

19 November 2024

ASX Compliance  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam,

**Papyrus Australia Limited: Reference 98443**

We refer to your letter of 12<sup>th</sup> November 2024 in which several matters were raised, in response to your queries, we advise as follows:

Full Year Statutory Accounts and Preliminary Final Report

1. Does PPY consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
  - 1.1 *That PPY's audited net loss for the year ended 30 June 2024 would materially differ from the net loss as set out in the Preliminary Final Report.*  
**No**
  - 1.2 *That PPY's audited net cash outflows from operating activities for the year ended 30 June 2024 would materially differ from the net cash outflows from operating activities as set out in the Preliminary Final Report.*  
**No**
  - 1.3 *That the audited total amount of Government grants and tax incentives received during the year ended 30 June 2024 would materially differ from the amount disclosed in the Preliminary Final Report.*  
**No**
  - 1.4 *That loans made to PPY's joint venture entity during the year would materially differ from the amount disclosed in the Preliminary Final Report.*  
**No**
2. *If the answer to any part of question 1 is "no", please advise the basis for that view.*  
**Regarding 1.1 – the reduction in net loss of \$476k between the Preliminary Final Report and the Audited Statutory Accounts is detailed in Appendix 1 attached. A review of the closing share price movement between the lodgement of the Preliminary Final report on 30 August and Audited Statutory Accounts on the 27 September does reflect a drop of 20% in the share price, however the volume of shares traded was not abnormal which supports the view that there was little or no impact**

and the share price recovered on the next trading day. Which supports the view that this variance had no material effect.

**Regarding 1.2 – as outline in Appendix 1 attached, the net decrease in cash and cash equivalences from all activities reported in the Preliminary Final Report was (\$50,032). Likewise, the net decrease in cash and cash equivalences from all activities reported the Audited Statutory Accounts was (\$50,032). With the final cash position in both reports was identical. As reflected in Appendix 1, the in net cash from operating activities related to the recognition of R&D activity in PPYEg. Which supports the view that this variance had no material effect.**

**Regarding 1.3 - A review of the closing share price movement between July 2024 and mid-October 2024 which covered the period before the release of the Preliminary Final Report and the Audited Statutory Accounts shows that there was little or no movement during the period. Which supports the view that this variance had no material effect.**

**Regarding 1.4 - A review of the closing share price movement between July 2024 and mid-October 2024 which covered the period before the release of the Preliminary Final Report and the Audited Statutory Accounts shows that there was little or no movement during the period. Which supports the view that this variance had no material effect.**

3. *When did PPY first become aware of the information referred to in question 1 above?*

**Regarding 1.1 – Following a review of the Preliminary Final Report and the Audited Statutory Accounts on 3 October 2024 at approximately 4pm**

**Regarding 1.2 – Following a review of the Preliminary Final Report and the Audited Statutory Accounts on 3 October 2024 at approximately 4pm**

**Regarding 1.3 – Following a review of the Preliminary Final Report and the Audited Statutory Accounts on 3 October 2024 at approximately 4pm**

**Regarding 1.4 – Following a review of the Preliminary Final Report and the Audited Statutory Accounts on 3 October 2024 at approximately 4pm**

4. *When did PPY first become aware of any circumstances which were likely to materially affect the results or other information contained in the Preliminary Final Report (including, but not limited to, the results referred to in question 1 above)?*

**Following a review of the Preliminary Final Report and the Audited Statutory Accounts on 3 October 2024 at approximately 4pm, it became clear that the net operation result due to the recognition of R&D activity in PPYEg had improved.**

5. If PPY first became aware of:
1. 5.1 information referred to in question 1; and/or
  2. 5.2 any circumstances referred to in question 4,

before the release of the Full Year Statutory Accounts, did PPY make any announcement prior to that date which disclosed the relevant information and/or the relevant circumstances and their effect? If not, please explain why the relevant information and/or relevant circumstances and their effect were not disclosed to the market at an earlier time, commenting specifically on when you believe PPY was obliged to release the information under Listing Rule 3.1 and to disclose the relevant circumstances under Listing Rule 4.3D, respectively, and what steps PPY took to ensure that the information and/or circumstances and their effect were disclosed promptly and without delay.

**No, the company did not make an announcement prior to the date which disclosed the relevant information.**

**Regarding 1.1 – Due to issues relating to the provision of information from the joint venture company the finalisation of the Full Year Statutory Accounts occurred close to the lodgement deadline date. As such a review of the Preliminary Final Report and Full Year Statutory Accounts did not occur prior to the Full Year Statutory Accounts were released on the 27 September 2024. However, a review was carried out on 3 October 2024 and the information should have been released to the Market following inquiry no later than 4 October 2024. Due to an oversight, the release did not occur.**

**Regarding 1.2– Due to issues relating to the provision of information from the joint venture company the finalisation of the Full Year Statutory Accounts occurred close to the lodgement deadline date. As such a review of the Preliminary Final Report and Full Year Statutory Accounts did not occur prior to the Full Year Statutory Accounts were released on the 27 September 2024. However, a review was carried out on 3 October 2024 and the information should have been released to the Market following inquiry no later than 4 October 2024. Due to an oversight, the release did not occur.**

**Regarding 1.3– Due to issues relating to the provision of information from the joint venture company the finalisation of the Full Year Statutory Accounts occurred close to the lodgement deadline date. As such a review of the Preliminary Final Report and Full Year Statutory Accounts did not occur prior to the Full Year Statutory Accounts were released on the 27 September 2024. However, a review was carried out on 3 October 2024 and the information should have been released to the Market following inquiry no later than 4 October 2024. Due to an oversight, the release did not occur.**

**Regarding 1.4– Due to issues relating to the provision of information from the joint venture company the finalisation of the Full Year Statutory Accounts occurred close to the lodgement deadline date. As such a review of the Preliminary Final Report and Full Year Statutory Accounts did not occur prior to the Full Year Statutory Accounts were released on the 27 September 2024. However, a review was carried out on 3 October 2024 and the information should have been released to the Market following inquiry no later than 4 October 2024. Due to an oversight, the release did not occur.**

Please answer separately for each of the items in question 1 above and for the circumstances referred to in question 4 above. Please provide details of the prior announcement if applicable.

