BABYLON PUMP & POWER LTD

21 July 2026

LAUNCH OF NON-RENOUNCEABLE RIGHTS ISSUE

Highlights

- **Launch of partially underwritten non-renounceable Rights Issue to raise up to A$12.7 million (before costs) to recapitalise and strengthen the Company's balance sheet and lift suspension in trading of Company's Shares (subject to ASX discretion)**
- **Rights Issue to be conducted on the basis of two (2) Shares for every one (1) Share held, at an issue price of A$0.05 per Shares, a 37.5% discount to the 10 day VWAP to 19 April 2026, the last trading day before Shares were suspended**
- **Rights issue partially underwritten to A$7.27 million[1] by Leeuwin Wealth**
- **If the Minimum Subscription of A$7.27 million is achieved, A$2.5 million of cash raised (before costs) will replenish the Company's working capital and fund a A$1.2 million payment due to Baylon's senior secured lender, NAB, and A$4.77 million of short-term debt will be converted into equity through sub-underwriting arrangements**
- **Funds raised above Minimum Subscription to primarily fund fleet expansion and asset refurbishment required to meet existing customer demand and pursue identified growth opportunities in the water management rental business**
- **Additional A$0.6 million in unsecured convertible loans received to fund short-term working capital while Rights Issue undertaken**
- **Blue Hire business exceeding expectations, with $8.2 million of deferred consideration earned by Blue Hire Vendors (up to A$5.0 million in Shares, cash payable 3 July 2027)**
- **Notice of General Meeting to be released for required shareholder approvals**
- **Babylon on track to complete transition to a focused water management rental business with improving earnings quality and growth prospects**

---

[1] Comprising $2.5 million of cash and up to $4.77 million of debt for equity conversion, increasing to up to $8.5 million in certain circumstances as detailed in the Prospectus.

Non-renounceable Rights issue

Specialist resources services provider Babylon Pump & Power Limited ("Babylon" or "the Company") (ASX: BPP) is pleased to announce the launch of a pro rata non-renounceable rights issue (**Rights Issue**) as part of its proposed recapitalisation initiatives, following the update provided to ASX on 13 July 2026.

The Rights Issue, to be undertaken under a prospectus lodged with ASIC today (**Prospectus**), will seek to raise up to ~$12.7 million (before costs) through the issue of up to ~254 million Shares, on the basis of two (2) Shares for every one (1) Share held, at an issue price of $0.05 per Share (**Issue Price**), representing a ~37.5% discount to the 10 day VWAP up to 19 April 2026 the last day the Company's Shares were traded before being suspended.

The Company has appointed Leeuwin Wealth Pty Ltd (**Leeuwin Wealth**) and Cumulus Wealth Pty Ltd (**Cumulus Wealth**) as Joint Lead Managers and corporate advisors to the Rights Issue and Leeuwin Wealth has been appointed as partial underwriter for $7.27 million of the Rights Issue (increasing to $8.5 million in.

The Rights Issue is designed to:

(a) restore working capital flexibility following the downturn in the maintenance segment and costs incurred in connection with the unsuccessful proposed acquisition process (as announced to ASX on 19 May 2026);

(b) satisfy the conditions applying to the Company's revised loan facilities with NAB (as announced to ASX on 24 June 2026);

(c) materially reduce short-term debt and improve Babylon's overall funding profile; and

(d) fund fleet expansion and asset refurbishment required to meet existing customer demand and pursue identified growth opportunities in the water management rental business.

The Rights Issue provides eligible shareholders with the opportunity to participate in Babylon's recapitalisation and support its transition to a focused, better-capitalised water management rental business.

The Rights Issue has a Minimum Subscription of 145.4 million Shares, anticipated to comprise $2.5 million of cash subscriptions and $4.77 million of debt converted to equity.

The funds raised from the Rights Issue are planned to be used in accordance with the table set out below on a Minimum Subscription and Full Subscription basis:

Proceeds of the Rights Issue	Minimum Subscription[1]	%	Full Subscription	%
NAB debt repayment	$1,200,000	34%	$1,200,000	10%
Capital Expenditure	$0	0%	$6,000,000	47%

[1] If only $2.5 million in cash subscriptions are received under the Minimum Subscription, the Company's working capital will be reduced by $1.0 million while the Company's debt will be reduced by $1.0 million via debt for equity conversion. The above table is a statement of current intentions as of the date of the Prospectus.

Working capital	$1,964,285	58%	$4,300,137	34%
Expenses of the Rights Issue	$285,715	8%	$1,145,817	9%
Total	**$3,500,000**	**100%**	**$12,695,954**	**100%**

If the Minimum Subscription is achieved, the $2.5 million of cash raised (before costs) will replenish the Company's working capital and fund the $1.2 million payment due to NAB on completion of the Rights Issue. In addition, up to $4.77 million of short-term debt will be converted into equity through sub-underwriting arrangements. Completion at the Minimum Subscription level would materially improve Babylon's funding position and provide a stronger platform from which to pursue future growth funding as opportunities arise.

