ASX RELEASE 18 February 2026

Cleansing Notice - Issue of Convertible Notes

This cleansing notice ("**Cleansing Notice**") is given by **Paradigm Biopharmaceuticals Ltd (ASX:PAR) ("Paradigm" or "the Company"),** under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) ("**Corporations Act**") as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument* 2016*/82*.

The Company hereby confirms that:

(a) the convertible notes described below have been issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and

(b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company ("**Shares**") issued on the conversion of the convertible notes issued by the Company on the terms described below, to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

1. Background

As announced on 1 July 2025, the Company has entered into a convertible securities and share placement agreement ("**Convertible Securities Agreement**") and secured commitments for up to US$27,000,000 through the issuance of convertible notes ("**Convertible Notes**") to Obsidian Global GP LLC ("**Obsidian**") comprising an initial drawdown of US$7,000,000 plus any subsequent drawdowns as agreed between the Company and Obsidian.

On 7 July 2025 the first drawdown of US$7,000,000 was provided to the Company in exchange for the issue of 7,000,000 Convertible Notes (each with a face value of US$1.09) ("**Initial Notes**").

In addition, the Company issued a total of 8,000,000 Shares to Obsidian in consideration for entering into the Convertible Securities Agreement ("**Placement Shares**"). The Placement Shares were issued on 2 July 2025, and are intended to be used to offset any future Shares issued to Obsidian at its discretion. During the term of the Convertible Securities Agreement, Obsidian may elect to use the Placement Shares to offset the Company's obligation to issue Shares under the Convertible Securities Agreement. Where there is a continuing event of default under the Convertible Securities Agreement, Obsidian may reduce the number of Placement Shares by paying the Company an amount equal to the amount of Placement Shares to be reduced multiplied by 94% of the average of the lowest five daily volume weighted average prices ("**VWAP**") in the 20 trading days prior to the payment notice. At maturity, any unpaid Placement Shares will either be sold on-market with the net sales proceeds remitted to the Company, or transferred to a nominee of the Company for no consideration.

The Initial Notes and the Placement Shares were issued utilising the Company's available placement capacity under ASX Listing Rule 7.1.

Subject to mutual agreement and the satisfaction of other standard conditions precedent, the Company may drawdown up to an additional US$20,000,000 in exchange for the issue of up to an additional 20,000,000 convertible notes (each with a face value of US$1.09) ("**Subsequent Notes**").

In accordance with the Convertible Securities Agreement, and as announced on 17 November 2025 and 18 February 2026, respectively, the Company has now completed a drawdown of an additional:

(a) US$5,000,000 in exchange for the issue of 5,000,000 Subsequent Notes ("**November 2025 Notes**"); and

(b) US$5,000,000 in exchange for the issue of 5,000,000 Subsequent Notes ("**February 2026 Notes**").

For further information in relation to the Convertible Securities Agreement, please refer to the Company's announcements dated 1 July 2025, 17 November 2025 and 18 February 2026 and Schedule 1 below.

A broad summary of the rights, privileges and restrictions attaching to the February 2026 Notes is set out in Schedule 1 of this Cleansing Notice. The summary is not exhaustive and does not constitute a definite statement of the rights and liabilities of the holder of February 2026 Notes ("**Noteholder**").

This Cleansing Notice is in respect of the February 2026 Notes only. Any additional issues of Subsequent Notes (if any) will be cleansed under separate cleansing notices or cleansing prospectuses.

2. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

(a) in relation to the February 2026 Notes:

  (i) the effect of the issue on the Company;

  (ii) a summary of the rights and liabilities attaching to the February 2026 Notes; and

  (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the February 2026 Notes; and

(b) any information that:

  (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and

  (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:

(A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(B) the rights and liabilities attaching to the Shares; and

(c) other information relating to the Company's status as a disclosing entity.

3. The effect of the issue on the Company

3.1 Effect of the issue on the Company

The principal effect of the issue of the February 2026 Notes on the Company is as follows:

(a) increases the Company's cash reserves by US$5,000,000 (before costs associated with the February 2026 Notes);

(b) increases the number of unquoted convertible notes on issue from 5,250,000 to 10,250,000;

(c) the Company incurring a secured liability for the aggregate face value of the February 2026 Notes (being US$5,450,000); and

(d) if the February 2026 Notes are converted, either wholly or in part to Shares, increase the number of Shares on issue as a consequence of the issue of Shares on such conversion.