6. *Are the investor borrowings referred to in note 10 to the Full Year Statutory Accounts (paragraph C above) the same as the funds raised under the loan agreement referred to in the Capital Raise Announcement?*

**Yes, the company had also approached other sophisticated investors with a view to raising additional funds. Which was finalised on 12 June August 2024, refer to refer to the Appendix 3B's announced on the 19 July 2024 & 12 August 2024.**

7. *Does PPY consider the settlement of investor borrowings amounting to \$309,175 as disclosed in Note 10 to the Full Year Statutory Accounts (paragraph C above), through the issuance of options to acquire shares in PPY, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

**No**

8. *If the answer to question 7 is "no", please advise the basis for that view.*

**As with previous small capital raises that the company has undertaken to sophisticated investors it has not made a market announcement until the raise is completed and the only announcements made were the Appendix 3B's relating to the share and / or unlisted options issue. And whilst, the Loan Agreement required the transaction to be completed by 12 April 2024, the funds were forwarded in tranches of various amounts, furthermore, as there was uncertainty that the total required funds would become available, the company as it had done in the past approached sophisticated investors. Once all the funds had been received normal process was followed and an Appendix 3B was issued on 19 July 2024 and a further Appendix 3B issued on the 12 August 2024.**

In terms of the settlement of the loan, the company had the right to decide whether to convert the unlisted options issued that were the subject of the loan or repay the loan funds in cash. A decision the company could make up to and prior to the expiry date of the options, hence, in the company's view the loan would not settle until the company made this decision.

9. *When did PPY become aware of the settlement of investor borrowings referred to in question 7?*

**19 July 2024 and 12 August 2024**

10. *If PPY first became aware of the settlement of investor borrowings referred to in question 7 before the release of the Full Year Statutory Accounts (paragraph C above), did PPY make any announcement prior to that date which disclosed this information? If not, please explain why the information was not disclosed to the market at an earlier time, commenting specifically on when you believe PPY was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PPY took to ensure that the information was disclosed promptly and without delay. Please provide details of the prior announcement if applicable.*

**See response to question 8, the Capital raise closed Friday 9 August 2024 and an announcement was made on the 12 August 2024 (ASX Announcement: Capital Raise on 12 August 2024)**

11. *Please explain the rationale for PPY availing itself of investor borrowings at a 12% interest rate when PPY had the Funding Agreement in place under which it could draw down funds at the comparatively lower interest rate offered by National Australia Bank Limited on "Usaver savings account rates" or "12 months term deposit rates" (whichever is greater) plus 1%.*

**The amount of funds the company needed to raise was in excess of the Funding Arrangement in Place with Mr Ramy Azer, which is an arrangement put in place to ensure that the company has access to funds in the event that it requires immediate access to cash. Furthermore, the interest payable under this arrangement is only payable from future profits or major capital raising activities.**

**One of the funding strategies that the company uses in attracting investor capital in small capital raises is to identify and approach sophisticated investors. This would have been the approach that would have been used in this event, however, it was not the approach this time as the company had implemented a consolidation strategy to be considered at an upcoming General Meeting (ASX release: PPY General Meeting 27 May 2024) which if the resolutions were approved required the issue of equity on a post consolidation calculation basis. And in order not to complicate the upcoming resolutions at the upcoming GM we considered it prudent to carry out the capital raise through a loan process with the provision of unlisted options which had a short exercise period, and until the options were**

**exercised, the funds attracted a monthly 1% interest, annualised on a simple interest at 12%. Which the Board considered appropriate.**

#### Services and Loan Agreement

12. Does PPY consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

*12.1 PPY's entry into the Services and Loan Agreement.*

**No**

*12.2 The terms of the Service sand Loan Agreement.*

**No**

*12.3 The arrangements under the Services and Loan Agreement relating to the appointment of two PPY directors and resignation of two existing PPY directors.*

**No**

*12.4 PPY's agreement to issue 25,000,000 unlisted options as part of, or in conjunction with, the capital raising disclosed in the Capital Raise Announcement.*

**No**

13. If the answer to question 12 is "no", please advise the basis for that view.

**Regarding 12.1 – The company considers that entering into the Services & Loan Agreement is no different to approaching the company bankers to provide a small overdraft to cover troughs in cash flow. As the company did not have any borrowings or overdrafts with its bankers and hence no debt, it considered that Services & Loan Agreement would not have any impact on the price or value of its securities as its debt to equity ratio of 0.27**

**Regarding 12.2 – The company considers that the terms of the Services & Loan Agreement were with commercial terms and therefore would not have a material effect on the price or value of its securities.**

**Regarding 12.3 – The company considered that the proposed change in directors as outlined in Services & Loan Agreement was not a financial condition and therefore, would not have a material effect on the price or value of its securities.**

**Regarding 12.4 – The potential issue of the 25,000,000 unlisted options would only come into effect if the options that had been previously issued to the parties (who were party to the Services & Loan Agreement) had expired (ASX**

**announcements: PPY Executes Services Deed with BPE & Union Pacific – 28 June 2023 & Appendix 3B – 28 June 2023), and therefore, would not have a material effect on the price or value of its securities.**

14. *Did PPY make any announcement prior to the release of the Summons Announcement which disclosed the information referred to in question 12 above? If not, please explain why the information was not disclosed to the market at an earlier time, commenting specifically on when you believe PPY was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PPY took to ensure that the information was disclosed promptly and without delay.*

**Regarding 12.1 – No, the information was not disclosed to the market as the Services & Loan Agreement executed required that the transaction to be completed by 12 April 2024, and it became apparent to the company that this would not occur, with discussions continuing between the parties whilst at the same time other sophisticated investors approached to participate in the capital raise which was finalised on 9 August 2024. No announcement was made to the market as the parties that were a party to the Services & Loan Agreement did not individually contribute the total funds but had involved other sophisticated investors which was not the intention of the agreement. Appendix 3B's relating to this capital raise were released to the market on 19 July 2024 & 12 August 2024.**

**Regarding 12.2 – Refer to 12.1**

**Regarding 12.3 – Refer to 12.1**

**Regarding 12.4 – The potential issue of the 25,000,000 unlisted options would only come into effect if the options that had been previously issued to the parties (who were party to the Services & Loan Agreement) had expired (ASX announcements: PPY Executes Services Deed with BPE & Union Pacific – 28 June 2023 & Appendix 3B – 28 June 2023) and the issue of the options would require shareholder approval.**