To the extent subscriptions exceed the Minimum Subscription, additional proceeds will be applied to the costs of the Rights Issue, the orderly payment of current creditors, general working capital and investment in revenue-generating equipment, particularly pumps and related assets for the water equipment hire and water testing businesses.

If the Rights Issue is Fully Subscribed, the Company will raise approximately $12.7 million before costs, providing the Company with substantially greater financial flexibility to invest in additional rental equipment, refurbish existing assets and support growth over the next 12 months. The additional capital would also allow Babylon to maintain appropriate working capital headroom and, where prudent, further reduce debt.

Babylon's underlying rental business continues to benefit from strong customer demand, improving fleet utilisation and the successful integration of Blue Hire and Matrix. The Board believes that a successful recapitalisation will allow the Company to convert more of this demand into revenue and earnings by investing in additional fleet capacity and returning existing assets to service.

An indicative timetable for the Rights Issue is provided below.

Item	Date
Lodge Prospectus with the ASIC and ASX	Tue 21 July 2026
Ex-date for Rights Issue	Fri 24 July 2026
Record Date for determining Entitlements	7.00pm (AEST) Mon 27 July 2026
Prospectus and Application Forms made available and announced to ASX Rights Issue and Shortfall Offer open	Thu 30 July 2026
Last day to extend Rights Issue Closing Date	Before 12.00pm (AEST) Wed 19 August 2026
Shareholder meeting	10am (WST) Fri 21 August 2026

Closing Date of the Rights Issue *	(5.00pm WST) Mon 24 August 2026
Shares quoted on a deferred settlement basis	Tue 25 August 2026
Announcement of results of the Rights Issue * Issue date of Shares under the Rights Issue to Eligible Shareholders and to Underwriter or nominees Lodgement of Appendix 2A and Appendix 3G	Fri 28 August 2026

* The dates above are indicative only and are subject to change. The Directors may vary these dates subject to any applicable requirements of the Corporations Act or the Listing Rules. The Directors may extend the Closing Date by giving at least three (3) Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

The Rights Issue is conditional on Shareholder approval being obtained, with a Notice of Meeting to be dispatched shortly to Shareholders with respect to a general meeting to be held on Friday 21 August 2026 (**General Meeting**).

Set out in Annexure A is a pro forma statement of financial position for the Company assuming completion of the recapitalisation contemplated by this announcement.

Shareholders and investors should refer to the Prospectus for further information.

NAB debt facility formal variation executed

The Company has formalised a variation with NAB in respect of its existing debt facilities. The key changes to the Company's debt arrangements include (consistent with the Company's announcement on 24 June 2026):

(a) removal of testing of the existing financial covenants;

(b) a new minimum EBITDA covenant, tested on a rolling 12-month basis, of $3.0 million as at December 2026 and $4.0 million as at March 2027;

(c) a permanent debt reduction of $1.2 million by way of cancellation of the invoice finance facility and paydown of the Corporate Markets Loan; and

(d) amendment of the expiry date of all facilities to 1 July 2027.

The variation remains subject to the following conditions (**NAB Conditions**):

(a) successful completion of a minimum $3.5 million cash equity raise;

(b) successful renegotiation of the deferred consideration owed to the Blue Hire Vendors to comprise at least A$5.0 million in Shares and defer any deferred cash payment until after 1 July 2027; and

(c) sale or shutdown of the Company's maintenance business by 14 August 2026.

Convertible Loans for short term working capital

The Company has received a further $0.6 million under convertible loans from major shareholders and investors, increasing the total amount raised under convertible loans to $1.0 million (**Convertible Loans**). Funds will be used for short-term working capital while the Rights Issue is undertaken.

The Convertible Loans are on the same terms and conditions as the Convertible Loans announced on 13 July 2026, being unsecured, convertible at the lender's election[1] at the same issue price, and at the same time, as Shares issued under the Capital Raise (subject to a floor of $0.05) (**Conversion Price**), accrue 11.0% pa interest, are repayable (with interest) on 3 July 2027[2] and can be repaid early if not fully converted by 31 October 2026.

Subject to Shareholder approval, the Company will issue each lender with that number of unlisted options ($0.10 exercise price, 3 year term) (**Convertible Loan Options**) determined by dividing their loan advance by the Conversion Price, with the agreed value of the Convertible Loan Options capitalised into the loan if Shareholder approval is not obtained and repayable on 3 July 2027.

Blue Hire Vendors

As announced to ASX on 2 June 2025 and 1 August 2025, the Blue Hire Vendors (Mr Byron Ynema and his associated entity, Royal Haze Pty Ltd) were entitled, under the Blue Hire Share Sale Agreement dated 1 June 2025 (**SSA**) to deferred consideration of up to $8.2 million (**Deferred Consideration**) comprising up to $6.97 million in cash (**Deferred Cash**) and up to $1.23 million of Shares (**Deferred Shares**) contingent on the normalised 12-month revenue of the Blue Hire business to 30 June 2026.