3.2 Pro-forma Consolidated Statement of Financial Position

To illustrate the effect of the issue of the November 2025 Notes and February 2026 Notes on the Company, a pro-forma Consolidated Statement of Financial Position ("**Pro-forma Accounts"**) which is set out below has been prepared based on the financial position in the Company's 30 June 2025 audited annual year report.

The Pro-forma Accounts shows the effect of the issue of the November 2025 Notes and February 2026 Notes as if they had been issued on 30 June 2025, and no other transactions, have occurred. In particular the Pro-Forma Accounts do not show the effect of the issue of any subsequent issue of Convertible Notes.

The accounting policies adopted in the preparation of the Pro-forma Accounts are the same as those used in the preparation of the 30 June 2025 audited accounts. The historical and Pro-forma Accounts are presented in an abbreviated form, insofar as they do not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The Pro-forma Accounts have not been subject to independent audit or review.

The Pro-forma Accounts have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis that the issue of the November 2025 Notes and February 2026 Notes were issued on 30 June 2025. The Company advises that the Pro-forma Accounts is not the current

financial position of the Company as at the date of this Cleansing Notice, and that the information is provided for illustrative purposes only.

The Pro-forma Accounts show the impact that the issue of the November 2025 Notes and February 2026 Notes and associated securities would have had on the Company's financial position as at 30 June 2025, if these securities were issued on that date, taking into account funds of US$10,000,000 received (before costs) on the issue of the November 2025 Notes and February 2026 Notes to Obsidian and the conversion of the November 2025 Notes and February 2026 Notes to shares.

Consolidated Statement of Financial Position	Audited 30-June-25 ($)	Effect of Issue of Convertible Notes ($)	Costs of Issue of Convertible Notes ($)	Pro-forma 30-June-25 ($)
Assets				
Current Assets				
Cash and Cash Equivalents	16,818,129	14,721,337	(20,000)[1]	31,519,466
Trade and Other Receivables	6,373,827			6,373,827
Prepaid expenses	935,013			935,013
Financial assets held at amortised cost	-			-
Total Current Assets	**24,126,969**			**38,828,306**
Non-Current Assets				
Intangible assets	414,735			414,735
Plant and equipment	24,179			24,179
Right-of-use assets	5,649			5,649
Total Non-Current Assets	**444,563**			**444,563**
Total Assets	**24,571,532**			**39,272,869**
Liabilities				
Current Liabilities				
Trade and Other Payables	2,734,861			2,734,861
Employee benefits	493,049			493,049
Lease liabilities	5,484			5,484
Borrowings	-	16,046,257		16,046,257
Total Current Liabilities	**3,233,394**			**19,279,651**
Non-Current Liabilities				

Consolidated Statement of Financial Position	Audited 30-June-25 ($)	Effect of Issue of Convertible Notes ($)	Costs of Issue of Convertible Notes ($)	Pro-forma 30-June-25 ($)
Employee benefits	154,101			154,101
Lease liabilities	-			-
Total Non-Current Liabilities	**154,101**			**154,101**
Total Liabilities	**3,387,495**			**19,433,752**
Net Assets	**21,184,037**	**(1,324,920)[2]**	**(20,000)**	**19,839,117**
Equity				
Issued Capital	253,232,077			253,232,077
Share based payments reserve	5,082,258			5,082,258
Reserves	(1,181,321)			(1,181,321)
Accumulated Losses	(235,948,977)	(1,324,920)	(20,000)	(237,293,897)
Total Equity	**21,184,037**	**(1,324,920)**	**(20,000)**	**19,839,117**

Notes:

1. Reimbursement of legal fees incurred by Obsidian, legal fees incurred by PAR (estimate), ASX subsequent listing fees
2. Adjustment for face value of Convertible Notes

3.3 Potential effect on capital structure

(a) As at the date of this Cleansing Notice, the total number of issued Shares is 439,254,435 Shares.

(b) The capital structure of the Company will be affected by the conversion of February 2026 Notes by the Noteholder.