#### Appendix 4C

15. *Please explain why there are discrepancies between the Appendix 4C and the cash-flow statement provided in the Full Year Statutory Accounts and Preliminary Final Report. Please specifically address, at a minimum, the differences in each of the following figures: net operating cash outflow; Government grants and tax incentives, loans made to the joint venture entity and closing cash balance (paragraphs B, E and F above).*

**The attached Appendix 2 table highlights the comparison between the Appendix 4C, Preliminary Final Report and Statutory Accounts and an explanation column for any variations.**

16. *Please explain why PPY did not disclose the R&D borrowings referred to in note 10 to the Full Year Statutory Accounts (paragraph C above) in section 7 of the Appendix 4C?*

**The R&D borrowings related to R&D Tax Offset refund which the company would have received following the submission of its annual taxation return in the normal course of business and hence did not include it in Section 7 of the Appendix 4C**

17. *Noting that section 7.6 of the Appendix 4C also requires details of facilities which are proposed to be entered into after quarter end and that PPY had lodged an Appendix 3B for certain options to be issued in connection with the Capital Raise prior to the release of the Appendix 4C, please explain why PPY did not include details of the Capital Raise in this section of the Appendix 4C.*

**The funds raised up to the end on June had been included in the Appendix 4C at item 3.5, but the details were not included in 7.6. As the capital raise had not been completed, at the time of the lodgement of the Appendix 4C, it was unclear how much additional funds would be raised.**

#### Option issuances

18. *In relation to the Capital Raise, does PPY consider that it complied with Listing Rule 3.10.3 by immediately notifying ASX of its intention to issue various tranches of options in connection with the Capital Raise? If so, please provide the basis for that view.*

**No, following the execution of the Services & Loan Agreement it became clear that there was uncertainty that the proposed raise may not occur or that the required funds would be raised or occur within the timeframe set out in the Agreement. In view of this uncertainty the company as required under Listing Rule 3.10.3 did not immediately notify the ASX of its intentions to issue various tranches of options.**

19. *Why has PPY not issued an Appendix 3G for 36,564,999 options issued under the Capital Raise as required by Listing Rule 3.10.3C?*

**The Company did not issue an appendix 3G as the unlisted options had not been previously issued. Instead, it issued an Appendix 3B on 19 July 2024 for the issue of 27,777,777 unlisted options, and a further Appendix 3B on 12 August 2024 for the issue of 8,797,222 unlisted options following the completion of the capital raise on 9 August 2024**

20. *Why has PPY not issued an Appendix 3B for the agreement to issue 25,000,000 options in connection with the Capital Raise (paragraph A above) as required by Listing Rule 3.10.3?*

**An appendix 3B was not issued as the potential issue of the 25,000,000 unlisted options would only come into effect if the options that had been previously issued to the parties (who were party to the Services & Loan Agreement) had expired (ASX announcements: PPY Executes Services Deed with BPE & Union Pacific – 28 June 2023 & Appendix 3B – 28 June 2023) and the issue of the options would require shareholder approval.**



21. Does PPY consider that it complied with Listing Rule 7.1 when entering into the agreement to issue 25,000,000 options in connection with the Capital Raise (paragraph A above)? If so, please advise the basis of that view.

**Yes, there was sufficient cap within the 15% for the company to use Listing Rule 7.1, furthermore as no Appendix 3B was released to the market and in the event that the condition that triggered the issue of the options, namely the expiry of the options previously issued to the parties (ASX announcements: PPY Executes Services Deed with BPE & Union Pacific – 28 June 2023 & Appendix 3B – 28 June 2023) had occurred, the options would require shareholder approval**

22. Given that options cannot be issued in reliance on PPY's additional issuance capacity under Listing Rule 7.1A ('Additional Capacity') unless they are in a quoted class:

22.1 Please explain why PPY purported to rely on its Additional Capacity in relation to 36,574,999 options issued under the Capital Raise notwithstanding the limitation in Listing Rule 7.1A.3 (paragraph R above).

**There was some confusion in relation whether the company had extinguished its 15% capacity available under the Listing Rules due to the shares to be issued regarding the consolidation which were the consideration of the GM held on 28 June 2024 and subsequently approved at this meeting and therefore the issue of the 36,574,999 unlisted options could occur under the company 15% capacity.**

22.2 Does PPY consider that its agreement to issue, and subsequent issue of, 36,564,999 options under the Capital Raise complied with Listing Rule 7.1? Please advise the basis of that view.

**Yes. Because the issue of the options would fall within the 15% capacity**

| Reference   | Date           | Securities  |
|---|----------------|-------------|
| 12 months prior to the issue the share capital & options issued |                | 555,803,307 |
| 15% capacity  |                | 83,370,496  |
| Issued prior to prior to  | 19 July 2024   | Nil         |
| Issued on   | 19 July 2024   | 5,000,000   |
| Issued on   | 19 July 2024   | 27,777,777  |
| Issued on   | 12 August 2024 | 8,797,222   |
| Balance left  |                | 41,795,497  |

23. Please provide details of the options to acquire PPY shares issued subsequent to 30 June 2024 in settlement of the investor borrowing amounting to \$309,175 (as referred to in Note 10 to the Full Year Statutory Accounts) (paragraph C above).

