ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

PPK Group Limited – ASX Code: PPK

Thursday 23 September 2021

Joint Venture to Manufacture Anti-Viral and Anti-Bacterial Face Masks

PPK Group Limited (ASX Code: PPK) is pleased to announce that it has partnered with Xefco Pty Ltd (Xefco) to form a new joint venture company, Survivon Ltd (Survivon). Survivon will commence immediate local production of anti-viral, antibacterial face masks using Xefco's developed technology. An independent study by the Peter Doherty Institute for Infection and Immunity has shown that the technology to be used by Survivon is able to inactivate SARS-CoV-2 (the virus associated with COVID-19) in as little as five minutes. Further details on this independent study cited by Xefco are set out in Annexure 1 to this announcement. Survivon will also look to licence this technology to international manufacturers around the world. PPK and Xefco will each own 47.6% of Survivon with the balance held by a senior manager (Matthew Bailey, discussed below).

Following PPK's core technology investments into BNNT in particular, this new initiative in the healthcare space is consistent with PPK's technology commercialisation strategy and focus on nanotechnology breakthroughs with global application in large markets. It also represents yet another successful collaboration with Deakin University which has been instrumental in assisting Xefco with the testing and refinement of this face mask technology.

The functional mask technology is based on an ultra-thin / nano-scale coating of 99.95% pure copper, applied to the surface of the fabrics using a vapour deposition process. The key components of this technology were developed by Xefco in collaboration with Deakin University's Institute for Frontier Materials. While highly visible, the application does not change the feel, breathability or weight of the underlying fabric. The technology can be applied to a broad range of materials. A demonstration of this technology can be found on the PPK website at www.ppkgroup.com.au/site/news-media.

The key features of the joint venture are as follows:

- Xefco has assigned certain valuable intellectual property rights to Survivon and, leveraging its extensive know-how and experience, will manage Survivon's research and development of new products;
- PPK will imminently contribute $4.5m in cash on completion in exchange for its equity, less the sum payable by Survivon for the purchase of the Mask Innovation Pty Ltd shares from PPK (discussed below) and other ordinary operating adjustments. This cash will be used for Survivon's ordinary working capital;
- Survivon will operate with a separate management team, led by Matthew Bailey as either Chief Executive Officer or in another senior managerial capacity. Survivon's Board will initially have four directors, two nominated by each of PPK and Xefco; and
- PPK will further contribute technical skill and know-how to assist Survivon to develop and commercialise new products as required.

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As part of this transaction and to facilitate a rapid move into manufacturing of the new face masks by Survivon, PPK will transfer to Survivon its 100% shareholding in the recently acquired business of Mask Innovation Pty Ltd for approximately $1.6m plus ordinary operating adjustments. Mask Innovation was acquired as a going concern by PPK in August 2021 for $1.5m with key members of the previous management team retained. It is a TGA approved, PPE mask manufacturing business based on the Gold Coast producing N95/R2 (everyday use) and 3 ply surgical (molded to a face) masks. Survivon will thus have production capacity of around five million masks per month and will look to increase this capacity. The freehold title to the business premises of Mask Innovation will continue to be held by PPK. Further detail on these two transactions can be found in the subsequent events section on page 17 of the most recent annual report.

Incorporated in 2018, Xefco is an Australian-owned company that is positioned as a leading developer of advanced manufacturing methods to create textile technologies with additional functional benefits, in particular antiviral technology. See https://www.xefco.com/ for more information.

Executive Chairman of PPK, Robin Levison noted:

“PPK is most often associated with BNNT amongst other breakthrough technologies. BNNT and its associated spin-off technologies such as Li-S Energy battery project and White Graphene are clearly the major focus of the Company but PPK is always on the look-out for new opportunities to back breakthrough technologies, particularly in the nanotechnology space and with the involvement of leading Universities like Deakin, that are ready to be brought to market on an international scale.

The chance to combine the manufacturing assets of PPK’s Mask Innovation business with leading science developed by Xefco in conjunction with Deakin University represents a tremendous commercialisation opportunity with global application. It is also an incredibly timely one and yields a likelihood of making a very practical and immediate difference in combating one of the great healthcare issues of our time.”

This announcement has been made and authorised by the PPK Group Board.

For further information contact:

Robin Levison
Executive Chairman of PPK Group Limited
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Annexure 1 – Doherty Institute study

Xefco has cited an independent study undertaken by the Peter Doherty Institute for Infection and Immunity in March 2021.

The study showed materials treated with the technology inactivate Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), the virus that has caused the COVID-19 pandemic, in as little as five minutes. A summary of that report was publicly released by Xefco on 6 May 2021.

The team at the Doherty Institute was led by Dr Julie McAuley, Senior Research Officer.

Researchers from the Doherty Institute exposed textile treated with the technology to known infectious concentrations of SARS-CoV-2 for incremental periods of time before extracting and measuring the remaining infectious virus titre.

The results showed that the treated textiles deactivated the SARS-CoV-2 virus by 97.79% within five minutes and 99.95% within 15 minutes with no infectious virus detectable on the textiles after 30 minutes.