(c) Subject to limits on the conversion/redemption under the Convertible Securities Agreement, the February 2026 Notes:

(i) prior to the date that is 24 months from the issue of the February 2026 Notes ("**Maturity Date**"), can be converted into Shares in whole or in part at the Noteholder's election by issuing a conversion notice (**Conversion Notice**) at:

(A) any time at the fixed conversion price of 150% of the 5-day VWAP for the 5 actual trading days immediately prior to the purchase date (being, AUD$0.4554) ("**Fixed Conversion Price**");

(B) after the day which is 30 days after the execution date, being 1 July 2025, and where the 10-day VWAP for the 10 trading days immediately prior to the relevant Conversion Notice date is less than the Fixed Conversion Price, at the "**Variable Conversion Price**", being the lesser of:

(I) 94% of the average of the lowest 5 daily VWAPs during the 20 actual trading days prior to the Conversion Notice date rounded down to the lowest A$0.01; and

(II) the Fixed Conversion Price; or

(C) in the event of an unremedied event of default and the Noteholder issuing the Company a conversion notice, the lesser of:

(I) 85% of the lowest daily VWAP during the 10 trading days prior to the date of the Conversion Notice date; and

(II) the Fixed Conversion Price.

(ii) can be redeemed prior to the Maturity Date at the request of the Company;

(iii) where the Company raises funds in aggregate of less than US$20,000,000 from any source (other than from the Investor), Obsidian may require the Company to apply up to 10% of the proceeds of the funds raised (from the first US$20,000,000 raised) to redeem the February 2026 Notes;

(iv) where the Company raises funds in aggregate of more than US$20,000,000 from any source (other than from the Investor), Obsidian may require the Company to apply up 15% of the proceeds of the funds raised (from the funds raised in excess of US$20,000,000) to redeem the February 2026 Notes; or

(v) must be redeemed by the Company on the Maturity Date.

(d) The effect on the capital structure of the Company upon the issue and conversion of the February 2026 Notes is as follows:

Upon issue:

Convertible Notes	Number
Convertible notes on issue at the date of this Cleansing Notice, before the issue of the February 2026 Notes	5,250,000
February 2026 Notes issued under the Convertible Securities Agreement	5,000,000
Total convertible notes on issue following issue of the February 2026 Notes	**10,250,000**

Upon conversion (assuming conversion occurs using the Fixed Conversion Price):

Shares	Number
Shares on issue as at the date of this Cleansing Notice	439,254,435
Maximum number that may be issued on conversion of February 2026 Notes[1]	16,743,522
Total Shares on issue following conversion of February 2026 Notes	**455,997,957**

Notes:

1. Based on an USD:AUD exchange rate of $1.525.

Upon conversion (assuming conversion occurs using the Variable Conversion Price):

Shares	Number
Shares on issue as at the date of this Cleansing Notice	439,254,435
Maximum number that may be issued on conversion of February Notes[1,2]	27,232,143
Total Shares on issue following conversion of February Notes	**466,486,578**

Notes:

1. Based on an USD:AUD exchange rate of $1.525
2. Assumes a variable conversion price of $0.28 being 94% of the average of the lowest 5 daily volume weighted average prices during the 20 actual trading days before 18 February 2026.

Other securities currently on issue:

The Company currently has the following other securities on issue:

(i) 3,000,000 unquoted options exercisable at $0.65 on or before 30 June 2027; and

(ii) 12,066,600 performance rights.

There will be no resulting change to the number of options or performance rights on issue upon the issue or conversion of the February 2026 Notes.

4. Rights and liabilities attaching to Shares issued on conversion of the February 2026 Notes

The Shares issued to the Noteholder on the conversion of the February 2026 Notes under the Convertible Securities Agreement will rank equally in all respects with all of the Company's existing Shares.

Under the Convertible Securities Agreement, the Company is required to apply to ASX for quotation of the Shares issued on conversion of any February 2026 Notes.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings) to the extent permitted under the Corporations Act, ASX Listing Rules and applicable law.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of the Company (**Constitution**).

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the directors of the Company (**Directors**) may from time to time declare a dividend to be paid to the Shareholders entitled to the 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 from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing 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 that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. Compliance with disclosure obligations

The Company is a "**disclosing entity**" under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

(a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2024;

(b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX, being the half-year financial report of the Company for the half year ended 31 December 2024; and

(c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the date of lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Description of Announcement
18 February 2026	Notification regarding unquoted securities - PAR
18 February 2026	Drawdown of Tranche 3 under the Convertible Note Facility
17 February 2026	Notification regarding unquoted securities - PAR
17 February 2026	Application for quotation of securities - PAR
16 February 2026	Update on PAROA Exercise and Unmarketable Parcel Facility
16 February 2026	Application for quotation of securities – PAR

