

**PAPYRUS AUSTRALIA LIMITED**  
**ACN 110 868 409**

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**NOTICE OF ANNUAL GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**  
**PROXY FORM**

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**Date of Meeting**

Wednesday 11<sup>th</sup> November 2020

**Time of Meeting**

11.00 am

**Place of Meeting**

The Offices of Grant Thornton  
Level 3, 170 Frome Street  
Adelaide SA 5000

## NOTICE OF ANNUAL GENERAL MEETING

### PAPYRUS AUSTRALIA LIMITED ACN 110 868 409

Notice is hereby given that the Annual General Meeting of shareholders of Papyrus Australia Limited (the **Company**) will be held at the Offices of Grant Thornton, Level 3, 170 Frome Street ADELAIDE SA 5000 at 11.00 am (Adelaide time) on 11 November 2020.

#### **Ordinary Business**

To consider the Financial Statements for the financial year ended 30 June 2020 and accompanying reports of the Directors and Auditor.

#### **Resolution 1: Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company’s annual financial report for the financial year ended 30 June 2020.”*

#### **Resolution 2: Re-election of Edward Byrt as Director**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That Mr Edward Byrt, having retired in accordance with Listing Rule 14.5 and rule 8.1(e)(2) of the Constitution, and, being eligible, offers himself for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.”*

#### **Resolution 3: Re-election of Steve Howe as Director**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That Mr Steve Howe, being a director who was appointed since the last Annual General Meeting of the Company, retires pursuant to Listing Rule 14.4 and rule 8.1(e)(2) of the Constitution, and, being eligible, offers himself for re-election, is re-elected as a Director.”*

#### **Resolution 4: Approval of 10% Placement Facility**

To consider, and if thought fit, pass, with or without amendment, the following resolution as a special resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1A, the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 5: Subsequent Approval of the Issue of 3,500,000 Shares**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 3,500,000 Shares to sophisticated investors on 24 October 2019 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 6: Subsequent Approval of the Issue of 6,000,000 Shares to Sophisticated Investors**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 6,000,000 Shares to sophisticated investors on 12 November 2019 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 7: Subsequent Approval of the Issue of 5,213,100 Shares to Sophisticated Investors**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 5,213,100 Shares to sophisticated investors on 19 December 2019 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 8: Subsequent Approval of the Issue of 10,000,000 Shares to Sophisticated Investors**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 10,000,000 Shares to sophisticated investors on 26 February 2020 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 9: Subsequent Approval of the Issue of 20,000,000 Shares to Sophisticated investors**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 20,000,000 Shares to sophisticated investors on 29 June 2020 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 10: Subsequent Approval of the Issue of 3,000,000 Shares to Sophisticated Investors**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 3,000,000 Shares to sophisticated investors on 20 August 2020 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 11: Subsequent Approval of the Issue of 21,000,000 Options to Sophisticated investors**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the grant of 21,000,000 Options to sophisticated investors on 20 August 2020 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 12: Approval of the Issue of 750,000 Options to Mr Steve Howe as an incentive**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, the grant of 750,000 Options to Mr Steven Howe on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 13: Subsequent Approval of the Issue of 11,075,000 Shares to cornerstone investor - L39 Capital Pty Ltd (ABN: 94 614 364 117) (Tranche 1)**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, in relation to the allotment and issue of 11,075,000 Shares to L39 Capital Pty Ltd ABN: 94 614 364 117) on 2 October 2020 made on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, that issue and allotment is hereby confirmed, approved and ratified”*

**Resolution 14: Approval for the Issue of 30,591,667 Shares to cornerstone investor - L39 Capital Pty Ltd (ABN: 94 614 364 117) (Tranche 2)**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 30,591,667 Options to cornerstone investor – L39 Capital Pty Ltd (Tranche 2) subject to shareholder approval on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Resolution 15: Approval for the Issue of 41,666,667 Options to cornerstone investor - L39 Capital Pty Ltd (ABN: 94 614 364 117) (Tranche 3)**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 30,591,667 Shares to cornerstone investor – L39 Capital Pty Ltd (Tranche 3) subject to shareholder approval on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

**Dated 1 October 2020**

**By order of the Board  
Papyrus Australia Ltd**

A handwritten signature in black ink, appearing to read 'Rigano', written in a cursive style.

**Vincent Rigano  
Company Secretary**

## NOTES

### 1. EXPLANATORY MEMORANDUM

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum, which contains definitions of capitalised terms used in both this Notice of Meeting and the Explanatory Memorandum.

### 2. VOTING EXCLUSION STATEMENTS

#### (1) Resolution 1 – Adoption of Remuneration Report

The Company will disregard any votes cast on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides, and the appointment expressly authorises the person chairing the meeting to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

#### (2) Resolution 2 - Re-election of Edward Byrt as Director

There are no voting restrictions with respect to Resolution 2.

