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Prospectus

Algorae Pharmaceuticals Limited

ACN 104 028 042

For a non-renounceable pro-rata entitlement offer to Eligible Shareholders of up to 337,678,946 Loyalty Options (subject to fractional rounding), at an issue price of $0.001 per Loyalty Option, on the basis of 1 Loyalty Option for every 5 Shares held by Eligible Shareholders as at 7.00pm (AEDT) on Thursday, 27 November 2025 (**Loyalty Options Offer**). This Prospectus also includes the Shortfall Offer and the Lead Manager Offer.

The Loyalty Options Offer closes at 5.00pm (AEDT) on Monday, 15 December 2025 (unless extended).

This Prospectus has been prepared for the purposes of providing disclosure in respect of the issue of the New Options to enable the issue of Shares upon the exercise of those New Options without further disclosure.

IMPORTANT INFORMATION

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not of itself contain the same level of disclosure as an initial public offering prospectus. You should read this Prospectus (including the 'Risk Factors' in Section 6) in its entirety before deciding whether to apply for New Options. If after reading this Prospectus you have any questions about the New Options or any other matter, then you should consult your stockbroker, accountant or other professional adviser. An investment in the New Options should be considered highly speculative in nature.

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Important information

This Prospectus is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Offer under this Prospectus, or any matter relating to an investment in the Company.

General	This Prospectus is dated 17 November 2025 (**Prospectus Date**) and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering or "full form" prospectus. In preparing this Prospectus, regard has been given to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. New Options will not be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.
Exemption to disclosure and Loyalty Options Offer	In certain circumstances, a listed company may undertake an entitlement offer without a prospectus if it complies with the disclosure exemption in s708AA and 1012DAA of the Corporations Act and the relief in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. The Company is unable to rely on these provisions for the New Options because the New Options to be issued under the Loyalty Options Offer are a class of securities not quoted on ASX. Accordingly, the Company is undertaking the Loyalty Options Offer under this Prospectus.
Electronic prospectus	This Prospectus may be viewed in electronic form at https://algoraepharma.com/ by Australian and New Zealand investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on the Company's website does not form part of this Prospectus.
Risk factors	Potential investors should be aware that applying for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser before deciding whether to apply for New Options pursuant to this Prospectus.
Foreign jurisdictions	This Prospectus is not, and is not intended to constitute, an offer, invitation or issue of Securities in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Options, including by submitting an Application Form or making a payment using BPAY® (or EFT for New Zealand Shareholders), an Applicant represents and warrants to the Company (among other representations and warranties set out in Section 3.7) that there has been no breach of such laws. The distribution of this Prospectus and accompanying Application Forms (including electronic copies) outside Australia and New Zealand may be restricted by law and persons who come into possession of these documents should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liability to such persons. Please refer to Section 2.18 for further information.
Important information	**Warning Statement**

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for New Zealand investors	The Loyalty Options Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*. The Loyalty Options Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Loyalty Options Offer must be made. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Loyalty Options Offer. If you need to make a complaint about the Loyalty Options Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider. The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars. If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.
Notice to nominees and custodians	Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that taking up any New Options does not breach regulations in the relevant jurisdiction.
Publicly available information	Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company or subscribe for the New Options. The Company has not authorised any person to give any information or make any representation in connection with an offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon as having been authorised by the Company in connection with this Prospectus.
Taxation implications	The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of applying for New Options under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with applying for New Options under this Prospectus.

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Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are provided as a general guide only and are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors or management. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward-looking statement in this Prospectus.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Neither the Company, the Lead Manager, nor their respective related bodies corporate or affiliates nor their respective directors, officers, partners, employees and agents give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this Prospectus will actually occur. In addition, please note that past performance should not be relied upon as (and is not) an indication or guarantee of future performance.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

Key risks associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from forward-looking statements.

Disclaimer

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by the Company or the Lead Manager, any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees and agents in connection with the Offer.

Neither the Lead Manager, any of its related bodies corporates and affiliates, or any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Prospectus or take any responsibility for any action taken by you on the basis of such information. To the maximum extent permitted by law, the Lead Manager, its related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and this Prospectus being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither the Lead Manager, any of its related bodies corporates and affiliates, or any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Offer, nor do they make any representations or warranties to you concerning the Offer or any information, and you represent, warrant and agree that you have not relied on any statements made by the Lead Manager, any of its related bodies corporates and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Options or the Offer generally.

The Lead Manager also hold interests in the securities of the Company and may earn brokerage, fees or other benefits from the Company. The engagement of the Lead Manager by the Company is not intended to create any agency, fiduciary or other relationship between the Lead Manager and any other investor.

Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and regulatory requirements, logistical and registry constraints and the discretion of the Company and the Lead Manager. To the maximum extent permitted by law, the Company, the Lead Manager, their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents expressly disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

To the maximum extent permitted by law, the Lead Manager, its related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents expressly

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	disclaim all liability in respect of, makes no representation regarding and take no responsibility for any part of this Prospectus.
Applications	Applications for New Options offered by this Prospectus can only be made in accordance with the instructions on the accompanying Application Form. Please read the instructions in this Prospectus and on the accompanying Application Form regarding the acceptance of an Offer. By returning an Application Form, lodging an Application Form with a stockbroker or otherwise arranging for payment of New Options in accordance with the instructions on the Application Form, an Applicant acknowledges that they have received and read this Prospectus, acted in accordance with the terms of the Offer to which the Application Form relates and agree to all of the terms and conditions as detailed in this Prospectus.
Meaning of terms	Capitalised terms used in this Prospectus are defined in the Glossary in Section 10.
Rounding	Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.
Time	All references to time in this Prospectus are references to AEDT, unless otherwise stated.

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Key offer information

Indicative timetable for Loyalty Options Offer

Announcement Announcement of Loyalty Options Offer	Monday, 17 November 2025
Lodgement Prospectus and Appendix 3B lodged with ASX Prospectus lodged with ASIC	Monday, 17 November 2025
Ex-date Ex-date (date from which Shares begin trading without the right to participate in the Loyalty Options Offer)	Wednesday, 26 November 2025
Record Date Record Date (to identify Shareholders entitled to participate in the Loyalty Options Offer)	7.00pm (AEDT) on Thursday, 27 November 2025
Despatch of Prospectus and Application Forms Prospectus and Application Forms sent to Eligible Shareholders	Tuesday, 2 December 2025
Opening Date Loyalty Options Offer opens (Opening Date)	Tuesday, 2 December 2025
Extension date Last day to extend the Closing Date	Before 12.00pm (AEDT) on Wednesday, 10 December 2025
Closing Date Loyalty Options Offer closes (Closing Date)	5.00pm (AEDT) on Monday, 15 December 2025
Announcement of results Announcement of Loyalty Options Offer and Shortfall Offer results	Friday, 19 December 2025
Issue of New Options under Loyalty Options Offer and Shortfall and despatch of new holding statements Options issued under the Loyalty Options Offer and Shortfall Offer and lodgement of Appendix 3G	Before 12.00pm (AEDT) on Monday, 22 December 2025

Note: The above dates are indicative only and subject to change. The Company may vary these dates without notice, including whether to close an Offer early, extend an Offer, or accept late Applications, either generally or in particular cases. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Options. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest. Investors who wish to submit an Application and subscribe for New Options under an Offer are encouraged to do so as soon as possible after the Offer opens.

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Key Loyalty Options Offer details

Offer	Details
Entitlement	1 Loyalty Option for every 5 Shares held at the Record Date.
Price per Loyalty Option under the Loyalty Options Offer	$0.001
Shortfall Offer	Any Shortfall Options will be placed and issued at the discretion of the Company, in consultation with the Lead Manager.
Maximum number of Loyalty Options offered under the Loyalty Options Offer	337,678,946 Loyalty Options
Cash proceeds of the Loyalty Options Offer (before costs)	$337,678.95 (approximately)
Cash proceeds of the Loyalty Options Offer upon the exercise of the Loyalty Options (before costs)	$4,727,505.24 (approximately)

Notes:

1. The figures in the table above assume full subscription under the Loyalty Options Offer and that every Loyalty Option is ultimately exercised. There is no guarantee that any Loyalty Options will be exercised and therefore no guarantee that any cash proceeds relating to the exercise of Loyalty Options will be received by the Company.
2. There is no guarantee that Eligible Shareholders will be allocated any Shortfall Options under the Shortfall Offer.

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Letter to Shareholders

Dear Shareholder,

INVITATION TO PARTICIPATE IN LOYALTY OPTIONS OFFER

On behalf of the Board of Algorae Pharmaceuticals Limited ("**Algorae**" or "the **Company**") it is a pleasure to invite Eligible Shareholders to participate in a non-renounceable pro-rata entitlement offer (**Loyalty Options Offer**) to recognise Shareholders for continuing to support the Company and provide an additional opportunity to participate in the Company's future growth through a nominally priced loyalty option and provide the Company with a potential source of additional capital if the Loyalty Options are exercised.

Loyalty Options Offer

The Loyalty Option Offer is an offer to Eligible Shareholders to apply for 1 New Option for every 5 Shares held at the Record Date, at an Offer Price of $0.001 per New Option to acquire 1 new fully paid ordinary Share (**Loyalty Options Offer**). Each Loyalty Option will have an exercise price of $0.014, and an expiry date of 1 December 2029.

If the maximum number of Loyalty Options are subscribed for, the Company will raise approximately $337,678.95 (before costs) through the issue of 337,678,946 New Options (subject to fractional rounding). Further, if all New Options are exercised, the Company will raise approximately an additional $4.7 million (before costs).

The Loyalty Options Offer gives Eligible Shareholders the opportunity to maintain their Algorae shareholding without paying brokerage fees or other transaction costs, irrespective of holding size.

Shortfall Offer

Any Loyalty Options under the Loyalty Options Offer that are not applied for will form the Shortfall Options. The offer to issue Shortfall Options, being the Shortfall Offer, is a separate offer under this Prospectus. The Company has appointed Alignment Capital Pty Ltd (**Lead Manager**) as the lead manager to the Shortfall Offer. Any Shortfall Options will be placed and issued at the discretion of the Company, in consultation with the Lead Manager.

Further information

Full details of the Loyalty Options Offer and the Shortfall Offer are set out in this Prospectus. This Prospectus also includes details of the Lead Manager Offer.

Please read this Prospectus carefully before deciding whether or not to invest. An investment in the Company contains specific risks which you should consider before making that decision. A non-exhaustive list of risk factors relevant to an investment in the Company is set out in Section 6. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

On behalf of the Board of Algorae, I invite you to consider this investment opportunity and we thank you for your continued support.