**Unlisted options are exercisable at \$0.009 per option converted and have an expiry date of 4 months from issue date.**

24. *Why has PPY not issued an Appendix 3B or Appendix 3G in relation to the issue of the options referred to in question 23 as required by Listing Rule 3.10.3?*

**Appendix 3B's were released to the market on the 19 July 2024 and 12 August 2024**

25. *Please set out the procedures that PPY has in place to ensure that it complies with Listing Rules 7.1 and 7.1A. If the current arrangements are inadequate or not being enforced, please include the additional steps that PPY intends to take to ensure compliance with Listing Rules 7.1 and 7.1A.*

**Prior to company considering a potential Capital raise /or options issue, a review is carried out by the Company secretary to determine whether there is capacity under listing Rule 7.1 and 7.1A, and depending on the outcome of that review, the company decides on whether to proceed or not.**

**In order to ensure that the company is compliant with Listing Rule 7.1 and 7.1A, future board agendas will contain a status report.**

Other

26. *Please provide a copy of the executed Services and Loan Agreement (not for release to market).*

**Attached**

27. *Please provide a copy of the executed Funding Agreement with Mr Azer (not for release to market).*

**Attached**

28. *Please explain why PPY considered it appropriate to release the Patent Application Announcement notwithstanding ASX's published position (see paragraph I) on releasing announcements relating to patent applications on MAP.*

**The provisional patent application is a fundamental part of the technology and forms the basis of the company's direction and potential future business growth, and it is an integral part of the business model currently under development which underpins the future of the company. Reference to the patent was made in the September Quartey Activity Report (ASX release 31 October 2024), however, in accordance with ASX Compliance Update no. 11/21 should not have been released separately on MAP.**

29. *When does PPY expect the due diligence work and subsequent consolidation of Papyrus Egypt to be completed?*

**The company has engaged Accountants and Auditors in Egypt to review the financial data and based on indicative timeline provided the company expects to have information available towards the end on this Calander year for consideration. No date has been set as yet, once the information is received the company will evaluate determine the next step.**

## Compliance with Listing Rules

30. *Please provide details of the procedures that PPY has in place to ensure that the periodic reports required to be given to ASX under Chapter 4 of the Listing Rules (including the Preliminary Final Report and Appendix 4C) are prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A. If the current arrangements are inadequate or not being enforced, please include the additional steps that PPY intends to take to ensure compliance with the relevant accounting standards and Listing Rules.*

**The company uses an external accounting firm (Daw Accounting & Advisory) to manage the accounting software operating system. The accounting firm reviews transactions and after consultation with the senior company management makes any necessary adjustments. Daw Accounting & Advisory is not related to any director of the company or Company Secretary.**

**In the case of Appendix 4C's, a draft report in ASX format is prepared and forwarded to senior management and to the Company Secretary for review. Any matters that may arise are discussed with the accounting firm and once satisfied the Company Secretary forwards the Appendix 4C to board members for approval at a board meeting. Following board approval, the Company Secretary releases the Appendix 4C to the market.**

**In the case of Preliminary Final Report, the accounting firm downloads the accounting transaction ledger to XL, the XL file is formatted to produce a draft Preliminary Final Report which is forwarded to the company auditors and Company Secretary. The Auditors review the transactions as part of the audit process and discuss any queries with either the accounting firm or Company Secretary or senior management depending on the matter of the query.**

**The Company Secretary utilises the final XL file to prepare in ASX the draft Preliminary Report, which is forwarded to the Auditor for review.**

**Once the draft is finalised, the company audit committee meets to review and make recommendations to the board. Following board approval, the Preliminary Final Report is released to the market.**

**The company considers that the current processes are adequate to comply with the relevant accounting standards and listing Rules.**

31. *Does PPY consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required by Listing Rule 12.1? In answering this question, please explain the basis for this conclusion and comment on the nature and extent of PPY's current business activities.*

**PPY believes that its level of operations is sufficient to warrant continued quotation in accordance with Listing Rule 12.1**

**PPY reiterates that PPYeg is of sufficient scale that it will generate substantial positive cash flows for PPY, particularly as it delivered its first major government contract to Factory 200, which now is in production and generating positive cash flows. Furthermore, the**

additional two contracts awarded by Factory 200 and to be delivered over the next 18 months will further enhance the product output capacity and increase cash flow substantially.

In addition, the company is in the process of finalising its business plan, which will be released to the market once completed that will demonstrate the capacity of expanding the business in other regions, in particular the recent announcement relating to the term sheet signed with Thanh Dung Co Ltd in Vietnam. Other projects in the pipeline will further ensure that PPY continues to generate positive cash flows and benefits for its shareholders in the future

32. *Does PPY consider that the financial condition of PPY is sufficient to warrant continued listing on ASX as required by Listing Rule 12.2? In answering this question, please explain the basis for this conclusion.*

PPY believes that its financial position is sufficient to warrant continued quotation in accordance with Listing Rule 12.2

As mentioned in previous responses and previous releases to the Market, PPY has present capital and has in place sufficient loan arrangements to ensure that PPY can continue to fund its operations in the short and medium term, whilst PPYEg continues to grow its revenue stream. In addition, PPY has been successful in raising capital if and when the board considered it necessary.

PPY reiterates that PPYEg is of sufficient scale that it will generate substantial positive cash flows for PPY, particularly as it delivered its first major government contract to Factory 200, which now is in production and generating positive cash flows. Furthermore, the additional two contracts awarded by Factory 200 and to be delivered over the next 18 months will further enhance the product output capacity and increase cash flow substantially.

In addition, the company is in the process of finalising its business plan, which will be released to the market once completed that will demonstrate the capacity of expanding the business in other regions, in particular the recent announcement relating to the term sheet signed with Thanh Dung Co Ltd in Vietnam. Other projects in the pipeline will further ensure that PPY continues to generate positive cash flows and benefits for its shareholders in the future.

33. *Please confirm that PPY is in compliance with the Listing Rules and, in particular, Listing Rules 3.1.*

The company is compliant with the Listing Rules and in particular Listing Rule 3.1, it is aware that it must provide accurate and timely information to the market, whilst at the same time ensuring that any information provided is not misleading.

