

# Cleansing Notice under section 708A(12C)(e) of the Corporations Act 2001 (Cth)

This notice (**Cleansing Notice**) is given by Provaris Energy Ltd (ASX: PV1) (**Provaris** or **Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally inserted by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82*).

This Cleansing Notice is important and should be read in its entirety. Neither the Australian Securities and Investments Commission (**ASIC**) nor ASX Limited (**ASX**) takes any responsibility for the contents of this Cleansing Notice.

## 1. BACKGROUND

As announced to the ASX on 3 May 2024, the Company entered into a partially secured two-year \$3 million Convertible Bond 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 for the issue of Convertible Bonds (**Bond**) in multiple tranches, with each Bond having a face value of \$5,000. To date, the Company has not issued any Bonds under the Facility.

On Wednesday 8 May 2024, the Company will issue to Macquarie: (i) 100 Bonds with a face value of \$500,000 (**Tranche 1**), in relation to which the Company will receive net proceeds of \$465,000 (being 93% of the face value of those Bonds), and (ii) 4,000,000 free-attaching call options (**Options** or **Call Options**).

The key terms of the Bonds and Call Options are set out in Annexure A.

Given the security arrangement in place with Macquarie in relation to the Facility (see item 11 in Annexure A), under Tranche 1, the Company will have \$200,000 available for use with the remaining \$265,000 being deposited into the Provaris security deposit account that has been opened for the purpose of the Facility. Funds will be progressively released from the security deposit account for use by Provaris if and when Tranche 1 Bonds are converted to fully paid ordinary shares of the Company (**Shares**).

The issue of further tranches of Bonds under the Facility remains at the discretion of the Company and Macquarie, ensuring strategic alignment with the Company's evolving financial requirements.

Macquarie is not a related party of the Company.

The Bonds under the Facility will be issued without disclosure under Part 6D.2 of the Corporations Act. The purpose of this Cleansing Notice is to enable Shares issued on conversion of Bonds to be on sold to retail investors without disclosure.

In addition, on the 3 May 2024, the Company announced to the ASX a Share Purchase Plan (**SPP**) to raise up to \$2 million (before costs).

A group of existing institutional and sophisticated shareholders have collectively agreed to underwrite \$1 million of the funds to be raised under the SPP. No underwriting fees are payable.

Under the SPP, shareholders will be offered one (1) free unlisted option for every three (3) Shares issued under the SPP. Each option will be exercisable for one Share at an exercise price of \$0.075 and will expire on the 2nd anniversary of their issue date.

## 2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice relates to the Facility and sets out the following:

- (a) the effect of the issue of the Bonds and Call Options on the Company;
- (b) a summary of the rights and liabilities attaching to the Bonds and Call Options; and
- (c) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Bonds (and the Call Options) if such should occur.



### 3. THE EFFECT OF THE ISSUE ON THE COMPANY

#### 3.1 Effect of the Issue

The principal effect of the issue of the Tranche 1 Bonds on the Company will be to:

- (a) increase the Company's cash reserves by \$465,000 (being 93% of the face value of the Bonds) before costs associated with the issue – noting that, given the security arrangement in place (see item 11 in Annexure A) the Company will have \$200,000 available for use with the remaining \$265,000 being deposited into the Provaris security deposit account that has been opened for the purpose of the Facility (funds will be progressively released from the security deposit account for use by Provaris if and when Tranche 1 Bonds are converted to Shares);
- (b) increase the number of Bonds on issue from nil to 100;
- (c) give rise to the Company having a liability for the aggregate amount of the face value of the Tranche 1 Bonds of \$500,000;
- (d) if the Tranche 1 Bonds are converted, either wholly or in part, into Shares, increase the number of Shares on issue by up to 22,727,273 Shares (based on the minimum conversion price of \$0.022 per Share); and
- (e) require the Company to issue 4,000,000 Options to Macquarie, at no cost (based on 40,000 Options per Bond), with an exercise price of \$0.0661 per Share.