Yours sincerely,



Mr David Hainsworth
Executive Chairman

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1 Investment Overview

This Section is not intended to provide full information for investors intending to apply for the New Options offered pursuant to this Prospectus. Prospective investors should read this Prospectus in full before deciding whether to invest in the New Options.

Topic	Summary	Further Information
The Loyalty Options Offer and Shortfall Offer		
What is the Loyalty Options Offer?	The Loyalty Options Offer is a non-renounceable pro rata offer to Eligible Shareholders of up to 337,678,946 New Options (subject to fractional rounding) to acquire one (1) new fully paid ordinary Share, at an issue price of $0.001 per New Option, on the basis of 1 New Option for every five (5) Shares held on the Record Date (**Loyalty Options**). Each Loyalty Option will have an exercise price of $0.014, and an expiry date of 1 December 2029. Eligible Shareholders will be given the opportunity to take up all or part of their Entitlement.	Section 2.1
What is the Shortfall Offer?	Any Shortfall Options will be offered and placed and issued at the discretion of the Company, in consultation with the Lead Manager. The Shortfall Options will rank pari passu with the Loyalty Options.	Section 2.2
How much will be raised from the Offer?	If the maximum number of Loyalty Options are subscribed for under the Loyalty Options Offer, the Company will raise approximately $337,678.95 (before costs) through the issue of 337,678,946 New Options (subject to fractional rounding). Further, if all New Options issued under the Loyalty Options Offer are exercised, the Company will raise approximately an additional $4,727,505.24 (before costs).	Section 2
What is the purpose of the Offers and how will the funds raised be used?	The purpose of the Loyalty Options Offer is to recognise Shareholders for continuing to support the Company and provide an additional opportunity to participate in the Company's future growth through a nominally priced Loyalty Option and to provide the Company with a potential source of additional capital if the Loyalty Options are exercised. The purpose of the Shortfall Offer is to ensure that the maximum number of New Options the Company intends to issue are in fact issued, enhancing the Company's ability to generate a potential source of additional capital from the Offers. The Company's proposed use of net proceeds following completion of the Offers is to pay for the costs of the Offers, and to fund the Company's general working capital requirements. As at the date of this Prospectus, the Company intends that any funds raised through the exercise of New Options will contribute towards: • pharmaceutical and artificial intelligence R&D activities;	Sections 4.1, 6 and 8.1

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Topic	Summary	Further Information
	• expansion of a complementary pharmaceutical sales and distribution business; • assess and commence additional R&D projects; and • general working capital requirements. The above proposed use of funds is indicative only and will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities and other factors relevant to the Board's discretion as to usage of funding. Due to market conditions and the development of new opportunities or any number of other factors (including the key risks outlined in Section 6 of this Prospectus), actual use of net proceeds may differ significantly to the above estimates.	
Are any Directors participating in the Offer?	Mr David Hainsworth and Mr Bradley Latham intend to apply for their full Entitlement under the Loyalty Options Offer.	Section 8.5
Is the Loyalty Options Offer underwritten?	No, the Loyalty Options Offer is not underwritten.	Section 2.5
Who is the Lead Manager?	The Company has appointed Alignment Capital Pty Ltd as the lead manager to the Shortfall Offer, on an ongoing basis, pursuant to the Lead Manager Mandate. The terms and conditions of the Lead Manager Mandate are detailed in Section 8.1.	Section 8.1
What is the effect of the Loyalty Options Offer and Shortfall Offer?	The maximum number of New Options that will be issued under the Loyalty Options Offer and the Shortfall Offer is 337,678,946 New Options (subject to fractional rounding).	Section 4.2
Is the Loyalty Options Offer subject to a minimum application?	No.	Section 2.13
What are the terms of the Loyalty Options?	The Loyalty Options have an exercise price of $0.014 each and an expiry date of 1 December 2029. The New Options will not be quoted on ASX. The terms and conditions of the New Options are detailed in Section 5.2.	Section 5.2
What is my Entitlement?	Each Eligible Shareholder is entitled to apply for one (1) New Option for every five (5) Shares held on the Record Date of 7.00pm (AEDT) on 27 November 2025. If you are an Eligible Shareholder, your Entitlement is set out on the personalised Entitlement and Acceptance Form accompanying this Prospectus.	Section 2.1

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Topic	Summary	Further Information
What is the Offer Price?	The offer price for New Options applied for under the Loyalty Options Offer and the Shortfall Offer is $0.001 per New Option.	Sections 2.1 and 2.2
How to Participate in the Loyalty Options Offer		
Am I an Eligible Shareholder and able to participate in the Loyalty Options Offer?	Eligible Shareholders are those persons who: (a) are registered as a holder of Shares as at 7:00pm (AEDT) on the Record Date; (b) have a registered address in Australia or New Zealand or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Shares under the Loyalty Options Offer; and (c) are not in the United States and are not acting for the account or benefit of a person in the United States.	Section 2.16
How do I accept all or part of the Loyalty Options Offer?	If you are an Eligible Shareholder and you wish to take up all or part of your Entitlement, you must pay the full Application Monies via BPAY® by no later than 5.00pm (AEDT) on the Closing Date. New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT, New Zealand based Shareholders should follow the instructions on their personalised Entitlement and Acceptance Form.	Section 3
Can I withdraw my application?	Cooling off rights do not apply to an investment in New Options under the Loyalty Options Offer. You cannot withdraw your payment once it has been accepted unless permitted to do so in accordance with the Corporations Act.	Section 2.15
Can Eligible Shareholders apply for New Securities in excess of their Entitlement?	The Shortfall Offer is only being extended to the persons who are invited by the Company to participate in the Shortfall Offer. Any Shortfall Options will be placed and issued at the discretion of the Company, in consultation with the Lead Manager. The Directors reserve the right to place any Shortfall Options at their discretion within three months after the Closing Date. The Shortfall Options will rank pari passu with the Loyalty Options.	Section 2.2
Further details of the Loyalty Options Offer and Shortfall Offer		
Can I trade my Entitlement?	No, as the Loyalty Options Offer is non-renounceable, you cannot sell or transfer any of your Entitlement. There will be no trading of Entitlements on ASX.	Section 2.12
What will be the effect of the Loyalty Options Offer and Shortfall Offer on the control of the Company?	The effect of the Loyalty Options Offer and Shortfall Offer on the control of the Company will vary with the level of Entitlements taken up by Eligible Shareholders under the Loyalty Options Offer. However, the Directors do not anticipate there to be any material effect on the control of the Company as a result of the Loyalty Options Offer or the Shortfall Offer. Further, the effect of the Offer on the control of the Company will depend on whether or not the New Options are exercised	Section 4.4

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Topic	Summary	Further Information
	into Shares, and the identity of the persons who exercise their New Options into Shares.	
What are the key risks of taking up my Entitlement?		
Risks Specific to the Company	Investment in the Company should be considered speculative. The Company's business is currently to continue its pharmaceutical and artificial intelligence research and development, expand its complementary pharmaceutical sales and distribution business and it may in future undertake further research and development projects in the bio-medical field. Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 6. • **Research and Development Risks** – Drug discovery and development are inherently uncertain. The Company's programs are principally at a pre-clinical, exploratory stage. Development timelines and costs may be longer and higher than currently expected. Pre-clinical results may fail to demonstrate adequate safety or therapeutic benefit, may not be reproducible and may not translate to clinical success. There is no assurance that data generated will support progression to clinical studies or regulatory submissions. If studies (pre-clinical or clinical) do not meet their objectives, comply with regulatory standards, or are otherwise inadequate, the Company may be required to redesign or repeat studies, undertake additional studies, or discontinue programs, resulting in significant additional cost and delay. The Company relies on third-party advisers, CROs and laboratories for study design, conduct and analysis; deficiencies or delays by these parties may adversely affect the programs. Even with positive data, regulators may not accept the results or may require further work before permitting clinical trials or granting approvals. Failure at any stage could result in the Company not developing a viable product. • **Commercialisation** – The Company's ability to achieve profitability depends on initiating and completing successful clinical trials, obtaining regulatory approvals and effectively commercialising its products. There is no assurance any product will be commercially successful. In addition, the Company has recently commenced a pharmaceutical sales and distribution business focused on generic and specialty medicines in ANZ. This business is new and unproven. Its success depends on (among other things) obtaining and maintaining TGA registrations and/or valid supply pathways, achieving PBS reimbursement, securing and retaining supplier relationships and product rights, winning hospital/wholesale tenders and formulary listings, and establishing compliant quality, pharmacovigilance and distribution networks. Intense competition and price compression in generics, PBS price-disclosure/statutory reductions, and tender dynamics may reduce volumes and margins. Delays or failures in registrations/listings, manufacturing or quality issues (including GMP non-compliance, batch failures or recalls), supply interruptions or shortages, or import/logistics delays could materially impact revenue, cash flow and reputation. The Company	Section 6

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Topic	Summary	Further Information

may be subject to minimum purchase obligations, exclusivity conditions and counterparty termination rights under its licences; supplier non-performance is a risk. Working-capital intensity (inventory and receivables), customer concentration, chargebacks/returns, shelf-life write-offs, and foreign-exchange volatility on offshore purchases may adversely affect profitability. Non-compliance with promotional rules, pharmacovigilance, privacy, anti-bribery or sanctions requirements could result in penalties or loss of approvals. Even if products are launched, market uptake may be slower than anticipated and margins may be below expectations.

- **Regulatory** – The research, development, manufacture, importation, promotion and sale of human medicines are highly regulated in Australia and overseas. The Company must obtain and maintain multiple approvals, licences and listings (including, as applicable, TGA clinical-trial acceptance, GMP certification for manufacturers, ARTG inclusion for marketed products, import permits, and compliant labelling/advertising permissions). These processes are lengthy, iterative and uncertain; regulators may request additional data, impose restrictions (e.g., risk-management plans, boxed warnings or narrow indications), or decline approval. For the Company's emerging pharmaceutical sales and distribution business, supply may occur via ARTG inclusion or permitted pathways. Such permissions can be conditional, temporary and revocable; failure to comply can immediately halt supply. Cross-border sourcing also introduces added risks (customs delays, sanctions/export controls, cold-chain integrity, and varying GMP/GDP expectations).
- **Production and Marketing and Distribution Risks** – The Company's ability to supply AI-116, AI-168 and NTCELL, as well as in-licensed generic/specialty products, depends on establishing and maintaining reliable, compliant and cost-effective manufacturing and logistics. Scale-up, technology transfer and process validation may fail or take longer and cost more than expected. Third-party manufacturers may not achieve or maintain GMP compliance, leading to out-of-specification results, batch failures, shortages or recalls. Capacity constraints, single-source suppliers, availability of APIs/critical raw materials heighten supply risk. Cost of goods may exceed forecasts; inflation, freight and foreign-exchange movements can erode margins.