#### (3) Resolution 3 – Re-election of Steve Howe as Director

There are no voting restrictions with respect to Resolution 3

#### (4) Resolution 4– Approval of 10% Placement Facility

The Company will disregard any votes cast in favor of Resolution 4 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 4 is passed (if and to the extent that those persons are known to and identified by the Company at the time of the Meeting).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(5) Resolution 5 – Subsequent Approval of the Issue of 3,500,000 Shares to Sophisticated Investors

The Company will disregard any votes cast in favor of Resolution 5 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

(6) Resolution 6 – Subsequent Approval of the Issue of 6,000,000 Shares to Sophisticated Investors

The Company will disregard any votes cast in favor of Resolution 6 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.

- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

(7) Resolution 7 – Subsequent Approval of the Issue of 5,213,100 Shares to Sophisticated Investors

The Company will disregard any votes cast in favor of Resolution 7 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

(8) Resolution 8 – Subsequent Approval of the Issue of 10,000,000 Shares to Sophisticated Investors

The Company will disregard any votes cast in favor of Resolution 8 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*



(9) Resolution 9 – Subsequent Approval of the Issue of 20,000,000 Shares to Sophisticated Investor

The Company will disregard any votes cast in favor of Resolution 9 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

(10) Resolution 10 – Subsequent Approval of the Issue of 3,000,000 Shares to Sophisticated Investors

The Company will disregard any votes cast in favor of Resolution 10 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(11) Resolution 11 – Subsequent Approval of the Issue of 21,000,000 Options to Sophisticated Investors

The Company will disregard any votes cast in favor of Resolution 11 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

(12) Resolution 12 –Approval of the grant of 750,000 Shares to Mr Steve Howe as an incentive

The Company will disregard any votes cast in favor of Resolution 12 by Mr Howe and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

*Further, a vote on Resolution 12 must not be cast as a proxy by or on behalf of any of the following persons:*

- (i) *a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or*
- (ii) *a Closely Related Party of such a member.*

*However, a person described above may cast a vote on Resolution 12 as a proxy if the vote is not cast on behalf of a person described above and either:*

- (i) *the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or*

(ii) *the person is the chair of the meeting and the appointment of the chair as proxy:*

- *does not specify the way the proxy is to vote on the resolution; and*
- *expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.*

(13) Resolution 13 - Subsequent Approval of the Issue of 11,075,000 Shares to cornerstone investor - L39 Capital Pty Ltd (ABN: 94 614 364 117) (Tranche 1).

The Company will disregard any votes cast in favor of Resolution 10 by L39 Capital Pty Ltd (ABN: 94 614 364 117) and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

(14) Resolution 14 - Approval for the Issue of 30,591,667 Shares to cornerstone investor - L39 Capital Pty Ltd (ABN: 94 614 364 117)(Tranche 2)

The Company will disregard any votes cast in favor of Resolution 14 by L39 Capital Pty Ltd (ABN: 94 614 364 117) and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

(15) Resolution 15 - Approval for the Issue of 41,666,667 Options to cornerstone investor - L39 Capital Pty Ltd (ABN: 94 614 364 117) (Tranche 3)

The Company will disregard any votes cast in favor of Resolution 15 by L39 Capital Pty Ltd (ABN: 94 614 364 117) and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the chair decides.
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

### 3. PROXIES

A Shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice of Meeting.

To record a valid vote, a Shareholder will need to take the following steps:

- (1) complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Ltd:
  - (a) by post at the following address:

Computershare Investor Services Pty Ltd  
GPO Box 242  
MELBOURNE VIC 3001
  - OR
  - (b) by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);
- (2) online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) for Intermediary Online subscribers only (custodians)
- (3) Shareholders can also cast their proxy votes online, including by smartphone, at [www.investorvote.com.au](http://www.investorvote.com.au).

so that it is received no later than 11.00 am (Adelaide time) on Monday 9<sup>th</sup> November 2020.

#### **Important information with respect to Resolution 1**

*If you appoint a member of Key Management Personnel as your proxy*

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, you must direct the proxy how they are to vote on Resolution 1. Undirected proxies granted to those persons will not be included in any vote on Resolution 1 (subject to the comments below with respect to appointing the chair of the Meeting as your proxy).

*If you appoint the chair of the Meeting as your proxy*

If you elect to appoint the chair of the Meeting as your proxy, you do not need to direct the chair how you wish them to exercise your vote on Resolution 1. However, by completing the proxy form, and appointing the chair of the Meeting as your proxy with no voting instruction, you expressly authorise the chair to exercise his discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

Alternatively, if you appoint the chair of the Meeting as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

**The chair intends to vote undirected proxies in favor of each item of business.**

**4. 'SNAP SHOT' TIME**

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting. The Directors have determined that all Shares that are quoted on ASX as at 6.30pm (Adelaide time) on 8 November 2020 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

**5. CORPORATE REPRESENTATIVE**

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the corporate shareholder's constitution and the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening an Annual General Meeting of Shareholders of Papyrus Australia Limited to be held on Wednesday 11<sup>th</sup> November 2020. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice of Meeting and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1 to 15 (both inclusive).

### 1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 30 June 2020 contains a remuneration report which sets out the remuneration policy of the Company.

An electronic copy of the 2020 Annual Report is available to download or view on the Company's website at [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au). The 2020 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

#### Voting consequences

If at least 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the Remuneration Report for two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of another general meeting within 90 days, at which all of the Company's Directors (other than the Managing Director) must go up for re-election (**Spill Resolution**).

