ASX ANNOUNCEMENT

18 November 2026

First Biodegradable Collar Keeper® product accepted for commercialisation - Papyrus and TBS sign Variation No. 2

Papyrus Australia Limited (ASX: PPY) ("Papyrus" or "the Company") is pleased to announce that it has signed Variation No. 2 ("Variation") to its Contract for Manufacture and Supply of Products dated 27 November 2025 (as amended) ("Contract") with TBS Mining Solutions Pty Ltd ("TBS"), a wholly owned subsidiary of Aquirian Limited (ASX: AQN).

The first product in the Biodegradable Collar Keeper® ("CK") range has been accepted by TBS for commercial supply. Papyrus and TBS can now start commercialising this product while the rest of the range is developed and accepted in stages.

Key Highlights

- **First product accepted:** Following successful certification testing, TBS has accepted the first product and has placed an initial order (not material in value).
- **25% of contract volumes:** The first product represents 25% of the Contract's minimum purchase volumes. If it stays at 25% for all three minimum purchase years, those volumes would be worth approximately $1.05 million at the initial base board price. Minimum purchases start two months after Papyrus's production equipment is ready, and depend on the Contract continuing.
- **Faster path to market:** Products are now accepted one at a time as they are proven, rather than waiting for the whole range, with a joint technical working group driving development.
- **Production facility:** Papyrus is progressing the production equipment at its Adelaide facility. Minimum purchases begin two months after it is production ready, replacing the previous 1 March 2027 start date.
- **Pricing and exclusivity unchanged:** Base board pricing and the parties' exclusivity arrangements continue. Full minimum volumes apply once the whole range is accepted.

Background

Papyrus and TBS signed the Contract on 27 November 2025 (announced 28 November 2025) and, as announced on 3 August 2026, the parties subsequently agreed to vary the Contract to update the project timetable.

Testing has shown that each product in the CK range is best tested for the field conditions it will be used in. Papyrus and TBS have therefore agreed a phased approach to testing and acceptance, which better suits commercialising the range.

How Variation No. 2 Works

- **Product-by-product acceptance:** Each product is accepted when Papyrus and TBS sign off its specification, performance, use conditions and price. A joint technical working group coordinates development, testing and field trials.
- **Minimum purchases grow with the range:** Each product in the range represents an agreed share of the Contract's minimum purchase volumes. As each product is accepted, its share is added, so TBS's minimum purchases grow with the range until the full minimum applies once the whole range is accepted.
- **Production readiness:** Papyrus will use reasonable endeavours to commission its production equipment within six months of signing, and then notify TBS that it is production ready (a "Production Ready Notice"). Timing will depend on funding, permits and commissioning. Minimum purchases start two months after the notice, replacing the 1 March 2027 start date set by Variation No. 1.
- **Supply in the meantime:** Until then, TBS can order up to an agreed monthly volume with no minimum, supplied through Papyrus's existing supply chain. These orders count towards the first year's minimum.

- **Term:** The initial term runs for three years from the start of minimum purchases, unless ended earlier under the Contract. TBS's option to extend is unchanged.

Contract Value

The first product represents 25% of the Contract's minimum purchase volumes. If that applies for all three minimum purchase years, the minimum volumes would be worth approximately $1.05 million at the initial base board price (25% of the approximately $4.2 million previously announced). This is not a forecast or guaranteed revenue: minimum purchases start two months after the Production Ready Notice, actual sales depend on the orders TBS places and the Contract continuing, and TBS pays a standby fee on any shortfall against the minimum.

Minimum volumes increase as more products are accepted. The approximately $4.2 million assumes the whole range is accepted for all three minimum purchase years at the initial base board price; products accepted later do not increase earlier years' minimums.

Next Steps

Papyrus and TBS are aiming to bring the rest of the range to market in stages during the first half of 2027, while Papyrus completes its production facility. The next priority product represents a further 25% of contract volumes. These are targets only and depend on successful testing, funding and permits.

In line with the phased approach, TBS may end the Contract, without an exit or standby fee, if:

- Papyrus has not given its Production Ready Notice within six months of signing (if TBS disputes a notice, Papyrus has 30 days to demonstrate readiness or fix the issue);
- products representing at least 60% of the Contract's minimum volumes have not been accepted within 12 months of signing; or
- Papyrus advises in writing that either of the first two priority products, or another product the parties agree is material to the range, cannot reasonably be developed.

These replace the previous termination right tied to the original acceptance milestone. Pricing and Papyrus's exclusivity are unchanged.

Executive Chair – Al Jawhari commented:

"Having our first Biodegradable Collar Keeper® product accepted is a major step in moving Papyrus from development into commercial supply. There is a strong commercial opportunity in front of Papyrus and TBS, and Variation No. 2 lets us move quickly, bringing each product to market as it is proven.

With our first product accepted, our focus now is on completing our Adelaide production facility and bringing the rest of the range to market as quickly as possible. We thank the TBS and Aquirian teams for their continued partnership."

This announcement has been authorised for release by the Board of Papyrus Australia Limited.

ENDS

About Papyrus

Papyrus Australia Limited (ASX: PPY) is an innovative company providing sustainable solutions using its patent-pending technology to process agricultural waste (currently focused on banana plantations) into high-quality alternatives to wood, paper, and plastic products.

About TBS Mining Solutions Pty Ltd

TBS Mining Solutions Pty Ltd, a wholly owned subsidiary of Aquirian Limited (ASX: AQN), specialises in innovative equipment and systems for Mining Drill and Blast products and services, including the patented Collar Keeper® product.