  Market access and uptake are uncertain. Even with regulatory approval, competing therapies (including lower-priced generics), guideline changes, payer restrictions, reference pricing, automatic substitution and tender dynamics may limit demand or compress prices. Hospital formulary acceptance, wholesaler contracts, tenders and payer contracts may be delayed, unsuccessful or subject to adverse terms.

  For the Company's emerging sales and distribution business, performance depends on compliant warehousing and transport, 3PL and wholesaler execution, accurate demand forecasting and inventory management. Mis-forecasting can lead to write-downs, expiries, returns and chargebacks, and may increase working-capital needs. Import/customs delays, sanctions/export controls, labelling/serialization

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Topic	Summary	Further Information
	requirements and logistics interruptions may disrupt supply. Commercial agreements may include minimum purchase obligations, exclusivity and termination rights; counterparty non-performance or termination could materially impact revenue. Any material delay in clinical development, regulatory approvals, manufacturing readiness or partner onboarding may defer launches and revenues. These factors, individually or together, could restrict supply, delay market entry, reduce prices and margins, or prevent the Company from meeting demand. • I**ntellectual Property** – The Company's ability to leverage its innovation and expertise depends on its ability to secure and protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights. This includes the Company's ability to obtain commercially valuable patent claims. Aside from the territories in which patents are currently granted, the patent applications are still pending, and additional patents are likely to be filed to provide for extensive protection. • **Financing** – The Company is loss-making and expects to require substantial additional funding to support operations, R&D, manufacturing scale-up, clinical trials and the pharmaceutical sales/distribution business (including inventory and receivables). Funding may be sought through equity, debt or partnerships; equity raisings may be dilutive (potentially at prices below prior offers and without participation rights), and debt may involve covenants, security over assets and variable interest rates. There is no assurance that additional funding will be available when required, on acceptable terms, or at all. Failure to obtain funding could materially and adversely affect the Company's business, financial condition and results. If sufficient funds are not available, the Company may be unable to pursue opportunities, respond to competitive pressures, or complete commercialisation activities; programs such as AI-116, AI-168 and NTCELL may be deferred, scaled back or discontinued. Actual cash needs may differ from current plans and will depend on progress and outcomes of R&D and clinical studies, timing and cost of regulatory submissions/approvals, market access and reimbursement outcomes, supply-chain requirements, and competitive developments, as well as FX, inflation and working-capital dynamics. Further, the Loyalty Options Offer is not a material capital raising venture in and of itself. The success of the Loyalty Options Offer from a funding perspective is reliant on the holders of Loyalty Options exercising those Options prior to their expiry date. Whether they do so or not will depend on a number of factors, including the trading price of Shares. In particular, if the prevailing Share price is not well above the exercise price for the Loyalty Options for a prolonged period, then it is likely that fewer Loyalty Options will be exercised and less proceeds generated from the exercise of Loyalty Options. • **Reliance on key personnel** – The Company's progress in pursuing its dual-track strategy of AI-driven innovation	

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Topic	Summary	Further Information

and pharmaceutical commercialisation could be affected by the loss of existing key personnel. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner. Further, the Company growth and financial performance may suffer if it is unable to secure the quality and quantity of new employees it requires to facilitate its growth due to industry competition for these skills.

- **Other Projects** – The Company may engage in other projects in the bio-medical field. These projects could result in the diversion of resources from its current principal activities and/or current projects (e.g., AlgloraeOS Version 2.0, the development of its therapeutic pipeline drugs – the dementia drug candidate, AI-116 and/or the cardiovascular drug candidate, AI-168) which could be delayed or abandoned as a result. Further, such projects could be inherently risky.
- **Cyclical Industry Risk** – The Company's costs will be fixed and accordingly it may not readily be able to reduce its costs in proportion to the extent of any economic downturn. Any significant or extended economic downturn will negatively affect the Company's revenues, profits and financial position. For example, the Company may be half way through the completion of a current project (e.g., the NTCELL Project, the development of its therapeutic pipeline drugs) or some other project that the Company may engage in in future when it becomes clear that due to an economic downturn there will be limited demand for the completed product.
- **Competition** – There is a risk that new entrants in the market may disrupt the Company's business and existing market share. Existing competitors as well as new competitors entering the industry, may engage in aggressive campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially erode the Company's market share and revenue, and may materially and adversely impact the Company's revenue and profitability.

  A general increase in competition may also require the Company to increase marketing expenditure or further reduce costs, which would decrease profitability even if the Company's market share does not decrease.
- **Cybersecurity and IT** – Algorae's technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyberattacks or telecommunication provider failure. Should these not be adequately maintained, secured or updated, system failures may occur and these may have a detrimental effect on the Company.

  Cyberattacks may compromise or breach the systems used by Algorae to protect confidential information. Any data security breaches could result in the loss of information integrity, or breaches of Algorae obligations under applicable laws or agreements, each of which may have a material adverse impact on Algorae's results and reputation.
- **Contractual risk** – Any dispute or breakdown in the relationship between the Company and counterparties to

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Topic	Summary	Further Information
	its contracts including any licensing agreements, or distribution and supply agreements, could adversely impact the business if the Company is in breach of any of its agreements and its counterparties seek to pursue the Company for breach of contract or enforce security interests against the Company's assets (and conversely the Company depends on such counterparties performing their obligations under such agreement).	
Lead Manager Offer		
What is the Lead Manager Offer?	The Lead Manager Offer is an offer of 30,000,000 New Options to the Lead Manager and / or its nominee(s), as part consideration for services provided by the Lead Manager in relation to the Offer, pursuant to the terms of the Lead Manager Mandate.	Section 2.3
Who is eligible to participate in the Lead Manager Offer?	Only the Lead Manager and / or its nominee(s) is entitled to participate in the Lead Manager Offer.	Section 2.3
Is the Lead Manager Offer conditional?	No. The Company will issue the 30,000,000 New Options to the Lead Manager and / or its nominee(s) under its existing Listing Rule 7.1 capacity.	Section 2.3
What are the terms of the Lead Manager Options?	The Lead Manager Options have an exercise price of $0.014 each and an expiry date of 1 December 2029, and will rank pari passu with the Loyalty Options and Shortfall Options (if any). The New Options will not be quoted on ASX. The terms and conditions of the New Options are detailed in Section 5.2.	Section 2.3
When will the Lead Manager Options be issued?	The Company will issue the Lead Manager Options within three months after the Closing Date.	Section 2.3
Will any funds be raised from the Lead Manager Offer?	No funds will be raised from the issue of the Lead Manager Options, as they are being used as consideration for services provided by the Lead Manager. Funds will be raised by the Company upon exercise of any of the Lead Manager Options. If all the Lead Manager Options are exercised, the Company will raise approximately $420,000. In the event that any funds are raised though the exercise of Lead Manager Options prior to their expiry date, the Company expects that it will apply such funds towards its general working capital requirements.	Section 2.3
Further Information		

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Topic	Summary	Further Information
How can I obtain further information?	Further information and application instructions for the Loyalty Options Offer, as well as the risks associated with investing in the Loyalty Options Offer are detailed in this Prospectus which you should read carefully and in its entirety. If you have any questions in respect of the Offers, please contact Algorae Director, David Hainsworth at investors@algoraepharma.com. For other questions, you should consult your broker, lawyer, accountant, financial adviser, or other professional adviser.	Section 2.23

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2 Details of the Offer

2.1 Loyalty Options Offer

By this Prospectus, the Company invites Eligible Shareholders to participate in the Loyalty Options Offer.

The Loyalty Options Offer is a non-renounceable pro-rata offer to Eligible Shareholders of up to 337,678,946 New Options (subject to fractional rounding) to acquire one (1) Share at an issue price of $0.001 per New Option, on the basis of one (1) New Option for every five (5) Shares held on the Record Date (**Loyalty Options Offer**). Each Loyalty Option will have an exercise price of $0.014, and an expiry date of 1 December 2029.

The Loyalty Options Offer is non-renounceable, meaning that Entitlements cannot be traded on ASX, nor can they be sold, transferred or otherwise disposed of.

All Shares issued on the exercise of the New Options under the Loyalty Options Offer will rank equally with the Shares on issue as at the date of this Prospectus. For further information regarding the rights and liabilities attaching to Loyalty Options, please see Section 5.1.

The Loyalty Options offered under the Loyalty Options will have the terms and conditions detailed in Section 5.2.

The purpose of the Loyalty Options Offer and the intended use of funds raised, as previously disclosed to ASX, is set out in Section 4 of this Prospectus.

2.2 Shortfall Offer

Any Loyalty Options under the Loyalty Options Offer that are not applied for will form the Shortfall Options. The offer to issue Shortfall Options is a separate offer under this Prospectus (**Shortfall Offer**).

Under this Prospectus, the Company offers to issue the Shortfall Options to investors at the same price of $0.001 per New Option as that offered under the Loyalty Options Offer. The Shortfall Options will have the same rights as the Loyalty Options as detailed in Section 5.1.

The Shortfall Offer is only being extended to the persons who are invited by the Company or the Lead Manager to participate in the Shortfall Offer. Those persons alone may apply for Shortfall Options by completing the Shortfall Application Form provided to them by the Company or the Lead Manager (on behalf of the Company) (refer to Section 3.6).

Any Shortfall Options will be placed and issued at the discretion of the Company, in consultation with the Lead Manager within three months after the Closing Date.

Shortfall Options will not be offered or issued to any person if doing so would increase that person's Voting Power in the Company above 19.9% or otherwise result in a breach of the Listing Rules, the Corporations Act or any other applicable law. The Directors do not believe that the Offers will result in the Voting Power of any person reaching 19.9%. In this regard, the Directors note the following:

(a) at the date of this Prospectus, there are only two substantial Shareholders who have a Voting Power greater than 5% (being, 5.21% and 5.16%, respectively); and

(b) the maximum number of New Options to be issued under the Offer (including Shares that would be issued upon the exercise of the New Options, but excluding the Lead Manager Options and any Shares issued upon the exercise of those Lead Manager Options) is around 15.56% of the fully diluted issued share capital of the Company at the date of this Prospectus.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Options than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Options or part thereof. If the number of Shortfall Options issued

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is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

2.3 Lead Manager Offer

The Company has agreed to issue 30,000,000 Options to the Lead Manager and / or its nominee(s) as consideration for corporate advisory services provided by the Lead Manager in relation to the Offer (**Lead Manager Offer**).

The offer of the Lead Manager Options is a separate offer pursuant to this Prospectus, and only the Lead Manager and / or its nominee(s) is entitled to participate.

The Lead Manager Options will have the same rights as the Loyalty Options (and Shortfall Options, if any) as detailed in Section 5.1.