#### 3.2 Pro forma consolidated statement of financial position:

- (a) Set out in Annexure B to this Cleansing Notice is a pro forma consolidated Statement of Financial Position of the Company as at 7 May 2024, based on the audited 31 December 2023 financial statements adjusted to reflect: (i) the Tranche 1 Bonds issue (and the exercise of the Call Options) and (ii) unaudited trading from 1 January 2024 to 31 March 2024. The pro forma consolidated Statement of Financial Position has been prepared on the basis of the accounting policies normally adopted by the Company.
- (b) The pro-forma financial information has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis of the Tranche 1 Bonds (and Call Options) being issued on 8 May 2024 and the adjustments noted in paragraph (a).
- (c) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by the International Accounting Standards applicable to the Company's annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Bonds may change in the future.
- (d) The pro-forma financial information does not show the current financial position of the Company as at the date of this notice and the information is provided for illustrative purposes only.

#### 3.3 Potential effect on capital structure

The capital structure of the Company as at the date of this Cleansing Notice, before the issue of the Tranche 1 Bonds and attaching Options is set out below:

Types of security	No.
Shares	597,938,022
Options	37,750,000
Performance Rights	10,000,000

Note: The options shown above comprise of unquoted options exercisable at various prices and dates.

The table below shows the potential effect of the issue of the Tranche 1 Bonds (and free-attaching Options) to Macquarie, and the potential effect of the conversion of the Tranche 1 Bonds into Shares as at the date of this Cleansing Notice.

	<b>Shares</b>	<b>% of Shares (Total)</b>	<b>Options</b>	<b>Performance Rights</b>	<b>Convertible Bonds</b>
Existing Securities	597,938,022	96.3%	37,750,000	10,000,000	-
Issue of Tranche 1 Bonds and Options to Macquarie	-	-	4,000,000	-	100
Conversion of Tranche 1 Bonds (Maximum)	22,727,273	3.7%	-	-	-
<b>Totals</b>	<b>620,665,295</b>	<b>100.00%</b>	<b>41,750,000</b>	<b>10,000,000</b>	<b>100</b>

Notes:

1. The Company will not be seeking quotation of the Options to be issued to Macquarie.
2. Assumes no additional Shares are issued prior to conversion of the Tranche 1 Bonds, a conversion price of \$0.022 per Share (being the minimum (floor) conversion price), and all accrued interest is paid in cash.
3. Ignores the impact of any further Bond tranches under the Facility, which are at the discretion of the Company and Macquarie. Therefore, there is no certainty that further Bond tranches (and, as a consequence, any Shares) will be issued.
4. Ignores the potential impact of the SPP.
5. Assumes that Macquarie does not exercise any of the Options issued to it. If all Options are exercised, a total of 4,000,000 new Shares will be issued and the Company will raise \$264,400 before costs which will be used towards development of the Company's projects.
6. Fractions have been rounded up to the nearest whole number.

### 3.4 Assets and Liabilities

As mentioned above, the Company's cash at bank will increase by \$465,000 (before costs associated with the issue) as a result of the issue of the Tranche 1 Bonds (with \$200,000 being available immediately for use and the remaining \$265,000 being deposited into the Provaris security deposit account that has been opened for the purpose of the Facility). This financial information has not been audited or reviewed in accordance with Australian accounting standards.

The Company will have a liability to repay the outstanding face value of the Tranche 1 Bonds and all other amounts payable by the Company to Macquarie in respect of the Tranche 1 Bonds, in accordance with the terms of the Facility, either through the issue of Shares on conversion, or in cash. If the entire face value of the Tranche 1 Bonds is converted into Shares (or is otherwise repaid in cash), then the Company will no longer have a liability to repay the face value of the Tranche 1 Bonds.

### 4. RIGHTS AND LIABILITIES ATTACHING TO THE TRANCHE 1 BONDS AND OPTIONS

Annexure A provides a summary of the material rights, liabilities, privileges and restrictions attaching to the Convertible Bonds. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities attaching to the Tranche 1 Bonds. Annexure A also contains a summary of the key terms of the Options.

## 5. **RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE TRANCHE 1 BONDS (AND ON EXERCISE OF THE OPTIONS)**

The Shares issued on the conversion of the Tranche 1 Bonds (and on exercise of the Options) will be Shares in the capital of the Company and will rank equally in all respects with the Company's existing quoted Shares.

