more informed regarding its activities. This monthly report pertains to the month ended 30 April 2021 and the Monthly Appendix 4C cash flow report released to the market on 28 May 2021.

The focus of the Company in the past month, as has been the case in previous periods, has been:

- to support the Papyrus Egypt Company (PPYEg) activities in Egypt, which provide improving positive results, and
- to continue activities for 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. Negotiations for the acquisition of additional shares in Egyptian Banana Fibre Company (EBFC) from targeted shareholders have been concluded and the Company is awaiting the final registrations of the transfers by the Egyptian government regulator. Once the transfers have been registered the Company will own approximately 40% of EBFC, and a confirmatory announcement will be made to the market.
2. The establishment of a joint venture company (JV) under Chinese Law (ASX announcement 28 April 2021), is a work-in-progress.

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3. The Company finalised a 12-month remuneration agreement for the Managing Director which was agreed to commence on 1 December 2020.
4. The Company recruited Peter Rostig as Manager Engineering & Business Development to commence employment on 3 May 2021.

Papyrus Egypt Company (PPYEg)

Operational Activities

1. An improved Musa production line has been installed and is now showing significantly increased and improving productivity following several weeks disruption to overall productivity as reflected in the financials.
2. The installation of the requisite firefighting system was completed in the factory building concluding the conditions pertaining to the original land grant and the Governate of Sohag is now considering the application to enlarge the land grant to facilitate a new factory building on the adjoining land.
3. Three additional staff have been employed in the administration and sales departments, with two new sales representatives being located in other cities close to Sohag to sell Musa, Cairo Peat and Bokashi which are all in demand.
4. It is anticipated that the improvements to the Musa production line will result in significant overall production increases during May 2021 with corresponding sales in May and June.

Consolidated Financial Reporting

The Expenditure reported in the April Appendix 4C cash flow report (ASX: Announcement 28 May 2021) for PPY relates primarily to:

- compliance costs and related expenses,
- the provision of funding to Papyrus Egypt for the purchase and installation of new Musa production equipment,
- expenditure relating to the Papyrus Egypt operation at the Sohag factory,
- and for the acquisition of EBFC shares referred to in this report.

During the month, there was no payment to an associate or a related party.

As approved by the Board.

ENDS