The Lead Manager Options will be issued under the Company's existing Listing Rule 7.1 capacity, and will be issued within three months after the Closing Date.

No funds will be raised from the issue of the Lead Manager Options, as they are being used as consideration for services provided by the Lead Manager.

Funds will be raised by the Company upon exercise of any of the Lead Manager Options. If all the Lead Manager Options are exercised, the Company will raise approximately $420,000. In the event that any funds are raised though the exercise of Lead Manager Options prior to their expiry date, the Company expects that it will apply such funds towards its general working capital requirements.

2.4 Purpose of this Prospectus

The purpose of this Prospectus is to:

(a) make the Offers; and

(b) ensure that the Shares that are issued on exercise of the New Options (including the Lead Manager Options) may be on-sold without disclosure in accordance with *ASIC Corporations (Sale Offer That Do Not Need Disclosure) Instrument 2016/80*.

2.5 Underwriting

The Loyalty Options Offer is not being underwritten.

2.6 Fractional Entitlements

Fractional Entitlements of a New Option will be rounded down to the nearest whole number. For this purpose, holdings in the same name are aggregated for calculation of Entitlements, to the extent permitted by the Listing Rules. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the Listing Rules.

2.7 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the risks applicable to the Company and its business detailed in Section 6, Eligible Shareholders should be aware that an investment in the New Options should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 6), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

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2.8 Application Forms and BPAY® payments

(a) **Loyalty Options Offer**

Acceptance of a completed Entitlement and Acceptance Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of Loyalty Options accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Loyalty Options.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Prospectus.

(b) **Shortfall Offer**

The Shortfall Offer is only being extended to the persons who are invited by the Company to participate in the Shortfall Offer.

A Shortfall Application Form will be provided to certain persons invited by the Company or the Lead Manager (on behalf of the Company) to participate in the Shortfall together with a copy of the Prospectus (refer to Section 3.6). Acceptance of a completed Shortfall Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shortfall Options accepted by the Company. The Shortfall Application Form does not need to be signed to be a binding acceptance of Shortfall Options.

If the Shortfall Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Shortfall Application Form as valid and how to construe, amend or complete the Shortfall Application Form is final.

(c) **Lead Manager Offer**

The Lead Manager Offer is only being extended to the Lead Manager and / or its nominee(s). An Application Form will be provided to the Lead Manager together with a copy of the Prospectus. Acceptance of a completed Application Form by the Company creates a legally binding contract between the Lead Manager and / or its nominee(s) and the Company for the number of Lead Manager Options accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Lead Manager Options.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Application Form as valid and how to construe, amend or complete the Application Form is final.

2.9 Opening and closing dates

The Loyalty Options Offer will open on Tuesday, 2 December 2025 and close on the Closing Date of 5.00pm (AEDT) on Monday, 15 December 2025.

Please note that payment made by BPAY® must be received no later than 5.00pm (AEDT) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their BPAY® payments are received by the Company on or before the Closing Date.

The indicative timetable for the Loyalty Options Offer is set out in the indicative timetable on page 7 of this Prospectus.

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The Directors reserve the right to extend the Offer Period in relation to one or more of the Offers, or to close an Offer prior to its Closing Date, subject to the requirements of the Corporations Act and the Listing Rules.

2.10 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Options are issued. All Application Monies will be returned (without interest) if the New Options are not issued.

2.11 Issue and dispatch

All Loyalty Options under the Loyalty Options Offer are expected to be issued on or before the date specified in the Indicative Timetable.

Shortfall Options and Lead Manager Options may be issued within three months after the Closing Date.

2.12 No rights trading

The rights to Loyalty Options under the Loyalty Options Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for Loyalty Options under the Loyalty Options Offer to any other party. If you do not take up your Entitlement to Loyalty Options under the Loyalty Options Offer by the Closing Date, your Entitlement will lapse.

2.13 Minimum subscription

The Loyalty Options Offer is not subject to a minimum subscription.

2.14 ASX quotation

The Company is not seeking Official Quotation of the Loyalty Options or Lead Manager Options offered pursuant to this Prospectus.

2.15 Withdrawal and cooling-off rights

Cooling off rights do not apply to an investment in Loyalty Options under the Loyalty Options Offer or in Lead Manager Options under the Lead Manager Offer. You cannot withdraw your payment once it has been accepted unless permitted to do so in accordance with the Corporations Act.

The Directors may at any time decide to withdraw this Prospectus and the Offers, in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

2.16 Eligible Shareholders

The Loyalty Options Offer is made to Eligible Shareholders only.

Eligible Shareholders are those persons who:

(a) are registered as a holder of Shares as at the Record Date, being 7.00pm (AEDT) on Thursday, 27 November 2025;

(b) have a registered address on the Company share register in Australia or New Zealand, or are, in the opinion of the Company, otherwise eligible to receive an offer of Loyalty Options under the Loyalty Options Offer; and

(c) are not in the United States and are not acting for the account or benefit of a person in the United States,

(an **Eligible Shareholder**).

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Placement participants will not participate in the Loyalty Options Offer.

If you are a Shareholder who does not satisfy each of the criteria listed above, you are an "**Ineligible Shareholder**". Where this Prospectus has been despatched to Ineligible Shareholders, this Prospectus is provided for information purposes only. The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Ineligible Shareholders are not entitled to participate in the Loyalty Options Offer (including the Shortfall Offer).

By making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

By receiving this Prospectus, you will be taken to have acknowledged and agreed that determination of eligibility of investors for the purposes of the Loyalty Options Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and each of the Company and the Lead Manager and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

The Company has decided that it is unreasonable to make offers under the Loyalty Options Offer to Shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Securities that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. The Company may (in its absolute discretion) extend the Loyalty Options Offer to Shareholders who have registered addresses outside Australia or New Zealand in accordance with applicable law.

2.17 Nominees

The Loyalty Options Offer is only being made to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g., for the purposes of determining whether any such persons may participate in the Loyalty Options Offer).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Loyalty Options Offer is compatible with applicable foreign laws.

2.18 Foreign jurisdictions

This Prospectus does not, and is not intended to, constitute an offer of Options in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus. The Loyalty Options Offer and Shortfall Offer are not being extended, and New Options will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Options to existing Shareholders in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside those jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This Prospectus and the accompanying Entitlement and Acceptance Form does not constitute an offer of New Options in any jurisdiction in which, or to any person to whom, it would be

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unlawful to make such an offer. In particular, this Prospectus may not be distributed to any person, and the New Options may not be offered or sold, in any country outside of Australia except to the extent permitted below:

New Zealand

The New Options are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the mutual recognition regime established under subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

Investors in New Zealand should refer to the warning statement on page 4 under 'Important information for New Zealand investors'.

2.19 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Options.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Options.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

2.20 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Options.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.21 Privacy disclosure

The Company collects information about each Applicant from the Application Forms for the purpose of processing the Application and, if the Applicant is successful, for the purposes of administering the Applicant's Security holding in the Company. By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement. The Company and the Share Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act:

(a) the Share Registry for ongoing administration of the Company's register;

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(b) the Company's Related Bodies Corporate, agents, contractors and third-party service providers, as well as to ASX, ASIC and other regulatory authorities (including the Australian Taxation Office); and

(c) the printers and the mailing house for the purposes of preparing and distributing Holding Statements and for the handling of mail.

If an Applicant becomes a Security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the Securities held) in its public register. This information must remain in the Company's register of Shareholders even if that person ceases to be a Security holder of the Company. Information contained in the Company's register of Shareholders is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Security holders) and compliance by the Company with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) the Company or the Share Registry. An Applicant can request access to their personal information by writing to the Company through the Share Registry.

2.22 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2025 is contained in the Annual Report which is available on the Company's website at https://algoraepharma.com/.

The Company's continuous disclosure notices (i.e., ASX announcements) since the lodgement of its Annual Report for the year ended 30 June 2025 with ASX on 28 August 2025 are detailed in Section 7.

Copies of these documents are available free of charge from the Company's principal place of business during business hours or the Company's website: https://algoraepharma.com/. Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

2.23 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to Algorae Director, David Hainsworth at investors@algoraepharma.com. For other questions, you should consult your broker, lawyer, accountant, financial adviser, or other professional adviser.

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3 Action required by Offer Applicants

3.1 Eligible Shareholders

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement with the paper copy of this Prospectus sent to them. Shareholders, who are not Eligible Shareholders, will not receive an Entitlement and Acceptance Form.

Eligible Shareholders' Entitlements to New Options under the Loyalty Options Offer will be shown on the Entitlement and Acceptance Form accompanying the paper copy of this Prospectus sent to them. Before taking any action in relation to the Loyalty Options Offer, you should read this Prospectus in its entirety, and seek professional advice from your professional adviser.

You may:

(a) take up all of your Entitlement to Loyalty Options (see Section 3.2 below);

(b) take up part of your Entitlement to Loyalty Options and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 3.3 below); or

(c) do nothing and allow all of your Entitlement to Loyalty Options to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 3.5 below).

Eligible Shareholders who do not participate in the Loyalty Options Offer, or participate for an amount that is less than their full Entitlement, will have their percentage Shareholding in the Company reduced or diluted on the exercise of the New Options.

Please also note that if you are an Eligible Shareholder who is a 'related party' in relation to the Company (as that term is defined in the ASX Listing Rules) or are otherwise a person to whom ASX Listing Rule 10.11 applies, you may apply to take up your Entitlement in part or in full.

3.2 If you wish to take up all of your Entitlement to Loyalty Options

If you wish to accept your Entitlement in full, you should note your Entitlement and requisite Application Amount specified in the Entitlement and Acceptance Form, and make a payment by BPAY® for the total Application Money in accordance with the instructions contained in this Prospectus and detailed on the Entitlement and Acceptance Form (calculated at $0.001 per New Option accepted under the Loyalty Options Offer). New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT, New Zealand based Shareholders should follow the instructions on their personalised Entitlement and Acceptance Form. Please read the instructions carefully.

The Company will not allocate or issue Loyalty Options where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law.

3.3 If you wish to take up part of your Entitlement to Loyalty Options and allow the balance to lapse

If you wish to accept part of your Entitlement and allow the balance to lapse, you should note your Entitlement and requisite Application Amount specified in the Entitlement and Acceptance Form, and make a payment by BPAY® for the total Application Money relating to the portion of Loyalty Options you do wish to apply for in accordance with the instructions contained in this Prospectus and detailed on the Entitlement and Acceptance Form (calculated at $0.001 per New Option accepted under the Loyalty Options Offer). New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT, New Zealand based Shareholders should follow the instructions on their personalised Entitlement and Acceptance Form. Please read the instructions carefully.

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You will not receive any value for the Entitlements you choose not to take up and they will lapse worthless.