34. *Please confirm that PPY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its*

*board or an officer of PPY with delegated authority from the board to respond to ASX on disclosure matters.*

**The responses to the above questions have been authorised by the Board.**

## Appendix 1 – Explanation of variations between Preliminary Final Report & Audited Statutory Accounts

| Item  | Preliminary Final Report 2024 | Audited Statutory Accounts 2024 | Net Change     | Comment  |
|---|-------------------------------|---------------------------------|----------------|--|
| <b>Profit &amp; Loss Impact</b>             | <b>\$</b>                     | <b>\$</b>                       | <b>\$</b>      |  |
| Depreciation expense                        | (11,766)                      | (2,235)                         | 9,531          | Reclassification of patent amortisation  |
| Other expenses                              | (1,228,485)                   | (904,889)                       | 323,596        | Note 2(c) of the Audited Accounts shows R&D expenditure as \$369,467 the following is the additional adjustments made during the audit<br>R&D Expenses \$331,128<br>Patent amortisation reclass. (\$9,531)<br>Net <b>\$323,596</b>                   |
| Share of PPYEg Joint Venture profit         | 201,398                       | 344,698                         | 143,300        | Changes mainly due to preliminary result uses year end rate to compute share of profit while audited uses average rate and also on the adjustment in interco R&D cost upstream transaction.  |
| <b>Net effect of Adjustments</b>            |                               |                                 | <b>476,427</b> | Loss in the Audited Accounts decreased by <b>\$476,427</b>   |
| <b>Cash Flow Impact</b>                     |                               |                                 |                |  |
| <b>Cash Flow from Operating Activities</b>  |                               |                                 |                |  |
| Government grants and tax incentives        | 432,211                       | 268,314                         | (163,897)      | Radium Loan for R&D which initial classify as borrowing but reimbursement received for the claim. Has no impact on cash flow as it becomes a reclassification between Operating Activities and Finance Activities categories.                        |
| Payments to Suppliers and Employees         | (1,222,595)                   | (869,554)                       | 353,041        | Adjustment of JV transaction & R&D cost relating to PPYEg. Not captured separately in Preliminary Report as they were offset in JV loan<br>Impact of this reduced the overall loss in the profit & loss and reduced the JV loan in the balance sheet |
| Other                                       | -                             | (1,971)                         | (1,971)        |  |
| <b>Cash flows from investing activities</b> |                               |                                 |                |  |
| Purchase Plant & Equipment                  | (4,829)                       | (3,264)                         | 1,565          | Adjustment of JV transaction & R&D cost  |
| Loans made to Joint Venture Entity          | 304,084                       | (288,044)                       | (592,128)      | Adjustment of JV transaction & R&D cost  |
| Loan repayment from Joint Venture Entity    |                               | 239,493                         | 239,493        | Adjustment of JV transaction & R&D cost  |
| <b>Cash flows from financing activities</b> |                               |                                 |                |  |
| Repayment of Borrowings                     | (163,897)                     | -                               | 163,897        | Refer to comment in Govt Grants above  |
| <b>Net effect of adjustments</b>            |                               |                                 |                | <b>No change to Cash balance reported at end of period</b>   |
| <b>Balance Sheet Impact</b>                 |                               |                                 |                |  |
| Trade and other receivables                 | 877,188                       | 1,219,316                       | 342,128        | Different mainly preliminary result double taken up interco transaction which have been accounted for and reclassify of GST.   |
| Other financial assets                      | 979,394                       | 1,122,694                       | 143,300        | Changes mainly due to preliminary result uses year end rate to compute share of profit while audited uses average rate and also on the adjustment in interco R&D cost upstream transaction.  |
| Trade and other payables                    | 575,889                       | 584,888                         | 8,999          | Reclass of GST   |
| Current year gain(loss)                     | (1,120,487)                   | (644,060)                       | 476,427        |  |
| <b>Net effect of adjustments</b>            |                               |                                 |                | <b>Net Equity Improved by \$476,427</b>  |

**Appendix 2 – Explanation of variations between Preliminary Final Report, Audited Statutory Accounts & Appendix 4C**

| Item                                    | Appendix 4C numbers rounded | Preliminary Final Report 2024 | Audited Statutory Accounts 2024 | Comment  |
|---|-----------------------------|-------------------------------|---------------------------------|--|
|   | \$                          | \$                            | \$                              |  |
| Government grant & tax incentive        | 433,000                     | 433,211                       | 268,314                         | Variance of \$164,897 between Prelim final report & Audited Accounts relates to Radium Loan for R&D which initial classify as borrowing but reimbursement received for the claim and should have been reflected under Government grant & tax incentive in the Preliminary Final Report   |
| Net cash flow from operation activities | (437,000)                   | (790,284)                     | (603,111)                       | Variance of \$187,173 between Prelim final report & Audited Accounts relates Radium Loan for R&D which initial classify as borrowing but reimbursement received for the claim & Adjustment of JV transaction & R&D cost.<br>Whilst, the variance between Appendix 4C & Prelim final report \$353,284 the adjustment of JV transaction & R&D costs which in the Appendix 4C were reflected in proceed & replacement of borrowings   |
| Net loans made to joint venture         | Nil                         | 304,084                       | 48,551                          | An invoice for \$352,635 was issued to PPY for R&D costs<br>As it was not a physical cash movement, in the Appendix 4C both the expenditure & payment were processed in the intercompany loan account. Which resulted in a Nil effect.<br><br>In the Preliminary Final Report, it was included in the Consolidated Statement of Profit & Loss under Other expense line.<br><br>In the Audited Statutory Accounts, it was included in the Consolidated Statement of Profit & Loss under Other expense line.<br><br>Whilst the variance between Prelim final report & Audited Accounts relates to Adjustment of JV transaction & R&D cost. |
| Cash at June 2024                       | 519,000                     | 366,971                       | 366,971                         | Variance of \$152,029 between Prelim final report, Audited Accounts & Appendix 4C relates to the recognition of the forex rate change between the AUD\$ and EGP for the funds held by the company in an Egyptian bank account in Egypt   |



12 November 2024

Reference: 98443

Mr Vince Rigano  
Company Secretary  
Papyrus Australia Limited

By email: vince.rigano47@gmail.com

Dear Mr Rigano

**Papyrus Australia Limited ('PPY'): Query Letter**

ASX refers to the following:

- A. PPY's announcement titled "Notice of Annual General Meeting/ Proxy Form" released on the ASX Market Announcements Platform ('MAP') on 28 October 2024, which includes proposed resolutions 7 and 8 for the ratification (respectively) of the issue of 27,777,777 options and 8,797,222 options which were issued to investors as contemplated by PPY's announcement titled "Capital Raise" released on MAP on 12 August 2024 (the 'Capital Raise Announcement'), and which states (on page24):

*"The agreement also included the issue of 25,000,000 unlisted Options that are exercisable at \$0.03 per option converted with an expiry date of 2 years from issue date (refer to Resolution 11)."*

- B. PPY's announcement titled "Full year Statutory Accounts 2024" released on MAP on 27 September 2024, ('Full Year Statutory Accounts') which disclosed (relevantly) that for the year ended 30 June 2024:

- i. a net loss of \$644,060;
- ii. net cash outflows from operating activities of \$603,111;
- iii. receipt of Government grants and tax incentives totalling \$268,314;
- iv. net loans made to joint venture of \$48,551;
- v. R&D expenses of \$369,437; and
- vi. cash as at 30 June 2024 of \$366,971.