The Company is domiciled in Australia. The rights attaching to Shares, including any new Shares issued on the conversion of the Tranche 1 Bonds and on the exercise of the Options, are set out in the Company's constitution (**Constitution**), and regulated by the Corporations Act, the ASX Listing Rules (**Listing Rules**), and other applicable laws.

A summary of the rights and liabilities attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge and is also available on the Company's website at <https://www.provaris.energy/contact>, at the bottom of the page under 'Corporate Governance') and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders.

These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek independent legal advice.

### (a) **Voting**

At a general meeting of the Company, on a show of hands every Shareholder present has one vote. At the taking of a poll, every Shareholder present and whose shares are fully paid has one vote for each of his or her shares. The same applies where a direct vote has been lodged. On a poll, the holder of a partly paid share has such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

### (b) **General meetings**

Each Shareholder is entitled to receive (i) a notice of each general meeting of the Company and (ii) all financial statements as required by the Corporations Act or the Listing Rules.

### (c) **Dividends**

The directors may from time to time decide to pay a dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The directors may rescind a decision to pay a dividend if they decide, before the payment date, that the Company's financial position no longer justifies the payment.

### (d) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules. The directors may refuse to register a transfer of shares where the Listing Rules permit or require the Company to do so, or where it is otherwise permitted under the Constitution. Where the directors refuse to register a transfer, they will give notice of the refusal as required by the Constitution.

(e) **Variation of rights**

The Company may only vary the rights attaching to any shares with the written consent of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of the class.

(f) **Directors**

The minimum number of Directors is three and the maximum is nine. Currently there are four directors, comprising of one executive director (Managing Director) and three non-executive directors (including the Chair).

There must be an election of directors at every annual general meeting. No director (who is not the Managing Director) may hold office without re-election past the third annual general meeting following that director's appointment or three years, whichever is longer.

The directors may appoint a director either in addition to existing directors or to fill a casual vacancy, and that director then holds office until the next annual general meeting.

(g) **Decisions of Directors**

Questions arising at any meeting of directors shall be decided by a majority of votes. In the case of an equality of votes, the Chair has a casting vote. However the Chair will not have a casting vote where only two directors are competent to vote on the question.

(h) **Issue of further shares**

Subject to the Corporations Act, the Listing Rules and the Constitution, the directors may issue shares (and other securities) in the Company. Subject to the Listing Rules and the Corporations Act, the Company may issue preference shares that are liable to be redeemed whether at the option of the Company or otherwise.

(i) **Officers' indemnity**

To the extent permitted by law, the Company indemnifies every director, executive officer or secretary of the Company against a liability to another person, other than the Company or a related body corporate of the Company, provided that the Corporations Act is complied with and the liability does not arise in respect of conduct involving a lack of good faith on the part of the officer.

(j) **Alteration to the Constitution**

The Corporations Act provides that the Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting.

(k) **Listing Rules prevail**

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

## 6. COMPLIANCE WITH DISCLOSURE OBLIGATION

The Company is a “disclosing entity” as defined in section 111AC the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. Broadly, these obligations require:

- (a) the Company to notify ASX immediately of any information (subject to certain exceptions) of which it is or becomes aware which a reasonable person would expect to have a material effect on the price (value) of its securities. That information is available to the public from ASX; and
- (b) the preparation of yearly and half-yearly financial statements and a report of the Company’s operations during the relevant account period, together with an audit or review report prepared by the Company’s auditor. These documents are lodged with ASIC and ASX.

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. Copies of all documents announced to the ASX can be found at [www.asx.com.au](http://www.asx.com.au) or the Company’s website at <https://www.provaris.energy/investor-centre#asx>

The Company will provide free of charge to any person who requests it, during normal business hours:

- (a) the audited Annual Report for the financial year ended 30 June 2023 lodged with ASX on 28 September 2023 (**Annual Report**);
- (b) the audited half-year financial report for the 6 months ended 31 December 2023 lodged with the ASX on 27 February 2024; and
- (c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report with ASX on 28 September 2023 until the date of this Cleansing Notice:

Date	Announcement
3 May 2024	Proposed issue of securities - PV1
3 May 2024	Proposed issue of securities - PV1
3 May 2024	\$2M Share Purchase Plan
3 May 2024	\$3M Standby Funding Facility with Macquarie
1 May 2024	Shares to be Released from Escrow
1 May 2024	Trading Halt
30 April 2024	March 2024 Quarterly Activities & Appendix 4C Cash Flow
16 April 2024	Collaboration for hydrogen export in the Nordics
10 April 2024	GES & Provaris Rotterdam H2 Facility Collaboration
9 April 2024	GES and Provaris to Develop Rotterdam H2 Import Facility
25 March 2024	Key milestones validate Provaris role in hydrogen for Europe
20 March 2024	Presentation - NWR Resources Lunch March 2024
1 March 2024	Appendix 3Y-Director's Interest
1 March 2024	Appendix 3Y-Director's Interest
1 March 2024	Appendix 3Y-Director's Interest
1 March 2024	Appendix 3Y-Director's Interest
1 March 2024	Notification regarding unquoted securities - PV1

<b>Date</b>	<b>Announcement</b>
29 February 2024	Share Issue - Cleansing Notice
29 February 2024	Application for quotation of securities - PV1
29 February 2024	Placement Completion & Directors Subscription Shares
27 February 2024	Appendix 4D & Half-Year Report 31 December 2023
27 February 2024	General Meeting Results
23 February 2024	Share Issue - Cleansing Notice
23 February 2024	Application for quotation of securities - PV1
9 February 2024	Share Capital Reduction
31 January 2024	December 2023 Quarterly Activities & Appendix 4C Cash Flow
25 January 2024	General Meeting of Shareholders
19 January 2024	Appendix 3Z - Final Director's Interest
19 January 2024	Provaris Board Change
8 January 2024	DNV Engaged for Class Approval
21 December 2023	MOU with Uniper Global Commodities
8 December 2023	Placement Cleansing Notice
8 December 2023	Application for quotation of securities - PV1
30 November 2023	2023 AGM Results
30 November 2023	Proposed issue of securities - PV1
30 November 2023	Equity Capital Raising
30 November 2023	2023 AGM Presentation
28 November 2023	Trading Halt
16 November 2023	Norway Development Update
14 November 2023	Shares Being Released From Escrow
31 October 2023	September Quarterly Activities-Appendix 4C Cash Flow
27 October 2023	2023 Annual General Meeting
16 October 2023	2023 AGM Time Change
16 October 2023	Research Studies Reinforce Benefits of Compressed Hydrogen
3 October 2023	2023 AGM Date Change & Director Nominations
28 September 2023	Appendix 4G - Corporate Governance Statement
28 September 2023	Provaris 2023 Annual Report

## 7. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, other than as set out in this Cleansing Notice the Company advises that it is not aware of any information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities of the Bonds (and the underlying Shares) offered by the Company.

- END -

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

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### About Provaris Energy

Provaris Energy Ltd (ASX: PV1) | [www.provaris.energy](http://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.





## Key Terms &amp; Conditions of Convertible Bonds and Options

Key Terms and Conditions	
Convertible Bonds	
<b>1. Facility</b>	Unlisted, partially secured, Convertible Bonds ( <i>Bonds</i> ) with free-attaching unlisted Call Options ( <i>Call Options</i> - see Section B below).
<b>2. Issuer</b>	Provaris Energy Ltd ( <i>Provaris or Company</i> )
<b>3. Investor</b>	Macquarie Bank Ltd ( <i>MBL</i> )
<b>4. Aggregate Face Value</b>	\$3,000,000. Each individual Bond shall have a Face Value of \$5,000.
<b>5. Discount Value</b>	93% of the Bonds Face Value (amount payable to Provaris).
<b>6. Use of Funds</b>	Working capital and corporate expenditure purposes.
<b>7. Maturity Date</b>	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).
<b>8. Drawdowns</b>	<p>The Bonds will be issued in <i>Tranches</i>:</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 – <i>Further Tranches</i>) 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>
<b>9. Shareholder Approval and ASX Listing Rule 7.1</b>	<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>
<b>10. Interest Rate</b>	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.
<b>11. Security</b>	<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>