3.4 Payment by BPAY®

Australian based Shareholders may only pay via BPAY®. New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT, New Zealand based Shareholders should follow the instructions on their personalised Entitlement and Acceptance Form.

Eligible Shareholders should note:

(a) You should make your payment in respect of your Application Money via BPAY® (or via EFT payment as directed for New Zealand Shareholders) for the number of New Options you wish to subscribe for (being the $0.001 multiplied by the number of Loyalty Options you are applying for).

(b) Please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number).

(c) Your BPAY® payment (or EFT payment for New Zealand based Shareholders) must be received by no later than 5:00pm (AEDT) on the Closing Date. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® (or via EFT for New Zealand based Shareholders) are received by this time.

(d) You do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY® (or via EFT for New Zealand based Shareholders), you will be taken to have applied for the Loyalty Options and made the declarations set out in the Entitlement and Acceptance Form.

(e) For those paying by:

  (i) BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form; and

  (ii) EFT, please make sure to use the specific Reference Number on your personalised Entitlement and Acceptance Form.

Eligible Shareholders may not pay via cheque and must not forward cash by mail. Receipts for payment will not be issued.

If you have more than one holding of Shares you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for your Entitlements to which that Reference Number applies.

If the amount of your BPAY® or EFT payment for Application Money is insufficient to pay in full for the number of Loyalty Options you have applied for, you will be taken to have applied for such lower whole number of Loyalty Options as your cleared Application Money will pay for. Alternatively, your Application may be rejected (at the discretion of the Company).

The Company will treat you as applying for as many New Options as your payment will pay for in full, subject to any scale back it may determine to implement, in its absolute discretion, in respect of any Shortfall Options.

Any Application Money received by the Company in excess of your final allocation of Loyalty Options will be refunded by cheque to your registered address as noted on the Company's share register as soon as practicable after the close of the Loyalty Options Offer. It is not practical to refund any amount of less than $2.00 to Shareholders and any refunds owing for less than this

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amount will be retained by the Company. No interest will be paid to Applicants on any Application Money received or refunded.

If you take no action or your fail to take any action prior to the Closing Date, your Entitlement under the Loyalty Options Offer will lapse worthless and you will not receive any value for those Entitlements.

3.5 Entitlement to Loyalty Options not taken up

If you decide not to take up all or any part of your Entitlement to Loyalty Options, do not take any further action and your Entitlement will lapse worthless and you will not receive any value for those Entitlements. In this instance, the Loyalty Options to which you would have been entitled to subscribe for shall become Shortfall Options and will be issued pursuant to the Shortfall Offer. You will receive no payment for your lapsed Entitlements. You cannot sell or transfer your Entitlements to another person. Your holding of Shares will be diluted because the issue of Shares on the exercise of the Loyalty Options will increase the total number of Shares on issue.

3.6 Application for Shortfall Options under the Shortfall Offer

Only persons invited by the Company or the Lead Manager may apply for Shortfall Options under the Shortfall Offer.

If you, upon invitation by the Company or the Lead Manager (on behalf of the Company), wish to apply for Shortfall Options under the Shortfall Offer, please pay your Application Monies via BPAY® by following the instructions referred to in this Prospectus and on the Shortfall Application Form, including the number of Shortfall Options you wish to apply for under the Shortfall Offer and the total Application Monies (calculated at A$0.001 per Shortfall Option applied for under the Shortfall Offer). Please read the instructions carefully.

Please pay your Application Monies via BPAY® to the Share Registry so that it is received in accordance with the closing date and other instructions set out on the Shortfall Application Form.

3.7 Representations by Applicants

Payment made through BPAY® or EFT, constitutes a binding and irrevocable offer to apply for Loyalty Options (including any Shortfall Options) or Lead Manager Options (as applicable) on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn.

Your application will be considered to be for as many New Options as your payment will cover.

By making payment by BPAY® or EFT, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

(a) if participating in the Loyalty Options Offer, represent to the Company that you are an Eligible Shareholder and that the Loyalty Options Offer can be made to you in accordance with this Prospectus, in accordance with applicable securities laws;

(b) you have read and understood this Prospectus and your Application Form in their entirety and provide the authorisations contained in this Prospectus and Application Form;

(c) you agree to be bound by the terms of the Loyalty Options Offer, the Shortfall Offer and / or the Lead Manager Offer (as applicable) and the provisions of the Prospectus and the Company's constitution;

(d) you declare that you are 18 years of age or older and have full legal capacity and power to perform all of your rights and obligations under the Application Form;

(e) all details and statements in the Application Form are complete and accurate;

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(f) you authorise the Company to register you as the holder of New Options issued to you;

(g) once the Company (or the Share Registry) receives the Application Form or any payment of Application Money via BPAY® or EFT, you may not withdraw it except as allowed by law;

(h) you agree to apply for the number of New Options (including any Shortfall Options) specified in the Application Form, or for which you have submitted payment of any Application Money via BPAY® or EFT, at $0.001 per New Option;

(i) you agree to be issued the number of New Options (including any Shortfall Options) that you apply for in the Application Form and that potentially (in the case of an application in excess of your Entitlement) a lesser number of Shortfall Options may be issued to you than that applied for;

(j) if you apply for Shortfall Options, you declare that you are not a 'related party' (as that term is defined in the ASX Listing Rules) or a person to whom Listing Rule 10.11 applies;

(k) you authorise the Company, the Lead Manager, the Share Registry and their respective officers or agents, to do anything on your behalf necessary for the New Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;

(l) you authorise the Company to correct any errors in your Application Form or other form provided by you;

(m) you declare that you were the current registered holder(s) on the Record Date of that number of Shares as indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;

(n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Loyalty Options Offer and of your holding of Shares on the Record Date;

(o) you acknowledge that the information contained in this Prospectus and the Application Form is not investment advice or a recommendation that New Options are suitable for you given your investment objectives, financial situation or particular needs, and that this Prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;

(p) you acknowledge the statement of risks in the Risk Factors detailed in Section 6 of this Prospectus, and that investments in the Company are subject to investment risk;

(q) you acknowledge that none of the Company, the Lead Manager and their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of the Company, nor do they guarantee the repayment of capital;

(r) you acknowledge and agree that:

  (i) determination of eligibility of investors for the purposes of the Loyalty Options Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company; and

  (ii) the Company and each of its affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;

(s) you will also be deemed to have acknowledged, represented and warranted on your behalf and on behalf of and in relation to each person on whose account you are acting that:

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(i) you are not in the United States and are not acting for the account of or benefit of a person in the United States; and

(ii) you have not, and will not, send any materials relating to the Loyalty Options Offer to any person in the United States;

(iii) you are not otherwise a person to whom it would be illegal or unlawful to make an offer or issue of New Options under the Loyalty Options Offer or the Shortfall Offer;

(iv) you have not and will not send any materials relating to the Loyalty Options Offer or the Shortfall Offer to any person in the United States or any other country outside Australia or New Zealand or any jurisdiction where it is not lawful for the materials relating to the Offer to be sent; and

(v) you agree that the allotment of New Options (including, if applicable, Shortfall Shares) to you constitutes acceptance of your application.

3.8 Nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that applying for New Options does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3.9 Brokerage and stamp duty

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

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4 Purpose and effect of the Offers

4.1 Purpose of the Offers

The purpose of the Loyalty Options Offer is to recognise Shareholders for continuing to support the Company and provide an additional opportunity to participate in the Company's future growth through a nominally priced Loyalty Option and to provide the Company with a potential source of additional capital if the Loyalty Options are exercised.

The purpose of the Shortfall Offer is to ensure that the maximum number of New Options the Company intends to issue are in fact issued, enhancing the Company's ability to generate a potential source of additional capital from the Offers.

If the maximum number of Loyalty Options are subscribed for under the Loyalty Options Offer, the Company will raise approximately $337,678.95 (before costs) through the issue of 337,678,946 New Options (subject to fractional rounding). An additional 30,000,000 New Options will be issued under the Lead Manager Offer.

The Company's proposed use of net proceeds following completion of the Offer is as follows (assuming the Loyalty Options Offer is fully subscribed):

Use of funds	($)
Costs of the Offer[1]	$60,206.00
Working Capital	$277,472.95
TOTAL	**$337,678.95**

Note:

1. Refer to Section 8.11 for details of the costs of the Offer.

Further, if all New Options (excluding the Lead Manager Options) are exercised, the Company will raise approximately an additional $4,727,505.24 (before costs). If the Lead Manager Options are exercised, the Company will raise approximately an additional $420,000 (before costs).

As at the date of this Prospectus, the Company intends that any funds raised through the exercise of New Options will contribute towards:

(a) pharmaceutical and artificial intelligence R&D activities;

(b) expansion of a complementary pharmaceutical sales and distribution business;

(c) assess and commence additional R&D projects; and

(d) general working capital requirements.

The above proposed use of funds is indicative only and will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities and other factors relevant to the Board's discretion as to usage of funding. Due to market conditions and the development of new opportunities or any number of other factors (including the key risks outlined in Section 6 of this Prospectus), actual use of net proceeds may differ significantly to the above estimates. In light of this, the Board reserves the right to alter the way the funds are applied.

4.2 Indicative capital structure

The effect of the Offer (including the Lead Manager Offer) on the capital structure on the Company are as follows:

Description	Shares	Options	Performance Rights
Existing Securities on issue	1,688,394,731	330,292,992[1]	152,000,000[2]

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New Options issued under the Loyalty Options Offer and Shortfall Offer (if applicable)	-	337,678,946	-
New Options issued under the Lead Manager Offer	-	30,000,000	-
TOTAL	**1,688,394,731**	**697,971,938**	**152,000,000**

Notes:

1. *1AIO - 330,292,992 listed options exercisable at $0.012 per option and expiring 31 March 2026.*
2. *Performance rights comprising:*
    a. *60,000,000 performance rights issued to Directors on 3 October 2025, pursuant to shareholder approval obtained at the Company's annual general meeting held on 2 October 2025, comprising:*
        i. *30,000,000 performance rights issued to Mr David Hainsworth;*
        ii. *15,000,000 performance rights issued to Mr Bradley Dilkes; and*
        iii. *15,000,000 performance rights issued to Mr Bradley Latham;*
    b. *42,000,000 performance rights issued to key management personnel on 28 July 2025, comprising:*
        i. *2,000,000 performance rights expiring 31 July 2026;*
        ii. *10,000,000 performance rights expiring 31 July 2028;*
        iii. *15,000,000 performance rights expiring 31 July 2029; and*
        iv. *15,000,000 performance rights expiring 31 July 2030;*
    c. *40,000,000 performance rights issued to Directors on 25 October 2024, pursuant to shareholder approval obtained at the Company's annual general meeting held on 25 October 2024, comprising:*
        i. *20,000,000 performance rights issued to Mr David Hainsworth; and*
        ii. *20,000,000 performance rights issued to Mr Bradley Dilkes; and*
    d. *10,000,000 performance rights issued to Mr Bradley Latham on 8 November 2023, pursuant to shareholder approval obtained at the Company's annual general meeting held on 2 November 2023.*
3. *Assumes no options or performance rights are converted before the Record Date.*

4.3 Optionholders

Optionholders will not be able to participate in the Loyalty Options Offer unless they:

(a) have become entitled to exercise their existing Options under the terms of their issue and do so, so they are registered as holders of Shares prior to the Record Date; and

(b) participate in the Loyalty Options Offer as a result of being a holder of Shares registered on the register of Algorae at the Record Date.