At the Company's 2019 annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25% of total votes cast. Accordingly, the Spill Resolution is not a relevant consideration for this Meeting.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorize the chair to exercise your proxy on resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

**The chair intends to vote undirected proxies in favor of Resolution 1.**

Resolution 1 is an ordinary resolution.

## **2. RESOLUTION 2: RE-ELECTION OF EDWARD BYRT AS DIRECTOR**

In accordance with Listing Rule 14.5 and rule 8.1(e)(2) of the Constitution, at every annual general meeting one third of the Directors for the time being (excluding those who retire under rule 8.1(e)(1) of the Constitution and the managing director) must retire from office and, in accordance with rule 8.1(h) of the Constitution, are eligible for re-election. Accordingly, Mr Edward Byrt retires as a Director of the Company and, being eligible, offers himself for re-election.

A resume for Mr Byrt follows:

### **Edward Byrt, LLB (Non-Executive Director)**

Mr Byrt is an experienced company director who as a legal practitioner for over 30 years specialised in commerce and public law, corporate governance and international business. He is a specialist strategic advisor for major development and infrastructure projects within Australia and offshore.

Mr Byrt is a business advisor and Board member of several leading organisations in South Australia. He was until March 2017 Presiding Member of the Development Assessment Commission, he is Chairman of the China Cluster, The Australian Advanced Manufacturing Centre Pty Ltd, Red Chip Photonics Pty Ltd and Arkwright Technologies Pty Ltd, he was until December 2017 a Director of Treyo Leisure & Entertainment Ltd (ASX listed) and he is a Board member of the Aboriginal Foundation of South Australia Inc.

Mr Byrt is also a member of the Company's Audit committee and has been a Director of the Company since 2004 and Chairman since 2009. The Directors (other than Mr Byrt) recommend that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Directors (other than Mr. Byrt) recommend that Shareholders vote in favor of Resolution 2 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 2.**

## **3. RESOLUTION 3: RE-ELECTION OF STEVE HOWE AS DIRECTOR**

Listing Rule 14.4 and rule 8.1(e)(1) of the Constitution, requires that at every annual general meeting of the Company any Director (excluding a managing director) appointed by the Board, either to fill a casual vacancy or as an addition to the Board, since the Company's last annual general meeting must retire from office as Director, and is eligible for re-election at that annual general meeting.

The Board appointed Mr Steve Howe as an addition to the Board after the Company's last Annual General Meeting. Accordingly, Mr Howe retires pursuant to Listing Rule 14.4 and rule 8.1(e)(1) of the constitution and, being eligible, offers himself for re-election.

A resume for Mr Howe follows:

### **Steve Howe, (Non-Executive Director)**

Steve Howe has over 50 years' management experience in commerce, information technology and international business. He is respected for his innovation, business



acumen and achievement record and has consulted to corporate clients such as Elders Ltd, Coopers Brewery Ltd and Adelaide Brighton Ltd.

Steve has been a director and chairman of a number of companies and is passionate about corporate governance. He understands business processes from an operational, executive management and board level perspective, in particular their impact on the bottom line.

The Directors (other than Mr Howe) recommend that Shareholders vote in favour of Resolution 3 as they intend to do.

Resolution 3 is an ordinary resolution.

**The chair intends to vote undirected proxies in favor of Resolution 3.**

#### **4. APPROVAL OF 10% PLACEMENT FACILITY**

##### **4.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital in accordance with the terms set out below (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company's market capitalisation as at 11 September 2019 was approximately A\$4,837,504 (based on the Company's issued share capital of 302,343,999 Shares and the closing price of A\$0.016 per Share on that date). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of Listing Rule 7.1A.

Resolution 4 requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favor of this Resolution.

No Director or Related Party will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of Listing Rule 10.11 and for any other purpose required by law or the Listing Rules.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2, which is set out below.

## 4.2 Description of Listing Rule 7.1A

### (1) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (2) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice of Meeting, has on issue the following classes of Equity Securities:

- (i) 302,343,999 Shares quoted on ASX; and
- (ii) 23,000,000 Options not quoted on ASX.

### (3) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities who have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting at which shareholder approval was obtained, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of fully paid ordinary shares on issue before the date of issue or agreement:
- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - plus the number of partly paid shares that became fully paid in the 12 months;
  - plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
  - less the number of fully paid shares cancelled in the 12 months.
- D** is 10%
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

### (4) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

As at the date of this Notice of Meeting, the Company has on issue 302,343,999 Shares and therefore has a capacity to issue:

- (i) 45,351,600 Equity Securities under Listing Rule 7.1; and
- (ii) 30,234,400 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph (3) above).

(5) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the company must release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

(6) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

### 4.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) on the Resolution.

#### 4.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of this Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities, which may have an effect on the amount of funds raised by the issue of the equities.