## Key Terms and Conditions

<p><b>12. Conversion</b></p>	<p>At the election of MBL at any time prior to the Maturity Date into fully paid ordinary shares in Provaris (<i>Share</i>).</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 (<i>VWAP</i>) 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>
<p><b>13. Conversion Price</b></p>	<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>
<p><b>14. Mandatory Repayment</b></p>	<p>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.</p>
<p><b>15. Provaris Early Termination Right</b></p>	<p>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.</p>
<p><b>16. Provaris Redemption Option</b></p>	<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 (<i>Redemption Date</i>).</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>
<p><b>17. MBL Early Repayment</b></p>	<p>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.</p>
<p><b>18. Equity and Debt Issuance</b></p>	<p>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.</p>
<p><b>19. MBL First Right of Refusal</b></p>	<p>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.</p>
<p><b>20. Transferability</b></p>	<p>The Bonds are transferable by MBL or any subsequent bondholder.</p>
<p><b>21. Reorganisation</b></p>	<p>In the event of any reorganisation of Provaris' capital the Bonds and Call Options will be adjusted in compliance with the ASX Listing Rules.</p>

## Key Terms and Conditions

### Attaching Call Options

<b>1. Number of Call Options</b>	MBL will receive 40,000 Call Options to acquire Provaris Shares per \$5,000 Bond.
<b>2. Exercise Price</b>	150% of the VWAP of Provaris Shares over the 5 consecutive ASX trading days immediately preceding the issue date of the relevant Bond Tranche. For the Tranche 1 Bonds issue, the exercise price is \$0.0661.
<b>3. Exercise</b>	The Company shall allot and issue the relevant number of Shares to the Call Option Holder as soon as possible and in any event by no later than the second Business Day after the delivery of the relevant Notice of Exercise and payment of the Exercise Price.
<b>4. Expiry Date</b>	3 years from the date of issue.
<b>5. Call Option Adjustments</b>	<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) (<i>Bonus Issue</i>), 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>
<b>6. Transferability</b>	The Call Options may be transferred. Without limiting this, the Call Options may be transferred separately from the Bonds.
<b>7. No Quotation</b>	The Company shall not apply for the listing or admission to trading of the Call Options on ASX or any other stock exchange or trading market.

### Additional terms in relation to the Bonds:

1. Corporate Actions
  - a. **(Placement Consent)** The Company must not undertake a placement of Shares that exceeds 20% of the undiluted share capital of the Company and constitutes a discount greater than 25% of the 10-day volume weighted average price of Shares, without the prior written consent of the majority of bondholders.
  - b. **(Capital Reorganisation)** In the case of a pro-rata reorganisation of capital, the Company and the majority bondholders must agree on a Bond reorganisation mechanism to maintain the Bonds' value, subject to Listing Rule 7.21.
  - c. **(Pro-rata Actions)** For pro-rata actions like rights issues or cash returns, the Company and majority bondholders must agree on a Bond restructure mechanism to preserve the Bonds' value, subject to the Listing Rules.

## 2. Events of Default

Any of the following will constitute an event of default:

- a. **(Non-payment)** The Company fails to pay the principal or interest on the Bonds when due, and the failure continues beyond the grace period of 2 Business Days (in respect of non-payment of Bond principal amounts) and 5 Business Days (in respect of non-payment of interest).
- b. **(Breach of conversion obligations)** The Company fails to issue Shares on conversion after a bondholder's valid exercise of conversion rights.
- c. **(Breach of other obligations)** The Company fails to perform various obligations which, if not remedied, have a material adverse effect.
- d. **(Misrepresentation)** Any representation or warranty made by the Company in connection with any transaction document in respect of the Facility proves to be materially incorrect or misleading and which affects the Bonds' value (in the reasonable opinion of the bondholder).
- e. **(Cross default)** Other indebtedness of the Company or its subsidiaries becomes due before maturity or is unpaid beyond the specified grace period.
- f. **(Enforcement proceedings)** Legal proceedings being commenced against the Company or one of its subsidiaries, other than where the dispute is being disputed in good faith with a reasonable prospect of success or it is discharged, stayed or dismissed within 30 days, but only to the extent that the distress, attachment, execution or other legal process will have a material adverse effect on the Company or one of its subsidiaries.
- g. **(Void transaction documents)** Any transaction document comprising the Facility becomes wholly or partly void, voidable, or unenforceable.
- h. **(Security enforced)** An encumbrance against the Company or its subsidiaries or an asset having an aggregate value of at least \$250,000 or its equivalent becomes enforceable.
- i. **(Insolvency)** The Company or one of its subsidiaries cannot pay debts, enters insolvency proceedings, or ceases business operations.
- j. **(Cessation or suspension of activity)** The suspension or cessation by the Company or one of its subsidiaries of all or a substantial part of its business that will have a material adverse effect or would cause the Company to be unable to perform its obligations under the Facility.
- k. **(Cessation or suspension of trading)** The Company's Shares cease to be listed or trading is suspended for more than five consecutive days.
- l. **(Insufficient liquidity of Shares)** The trading value of the Company's Shares is less than 50% of the average trading value of the Company's Shares on ASX over the thirty consecutive trading days immediately prior to the issue date of a tranche (in which case the event of default only applies to the affected Bond tranche).
- m. **(Market price below minimum conversion price)** The average price of the Company's Shares falls below the minimum conversion price (see item 13 in the table above).
- n. **(Material change in ownership or adverse effect)** A significant change in ownership of the Company's Shares (ie, more than 50%) or a material adverse effect occurs in relation to the Company.
- o. **(Insufficient number of conversion Shares)** The Company lacks authority to issue enough Shares for conversion rights exercises.
- p. **(Reservations on financial statements)** Any refusal to certify the financial statements by the statutory auditors of the Company or one of its subsidiaries.