Date	Description of Announcement
11 February 2026	Published Canine Study Strengthens iPPS Phase 3 Rationale
10 February 2026	Notification of cessation of securities - PAR
9 February 2026	Oral OA Animal Therapy Progresses via AVet Deal
4 February 2026	Change of Director's Interest Notice
3 February 2026	Application for quotation of securities - PAR
30 January 2026	Application for quotation of securities - PAR
30 January 2026	December 2025 Quarterly Activities Report & Appendix 4C
28 January 2026	iPPS Phase 2 Biomarker Results Published in Leading Journal
27 January 2026	Application for quotation of securities - PAR
16 January 2026	Application for quotation of securities - PAR
9 January 2026	Upcoming Expiry of PAROA Listed Options
23 December 2025	Phase 3 Knee OA Trial Recruitment Update
19 November 2025	Results of Meeting
19 November 2025	2025 AGM Chair Address and Presentation
17 November 2025	Notice under Section 708A
17 November 2025	Notification regarding unquoted securities - PAR
17 November 2025	Drawdown of Tranche 2 under the Convertible Note Facility
12 November 2025	Ceasing to be a substantial holder
12 November 2025	PAR Engages NBCD to Expand P3 Global Footprint
7 November 2025	Notification regarding unquoted securities - PAR
30 October 2025	Application for quotation of securities - PAR
30 October 2025	September 2025 Quarterly Activities Report & Appendix 4C
20 October 2025	Notice of Annual General Meeting/Proxy Form
8 October 2025	Application for quotation of securities - PAR
30 September 2025	Phase 3 Knee OA Trial Recruiting and Dosing in AUS & US
23 September 2025	Results of Meeting
22 September 2025	Date of AGM and closing date for director nominations
11 September 2025	Unmarketable Parcel Sale Facility
9 September 2025	Application for quotation of securities - PAR
9 September 2025	Evans and Partners Healthcare Conference Presentation
29 August 2025	Appendix 4G and Corporate Governance Statement
29 August 2025	Appendix 4E and 2025 Annual Report

6. Information excluded from continuous disclosure notices

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act,

and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

(a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(b) the rights and liabilities attaching to the February 2026 Notes and the Shares.

Authorised on behalf of the Board of Directors.

Paul Rennie
Managing Director
Paradigm Biopharmaceuticals Ltd.

Important Notice

Statements in this announcement are made only as of the date of this announcement unless otherwise stated and the information in this announcement remains subject to change without notice.

To the maximum extent permitted by law, neither Paradigm nor any of its affiliates, related bodies corporate, their respective officers, directors, employees, advisors and agents or any other person accepts any liability as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this announcement or any omission from this announcement or of any other written or oral information or opinions provided now or in the future to any person.

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About Paradigm Biopharmaceuticals Ltd.

Paradigm Biopharmaceuticals Ltd. (ASX:PAR) is a late-stage drug development company driven by a purpose to improve patients' health and quality of life by discovering, developing, and delivering pharmaceutical therapies. Paradigm's current focus is developing injectable (subcutaneous) pentosan polysulfate sodium (**iPPS**) for the treatment of diseases where inflammation plays a major pathogenic role, indicating a need for the anti-inflammatory and tissue regenerative properties of iPPS, such as in osteoarthritis (phase 3) and mucopolysaccharidosis (phase 2).

Forward Looking Statements

This Company announcement contains forward-looking statements, including statements regarding anticipated commencement dates or completions dates of preclinical or clinical trials, regulatory developments and regulatory approval. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements.

To learn more please visit: https://paradigmbiopharma.com

Approved for release by the Paradigm Board of Directors.

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Schedule 1 – Terms and conditions of February 2026 Notes