The table below shows the risk of voting dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- I. two examples where variable "A" has increased, by 50% and 100%, based on the number of ordinary Shares the Company has on issue as at the date of this Notice of Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- II. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.008 50% decrease in Issue Price	\$0.016 Issue Price	\$0.032 100% increase in Issue Price
Current variable "A" 302,343,999 Ordinary Shares	10% Voting Dilution	30,234,400 Ordinary Shares	30,234,400 Ordinary Shares	30,234,400 Ordinary Shares
	Funds Raised	\$241,875	\$483,750	\$967,500
50% increase in current variable "A" 352,724,272 Ordinary Shares	10% Voting Dilution	45,351,600 Ordinary Shares	45,351,600 Ordinary Shares	45,351,600 Ordinary Shares
	Funds Raised	\$362,813	\$725,256	\$1,451,251
100% increase in current variable "A" 470,299,030 Ordinary Shares	10% Voting Dilution	60,468,800 Ordinary Shares	60,468,800 Ordinary Shares	60,468,800 Ordinary Shares
	Funds Raised	\$483,750	\$967,500	\$1,935,002

The table has been prepared based on the total number of Ordinary Shares on issue at the date of the Notice, and on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) Resolutions 6,7,8,9 and 10 are passed at the Meeting.
- (iii) None of the unlisted options that the Company currently has on issue are exercised before the date of the issue of the Equity Securities.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue, assuming variable A is equal to the total issued share capital at that time. This is why the voting dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well.
- (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (viii) The current market price of Shares is \$0.016, being the closing price of Shares on ASX on 30 September 2020.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction for the purposes of Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition) and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new investors who are not Related Parties of the Company or their associates.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

If Resolution 3 is approved by Shareholders, the Company will issue Equity Securities under the 10% Placement Facility during the 10% Placement Period, as and when the circumstances of the Company require.

- (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2019 annual general meeting. In the 12 months preceding the date of this Meeting, the Company issued a total number of 47,713,100 Equity Securities, representing 20.29% of the total number of Equity Securities on issue at the commencement of that 12 month period. The details of all issues of Equity Securities in the 12 months preceding the date of this Meeting are set out in Schedule 2 to this Explanatory Memorandum.

- (h) A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of Equity Securities under the 10% Placement Capacity. No existing Shareholder votes will therefore be excluded under the voting exclusion statement in the Notice of Meeting.

The directors recommend that Shareholders vote in favor of Resolution 4 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 4.**

## **5. RESOLUTION 5: SUBSEQUENT APPROVAL OF THE ISSUE OF 3,500,000 SHARES**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 5 for the purposes of Listing Rule 7.4 for the issue of the 3,500,000 Shares to sophisticated investors on 24 October 2019.

If Resolution 5 is passed then the Shares will be deemed to have been issued with Shareholder approval. If Resolution 5 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 3,500,000 Shares.
- (b) The issue price was \$0.01 per Share.
- (c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.
- (d) The Shares were issued as a result of conversion of unlisted options. As a consequence the Company had no alternative but to issue and allot the Shares.
- (e) \$35,000 was raised by the issue of the Shares. Funds raised by the issue have and are being used to fund the Company's operating expenses and compliance costs.
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 5 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 5.**

**6. RESOLUTION 6: SUBSEQUENT APPROVAL OF THE ISSUE OF 6,000,000 SHARES TO SOPHISTICATED INVESTORS**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 6 for the purposes of Listing Rule 7.4 for the issue of the 6,000,000 Shares to sophisticated investors on 12 November 2019.

If Resolution 6 is passed then the Shares will be deemed to have been issued with Shareholder approval. If Resolution 6 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 6 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 6,000,000 Shares.
- (b) The issue price was \$0.01 per Share.
- (c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.
- (d) The Shares were issued to Union Pacific Equities Pty Ltd.
- (e) \$60,000 was raised by the issue of the Shares. Funds raised by the issue have and are being used to fund the Company's operating expenses and compliance costs.
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 6 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 6.**



## **7. RESOLUTION 7: SUBSEQUENT APPROVAL OF THE ISSUE OF 5,213,100 SHARES**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 7 for the purposes of Listing Rule 7.4 for the issue of the 5,213,100 Shares to sophisticated investors on 19 December 2019.

If Resolution 7 is passed then the Shares will be deemed to have been issued with Shareholder approval. If Resolution 7 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 7 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 5,213,100 Shares.
- (b) The issue price was \$0.01 per Share.
- (c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.
- (d) The Shares were issued as a result of conversion of unlisted Options. As a consequence the Company had no alternative but to issue and allot the Shares.
- (e) \$52,131 was raised by the issue of the Shares. Funds raised by the issue have and are being used to fund the Company's working capital requirements.
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 7 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 7.**

## **8. RESOLUTION 8: SUBSEQUENT APPROVAL OF THE ISSUE OF 10,000,000 SHARES TO SOPHISTICATED INVESTORS**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 8 for the purposes of Listing Rule 7.4 for the issue of the 10,000,000 Shares to sophisticated investors on 26 February 2020.