If an event of default occurs then, by written notice of a bondholder to the Company, the principal amount of the Bonds plus a premium of 3% and interest accrued becomes immediately due and payable.

**Provaris Energy Ltd**  
**Pro forma Statement of Financial Position as at 7 May 2024**

	Audited 31 Dec 2023	Post 31 Dec 2023 Adjustments (1)	Impact of Convertible Notes (2)	Impact of Exercise of Options (3)	Unaudited Pro-Forma (4)
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	2,489	(821)	200	264	2,132
Other current assets	219	(147)	-	-	72
<b>Total current assets</b>	<b>2,708</b>	<b>(968)</b>	<b>200</b>	<b>264</b>	<b>2,204</b>
<b>Non-current assets</b>					
Security deposits	-	-	265	-	265
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>265</b>	<b>-</b>	<b>265</b>
<b>TOTAL ASSETS</b>	<b>2,708</b>	<b>(968)</b>	<b>465</b>	<b>264</b>	<b>2,469</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	389	(221)	-	-	168
Provisions	140	12	-	-	152
<b>Total current liabilities</b>	<b>529</b>	<b>(209)</b>	<b>-</b>	<b>-</b>	<b>320</b>
<b>Non-current liabilities</b>					
Convertible Note Facilities	-	-	500	-	500
Total non-current liabilities	-	-	500	-	500
<b>TOTAL LIABILITIES</b>	<b>529</b>	<b>(209)</b>	<b>500</b>	<b>-</b>	<b>820</b>
<b>NET ASSETS</b>	<b>2,179</b>	<b>(759)</b>	<b>(35)</b>	<b>264</b>	<b>1,649</b>
<b>EQUITY</b>					
Issued capital	20,764	196	-	264	21,224
Reserves	3,847	(10)	-	-	3,837
Accumulated losses	(22,432)	(945)	(35)	-	(23,412)
<b>TOTAL EQUITY</b>	<b>2,179</b>	<b>(759)</b>	<b>(35)</b>	<b>264</b>	<b>1,649</b>

**Notes:**

(1) Adjustments to 31 March 2024 comprise:

- (a) unaudited trading from 1 January 2024 to 31 March 2024; and
  - (b) placement of shares (being Tranche 2 of the 30 November 2023 Share placement, comprising the issue of 5,750,000 Shares to the Company's directors (following shareholder approval) at an issue price of \$0.04 per share; raising a further \$230,000 (before costs). Refer to the ASX announcement dated 29 February 2024).
- (2) Convertible Notes are shown at their aggregate face value of \$500,000 less costs.
- (3) Assumes all Options are exercised at the exercise price of \$0.0661 per Share. There is no guarantee that some (or all) of the Options will ultimately be exercised.
- (4) Accounts for (1), (2), and (3) above.

The pro-forma statement of financial position does not include the potential impact of the SPP.