- C. Note 10 to the Full Year Statutory Accounts which states (among other things) that:

**"(c) R&D borrowings**

*During the year, the Group entered into a loan agreement with Innovation Structured Finance Co., LLC to fund its research and development in the course of its business activities. The borrowings are secured over the R&D incentive refundable the Group is entitled to under the R&D incentive scheme. This facility is for a total loan amount of \$108,600 with the original maturity date of 31 December 2024 and annual interest rate of 15%.*

**"(d) Investor borrowings**

*During the period the Company entered into loan agreements with sophisticated investors of which some were existing shareholders of the Company.*

*The terms of the loans are:*



- i) *Interest is payable at the rate 12% per annum and calculated on a simple interest basis payable at the time that the loans are repaid or converted to equity..."*

*Subsequent to the reporting date, the investor borrowing amounting to \$309,175 were settled in full through the issuance of options to acquire PPY's share."*

- D. PPY's announcement titled "Summons received by PPY" released on MAP on 24 September 2024 (the 'Summons Announcement'), which disclosed that PPY was served with a summons by Perfection Australia Group Pty Ltd ('PAG') and BPE Investments Pty Ltd ('BPE') filed in the Supreme Court of New South Wales under which PAG and BPE (the 'Plaintiffs') are seeking specific performance of the terms of an agreement titled "Papyrus Services and Loan Agreement" between PPY and the Plaintiffs dated 9 April 2024 (the 'Services and Loan Agreement'), with the relief sought by the Plaintiffs including (among other things):
  - i. *"an order that Papyrus, and board members, do all things necessary to specifically perform the obligations under clause 4(b) and 7 of the Services and Loan Agreement including, but not limited to, appointing the Plaintiffs two nominees as directors of the Board"; and*
  - ii. *"upon the appointment of the Plaintiffs two nominees as directors of the Board, Byrt and Rigano do all things necessary to resign as directors of the board".*
- E. PPY's announcement titled "Preliminary Final Report" for the year ended 30 June 2024 released on MAP on 30 August 2024 (the 'Preliminary Final Report'), which disclosed (relevantly), for the year ended 30 June 2024:
  - i. a net loss of \$1,120,488;
  - ii. net cash outflows from operating activities of \$790,284;
  - iii. receipt of Government grants and tax incentives totalling \$432,211;
  - iv. loans made to PPY's joint venture entity of \$304,084; and
  - v. cash position as at 30 June 2024 of \$366,971.
- F. PPY's announcement titled "Quarterly Appendix 4C Cash Flow Report" released on MAP on 31 July 2024 (the 'Appendix 4C'), which disclosed (relevantly) for the year ended 30 June 2024:
  - i. net cash outflows from operating activities of \$437,000;
  - ii. receipt of Government grants and tax incentives totalling \$433,000;
  - iii. nil net loans made to PPY's joint venture entity; and
  - iv. cash position as at 30 June 2024 of \$519,000.
- G. PPY's announcement titled "PPY Registers new provisional patent for its Technology" released on MAP on 14 August 2024 (the 'Patent Application Announcement'), which disclosed that PPY had lodged a patent application for one of its products.
- H. PPY's announcement titled "Funding Arrangements - 12 August 2024" released on MAP on 12 August 2024, which outlined the terms of a new loan facility with Mr Ramy Azer (the 'Funding Agreement'), superseding the agreement with Talisker (SA) Pty Ltd, and disclosed that interest payable on borrowed money under the Funding Agreement is based on the rate of interest payable by National Australia Bank Limited on "Usaver savings account rates" or "12 months term deposit rates" (whichever is greater) plus 1%.
- I. PPY's Capital Raise Announcement dated 12 August 2024 in relation to the entry into agreements to raise \$329,175 (the 'Capital Raise'), which stated:

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*“Papyrus Australia Ltd (“PPY”) is pleased to announce that it has entered into agreements with new and certain existing sophisticated shareholders to raise \$329,175 by way of a loan agreement and placement of unlisted options.*

*Interest on the funds advance is payable following the repayment of the loans or conversion of the options calculated on a simple interest basis. The options will have an expiry date of 4 months from issue date, an exercise price of \$0.009 per option converted and PPY has the right to exercise the options at any time prior to the expiry date.*

*The placement was conducted in two in two [sic] tranches. The first tranche occurred following receipt of \$250,000 and resulted in the issue of 27,777,777 unlisted options (ASX Announcement: 17 July 2024). The second tranche occurred following receipt of \$79,175 and resulted in the issue of 8,787,222 unlisted options (ASX Announcement: 12 August 2024). Both tranches were under the Company’s allowance in accordance with ASX Listing rule 7.1a”*

- J. PPY’s response dated 12 August 2024 to an email request by ASX for information dated 8 August 2024 where (relevantly):
- i. in response to ASX’s request for an explanation as to why PPY had previously advised that the Capital Raise was not material to PPY, PPY advised that it did not consider the Capital Raise to be of a material nature as it was *“in the range of previous capital raisings that the board has previously undertaken for cash flow needs”*;
  - ii. in response to ASX’s request for an explanation as to why PPY had not provided any further information on the nature of the \$250,000 inflow in its June 2024 quarterly cash flow report, PPY advised that it did not provide these further details as *“the total amount to be finalized had not been received at that time and as indicated previously PPY intended to make a specific market announcement following closure. In essence the process followed was no different to other small capital raises undertaken with an announcement in the form of an Appendix 3B once all monies had been received in PPY’s bank account”*; and
  - iii. in response to ASX’s request for confirmation as to whether PPY was aware that Talisker (SA) Pty Ltd (with whom PPY had consistently disclosed a long held undrawn loan facility) was deregistered in 2014, PPY advised that it was not aware that Talisker (SA) Pty Ltd had been deregistered, and that PPY had therefore entered into a new loan agreement with Mr Ramy Azer.
- K. PPY’s announcement titled “PPYEg Consolidation Update” released on MAP on 25 July 2024, which disclosed that PPY is still carrying out due diligence on Papyrus Egypt (‘PPYEg’) and therefore could not complete the PPYEg consolidation in accordance with Listing Rule 10.3.5.
- L. PPY’s announcement titled “Proposed issue of securities – PPY” released on MAP on 19 July 2024, which outlined the proposed issue of 27,777,777 PPY options in connection with a capital raising and stated (relevantly):
- i. *“Options have an exercise price of \$0.009 per option converted and an expiry date of 4 months from issue date”*; and
  - ii. The options were issued for *“working capital requirements”*.
- M. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- N. Listing Rule 3.10, which states (relevantly, emphasis added):
- “An entity must tell ASX the following information. It must do so immediately unless otherwise specified.*

...