If Resolution 8 is passed then the Shares will be deemed to have been issued with Shareholder approval. If Resolution 8 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 8 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 10,000,000 Shares.
- (b) The issue price was \$0.01 per Share.
- (c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.
- (d) The Shares were issued to Union Pacific Equities Pty Ltd.
- (e) \$100,000 was raised by the issue of the Shares. Funds raised by the issue have and are being used to fund the Company's operating expenses and compliance costs.
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 8 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 8.**

**9. RESOLUTION 9: SUBSEQUENT APPROVAL OF THE ISSUE OF 20,000,000 SHARES TO SOPHISTICATED INVESTORS**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 9 for the purposes of Listing Rule 7.4 for the issue of the 20,000,000 Shares on 29 June 2020 to sophisticated investors.

If Resolution 9 is passed then the Shares will be deemed to have been issued with Shareholder approval.. If Resolution 9 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolutions 9 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 20,000,000.
- (b) The issue price was \$0.01 per Share.
- (c) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Share.
- (d) The Shares were issued to Union Pacific Equities Pty Ltd.
- (e) \$200,000 was raised by the issue of the Shares. Funds raised by the issue have and are being used to fund the Company's operating expenses and compliance costs;
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 9 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 9.**

**10. RESOLUTION 10: SUBSEQUENT APPROVAL OF THE ISSUE OF 3,000,000 SHARES TO SOPHISTICATED INVESTORS**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 10 for the purposes of Listing Rule 7.4 for the issue of the 3,000,000 Shares on 20 August 2020 to sophisticated investors.

If Resolution 10 is passed then the Shares will be deemed to have been issued with Shareholder approval. If Resolution 10 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolutions 10 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (g) The total number of Shares issued was 3,000,000.
- (h) The issue price was \$0.01 per Share.
- (i) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Share.
- (j) The Shares were issued to Union Pacific Equities Pty Ltd.
- (k) \$30,000 was raised by the issue of the Shares. Funds raised by the issue have and are being used to fund the Company's operating expenses and compliance costs;
- (l) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 10 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 10.**

**11. RESOLUTION 11: SUBSEQUENT APPROVAL OF THE GRANT OF 21,000,000 OPTIONS TO SOPHISTICATED INVESTORS**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolutions 10 for the purposes of Listing Rule 7.4 for the issue of the 21,000,000 Options on 20 August 2020 to sophisticated investors.

If Resolutions 11 is passed then the Options will be deemed to have been granted with Shareholder approval. If Resolutions 11 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 11 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) a total number of 21,000,000 Options were issued pursuant to Resolution 11;
- (b) The Options were granted for nil cash consideration;
- (c) The Options were granted to Union Pacific Equities Pty Ltd by the Company and represent the balance of equity required to attain 19.9% interest (ASX: Announcement 11 November 2019);
- (d) The Options were granted on the terms and conditions set out in Schedule 2 to these Explanatory Notes;
- (e) the Options were granted as part of the capital raising referred to in the Company's announcement noted above dated 11 November 2019;
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolutions 11 and as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 11.**

**12. RESOLUTION 12: APPROVAL FOR THE GRANT OF 750,000 OPTIONS TO STEVE HOWE AS AN INCENTIVE**

The Company seeks Shareholder approval for Resolutions 12 for the purposes of Listing Rule 10.11 for the issue of the 750,000 Options to Mr Steve Howe as an incentive.

Listing Rule 10.13 requires that the following information be provided to Shareholders in respect of Resolution 12 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11

- (a) The name of the person to be granted the Options is Mr Steve Howe, who is a Director of the company.
- (b) The maximum number of Options to be granted to Mr Howe is 750,000 Options as set out in the resolution
- (c) The date by which the entity will issue the Options will be 12 November 2020 but in any event not later than 18 November 2020 which is not more than one month after the date of the meeting.
- (d) The Options are being issued free of cost as an incentive as announced to the market at the time they were agreed to be granted: prior to Mr Howe becoming a Director of the Company The terms of grant of the Options are as set out in in Schedule 3 to these Explanatory Notes.
- (e) A voting exclusion statement is included in the Notice of Meeting
- (f) No funds will be raised by the grant of the Options.

**Chapter 2E Corporations Act requirements**

Resolution 12 also requires approval for the purposes of Chapter 2E of the Corporations Act and for the purposes of Chapter 10 of the Listing Rules. The notice of meeting attached hereto contains the voting exclusion statements required by the Listing Rules.

The resolution provides that subject to being passed, the Options proposed to be granted pursuant to Resolution 12 will be granted not later than one (1) month after the passing of the resolution.

Mr Howe will abstain from voting on any Director's resolution required to grant the Options.

Each of the directors of the Company other than Mr Howe, who abstains from making any recommendation because he is interested in the outcome, considers that the terms of grant of the Options are fair and reasonable and it is recorded that the grant of the Options was agreed to as part of the contract which Mr Howe and the Company entered into pursuant to which the Company engaged his services and appointed him as a director of the Company.

The Directors (other than Mr Howe) who does no express any opinion, say that the grant of the Options falls within the exemption in section 210 of the Corporations Act in that the Company and Mr Howe were, in fact, dealing at arms' length in negotiating those terms of engagement prior to Mr Howe becoming a Director of the Company. They also consider that the terms and conditions of grant are, in any event reasonable.

