

Provaris secures a two-year \$3 million standby funding facility with Macquarie

HIGHLIGHTS:

- Provaris has finalised a \$3 million convertible bond facility (Facility) with Macquarie Bank, to be issued in multiple tranches; with the first tranche of \$500,000 committed and further tranches subject to Provaris' discretion.
- The Facility provides Provaris with access to cost-effective standby capital during its two-year term.
- The Facility will help support Provaris' forward-looking development program in 2024-2025, including development costs for potential hydrogen production and export sites in the Nordic region in collaboration with Norwegian Hydrogen and future working capital requirements for the production and sale of small-scale tanks based on Provaris' proprietary technology.

Provaris Energy Ltd (ASX.PV1; Provaris, or the Company) is pleased to announce it has secured a two-year \$3 million Convertible Note facility (**Facility**) with Macquarie Bank Limited (**Macquarie**) to provide a funding alternative for the Company's hydrogen development plans in 2024/25.

The Facility provides Provaris with up to \$3 million of standby capital over the next two years providing invaluable flexibility for the Company to pursue its capital-raising endeavors in tandem with the progression of its hydrogen development projects and the commercialization of its intellectual property (IP) and hydrogen supply chain solutions.

A first tranche of \$500,000 Convertible Bond has been executed as part of the Facility agreements, with a two-year term to maturity. The issuance of further tranches remains at the discretion of Provaris and Macquarie, ensuring strategic alignment with the Company's evolving financial requirements.

Each Convertible Bond will convert into ordinary shares of the Company with the exact number of shares based on the share price at the time of conversion. Further details of the Facility and attaching call options are available in the Annexure to this announcement.

Macquarie's Commodities and Global Markets group provides capital and financing, risk management, market access, physical execution, and logistics solutions to clients across commodities, financial markets and asset finance, including a broad range of solutions focused on the energy transition.

Martin Carolan, Provaris Managing Director and CEO commented:

"This standby facility with Macquarie increases the flexibility of future funding alternatives available to our various projects and development activities which are aligned with the achievement of further commercial and technical milestones ahead for 2024.

The Facility also complements today's announcement of a Share Purchase Plan offer to eligible shareholders and strengthens the Company's financial position and aligns with our development program funding requirements over time. Activities which include collaboration for hydrogen production, final class approvals for shipping, joint development of an import terminal, activities related to MOUs with utilities in Germany, and an exciting venture to produce small-scale tanks for sale which could position the Company to have a commercial product in 2024. "



- END -

This announcement has been authorised for release by the Board of Provaris Energy Ltd.

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About Provaris Energy

Provaris Energy Ltd (ASX: PV1) | www.provaris.energy

Provaris Energy (ASX: PV1) is an Australian public company developing a portfolio of integrated green hydrogen projects for the regional trade of Asia and Europe, leveraging our innovative compressed hydrogen bulk storage and carrier. Our focus on value creation through innovative development that aligns with our business model of simple and efficiency hydrogen production and transport can establish an early-mover advantage for regional maritime trade of hydrogen and unlock a world of potential. In August 2022 Provaris Norway AS was established to advance the development of hydrogen export projects from Norway and other European locations.