4.4 Effect of the Loyalty Options Offer, Shortfall Offer and Lead Manager Offer on control of the Company

The Company has not appointed a nominee in respect of the Entitlements of Ineligible Shareholders pursuant to section 615 of the Corporations Act. Accordingly, the exemption to the 20% takeovers threshold under item 10 of section 611 of the Corporations Act is not available to Shareholders taking up their Entitlement under the Loyalty Options Offer.

The Company will manage the Loyalty Options Offer (including the Shortfall Offer and Lead Manager Offer), such that none of the Applicants will obtain a relevant interest in Shares of 20% or more. No New Options will be issued to any Shareholder or Applicant pursuant to this Prospectus if, in the view of the Directors, to do so would increase that Shareholder's or Applicant's Voting Power in the Company above 20% or otherwise result in a breach of the Listing Rules, the Corporations Act or any other applicable law.

The Company does not anticipate that the acquisition of New Options by any Shareholder under any Offers will result in any Shareholder either becoming a substantial Shareholder, or obtaining a relevant interest in Shares of 20% or more albeit that the effect of the Offers on the Voting Power in the Company, for the purposes of the Corporations Act, is dependent upon the number of New Shares issued upon the exercise of the New Options taken up. The Company therefore does not anticipate that the will have any material effect on control of the Company.

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4.5 Financial Information

Assuming full participation in the Loyalty Options Offer and/or the Shortfall Offer, the effect of the Offers (excluding the Lead Manager Offer) on the financial position of the Company can be summarised as follows:

(a) a maximum subscription under the Loyalty Options Offer for the issue of 337,678,946 New Options (subset to fractional rounding) at $0.001 each to raise up to approximately $337,678.95 (before costs) pursuant to this Prospectus (assuming that no existing options or performance rights in the Company are exercised or converted prior to the Record Date); and

(b) costs of the Offers of approximately $60,206.00.

Therefore, full participation in the Offers, without taking into account any funds received from the exercise of New Options, will result in the Company's cash balance increasing by approximately $277,472.95

As at 30 September 2025, Algorae had $72,594 cash in bank and $1,850,000 in term deposits.

Accordingly, following completion of the Loyalty Options Offer and the Shortfall Offer, the Directors expect to have sufficient cash reserves to fund the Company's planned level of operations for at least 12 months following the issue of New Options under the Loyalty Options Offer and the Shortfall Offer.

In having this expectation, the Directors are not relying upon any further proceeds being raised through the exercise of New Options by, Applicants or the Lead Manager. Any further funds raised in this way will further assist the Company in funding its planned operations for at least the next 12 months.

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5 Rights and liabilities attaching to New Options

5.1 Shares

The following is a summary of the rights and liabilities attaching to the Shares on the exercise of the New Options. The Shares issued on the exercise of the New Options will rank pari passu in all respects with existing Shares. 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 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 legal advice.

Voting rights:	Subject to any rights or restrictions, at any meeting each Shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held, but in respect of partly paid Shares will have a fraction of a vote in proportion to the amount paid up on the Shares.
Proxy:	An instrument appointing a proxy or any power of attorney is to be received by the Company at least 48 hours before the meeting is held.
General meetings and notices:	A Director may call a meeting of Shareholders and an annual general meeting must be held at least once per year. Each Shareholder is entitled to receive notice of, to attend and vote at general meetings of the Company The quorum for a meeting of Shareholders is 3 Shareholders.
Dividend rights:	Subject to the Corporations Act, the Constitution and the terms of issue or rights of any Shares with special rights to dividends, the Board may determine or declare that a dividend is payable, fix the amount and the time and method for payment and authorise payment or crediting by the Company, to or at the direction, each member entitled to that dividend. The Board may rescind or alter such determination or declaration before payment is made.
Future increase in capital:	The allotment and 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 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.
Transfer of Shares:	Subject to the Constitution, the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules or any other applicable laws of Australia, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares or otherwise in accordance with the Listing Rules.
Shareholder liability:	If Shares are partly-paid, the Shareholder is liable to pay calls on the Shares in accordance with the terms on which the Shares are on issue. If the Shareholder fails to pay a call or instalment of a call, they may be liable for forfeiture.
Proportional takeover provisions:	The registration of a transfer of Shares which would give effect to a proportional takeover bid is prohibited unless and until an approving resolution approving the proportional takeover bid is passed. The proportional takeover provisions will cease to have effect on the third anniversary of the adoption of the Constitution, or on its most recent renewal.
Winding up:	If the Company is wound up, the liquidator may, with the sanction of a special resolution: • divide among the Shareholders the whole or any part of the Company's property; • set the value of any property to be divided; and • decide how the division is to be carried out between the Shareholders.

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Variation of rights:	Rights attached to Shares may only be varied by special resolution of the Company and either by special resolution passed at a meeting of the Shareholders holdings Shares in the class or with the written consent of Shareholders with at least 75% of the votes in the class.
Directors – appointment, retirement and removal:	The Company in general meeting may by resolution increase or decrease the number of directors, with the minimum number of directors being 3 and the maximum being 9. A Director is not required to hold any share in the Company, nor is an alternate director. The Company in general meeting may by resolution and the Directors may at any time appoint another person qualified to be a director to either fill a casual vacancy or as an addition to the Board. A director who is appointed by the Directors only holds office until the next annual general meeting. No director who is not a managing director may hold office for a period in excess of 3 years or beyond the third annual general meeting following their appointment, whichever is the longer. without retiring and submitting to re-election. The retiring Directors will be eligible for re-election.
Decisions of Directors:	The quorum for a meeting of Directors is 2 unless decided otherwise by the Directors. A resolution of the Directors must be passed by a majority of the votes cast by Directors entitled to vote on the resolution. The Chair does not have a casting vote in addition to any vote he or she has as a director.
Alteration to the constitution:	The Constitution can be amended by a special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution in a general meeting.

5.2 Terms of New Options to be issued under the Offers (including the Lead Manager Offer)

(a) **Entitlement**: Subject to and conditional upon any adjustment in accordance with these conditions, each New Option entitles the holder to apply for one (1) Share upon payment of the Exercise Price.

(b) **Exercise Price**: The Exercise Price for each New Option is $0.014 per Share.

(c) **Expiry Date**: Each New Option will expire at 5.00pm (AEDT) on 1 December 2029. A New Option not exercised before the Expiry Date will automatically lapse.

(d) **Exercise period**: The New Options are exercisable at any time from the date of issue until 5.00pm (AEDT) on the Expiry Date.

(e) **Exercise notice**: The New Options may be exercised during the exercise period specified in these conditions by forwarding to the Company the Exercise Notice together with payment (in cleared funds) of the Exercise Price for the number of Shares to which the Exercise Notice relates.

(f) **Partial exercise**: The New Options may be exercised in full or in parcels of at least 500 New Options (or such lesser amount in the event the holding of New Options by an Optionholder is less than 500 New Options).

(g) **Timing of issue of Shares on exercise**: Within 5 business days after the Exercise Notice is received, the Company will:

(i) allot and issue the number of Shares as specified in the Exercise Notice and for which the Exercise Price has been received by the Company in cleared funds;

(ii) cause to be despatched to the Optionholder the relevant acknowledgement of issue, a holding statement or share certificate (as applicable) as soon as is reasonably practicable detailing the issue of the relevant Share/s;

(iii) issue (if applicable) a new holding statement (or option certificate) for the balance of the New Options that remain unexercised; and

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(iv) apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(h) **Participation in new issues**: The New Options do not confer any right on the Optionholder to participate in a new issue of securities without exercising the Options. An Optionholder will be given at least 2 Business Days prior to the record date for the new issue of securities, to exercise their New Options.

(i) **Shares issued on exercise**: Shares issued as a result of the exercise of the New Options will rank equally in all respects with all other Shares then on issue.

(j) **Dividend**: The New Options do not confer any rights to dividends. Shares issued upon the exercise of the New Options will only carry an entitlement to receive a dividend if they were issued on or before the Record Date for the dividend.

(k) **Adjustment for reorganisation of capital**: If the Company reorganises its capital, the rights of the Optionholder (and the Exercise Price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital, at the time of the reorganisation.

(l) **Not quoted**: The Company will not apply for quotation of the Options on ASX.

(m) **Transferability**: The Options are not transferable.

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6 Risk factors

6.1 Introduction

The Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Offer specific risk

Options are, by their nature, only of value at times when the exercise price is lower than the price of the underlying Shares. There is no guarantee that the New Options offered under this Prospectus will, at any particular time, have an exercise price which is lower than the price of the Shares.

There is a risk that the New Options may expire at a time when they have little or no value.

On completion of the Offer (excluding the Lead Manager Offer), assuming the offer is fully subscribed, there will be approximately 337,678,946 (subject to fractional rounding) additional Options on issue. If exercised, these New Options will be converted into Shares, thereby causing the shareholdings of Shareholders to be diluted. However, each New Option has an exercise price of $0.014, which means that the Company will receive additional funds of up to $4,727,505.24 (before costs) upon exercise of the New Options (excluding the Lead Manager Options), assuming all New Options the subject of the Offer are issued and subsequently exercised. There is no certainty that New Options, if issued, will be exercised in full, or at all.

6.3 Company specific risks

(a) Research and Development Risks

Drug discovery and development are inherently uncertain. The Company's programs are principally at a pre-clinical, exploratory stage. Development timelines and costs may be longer and higher than currently expected. Pre-clinical results may fail to demonstrate adequate safety or therapeutic benefit, may not be reproducible and may not translate to clinical success. There is no assurance that data generated will support progression to clinical studies or regulatory submissions. If studies (pre-clinical or clinical) do not meet their objectives, comply with regulatory standards, or are otherwise inadequate, the Company may be required to redesign or repeat studies, undertake additional studies, or discontinue programs, resulting in significant additional cost and delay. The Company relies on third-party advisers, CROs and laboratories for study design, conduct and analysis; deficiencies or delays by these parties may adversely affect the programs. Even with positive data, regulators may not accept the results or may require further work before permitting clinical trials or granting approvals. Failure at any stage could result in the Company not developing a viable product.