Notwithstanding the above, the following information is provided: in accordance with the requirements of Section 219 of the Corporations Act, as if that section of the Corporations Act applied:

- (a) The related party who would benefit from the resolution is Mr Howe.
- (b) The nature of the financial benefit is that Mr Howe will be entitled to any benefit which may be derived in the event that, within the period when the Options may be exercised, the market price of Shares in the exceeds the exercise price of the Options. This may occur if the Company's business plans are able to be fully implemented, which is something Mr Howe will be striving to achieve.
- (c) The converse of (b) is that if the Company's business plan is not able to be implemented, then the Options to be granted to Mr Howe may be worthless as the Share price may not exceed the exercise price of the Options. It should be noted that, at present the Options have minimal, if any, value, given that the current Share price is approximately \$0.016 and that the exercise price of the Options is \$0.05.
- (d) A Black Scholes valuation of the Options based on the current share price, the time to exercise, the exercise price and an interest rate of 2% and a volatility for the Company's shares of 30% gives a value of \$0.00 per Option.
- (e) The only director to have an interest in the outcome of the proposed resolution is Mr Howe and his benefit is that he will become the holder of the Options and the recipient of any financial benefit attached thereto or flowing therefrom.
- (f) Within the knowledge of the directors, there is no other information reasonably required by members in order to decide whether or not it is in the interest of the members to pass the proposed resolution. Clearly, the effect of passing the resolution and issuing the Options to Mr Howe will have a marginally dilutive effect on their holdings and reduce the respective voting power of each of them proportionately if Mr Howe was to exercise the options at any time.
- (g) It is relevant to any determination by any member as to how to vote in relation to this resolution that the Company has appointed Mr Howe as a Director because of his business skills and the Board considers that he is a valuable addition to the Board.

Each of the directors other than Mr Howe (who abstains) recommends to Shareholders that they vote in favour of resolution 12 for the reasons stated above.

**The chair intends to vote undirected proxies in favor of Resolution 12.**

**13. RESOLUTION 13: SUBSEQUENT APPROVAL OF THE ISSUE OF 11,075,000 SHARES TO CORNERSTONE INVESTOR – L39 CAPITAL PTY LTD (ABN: 94 614 364 117) (TRANCHE 1)**

These shares have been issued and allotted to L39 Capital Pty Ltd (ABN: 94 614 364 117) pursuant to the placement power granted by Shareholders under resolution 3 at the 2019 AGM, namely under Listing Rule 7.1A which permits the placement of a further 10% of an entity's Equity Securities (the 10% rule) in addition to the 15% permitted under RR 7.1.

Under L.R 7.1A.3 the issue price of the securities to be placed under the resolution referred to and LR 7.1A.2 must be:

*“no less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:*

- (a) the date on which the price at which the securities are to be issued is agreed;*
- or*
- (b) if the +securities are not issued within 5 trading days of the date in paragraph (a), the date on which the +securities are issued”*

The shares were agreed to be issued to L39 Capital Pty Ltd on 1 October pursuant to an agreement executed after close of trading on ASX on that date. In accordance with LR7.1A and the above requirements, the agreed issue price at which the Shares were issued namely \$0.012 (1.2 cents) is at a 25% discount to the VWAP of all shares in the Company traded in the 15 trading days prior to the date of issue (1 October 2020). L39 Capital Pty Ltd is the only allottee thereof.

In accordance with LR 3.10.5A the Company advises as follows:

**Details of the dilution to the existing holders of ordinary securities caused by the issue**

The current issued capital of PPY comprises 302,343,999 shares. The issue of the 11,075,000 shares has diluted each existing member's shareholding by 3.66%

**The reasons why the Company issued the shares as a placement under Listing Rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing ordinary security holders would have been eligible to participate**

**First**, had the placement proceeded as a pro rata issue the entitlement ratio of members would have been a minute: being One (1) new share for every 4 shares held at the at the Record Date to determine entitlements under the pro rata offer (assuming that no further shares or other equity securities were to be issued prior to that Record Date. Given that the Company is seeking approval for the placement of a further 30,591,667 shares to L39 Capital Pty Ltd, that ration would be even lower.

**Secondly**, the costs of an entitlements issue or rights issue in comparison with the amount being raised by the placement would be highly disproportionate. In the case of a pro rata offer these costs would include legal costs, share registry costs,



printing and mailing costs and, in the Board's opinion would be equal to a substantial portion of the discount from the 15 day VWAP. Further, it would not be expected that any pro rata issue would be made at the 15 day VWAP as the issue price but that any pro rata issue would, to obtain any significant level of acceptance by shareholders, have to be made at a realistic discount from that VWAP. Likewise if funds were sought to be raised by a Share Purchase Plan (SPP) the issue would have to have been at a discount to the 15 day VWAP and although the associated costs of an SPP would be less than a pro rata issue, they would still involve legal costs, share registry, printing and mailing costs.

The consequence of the above matters means that, even if a pro rata issue was fully subscribed or an SPP sufficiently subscribed to raise the funds sought, the net capital inflow to the Company after any requisite discount and associated costs would mean that it is unlikely a greater net amount would be raised.

