

# ASX ANNOUNCEMENT

23 April 2026



## Capital Raising

**Papyrus Australia Ltd (ASX: PPY)** ('PPY' or 'Company') is pleased to announce that it:

- has entered into agreements with certain sophisticated and professional investors to raise \$175,000 by way of a placement of shares and the issue of unlisted options;
- has entered into loan agreements with certain related parties to secure short-term loans for an aggregate amount of \$150,000. PPY intends to seek approval of PPY shareholders to convert those loans to ordinary shares in PPY and issue unlisted options to those related parties at the time of conversion of those loans on the same terms and conditions as the placement for sophisticated and professional investors referred to above;
- has converted \$263,846 in existing short-term loans provided by sophisticated and professional investors to secured convertible notes in PPY;
- has entered into agreements with certain related parties to convert, if approved by PPY shareholders, \$264,279 in existing short-term loans from those related parties to unsecured convertible notes in PPY; and
- intends to raise up to \$536,154 in additional funds through the issue of additional secured convertible notes in PPY.

## Share Placement

PPY has entered into agreements with certain sophisticated and professional investors, pursuant to which it has agreed:

- to issue 17,500,000 fully paid ordinary shares in PPY ('**Placement Shares**') at an issue price of \$0.01 per Placement Share to raise \$175,000 (before costs) ('**Placement**'); and
- the issue of one unlisted option for every two Placement Shares, being a total of 8,750,000 options ('**Placement Options**'), at an exercise price per Placement Option of \$0.020 and with an expiry date of two years after the date that the Placement Option is issued.

The issue price of \$0.01 for each Placement Share:

- represents an 11% premium to the last traded price of \$0.009 before PPY went into trading halt pre-market on Monday, 20 April 2026; and
- is in line with the 15-day volume weighted average price ('**VWAP**') of \$0.01.

Settlement of the Placement is expected to occur on Wednesday, 29 April 2026, with the Placement Shares expected to be allotted and commence trading on Thursday, 30 April 2026.

The Placement Shares will be issued utilising PPY's existing placement capacity under rule 7.1A of the ASX Listing Rules. In accordance with rule 7.1A of the ASX Listing Rules, the issue price of the Placement Shares does not represent more than a 25% discount to the 15-day VWAP of \$0.01.

The issue of the Placement Options will be issued utilising PPY's existing placement capacity under rule 7.1 of the ASX Listing Rules.

PPY has agreed to pay Shareholder Services Pty Ltd ('**SSPL**') a broker fee amounting to 6% of the proceeds of the Placement received by PPY from investors introduced by SSPL as part of the Placement.

## **Loan Agreements**

PPY has also entered into loan agreements ('**Loan Agreements**') with Al Jawhari, Brad Lemmon and Arthur Stavrou (or entities associated with those PPY directors), who are PPY directors and therefore related parties of PPY. Pursuant to the Loan Agreements, those related parties have agreed to advance unsecured, interest-free loans to PPY ('**Director Loans**').

PPY intends to obtain PPY shareholder approval to:

- convert the Director Loans into fully paid ordinary shares in PPY at \$0.01 per share ('**Loan Conversion**'); and
- issue one option for every two shares issued on conversion, being a total of 7,500,000 options ('**LC Options**'), at an exercise price per LC Option of \$0.020 and with an expiry date of two years after the date that the LC Option is issued.

The Director Loans must be repaid by no later than 14 July 2026 (unless PPY shareholders approve the issue of shares under the Loan Conversion, in which case all amounts outstanding under the Director Loans will be applied to the subscription price of those shares). No interest is payable under the Loan Agreements.

PPY intends to obtain shareholder approval under ASX Listing Rule 10.11 for the issue of shares under the Loan Conversion and the LC Options at a PPY Extraordinary General Meeting ('**PPY EGM**').

## **Secured Convertible Notes**

PPY has entered into agreements to convert \$263,846 in existing short-term loans provided by the following sophisticated and professional investors (who are unrelated to PPY) to secured convertible notes in PPY ('**Secured Convertible Notes**') issued under a secured convertible note deed poll executed by PPY ('**Secured Convertible Note Deed Poll**'):

- Maryton Australia Pty. Ltd.; and
- Antanas Guogo,

('**Initial Secured Noteholders**').

Further to PPY's announcement today, the Initial Secured Noteholders agreed in the course of negotiations with PPY in relation to the Secured Convertible Notes that they would not request repayment of their short-term loans until 30 June 2026. These short-term loans have now been

converted to Secured Convertible Notes.

Pursuant to the agreements with the Initial Secured Noteholders, \$263,846 in Secured Convertible Notes were issued today to the Initial Secured Noteholders as permitted under PPY's existing placement capacity under Rule 7.1 of the ASX Listing Rules.