**3.10.3** Details of a proposed issue of:

- (a) equity securities (other than an issue to be made under a dividend or distribution plan or an employee incentive scheme or as a consequence of the conversion of any convertible securities);

...

The notification to ASX must be in the form of, or accompanied by, an Appendix 3B.

...

Rule 3.10.3 requires an entity to notify ASX of certain proposed issues of securities. When and if the securities in question are issued, the entity will need to separately notify ASX of their actual issue, either under rule 3.10.3C or in accordance with any applicable timetable for the issue in Appendix 6A or 7A. This notification will generally take the form of an Appendix 2A, if the securities are intended to be quoted on ASX, or an Appendix 3G, if the securities are not intended to be quoted on ASX."

O. Listing Rule 3.10.3C which states:

**"3.10.3C** Details of the issue of:

- (a) any +equity securities not otherwise notifiable to ASX under rules 3.10.3A or 3.10.3B or the timetables in Appendix 6A or 7A; or

- (b) any +debt securities that are intended to be quoted on ASX,

within 5 +business days of the issue. If the +securities are intended to be quoted, the notification must be in the form of, or accompanied by, an Appendix 2A. The Appendix 2A must be received by ASX no later than midday (Sydney time) at least one +business day prior to the intended date for quotation of the +securities. Otherwise, the notification must be in the form of, or accompanied by, an Appendix 3G."

P. Listing Rule 4.3D which states that:

"Once an entity is or becomes +aware of any circumstances which are likely to materially affect the results or other information contained in the preliminary final report given to ASX under Listing Rules 4.3 or 4.3A the entity must immediately give ASX an explanation of the circumstances and the effects the circumstances are expected to have on the entity's current or future financial performance or financial position."

Q. Listing Rule 7.1, which, broadly speaking and subject to a number of exceptions, limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

R. Listing Rule 7.1A.3 which states that:

"Any +equity securities issued under rule 7.1A.2 must be in an existing quoted +class of the +eligible entity's equity securities and issued for a cash consideration per +security which is not 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 by the entity and the recipient of the securities; or

- (b) *if the +securities are not issued within 10 +trading days of the date in paragraph (a), the date on which the +securities are issued."*

S. Listing Rule 12.1 which states:

*"12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing."*

T. Listing Rule 12.2 which states:

*"12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing."*

U. Listed@ASX Compliance Update no. 11/21<sup>1</sup>, which stated (relevantly):

*"If a listed entity wishes to update the market on the status of a patent application prior to its grant then it should do so in its quarterly reports or other periodic disclosure. Stand-alone announcements concerning such applications, whether marked "price-sensitive" or not, are likely to result in further action from ASX (which may include the announcement being rejected or ASX sending a query letter requiring the entity to justify why it considers it to have been appropriate to release the announcement on MAP)."*

### **Request for information**

Having regard to the above, ASX asks PPY to respond separately to each of the following questions and requests for information:

#### **Full Year Statutory Accounts and Preliminary Final Report**

1. Does PPY consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
  - 1.1 That PPY's audited net loss for the year ended 30 June 2024 would materially differ from the net loss as set out in the Preliminary Final Report.
  - 1.2 That PPY's audited net cash outflows from operating activities for the year ended 30 June 2024 would materially differ from the net cash outflows from operating activities as set out in the Preliminary Final Report.
  - 1.3 That the audited total amount of Government grants and tax incentives received during the year ended 30 June 2024 would materially differ from the amount disclosed in the Preliminary Final Report.
  - 1.4 That loans made to PPY's joint venture entity during the year would materially differ from the amount disclosed in the Preliminary Final Report.

Please answer separately for each of the above.

2. If the answer to any part of question 1 is "no", please advise the basis for that view.

Please answer separately for each of the items in question 1 above.

3. When did PPY first become aware of the information referred to in question 1 above?

Please answer separately for each of the items in question 1 above.

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<sup>1</sup> <https://www.asx.com.au/content/dam/asx/documents/listings/compliance-updates/2021/listed-compliance-update-december-2021.pdf>

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4. When did PPY first become aware of any circumstances which were likely to materially affect the results or other information contained in the Preliminary Final Report (including, but not limited to, the results referred to in question 1 above)?

5. If PPY first became aware of:

5.1 information referred to in question 1; and/or

5.2 any circumstances referred to in question 4,

before the release of the Full Year Statutory Accounts, did PPY make any announcement prior to that date which disclosed the relevant information and/or the relevant circumstances and their effect? If not, please explain why the relevant information and/or relevant circumstances and their effect were not disclosed to the market at an earlier time, commenting specifically on when you believe PPY was obliged to release the information under Listing Rule 3.1 and to disclose the relevant circumstances under Listing Rule 4.3D, respectively, and what steps PPY took to ensure that the information and/or circumstances and their effect were disclosed promptly and without delay.

Please answer separately for each of the items in question 1 above and for the circumstances referred to in question 4 above. Please provide details of the prior announcement if applicable.

6. Are the investor borrowings referred to in note 10 to the Full Year Statutory Accounts (paragraph C above) the same as the funds raised under the loan agreement referred to in the Capital Raise Announcement?