The Board would not wish to raise more than the amount of \$132,900 at that issue price. It is noted that the subsequent placements sought to be approved are at \$0.015 per Share compared to that VWAP of \$0.016.

**Thirdly**, the placement gives certainty that the total amount sought will be raised. Any pro rata offer cannot as it is unlikely to be fully subscribed: including for the reason that shareholders resident outside of Australia and New Zealand cannot participate. Likewise there is no certainty that an SPP would be successful.

**Fourthly**, the timing for receipt of funds is immediate and certain. The funds have been banked. Under a pro rata issue or SPP, funds would not have been received for at least six weeks after the date the funds were actually received.

**Fifthly**, the Company has immediate needs for the use of the funds raised.

**Sixthly**, administratively, the making of a pro rata issue, SPP or any other sort of issue requiring disclosure is complex and time consuming.

**However, seventhly and most importantly**, the placement is part of a commercial strategy to introduce L39 Capital Pty Ltd as a cornerstone investor as announced to ASX on 1 October 2020, and that relationship is anticipated to provide significant commercial and other ongoing benefits to the Company.

**Details of any underwriting arrangements, including any fees payable to the underwriter; and any other fees or costs incurred in connection with the issue**

There was no underwriter. No such fees are payable or were paid.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 11 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) a total number of 11,075,000 Shares;
- (b) The Issue price of each Share was \$0.012;

- (c) The Shares are fully paid ordinary shares that rank equally in all respects with all other existing Shares.
- (d) The Shares were issued to L39 Capital Pty Ltd, a cornerstone investor as noted above:
- (e) \$132,900 was raised by the issue of the Shares. Funds raised by the issue have and are being used to fund the Company's operating expenses and compliance costs:
- (f) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolutions 13 and as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 13.**

**14. RESOLUTIONS 14: APPROVAL FOR THE ISSUE OF 30,591,667 SHARES TO CORNERSTONE INVESTOR – L39 CAPITAL PTY LTD (ABN: 94 614 364 117) (TRANCHE 2)**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Accordingly, the Company seeks Shareholder approval under Listing Rule 7.1 for the issue of 30,591,667 Shares to a proposing cornerstone investor – L39 Capital Pty Ltd (ABN: 94 614 364 117) under Resolution 14.

If Resolutions 14 is passed then the Shares will have been issued with Shareholder approval and will, therefore, not be counted towards the Company's 15% placement capacity under Listing Rule 7.1. If Resolution 14 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 post the AGM (assuming all other resolutions are passed) will utilise part of the Company's ongoing placement capacity under Listing Rule 7.1 in the ensuing 12 month period.

Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolution 14 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- (a) The total number of Shares to be issued under the resolution will be 30,591,667 Shares as specified in the resolution.
- (b) The date by which the Company will issue the Shares is 12 November 2020 but in any event not later than 25 November 2020 which is not more than three months after the date of the meeting.
- (c) The issue price of the shares will be \$0.012 (1 .2 cents) per Share.
- (d) The allottee of the Shares will be L39 Capital Pty Ltd, a proposed cornerstone investor in the company.
- (e) The Shares will be fully paid ordinary shares that rank equally in all respects with existing Shares.
- (f) An amount of \$367,100 will be raised by the issue of the Shares. These funds will be used to fund the Company's operating expenses and compliance costs.
- (g) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 14 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 14.**

**15. RESOLUTIONS 15 APPROVAL FOR THE ISSUE OF 41,666,667 OPTIONS TO CORNERSTONE INVESTOR – L39 CAPITAL PTY LTD (ABN: 94 614 364 117)**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Exception 4 in Listing Rule 7.2 provides that an issue by a company of Equity Securities made on the conversion of convertible securities (in this case options) is an exception to the restriction in LR 7.1 provided that the entity complied with the listing rules when it issued the convertible securities. .

Accordingly, the Company seeks Shareholder approval under Listing Rule 7.1 for the grant of 41,666,667 Options to L39 Capital Pty Ltd (ABN: 94 614 364 117), a proposing cornerstone investor, under Resolution 15

If Resolutions 15 is passed then the Options will have been granted with Shareholder approval and their grant will, therefore, not be counted towards the Company's 15% placement capacity under Listing Rule 7.1 going forward: nor will the issue of shares on their exercise in due course. If Resolution 15 is not passed, the then placement of these options to L39 capital Pty Ltd will utilise part of the Company's ongoing placement capacity under Listing Rule 7.1.

Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolutions 14 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- (a) The total number of Options to be granted under the resolution will be 41,666,667 Options as specified in the resolution.
- (b) The date by which the Company will grant the Options is 12 November 2020 but in any event not later than 25 November 2020 which is not more than three months after the date of the meeting.
- (c) The Options will be issued for nil cash consideration.
- (d) The grantee of the Options will be L39 Capital Pty Ltd, a proposed cornerstone investor in the company.
- (e) The Options will be options to acquire fully paid ordinary Shares that rank equally in all respects with existing Shares and be granted on the terms and conditions set out in Schedule 4 to these Explanatory Notes.
- (f) No moneys will be raised by the grant of the Options. Assuming they are exercised then a total of \$625,000 will be raised on exercise.
- (g) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favor of Resolution 15 as they intend to do.