(b) Commercialisation

The Company's ability to achieve profitability depends on initiating and completing successful clinical trials, obtaining regulatory approvals and effectively commercialising its products. There is no assurance any product will be commercially successful. In addition, the Company has recently commenced a pharmaceutical sales and distribution business focused on generic and specialty medicines in ANZ. This business

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is new and unproven. Its success depends on (among other things) obtaining and maintaining TGA registrations and/or valid supply pathways, achieving PBS reimbursement, securing and retaining supplier relationships and product rights, winning hospital/wholesale tenders and formulary listings, and establishing compliant quality, pharmacovigilance and distribution networks. Intense competition and price compression in generics, PBS price-disclosure/statutory reductions, and tender dynamics may reduce volumes and margins. Delays or failures in registrations/listings, manufacturing or quality issues (including GMP non-compliance, batch failures or recalls), supply interruptions or shortages, or import/logistics delays could materially impact revenue, cash flow and reputation. The Company may be subject to minimum purchase obligations, exclusivity conditions and counterparty termination rights under its licences; supplier non-performance is a risk. Working-capital intensity (inventory and receivables), customer concentration, chargebacks/returns, shelf-life write-offs, and foreign-exchange volatility on offshore purchases may adversely affect profitability. Non-compliance with promotional rules, pharmacovigilance, privacy, anti-bribery or sanctions requirements could result in penalties or loss of approvals. Even if products are launched, market uptake may be slower than anticipated and margins may be below expectations.

(c) **Regulatory**

The research, development, manufacture, importation, promotion and sale of human medicines are highly regulated in Australia and overseas. The Company must obtain and maintain multiple approvals, licences and listings (including, as applicable, TGA clinical-trial acceptance, GMP certification for manufacturers, ARTG inclusion for marketed products, import permits, and compliant labelling/advertising permissions). These processes are lengthy, iterative and uncertain; regulators may request additional data, impose restrictions (e.g., risk-management plans, boxed warnings or narrow indications), or decline approval. For the Company's emerging pharmaceutical sales and distribution business, supply may occur via ARTG inclusion or permitted pathways. Such permissions can be conditional, temporary and revocable; failure to comply can immediately halt supply. Cross-border sourcing also introduces added risks (customs delays, sanctions/export controls, cold-chain integrity, and varying GMP/GDP expectations).

(d) **Production and Marketing and Distribution Risks**

The Company's ability to supply AI-116, AI-168 and NTCELL, as well as in-licensed generic/specialty products, depends on establishing and maintaining reliable, compliant and cost-effective manufacturing and logistics. Scale-up, technology transfer and process validation may fail or take longer and cost more than expected. Third-party manufacturers may not achieve or maintain GMP compliance, leading to out-of-specification results, batch failures, shortages or recalls. Capacity constraints, single-source suppliers, availability of APIs/critical raw materials heighten supply risk. Cost of goods may exceed forecasts; inflation, freight and foreign-exchange movements can erode margins.

Market access and uptake are uncertain. Even with regulatory approval, competing therapies (including lower-priced generics), guideline changes, payer restrictions, reference pricing, automatic substitution and tender dynamics may limit demand or compress prices. Hospital formulary acceptance, wholesaler contracts, tenders and payer contracts may be delayed, unsuccessful or subject to adverse terms.

For the Company's emerging sales and distribution business, performance depends on compliant warehousing and transport, 3PL and wholesaler execution, accurate demand forecasting and inventory management. Mis-forecasting can lead to write-downs, expiries, returns and chargebacks, and may increase working-capital needs. Import/customs delays, sanctions/export controls, labelling/serialization requirements and logistics interruptions may disrupt supply. Commercial agreements may include minimum purchase obligations, exclusivity and termination rights; counterparty non-performance or termination could materially impact revenue.

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Any material delay in clinical development, regulatory approvals, manufacturing readiness or partner onboarding may defer launches and revenues. These factors, individually or together, could restrict supply, delay market entry, reduce prices and margins, or prevent the Company from meeting demand

(e) **Intellectual Property**

The Company's ability to leverage its innovation and expertise depends on its ability to secure and protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights. This includes the Company's ability to obtain commercially valuable patent claims. Aside from the territories in which patents are currently granted, the patent applications are still pending, and additional patents are likely to be filed to provide for extensive protection.

(f) **Financing**

The Company is loss-making and expects to require substantial additional funding to support operations, R&D, manufacturing scale-up, clinical trials and the pharmaceutical sales/distribution business (including inventory and receivables). Funding may be sought through equity, debt or partnerships; equity raisings may be dilutive (potentially at prices below prior offers and without participation rights), and debt may involve covenants, security over assets and variable interest rates. There is no assurance that additional funding will be available when required, on acceptable terms, or at all. Failure to obtain funding could materially and adversely affect the Company's business, financial condition and results. If sufficient funds are not available, the Company may be unable to pursue opportunities, respond to competitive pressures, or complete commercialisation activities; programs such as AI-116, AI-168 and NTCELL may be deferred, scaled back or discontinued. Actual cash needs may differ from current plans and will depend on progress and outcomes of R&D and clinical studies, timing and cost of regulatory submissions/approvals, market access and reimbursement outcomes, supply-chain requirements, and competitive developments, as well as FX, inflation and working-capital dynamics.

Further, the Loyalty Options Offer is not a material capital raising venture in and of itself. The success of the Loyalty Options Offer from a funding perspective is reliant on the holders of Loyalty Options exercising those Options prior to their expiry date. Whether they do so or not will depend on a number of factors, including the trading price of Shares. In particular, if the prevailing Share price is not well above the exercise price for the Loyalty Options for a prolonged period, then it is likely that fewer Loyalty Options will be exercised and less proceeds generated from the exercise of Loyalty Options.

(g) **Reliance on key personnel**

The Company's progress in pursuing its dual-track strategy of AI-driven innovation and pharmaceutical commercialisation could be affected by the loss of existing key personnel. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner. Further, the Company growth and financial performance may suffer if it is unable to secure the quality and quantity of new employees it requires to facilitate its growth due to industry competition for these skills.

(h) **Other Projects**

The Company may engage in other projects in the bio-medical field. These projects could result in the diversion of resources from its current principal activities and/or current projects (e.g., AlgloraeOS Version 2.0, the development of its therapeutic pipeline drugs – the dementia drug candidate, AI-116 and/or the cardiovascular drug candidate, AI-168) which could be delayed or abandoned as a result. Further, such projects could be inherently risky.

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(i) **Cyclical Industry Risk**

The Company's costs will be fixed and accordingly it may not readily be able to reduce its costs in proportion to the extent of any economic downturn. Any significant or extended economic downturn will negatively affect the Company's revenues, profits and financial position. For example, the Company may be half way through the completion of a current project (e.g., the NTCELL Project, the development of its therapeutic pipeline drugs) or some other project that the Company may engage in in future when it becomes clear that due to an economic downturn there will be limited demand for the completed product.

(j) **Competition**

There is a risk that new entrants in the market may disrupt the Company's business and existing market share. Existing competitors as well as new competitors entering the industry, may engage in aggressive campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially erode the Company's market share and revenue, and may materially and adversely impact the Company's revenue and profitability.

A general increase in competition may also require the Company to increase marketing expenditure or further reduce costs, which would decrease profitability even if the Company's market share does not decrease.

(k) **Cybersecurity and IT**

Algorae's technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyberattacks or telecommunication provider failure. Should these not be adequately maintained, secured or updated, system failures may occur and these may have a detrimental effect on the Company.

Cyberattacks may compromise or breach the systems used by Algorae to protect confidential information. Any data security breaches could result in the loss of information integrity, or breaches of Algorae obligations under applicable laws or agreements, each of which may have a material adverse impact on Algorae's results and reputation.

(l) **Contractual risk**

Any dispute or breakdown in the relationship between the Company and counterparties to its contracts including any licensing agreements, or distribution and supply agreements, could adversely impact the business if the Company is in breach of any of its agreements and its counterparties seek to pursue the Company for breach of contract or enforce security interests against the Company's assets (and conversely the Company depends on such counterparties performing their obligations under such agreement).

6.4 General risks

(a) **Trading price of Securities**

The price at which the Securities are quoted on ASX may increase or decrease due to a number of factors outside of the Company's control and which are not explained by the fundamental operations and activities of the Company. The price of Securities may be subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks ,and hedging or arbitrage trading activity that may develop involving the Securities. These factors may cause the Securities to trade at prices above or below the price at which the Securities were initially acquired.

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In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(b) **Economic risk**

General economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Company's production activities, as well as on its ability to fund those activities.

(c) **Legislative changes**

Changes in Australian and foreign government regulation and policies may adversely affect the financial performance or the current and proposed operations generally of the Company. The Company is not aware of any current or proposed material changes in relevant regulations or policy.

(d) **Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses are subsequently incurred, the expenditure proposal of the Company may be adversely affected.

(e) **Taxation**

The Company is subject to the tax regimes of New Zealand and Australia. Generally, changes in tax laws and regulations or their interpretation and application could adversely affect the tax liabilities of the Company.

(f) **Security investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New Securities regardless of the Company's performance.

(g) **Liquidity risk**

There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

(h) **Insurance risk**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

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6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the New Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

6.6 Other

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

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7 Continuous disclosure documents

7.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms, a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three (3) months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

  (i) the Constitution;

  (ii) the annual financial report most recently lodged by the Company with ASIC; and

  (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

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Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of announcement
10/11/2025	AlgoraeOS Version 2 AI Platform Launched
7/11/2025	Cleansing Notice
7/11/2025	Application for quotation of securities – 1AI
28/10/2025	Quarterly Activities Report/Appendix 4C Cash Flow Statement
20/10/2025	Algorae Signs Binding Term Sheet with Cadila Pharmaceuticals
16/10/2025	Algorae Appoints Chief Operating Officer, Mr David Gulland
3/10/2025	Appendix 3Y x3
3/10/2025	Notification regarding unquoted securities – 1AI
2/10/2025	Proposed issue of securities – 1AI
2/10/2025	Updating Securities Trading Policy
2/10/2025	Adoption of Updated Constitution
2/10/2025	Results of Meeting
2/10/2025	AGM Chairman Address to Shareholders
23/09/2025	Algorae Signs Exclusive License Agreement with Sakar
2/09/2025	Notice of Annual General Meeting/Proxy Form
28/08/2025	Appendix 4G and Corporate Governance Statement
28/08/2025	Annual Report and Appendix 4E

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours. The announcements are also available through the Company's website: https://algoraepharma.com/.

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company:

(a) this Prospectus; and

(b) the Constitution.