Under the terms of the Secured Convertible Note Deed Poll:

- PPY may issue a further \$536,154 in Secured Convertible Notes to new sophisticated and professional investors, will be subject to obtaining shareholder approval;
- all accrued quarterly interest on the Secured Convertible Notes will be capitalised unless PPY elects to pay that accrued quarterly interest; and
- upon conversion of Secured Convertible Notes to fully paid ordinary shares in PPY ('**SCN Conversion Shares**'), PPY must, subject to PPY obtaining shareholder approval, grant to the relevant holder of Secured Convertible Notes one option for each two SCN Conversion Shares issued.

If PPY issues a total of \$800,000 in Secured Convertible Notes and all accrued interest on the Secured Convertible Notes is capitalised (and therefore added to the outstanding amount of the Secured Convertible Notes), the conversion of the Secured Convertible Notes will result in the issue of a maximum (assuming a conversion price of \$0.008) of:

- 126,973,465 SCN Conversion Shares, comprising:
  - 100,000,000 SCN Conversion Shares relating to the original principal portion of the Secured Convertible Notes; and
  - 26,973,465 SCN Conversion Shares relating to the accrued and capitalised interest portion of the Secured Convertible Notes; and
- 63,486,732] options.

PPY has agreed to pay L39 Capital Pty Ltd ('**L39 Capital**') a broker fee amounting to 6% of the value of the Secured Convertible Notes for investors introduced by L39 Capital who subscribe for Secured Convertible Notes.

Further details of the key terms of the Secured Convertible Notes are outlined in **Appendix A**.

The Company confirms there are no 10.11 participants on the Secured Convertible Notes.

### **Unsecured Convertible Notes**

PPY has also entered into agreements pursuant to which PPY has agreed, subject to shareholder approval at the PPY EGM, to convert \$264,279 in existing short-term loans provided by the following sophisticated and professional investors (who are related parties of PPY) to unsecured convertible notes in PPY ('**Unsecured Convertible Notes**') issued under an unsecured convertible note deed poll executed by PPY ('**Unsecured Convertible Note Deed Poll**')

- J G M Investment Group Pty Ltd as trustee for the Muchnicki Family Trust; and
- Irwin Biotech Nominees Pty Ltd as trustee for the BIOA Trust,

(each of which is a director of L39 Capital Pty Ltd which is a related party of PPY) (**Unsecured Convertible Noteholders**’).

Further to PPY’s announcement today, the Unsecured Convertible Noteholders agreed in the course of negotiations with PPY in relation to the Unsecured Convertible Notes that they would not request repayment of their short-term loans until 30 June 2026. If shareholder approval for the issue of the Unsecured Convertible Notes is obtained at the PPY EGM (which PPY intends to hold in June 2026), the short-term loans provided by the Unsecured Convertible Noteholders will convert to Unsecured Convertible Notes.

Under the terms of the Unsecured Convertible Note Deed Poll:

- all accrued quarterly interest on the Unsecured Convertible Notes capitalises unless PPY elects to pay that accrued quarterly interest; and
- upon conversion of Unsecured Convertible Notes to fully paid ordinary shares in PPY (**UCN Conversion Shares**’), PPY must, subject to PPY obtaining shareholder approval, grant to the relevant holder of Unsecured Convertible Notes one option for each two UCN Conversion Shares issued.

If all accrued interest on the Unsecured Convertible Notes is capitalised (and therefore added to the outstanding amount of the Unsecured Convertible Notes), the conversion of the Unsecured Convertible Notes will result in the issue of a maximum (assuming a conversion price of \$0.008) of:

- 41,945,525 UCN Conversion Shares, comprising:
  - 33,034,875 UCN Conversion Shares relating to the original principal portion of the Unsecured Convertible Notes; and
  - 8,910,650 UCN Conversion Shares relating to the accrued and capitalised interest portion of the Unsecured Convertible Notes; and
- 20,972,762 options.

PPY has agreed to pay L39 Capital a broker fee amounting to 6% of the value of the Unsecured Convertible Notes for investors introduced by L39 Capital who subscribe for Unsecured Convertible Notes.

Further details of the key terms of the Unsecured Convertible Notes are outlined in **Appendix B**.

### **Extraordinary General Meeting**

PPY intends to hold the PPY EGM in June 2026 to seek shareholder approval for, among other things:

1. the Loan Conversion (including the issue of shares and the issue of LC Options),
2. the issue of the Unsecured Convertible Notes, and
3. the ratification of the prior issue of the Secured Convertible Notes and the Placement Shares.

## **Use of Funds**

The funds from the capital initiatives outlined in this announcement will be used to progress the Company's commercialisation activities and to support delivery of the Company's contract with TBS Mining Solutions Pty Ltd for the manufacture and supply by the Company of a biodegradable variant of their patented Collar Keeper® products (which was announced on 28 November 2025), as well as for working capital purposes. These measures strengthen PPY's operational capability, ensure continuity of project execution, and position the Company to deliver on scale-up activities. The Board acknowledges the support of investors and related parties and remains focused on advancing PPY's transition into commercial operations and generating long-term value for shareholders.

