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ASX ANNOUNCEMENT
27 October 2020

Quarterly Activity Report for September 2020 Quarter

Papyrus Australia Ltd (ASX:PPY) advises that this activity report pertains to the 30 September 2020 Appendix 4C released to the market on 27 October 2020.

The focus of the Company in the past quarter (as has been the case in previous periods) has been to support the Egypt Banana Fiber Company and the Papyrus Egypt activity in Egypt which continue to provide positive results.

This report and future quarterly reports will focus on two fronts, namely:

- Activities of Papyrus Australia Ltd listed on the ASX, and
- Activities of Papyrus Egypt Company (LLC) for the Manufacture of Banana Fiber products operating in Egypt

Papyrus Australia Ltd

- **Corporate Activities**

  Mr Steve Howe joined the board and as the Chairman noted (ASX release 8 September 2020) "*Steve has been a long-term shareholder and supporter of the company and his very successful business development career will be invaluable to Papyrus going forward".*

  The Company concluded its equity acquisition of a significant interest in Egypt Banana Fiber Company (EBFC). The transaction involved the cancellation of the 2019 IP Licence Agreement and the re-allocation in August 2020 of the 50% interest in Papyrus Egypt to PPY, and, as the Managing Director noted (ASX release 31 August 2020) regarding the acquisition of equity in EBFC: "*this acquisition is another step in strengthening the relationship with our joint venture partner. The Sohag factory is the commercial representation of years of hard work. Now that this factory is in cash positive production, one can comfortably state that our banana fibre technology is commercially viable*".

  The Company raised a further $30,000 from its major investor UP Equities (ASX release 20 August 2020).

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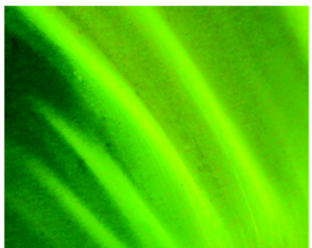
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- **Operational Activities**

  Operational activities during the quarter included:

  - Export of veneers from the Sohag factory to Japan commenced after a testing period. Veneer for exports to Japan are to Yamaha musical instrument manufacturers, who are creating a unique line of ultra-environmentally-friendly musical instruments.
  - Research commenced to integrate hemp fiber with banana fiber at the Sohag factory.
  - Planning commenced to expand the product line at the Sohag factory, to include moulded tableware and food packaging products.
  - Samples of these moulded products utilising the Sohag factory fiber were produced at a moulding factory in Delta region in the north of Egypt (ASX announcement 31 August 2020).
  - Engaging with potential customers in the United States for the moulded coffee cup takeaway trays and for fruit trays in Australia.

  The Expenditure reported in the September Quarter Appendix 4C (ASX: Announcement 27 October 2020) relates primarily to Compliance costs relating to ASX fees, Share registry fees, Audit fees etc.

During the quarter, there was no payments to an associate or a related party.

Papyrus Egypt Company (LLC)

- **Operational Activities**

  Product sales revenue for the quarter has increased by 10% over the previous quarter to EGP 435,000.

  Residual Fiber production has increased by 16% over the previous quarter to 29 tonne.

As approved by the Board

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