**The chair intends to vote undirected proxies in favor of Resolution 15.**

## GLOSSARY

In this Notice of Meeting and Explanatory Memorandum the following expressions have the following meanings unless stated otherwise or unless the context requires otherwise:

**10% Placement Facility** has the meaning given in section 3.1.

**10% Placement Period** has the meaning given in section 3.2(6).

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of Directors.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (a) a child of the member's spouse;
- (b) a dependent of the member or of the member's spouse;
- (c) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (d) a company the member controls; or
- (e) a person prescribed as such by the *Corporations Regulations 2001* (Cth).

**Company** means Papyrus Australia Limited (ACN 110 868 409).

**Constitution** means the constitution of the Company (as amended from time to time).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice of Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards (as defined in section 9 of the Corporations Act), so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** means the annual general meeting of Shareholders convened by this Notice of Meeting.

**Notice of Meeting or Notice** means the notice of meeting to which this Explanatory Memorandum is attached.

**Option** means an option to acquire a Share.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

**VWAP** means volume weighted average price.

## SCHEDULE 1 – SUPPLEMENTARY INFORMATION RESOLUTIONS 5 to 10, and 12

The table below sets out the details of all the issues of Equity Securities by the Company in the 12 months preceding this Meeting, as required by Listing Rule 7.3A.6(b).

Number *	Class and terms of that Class	Allottees (or basis for determining allottees)	Issue price and the discount this represented to market price (if any)	Use of Funds and amount that has been spent or intended use in the future	Non-cash Consideration
3,500,000	Ordinary Fully Paid shares	Conversion of options	\$0.01	Working capital	Nil
6,000,000	Ordinary Fully Paid shares	Sophisticated Investors	\$0.01	Working capital	Nil
5,213,100	Ordinary Fully Paid shares	Conversion of options	\$0.01	Working capital	Nil
10,000,000	Ordinary Fully Paid shares	Sophisticated Investors	\$0.01	Working capital	Nil
20,000,000	Ordinary Fully Paid shares	Sophisticated Investors	\$0.01	Working capital	Nil
3,000,000	Ordinary Fully Paid shares	Sophisticated Investors	\$0.01	Working capital	Nil
11,075,000	Ordinary Fully Paid shares	Cornerstone Investor	\$0.012	Working capital	Nil

\* The 47,713,100 equity securities issued in the period preceding the date of the Company's AGM represented a total of 25.00% of the total number of equity securities on issue at the commencement of that period.

## SCHEDULE 2 – SUPPLEMENTARY INFORMATION FOR RESOLUTIONS 11

### TERMS AND CONDITIONS OF OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options is exercisable at \$0.01.
3. Each options is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the date that is 4 months after the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. An option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
8. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
9. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlement date (excluding special crossings and overnight sales and exchange traded option exercises);



S = the subscription price for a security under the pro rata issue;

D = the dividend but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

10. If, during the currency of the options the issued capital of the Company is reorganized, those options will be reorganized to the extent necessary to comply with ASX Listing Rules.

## SCHEDULE 3 – SUPPLEMENTARY INFORMATION FOR RESOLUTIONS 12

### TERMS AND CONDITIONS OF OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options is exercisable at \$0.05.
3. Each options is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the date that is 2 years after the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. An option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
8. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
9. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlement date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

10. If, during the currency of the options the issued capital of the Company is reorganized, those options will be reorganized to the extent necessary to comply with ASX Listing Rules.

## SCHEDULE 4 – SUPPLEMENTARY INFORMATION FOR RESOLUTIONS 15

### TERMS AND CONDITIONS OF OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options is exercisable at \$0.015.
3. Each options is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the date that is 18 months after the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. An option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
8. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
9. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlement date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

If, during the currency of the options the issued capital of the Company is reorganized, those options will be reorganized to the extent necessary to comply with ASX Listing Rules.



**Papyrus Australia Ltd**  
ABN 63 110 868 409

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00 am (Adelaide time) Monday 9 November 2020.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number:**  
**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Papyrus Australia Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Papyrus Australia Limited to be held at the **Offices of Grant Thornton Level 3/170 Frome Street Adelaide SA 5000 on Wednesday, 11 November 2020 at 11:00 am** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 and 12** (except where I/we have indicated a different voting intention below) even though **Items 1 and 12** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman. **Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 and 12** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS		For	Against	Abstain		For	Against	Abstain
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Edward Byrt as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Steve Howe as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Subsequent Approval of the Issue of 3,500,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Subsequent Approval of the Issue of 6,000,000 Shares to Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Subsequent Approval of the Issue of 5,213,100 Shares to Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8	Subsequent Approval of the Issue of 10,000,000 Shares to Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
9	Subsequent Approval of the Issue of 20,000,000 Shares to sophisticated investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

<p><b>Individual or Securityholder 1</b></p> <input type="text"/> <p>Sole Director and Sole Company Secretary</p>	<p><b>Securityholder 2</b></p> <input type="text"/> <p>Director</p>	<p><b>Securityholder 3</b></p> <input type="text"/> <p>Director/Company Secretary</p>
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Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_