As authorised by the Board.

**End**

## Appendix A: Key Terms of Secured Convertible Notes

Term	Details
Issue Date	22 April 2026
Purchase Price / Face Value	\$1.00 per Secured Convertible Note.
Maturity Date	The date that is two years after the Issue Date. If conversion or redemption has not occurred, a noteholder may, subject to any applicable laws and the conditions of issue, elect to convert or redeem all of the Secured Convertible Notes on the Maturity Date.
Interest Rate	1.00% per month.
Security	The Secured Convertible Notes will be secured pursuant to a general security deed pursuant to which PPY will grant security interests over assets and provide undertakings.
Conversion	Subject to any applicable laws and the conditions of issue, a noteholder may, at any time, elect, at its discretion, to convert all or some of its Secured Convertible Notes by giving to PPY a duly completed conversion notice (' <b>Conversion Notice</b> ').
Conversion Shares	Each conversion share will be issued fully paid and will rank equally with existing ordinary shares of PPY.
Conversion Price	<ul style="list-style-type: none"> <li>• If the Conversion Notice is received by PPY on or before the date that is 12 months after the Issue Date the Conversion Price is \$0.010.</li> <li>• If the Conversion Notice is received by PPY at any time after the date that is 12 months after the Issue Date, the price that is equal to 80% of the 5-day volume weighted average price of fully paid ordinary shares in PPY calculated on the 5 trading days on which trades occur immediately prior to the date of the conversion notice, provided that if the Conversion Price: <ul style="list-style-type: none"> <li>○ exceeds \$0.010, the Conversion Price is \$0.010; or</li> <li>○ is less than \$0.008, the Conversion Price is \$0.008.</li> </ul> </li> </ul>
Conversion Securities	Number of Conversion Shares is determined by multiplying the outstanding amount of the Secured Convertible Note at the time of conversion divided by the Conversion Price. Each Conversion Share will be issued fully paid and will rank equally with existing ordinary shares of PPY.
Grant of SCN Options	If the Secured Convertible Notes are converted to Conversion Shares, PPY must, subject to PPY obtaining shareholder approval, grant to the relevant Noteholder one option for each two Conversion Shares issued (' <b>SCN Options</b> ').
SCN Option Exercise Price	Each SCN Option will convert into one fully paid ordinary share in PPY at an exercise price per SCN Option of \$0.020.
SCN Option Expiry Date	Each SCN Option shall have a term of two years from the date of grant.

## Appendix B: Key Terms of Unsecured Convertible Notes

Term	Details
Issue Date	Subject to PPY obtaining shareholder approval, including under rule 10.11 of the ASX Listing Rules, 10 business days after that approval is obtained.
Purchase Price / Face Value	\$1.00 per Unsecured Convertible Note.
Maturity Date	The date that is two years after the Issue Date. If conversion or redemption has not occurred, a noteholder may, subject to any applicable laws and the conditions of issue, elect to convert or redeem all of the Unsecured Convertible Notes on the Maturity Date.
Interest Rate	1.00% per month.
Security	The Unsecured Convertible Notes will be unsecured obligations of PPY.
Conversion	Subject to any applicable laws and the conditions of issue, a noteholder may, at any time, elect, at its discretion, to convert all or some of its Unsecured Convertible Notes by giving to PPY a duly completed conversion notice (' <b>Conversion Notice</b> ').
Conversion Shares	Each conversion share will be issued fully paid and will rank equally with existing ordinary shares of PPY.
Conversion Price	<ul style="list-style-type: none"> <li>• If the Conversion Notice is received by PPY on or before the date that is 12 months after the Issue Date the Conversion Price is \$0.010.</li> <li>• If the Conversion Notice is received by PPY at any time after the date that is 12 months after the Issue Date, the price that is equal to 80% of the 5-day volume weighted average price of fully paid ordinary shares in PPY calculated on the 5 trading days on which trades occur immediately prior to the date of the conversion notice, provided that if the Conversion Price: <ul style="list-style-type: none"> <li>○ exceeds \$0.010, the Conversion Price is \$0.010; or</li> <li>○ is less than \$0.008, the Conversion Price is \$0.008.</li> </ul> </li> </ul>
Conversion Securities	Number of Conversion Shares is determined by multiplying the outstanding amount of the Unsecured Convertible Note at the time of conversion divided by the Conversion Price. Each Conversion Share will be issued fully paid and will rank equally with existing ordinary shares of PPY.
Grant of UCN Options	If the Unsecured Convertible Notes are converted to Conversion Shares, PPY must, subject to PPY obtaining shareholder approval (including under rule 10.11 of the ASX Listing Rules), grant to the relevant Noteholder one option for each two Conversion Shares issued (' <b>UCN Options</b> ').
UCN Option Exercise Price	Each UCN Option will convert into one fully paid ordinary share in PPY at an exercise price per UCN Option of \$0.020.
UCN Option Expiry Date	Each UCN Option shall have a term of two years from the date of grant.