The Company has determined that the full A$8.2 million in Deferred Consideration has been earned by the Blue Hire Vendors, who have executed a variation to the Blue Hire SSA to allow the $1.23 million of Deferred Shares to be issued at a deemed issue price of $0.05 per Share, consistent with the proposed issue price under the Rights Issue, and to defer payment of the Deferred Cash component until 3 July 2027.

The Blue Hire Vendors have also agreed to sub-underwrite up to A3.77 million of the Rights Issue (increasing to A$5.0 million if Shareholders do not approve the issue of the Deferred Consideration Shares) by way of debt for equity conversion of the Deferred Cash.

The Blue Hire SSA variation and sub-underwriting are intended to allow the Company to satisfy the NAB Conditions relating to the Blue Hire Vendors.

This ASX release has been authorised by Managing Director Michael Shelby.

For more information, please contact:

Michael Shelby
Managing Director
+61 (0) 8 9454 6309
mshelby@babylonpumpandpower.com

Tim Dohrmann
NWR Communications
+61 (0) 468 420 846
tim@nwrcommunications.com.au

About Babylon Pump & Power Ltd

Babylon Pump & Power Ltd (ASX: BPP) is a provider of specialty mining services to the resources sector in Australia. The company is a specialist in high-pressure pumping, dewatering and project water management with decades of experience supplying and maintaining equipment in remote and offshore locations. Babylon also provides a full range of specialty power generation solutions, including system design, installation, commissioning, operations and maintenance services.

With a team of highly experienced technicians, Babylon also provides full maintenance and asset management services for high horsepower mobile equipment including engines, power train assemblies and components. Babylon is based in Perth with operations in Western Australia and Queensland.

Forward-Looking Statements

This announcement contains forward-looking statements that involve risk and uncertainties. Indications of, and guidelines or outlook on, financial position and returns, performance, targets, timelines, estimates and assumptions in respect of production, prices, operating and other costs, capital expenditures and development timelines are forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

BABYLON PUMP & POWER LTD

Annexure A – Pro forma statements of financial position

	AUDIT REVIEWED 31/12/2025	UNAUDITED 31/05/2026	UNAUDITED PRO-FORMA 31/05/2026 Minimum Subscription	UNAUDITED PRO-FORMA 31/05/2026 Full Subscription
Current Assets				
Cash and cash equivalents	1,186,994	1,048,243	4,262,528	13,597,426
Trade receivables	5,661,647	3,726,777	3,726,777	3,726,777
Inventories	6,484,009	6,136,599	986,120	986,120
Prepayments and other assets	553,968	324,146	324,146	324,146
Assets held for sale	2,800,000	-	-	-
Total Current Assets	**16,686,618**	**11,235,765**	**9,299,571**	**18,634,469**
Non-Current Assets				
Property, plant and equipment	20,098,646	18,774,323	18,138,645	18,138,645
Goodwill	11,228,013	11,228,114	11,228,114	11,228,114
Right-of-use assets	2,678,406	2,341,264	2,341,264	2,341,264
Total Non-Current assets	**34,005,065**	**32,343,701**	**31,708,022**	**31,708,022**
Total Assets	**50,691,683**	**43,579,465**	**41,007,894**	**50,342,492**
Current Liabilities				
Trade and other payables	10,869,255	13,597,588	8,597,588	12,367,588
Employee liabilities	864,907	837,970	837,970	837,970
Borrowings	7,737,158	6,084,156	6,084,156	6,084,156
Borrowings - related to assets held for sale	1,547,471	-	-	-
Lease liabilities	837,067	803,245	803,245	803,245
Total Current Liabilities	**21,855,858**	**21,322,959**	**16,322,959**	**20,092,959**
Non-Current Liabilities				
Employee liabilities	221,959	266,894	266,894	266,894
Borrowings	15,960,020	15,031,704	14,881,704	14,881,704
Lease Liabilities	2,215,192	1,905,952	1,905,952	1,905,952
Total Non-Current Liabilities	**18,397,171**	**17,204,550**	**17,054,550**	**17,054,550**
Total Liabilities	**40,253,029**	**38,527,510**	**33,377,510**	**37,147,510**

Net Assets	**10,438,654**	**5,051,956**	**7,630,084**	**13,194,928**
Equity				
Share Capital	55,866,099	55,866,099	64,080,384	69,645,282
Reserves	766,089	986,254	986,254	986,254
Retained Earnings	(46,193,534)	(51,800,398)	(57,436,555)	(57,436,555)
Total Equity	**10,438,654**	**5,051,956**	**7,630,084**	**13,194,982**