7. Does PPY consider the settlement of investor borrowings amounting to \$309,175 as disclosed in Note 10 to the Full Year Statutory Accounts (paragraph C above), through the issuance of options to acquire shares in PPY, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

8. If the answer to question 7 is “no”, please advise the basis for that view.

9. When did PPY become aware of the settlement of investor borrowings referred to in question 7?

10. If PPY first became aware of the settlement of investor borrowings referred to in question 7 before the release of the Full Year Statutory Accounts (paragraph C above), did PPY make any announcement prior to that date which disclosed this information? If not, please explain why the information was not disclosed to the market at an earlier time, commenting specifically on when you believe PPY was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PPY took to ensure that the information was disclosed promptly and without delay. Please provide details of the prior announcement if applicable.

11. Please explain the rationale for PPY availing itself of investor borrowings at a 12% interest rate when PPY had the Funding Agreement in place under which it could draw down funds at the comparatively lower interest rate offered by National Australia Bank Limited on “Usaver savings account rates” or “12 months term deposit rates” (whichever is greater) plus 1%.

#### Services and Loan Agreement

12. Does PPY consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

12.1 PPY’s entry into the Services and Loan Agreement.

12.2 The terms of the Services and Loan Agreement.

12.3 The arrangements under the Services and Loan Agreement relating to the appointment of two PPY directors and resignation of two existing PPY directors.

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12.4 PPY's agreement to issue 25,000,000 unlisted options as part of, or in conjunction with, the capital raising disclosed in the Capital Raise Announcement.

Please answer separately for each of the above.

13. If the answer to question 12 is "no", please advise the basis for that view.

Please answer separately for each of the items in question 12 above.

14. Did PPY make any announcement prior to the release of the Summons Announcement which disclosed the information referred to in question 12 above? If not, please explain why the information was not disclosed to the market at an earlier time, commenting specifically on when you believe PPY was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PPY took to ensure that the information was disclosed promptly and without delay.

Please answer separately for each of the items in question 12 above and provide details of the prior announcement if applicable.

#### Appendix 4C

15. Please explain why there are discrepancies between the Appendix 4C and the cash-flow statement provided in the Full Year Statutory Accounts and Preliminary Final Report. Please specifically address, at a minimum, the differences in each of the following figures: net operating cash outflow; Government grants and tax incentives, loans made to the joint venture entity and closing cash balance (paragraphs B, E and F above).

Please answer separately for each of the Appendix 4C, the Preliminary Final Report and the Full Year Statutory Accounts.

16. Please explain why PPY did not disclose the R&D borrowings referred to in note 10 to the Full Year Statutory Accounts (paragraph C above) in section 7 of the Appendix 4C?

17. Noting that section 7.6 of the Appendix 4C also requires details of facilities which are proposed to be entered into after quarter end and that PPY had lodged an Appendix 3B for certain options to be issued in connection with the Capital Raise prior to the release of the Appendix 4C, please explain why PPY did not include details of the Capital Raise in this section of the Appendix 4C.

#### Option issuances

18. In relation to the Capital Raise, does PPY consider that it complied with Listing Rule 3.10.3 by immediately notifying ASX of its intention to issue various tranches of options in connection with the Capital Raise? If so, please provide the basis for that view.

19. Why has PPY not issued an Appendix 3G for 36,564,999 options issued under the Capital Raise as required by Listing Rule 3.10.3C?

20. Why has PPY not issued an Appendix 3B for the agreement to issue 25,000,000 options in connection with the Capital Raise (paragraph A above) as required by Listing Rule 3.10.3?

21. Does PPY consider that it complied with Listing Rule 7.1 when entering into the agreement to issue 25,000,000 options in connection with the Capital Raise (paragraph A above)? If so, please advise the basis of that view.

22. Given that options cannot be issued in reliance on PPY's additional issuance capacity under Listing Rule 7.1A ('Additional Capacity') unless they are in a quoted class:

22.1 Please explain why PPY purported to rely on its Additional Capacity in relation to 36,574,999 options issued under the Capital Raise notwithstanding the limitation in Listing Rule 7.1A.3 (paragraph R above).

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- 22.2 Does PPY consider that its agreement to issue, and subsequent issue of, 36,564,999 options under the Capital Raise complied with Listing Rule 7.1? Please advise the basis of that view.
23. Please provide details of the options to acquire PPY shares issued subsequent to 30 June 2024 in settlement of the investor borrowing amounting to \$309,175 (as referred to in Note 10 to the Full Year Statutory Accounts) (paragraph C above).
24. Why has PPY not issued an Appendix 3B or Appendix 3G in relation to the issue of the options referred to in question 23 as required by Listing Rule 3.10.3?
25. Please set out the procedures that PPY has in place to ensure that it complies with Listing Rules 7.1 and 7.1A. If the current arrangements are inadequate or not being enforced, please include the additional steps that PPY intends to take to ensure compliance with Listing Rules 7.1 and 7.1A.

#### Other

26. Please provide a copy of the executed Services and Loan Agreement (not for release to market).
27. Please provide a copy of the executed Funding Agreement with Mr Azer (not for release to market).
28. Please explain why PPY considered it appropriate to release the Patent Application Announcement notwithstanding ASX's published position (see paragraph U) on releasing announcements relating to patent applications on MAP.
29. When does PPY expect the due diligence work and subsequent consolidation of Papyrus Egypt to be completed?

#### Compliance with Listing Rules

30. Please provide details of the procedures that PPY has in place to ensure that the periodic reports required to be given to ASX under Chapter 4 of the Listing Rules (including the Preliminary Final Report and Appendix 4C) are prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A. If the current arrangements are inadequate or not being enforced, please include the additional steps that PPY intends to take to ensure compliance with the relevant accounting standards and Listing Rules.
31. Does PPY consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required by Listing Rule 12.1? In answering this question, please explain the basis for this conclusion and comment on the nature and extent of PPY's current business activities.
32. Does PPY consider that the financial condition of PPY is sufficient to warrant continued listing on ASX as required by Listing Rule 12.2? In answering this question, please explain the basis for this conclusion.
33. Please confirm that PPY is in compliance with the Listing Rules and, in particular, Listing Rules 3.1.
34. Please confirm that PPY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PPY with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT Tuesday, 19 November 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PPY's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the

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deadline set out above and may require PPY to request a trading halt immediately if trading in PPY's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PPY's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to PPY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PPY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

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ASX Compliance