Issue of Convertible Notes	The Company may create and issue convertible notes convertible into fully paid ordinary shares in the Company (**Shares**) (**Convertible Notes**). Obsidian agrees to subscribe for the Convertible Notes in accordance with the Convertible Securities Agreement.
Subscription Price	US$5,000,000 (**Commitment Value**).
Face Value	US$1.09 per Convertible Note (**Face Value**).
Maturity Date	24 months after each Purchase (defined below) (each, a **Maturity Date**).
Purchases	On the Purchase Date (set out below) Obsidian must pay the Company the US$5,000,000. The Company will issue the number of February 2026 Notes that is equivalent to the actual amount paid in US$ by Obsidian.
Conditions to Contemplated Transactions	The Subsequent Purchase is conditional on the Company obtaining Shareholder Approval for the issue of the Convertible Securities and other conditions precedent which are considered customary for a facility of this nature. The Company obtained Shareholder approval for the issue of February 2026 Notes on 19 November 2025.
Interest	No interest is payable on the Convertible Notes except if an event of default occurs, interest will be payable on the Amount Outstanding and any other amounts payable under the Convertible Securities Agreement, at a rate of 10% per annum accruing daily and compounded monthly.
Conversion Prices	Obsidian can convert one or more February 2026 Notes on issue to them at any time at: (a) 150% of the 5 day VWAP for the 5 Actual Trading Days immediately prior to the relevant Purchase Date ("**Fixed Conversion Price**"); (b) subject to the Limitations on Conversions specified below, at the "**Variable Conversion Price**", being: (i) 94% of the average of the lowest 5 daily VWAPs during the 20 actual trading days prior to the Conversion Notice date rounded down to the lowest A$0.01; and (ii) the Fixed Conversion Price; or (c) in the event of an unremedied event of default and the Noteholder issuing the Company a conversion notice, the lesser of: (i) 85% of the lowest daily VWAP during the 10 trading days prior to the date of the Conversion Notice date; and (ii) the Fixed Conversion Price.
Limitations on Conversions	Unless an event of default occurs: (a) the Investor may only give Conversion Notices specifying that a Conversion is to occur at the Variable Conversion Price: (i) after the day which is 30 days after the Execution Date; and (ii) where the 10 day VWAP for the 10 Trading Days immediately prior to the relevant Conversion Notice Date is less than the Fixed Conversion Price. (b) the Investor may not give a Conversion Notice where the number of Conversion Shares will exceed 9.99% of the total number of Shares on issue on the Conversion Notice Date.

Redemption Amount	The Convertible Notes are redeemable at 110% of the amount outstanding being the Face Value plus any other amounts payable by the Company to Obsidian in respect of the relevant Convertible Notes (**Redemption Amount**).
Early Redemption on raise	Obsidian may at any time, subsequent to the date of the execution of the Convertible Securities Agreement, provide written notice to the Company: (a) where the Company raises funds in aggregate of less than US$20,000,000 from any source (other than from the Investor), require the Company to apply up to 10% of the proceeds of the funds raised (from the first US$20,000,000 raised); and (b) where the Company raises funds in aggregate of more than US$20,000,000 from any source (other than from the Investor), require the Company to apply up 15% of the proceeds of the funds raised (from the funds raised in excess of US$20,000,000), to the redemption of outstanding Convertible Notes at the Redemption Amount.
Early Redemption by Company	The Company may, at any time prior to the Maturity Date, redeem some or all of the Convertible Notes at any time by giving notice to Obsidian and paying the Redemption Amount (**Early Redemption Notice**). The Company may not give an Early Redemption Notice in respect of any Convertible Notes the subject of an existing conversion notice, if an event of default has occurred.
Redemption on Maturity	On each Maturity Date, the Company must redeem all outstanding Convertible Notes that mature on that Maturity Date by paying Obsidian the Redemption Amount in respect of the relevant Convertible Notes.
Share Restrictions	(a) No Shares will be issued under the Convertible Securities Agreement if it would result in Obsidian or any person holding a relevant interest in more than 19.99% of the Shares on issue. (b) If Obsidian sells any Shares issued to it under the Convertible Securities Agreement, Obsidian must not sell Shares on any trading day in excess of the greater of: (i) 20% of the daily trading volume on that trading day on ASX and Chi-X (as reported by IRESS); and (ii) A$150,000, which will cease to apply in an event of default under the Convertible Securities Agreement.
Events of default	Events of default are customary for an agreement of this nature and include, amongst others, the following: (a) failure to pay an amount owed to Obsidian; or (b) a material breach or failure to comply with any material obligation under the transaction documents (subsisting for 5 business days following notice to rectify such breach or failure).
Termination	The Convertible Securities Agreement may be terminated by agreement of the Parties at any time and otherwise: (a) by either party by notice to the other, effective immediately, if the First Purchase has not occurred within three business days of the Purchase Date or such later date as the parties agree in writing, however this right is not available to any party that is in material breach of or default under the Convertible Securities Agreement; or (b) by Obsidian in the case of an unremedied event of default or change of law.

Ranking on Conversion	Shares issued on conversion of the Convertible Notes will rank equally with existing Shares on issue.
No Voting Rights	Except as required by law, the Convertible Notes will not carry any right to attend or vote at general meetings of the Company.
Security	The Convertible Securities Agreement is secured by a general security agreement over the Company's assets.