Annexure – Key Terms of the Convertible Bonds

Key Terms and Conditions	
A. Convertible Bonds	
1. Facility	Unlisted, partially secured, Convertible Bonds (Bonds) with free-attaching unlisted Call Options (Call Options - see Section B below).
2. Issuer	Provaris Energy Ltd (Provaris)
3. Investor	Macquarie Bank Ltd (MBL)
4. Aggregate Face Value	\$3,000,000. Each individual Bond shall have a Face Value of \$5,000.
5. Discount Value	93% of the Bonds Face Value (amount payable to Provaris).
6. Use of Funds	Working capital and corporate expenditure purposes.
7. Maturity Date	Each Tranche (see below) will have a term of 2 years, and no Further Tranches may be issued after 2 years from the issue date of Tranche 1 (which shall be issued on a date to be agreed between the parties).
8. Drawdowns	<p>The Bonds will be issued in Tranches:</p> <p><i>Tranche 1</i>: \$500,000 Face Value (committed)</p> <p><i>Further Tranches</i>: The issue of further Bond Tranches (after Tranche 1 – Further Tranches) shall be at Provaris' discretion. In addition, following a Further Tranche drawdown request MBL can elect, at its discretion, as to whether it subscribes for such Further Tranche.</p> <p>Unless otherwise agreed by MBL, (i) Provaris may only request the issue of a Further Tranche once at least 75% of the immediately preceding Tranche has been converted and (ii) each Further Tranche shall not exceed an aggregate Face Value of \$1,000,000.</p>
9. Shareholder Approval and ASX Listing Rule 7.1	<p>Tranche 1, including the attaching Call Options, will be issued under Provaris' existing ASX Listing Rule 7.1 capacity.</p> <p>Further Tranches will only be drawn down if (i) Provaris has ASX LR 7.1 capacity available or (ii) in the absence of available LR7.1 capacity subject to shareholder approval.</p>
10. Interest Rate	3 Month Bank Bill Swap Rate, plus 1.5% p.a, calculated daily on the aggregate Face Value of outstanding Bonds and charged quarterly in arrears.
11. Security	<p>Provaris will be required to hold in a security deposit account with MBL the aggregate Discount Value of all outstanding Bonds at any time, less \$200,000.</p> <p>Funds will be progressively released from the Security Deposit Account as Bonds are converted to Shares.</p>
12. Conversion	<p>At the election of MBL at any time prior to the Maturity Date into fully paid ordinary shares in Provaris (Share).</p> <p>If Provaris is unable to issue some or all of the Shares required to be issued to MBL on conversion of the Bonds (e.g. if it would result in MBL or a holder of Bonds and/or call options breaching section 606 of the Corporations Act), Provaris will settle the conversion in cash, at a price equal to the number of new Shares which would have been issued based on the Conversion Price <i>multiplied by</i> the higher of (A) the Volume Weighted Average Price (VWAP) of a Share on the date on which the Conversion Notice is delivered and (B) the average of the Volume Weighted Average Price of a Share on each of the three (3) consecutive ASX trading days prior to the date on which the Conversion Notice is delivered.</p>
13. Conversion Price	<p><i>The higher of</i> (i) 92% of the daily VWAP of Provaris Shares on the ASX trading day immediately preceding the date of a conversion notice; and (ii) the Minimum Conversion Price (being A\$0.033 per Share)</p> <p>If the VWAP of Provaris Shares over the 10 consecutive ASX trading days at the time is less than the Minimum Conversion Price of A\$0.033 per Share, the Minimum Conversion Price will be A\$0.022 per Share).</p>

14. Mandatory Repayment	In relation to each Bond Tranche Provaris shall be required to repay the aggregate Face Value of all unconverted Bonds on the relevant Maturity Date for that Tranche.
15. Provaris Early Termination Right	Provaris shall, at its sole discretion, have the right to terminate the Bond Facility if MBL declines to subscribe for 2 consecutive Bond issuance requests from Provaris, subject to each request being no less than 2 months apart.
16. Provaris Redemption Option	<p>At any time prior to the Maturity Date of a Bond Tranche, Provaris may, at its sole discretion, give 20 business days' notice to MBL to redeem some or all of the outstanding Bonds at the end of the notice period (Redemption Date).</p> <p>Prior to the Redemption Date, MBL may elect, at its sole discretion, to convert into Shares all of the Bonds the subject of the notice.</p> <p>In the event of early redemption, Provaris shall be required to pay to MBL the Face Value of the relevant Bonds, plus 3%, together with all accrued interest up to the Redemption Date.</p>
17. MBL Early Repayment	MBL may demand repayment of all outstanding Bonds subject to prescribed events of default by Provaris, including a payment default, an insolvency event, and a material adverse change.
18. Equity and Debt Issuance	Subject to MBL's First Right of Refusal (see Section A.19 below), there will be no restriction on Provaris issuing equity or raising debt in the ordinary course of its business or issuing shares or performance rights under its respective employee incentive plans.
19. MBL First Right of Refusal	During the term of the Bonds (i) Provaris will require MBL's consent to the issue of debt/equity linked instruments of a similar nature to the MBL Convertible Bond Facility and (ii) MBL will have a first right of refusal to provide (or participate in) any such debt/equity linked instruments.
20. Transferability	The Bonds are transferable by MBL or any subsequent bondholder.
21. Reorganisation	In the event of any reorganisation of Provaris' capital the Bonds and Call Options will be adjusted in compliance with the ASX Listing Rules.
B. Attaching Call Options	
1. Number of Call Options	MBL will receive 40,000 Call Options to acquire Provaris Shares per \$5,000 Bond.
2. Exercise Price	150% of the VWAP of Provaris Shares over the 5 consecutive ASX trading days immediately preceding the issue date of the relevant Bond Tranche.
3. Expiry Date	3 years from the date of issue.
4. Call Option Adjustments	<p>The terms of the Call Options will be amended or adjusted to the extent necessary to comply with the ASX Listing Rules applying to reorganisations of capital at the time of such reorganisation.</p> <p>If there is a pro rata issue (other than a bonus issue) (as defined in the ASX Listing Rules), the exercise price of the Call Options will be reduced according to the formula set out in ASX Listing Rule 6.22.2.</p> <p>If there is a bonus issue (as defined in the ASX Listing Rules) (Bonus Issue), the number of Shares over which the Call Option is exercisable will be increased by the number of Shares which the holder would have received if the Call Option had been exercised before the record date for the Bonus Issue in accordance with ASX Listing Rule 6.22.3.</p> <p>Except as detailed in the 3 points above, there will be no change in the number of Call Options or the exercise price.</p>