ASX ANNOUNCEMENT

22 July 2026

L39 Capital engagement and execution of new Loan Agreement

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

- it has engaged L39 Capital Pty Ltd ('**L39**'), a related party of PPY, as lead manager to undertake a capital raising ('**L39 Engagement**');
- in connection with the L39 Engagement, PPY has entered into a loan agreement with Irwin Biotech Nominees Pty Ltd as trustee for the BIOA Trust ('**Irwin Biotech**'), a related party of PPY, pursuant to which Irwin Biotech has agreed to advance to PPY an interest-bearing, unsecured loan of up to $200,000 ('**Irwin Biotech Loan**'). Subject to approval by PPY shareholders, the Irwin Biotech Loan (including accrued interest) will convert into fully paid ordinary shares in PPY and Irwin Biotech will be granted one option for every two shares issued on conversion.

L39 Engagement

PPY has engaged L39, a related party of PPY, as lead manager to undertake a capital raising for PPY. L39 has secured the Irwin Biotech Loan for PPY under the L39 Engagement. PPY and L39 are in advanced discussions in respect of the Further Capital Raising.

Pursuant to the terms of the L39 Engagement:

- L39 is engaged to assist PPY in connection with the Irwin Biotech Loan and the Further Capital Raising;
- L39 will receive a success fee of 6% (excluding GST) of the gross funds received under the Irwin Biotech Loan and the Further Capital Raising, payable in cash;
- subject to approval by PPY shareholders, L39 will receive 3,333,333 options in connection with the Irwin Biotech Loan, with each such option exercisable into fully paid ordinary shares in PPY at an exercise price of $0.015 and expiring three years from the date of grant;
- subject to approval by PPY shareholders, L39 will receive one option for every six notional shares issued in any Further Capital Raising (which shall be determined by dividing the gross funds received by PPY under that Further Capital Raising by $0.01, rounded down), with each such option exercisable into fully paid ordinary shares in PPY at an exercise price equal to 150% of:
    - o where the Further Capital Raising relates to the issue of fully paid ordinary shares in PPY, the issue price of those shares; and
    - o where the Further Capital Raising relates to the issue of convertible securities which convert into fully paid ordinary shares in PPY, the initial conversion price for those convertible securities,

  and expiring three years from the date of grant.

The issue of any options to L39 will require shareholder approval under ASX Listing Rule 10.11.

Irwin Biotech Loan

PPY has also entered into a loan agreement with Irwin Biotech in respect of the Irwin Biotech Loan ('**Irwin Biotech Loan Agreement**'). As Irwin Biotech is controlled by a director of L39 Capital (which is itself a related party of PPY), Irwin Biotech is a related party of PPY.

Pursuant to the Irwin Biotech Loan Agreement, Irwin Biotech has agreed to advance to PPY, on request, an unsecured loan of up to $200,000, with interest accruing at 1.5% per month until it is repaid or converted.

Subject to approval by PPY shareholders:

- the loan amount outstanding (including accrued interest) in respect of the Irwin Biotech Loan will convert into fully paid ordinary shares in PPY at $0.01 per share ('**Conversion Shares**'); and together
- PPY will grant to Irwin Biotech one option for every two Conversion Shares issued, each exercisable at $0.015 and expiring three years from grant.

If shareholder approval is not obtained by 1 December 2027, the loan amount outstanding (including accrued interest) in respect of the Irwin Biotech Loan is repayable in full 30 Business Days after that date.

The conversion of the Irwin Biotech Loan and the grant of options to Irwin Biotech requires shareholder approval under ASX Listing Rule 10.11.

Shareholder Approval

PPY intends to seek the shareholder approvals referred to above at its 2026 Annual General Meeting.

Use of Funds

The funds raised under the Irwin Biotech Loan 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, 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.

As authorised by the Board.

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