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8 Additional information

8.1 Lead Manager Mandate

The Company has appointed Alignment Capital Pty Ltd (**Lead Manager**) as the lead manager to the Shortfall Offer pursuant to the Lead Manager Mandate. The Company has also appointed the Lead Manager as its ongoing adviser on equity capital raising matters for a period of 12 months.

The key terms of the Lead Manager Mandate are set out below:

(a) **Lead Manager services**: In respect of the Offer, the Lead Manager will assist the Company in marketing and facilitating demand for the Shortfall Offer, and will place will place any Shortfall Options on a best endeavours basis. The Lead Manager will also provide the Company with ongoing corporate and strategic advisory services.

(b) **Capital raising fee:** The Company and the Lead Manager are to negotiate in good faith to agree the terms and quantum of any fees payable in connection with capital raises undertaken by the Company. In respect of the Shortfall Offer, the Company and the Lead Manager have agreed that no fees will be payable (whether by way of cash, equity or some other form) to the Lead Manager.

(c) **Other fees – performance rights:** Pursuant to the terms of the Lead Manager Mandate, the Lead Manager and the Company have agreed to align the interests of the Lead Manager with those of the Company's shareholders, whereby the Lead Manager's remuneration / fees are paid in the form of performance rights.

A maximum of 100 million performance rights will be issued to the Lead Manager and / or its nominee(s) for nominal consideration of $0.00001 per performance right, and each performance right is convertible into one Share upon the satisfaction of defined milestones on or before by 23 October 2028 (being 3 years after the Lead Manager Mandate was executed).

The milestones are as follows:

(i) **Milestone 1 – Strategic Engagement Commencement:** 25 million performance rights are converted to Shares upon the Company:

(A) formally approving at least one new strategic growth initiative or partnership introduced by the Lead Manager; or

(B) completing a capital raising exceeding $1.5 million (gross) which was facilitated by the Lead Manager.

(ii) **Milestone 2 – Market Capitalisation Growth:** 25 million performance rights are converted to Shares upon the Company achieving a market capitalisation of $75 million or greater, as determined by a 10-day volume weighted average price.

(iii) **Milestone 3 – Capital-Raising and Funding Scale:** 25 million performance rights are converted to Shares upon the Company successfully completing aggregate capital raisings exceeding $4 million (gross) which was facilitated by the Lead Manager.

(iv) **Milestone 4 – Strategic/Commercial Transaction or Clinical Advancement:** 25 million performance rights are converted to Shares upon the Company:

(A) executing of a licensing, acquisition or collaboration agreement;

(B) commencing of a clinical trial or submission of a regulatory application for a new project; or

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(C) achieving of a market capitalisation of $100 million of greater, as determined by a 10-day volume weighted average price,

which was introduced or facilitated by the Lead Manager.

The issue of any performance rights, and the conversion to any Shares, is subject to the Listing Rules, the Corporations Act and, where available, will be under the Company's placement capacity (or otherwise subject to shareholder approval).

(d) **Other fees – ongoing advisory role:** In connection with and in consideration for its 12 month advisory mandate, the Lead Manager and / or its nominee(s) will be granted a total of 30,000,000 options to be issued at the same time and on the same terms as the issue of the Loyalty Options (**Lead Manager Options**), noting that the issue price of the Lead Manager Options will be considered settled in full by the Lead Manager's performance of its ongoing advisory role rather than through the payment of cash.

(e) **Termination:** Either party may terminate the Lead Manager Mandate by giving 30 days' written notice.

8.2 Litigation

So far as the Directors are aware there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

8.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX. The New Options offered under this Prospectus are intended to be unlisted.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and most recent dates of those sales were:

Highest	$0.011 on 22 October 2025 (and various other dates)
Lowest	$0.007 on 19 September 2025 (and various other dates)
Last	$0.009 on 14 November 2025

8.4 Substantial holdings

As at the date of this Prospectus, those persons which (together with their Associates) have a voting power in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	No. Shares	Voting Power
Ms ChunYan Niu	88,000,000	5.21%
CitiCorp Nominees Pty Ltd	87,189,445	5.16%

Note:
The information in the above table has been extracted from the Company's register of Shareholders as at the Prospectus Date, and also from substantial holding notices received from, or otherwise required to be provided, by the relevant Shareholders.

Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;

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(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offers; or

(c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offers.

8.5 Directors' interests

The interest of each of the Directors and their related entities in the securities of the Company as at the Prospectus Date, is set out in the table below.

Director	Shares	Options	Performance Rights	Entitlements under the Loyalty Options Offer
Mr David Hainsworth[1]	25,625,000	312,500	50,000,000	5,125,500 Loyalty Options under the Loyalty Options Offer
Mr Bradley Dilkes[2]	52,150,000	-	35,000,000	10,430,000 Loyalty Options under the Loyalty Options Offer
Mr Bradley Latham[3]	20,000,000	-	25,000,000	4,000,000 Loyalty Options under the Loyalty Options Offer

Notes:

1. Comprising of 5,625,000 Shares and 312,000 Options held by Union Square Capital Pty Ltd, an entity controlled by Mr Hainsworth, and 20,000,000 Shares and 50,000,000 Performance Rights held by Mr Hainsworth in his personal capacity. Refer to Appendix 3Y lodged in relation to Mr Hainsworth on 3 October 2025 for further information.
2. Comprising of 27,150,000 Shares held by Cipater Pty Ltd, an entity controlled by Mr Dilkes, 5,000,000 Shares held by Cichli Pty Ltd, an entity owned by Mr Dilkes, and 20,000,000 Shares and 35,000,000 Performance Rights held by Mr Dilkes in his personal capacity. Refer to Appendix 3Y lodged in relation to Mr Dilkes on 3 October 2025 for further information.
3. Comprising of 20,000,000 Shares and 25,000,000 Performance Rights held by Mr Latham in his personal capacity. Refer to Appendix 3Y lodged in relation to Mr Dilkes on 3 October 2025 for further information.

8.6 Directors' Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. A Director may be paid fees or other amounts (i.e., non-cash performance incentives such as Options and/or performance rights, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid travelling and other expenses that they properly incur in attending Directors' meetings, general meetings of the Company and in connection with the Company's business.

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The following table shows the remuneration of existing Directors for the past two financial years (30 June year-end) (inclusive of superannuation).

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Director	**Cash salary fees**	**Bonus**	**Total short-term benefits**	**Pension & superannuation ($)**		**Options & rights ($)**	**Total benefits and payments**
2025	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
David Hainsworth[3]	116,667	-	116,667	2,108	-	8,104	**126,879**
Bradley Dilkes[2]	79,165	-	79,165	-	-	8,104	**87,269**
Bradley Latham	50,000	-	50,000	-	-	19,522	**69,522**
2024	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
David Hainsworth[3]	60,000	-	60,000	-	-	300,000	**360,000**
Bradley Dilkes[2]	50,000	-	50,000	-	-	300,000	**350,000**
Bradley Latham[3]	50,000	-	50,000	-	-	154,532	**204,532**

Notes:
1. Appointed as a Director on 30 October 2022. Payment is made to Mr Hainsworth or Union Square Capital Pty Ltd.
2. Appointed as a Director on 30 October 2022. Payment is made to Cichli Pty Ltd.
3. Appointed as a Director on 3 July 2023.

8.7 Interests of Other Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) do not hold, have, and have not had in the two years before the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows:

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(d) Thomson Geer has acted as the Australian legal adviser to the Company for the Offer. In respect of this work the Company will pay Thomson Geer approximately $40,000 (exclusive of GST and disbursements).

(e) Alignment Capital Pty Ltd has acted as the Lead Manager to the Loyalty Options Offer and the Shortfall Offer. In respect of this work the Company will pay the Lead Manager such fees and issued Options as outlined in 8.1. During the two years before the date of this Prospectus, the Lead Manager has not been paid any fees in respect services provided for the Company's previous capital raisings; and

(f) Automic Pty Ltd conducts the Company's share registry functions and will provide administrative services in respect to the proposed Option applications pursuant to this Prospectus. Automic Pty Ltd will be paid for these services on standard industry terms and conditions.

The amounts disclosed above are exclusive of GST.

8.8 Related party transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

8.9 Information excluded from continuous disclosure notices

Other than as set out below, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

As previously disclosed by the Company, and as part of its ordinary course of business, the Company is continually looking for opportunities to strengthen its operations (including through new or updated distribution and supply agreements with third parties in connection with the Company's expansion of a complementary pharmaceutical sales and distribution business) to provide value to shareholders. As at the date of this Prospectus:

(a) the Company is in early stage discussions with various potential counterparties, in connection with the Company's activities for expansion of a complementary pharmaceutical sales and distribution business;

(b) the outcome of these discussions remains uncertain, and it is not possible for the Company to predict if the negotiations will culminate in any agreed outcome, or to provide a reliable estimate or timing of any financial impact of any such agreed outcome on the Company; and

(c) the Company will continue to update the market as appropriate.

8.10 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Options.

8.11 Costs of the Offers

The indicative costs of the Offer payable by the Company (inclusive of GST) are as follows:

Description	($)
ASIC lodgement fee	$3,206
Legal expenses	$40,000
Registry and project management fees, printing and mailing costs, and other expenses	$17,000

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Description	($)
TOTAL	$60,206

8.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the New Securities), the Directors, persons named in this Prospectus with their consent as proposed Directors of the Company, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Each of the following parties:

Name	Role
Thomson Geer	Australian Legal Adviser
Alignment Capital Pty Ltd	Lead Manager

(a) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;

(b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offers;

(c) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and

(d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

None of the parties referred to in this Section 8.12 has authorised or caused the issue of this Prospectus or the making of the Offers.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

8.13 Electronic prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of New Options in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please contact the Company and the Company will send to you, free of charge to you, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or

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altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

8.14 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Mr David Hainsworth
Executive Chairman

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10 Glossary

$** or **A$ means Australian dollars.

AEDT means Australian Eastern Daylight Time.

Applicant means a person who applies for New Securities under and in accordance with this Prospectus.

Application means a valid application for New Options offered under this Prospectus.

Application Form means the application form that accompanies this Prospectus, being the Entitlement and Acceptance Form or such other applicable application form.

Application Money means money received from an Applicant in respect of an Application.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange'.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

ASX Settlement Rules means the settlement rules of ASX Settlement.

Board means the board of Directors of the Company.

Business Day has the meaning given to that term in the Listing Rules.

CHESS means Clearing House Electronic Sub-register System operated by ASX Settlement.

CHESS Statement or **Holding Statement** means a statement of shares registered in a CHESS account.

Closing Date means the closing date of the Loyalty Options Offer, being the date detailed in the indicative timetable on page 7 of this Prospectus.

Company or **Algorae** means Algorae Pharmaceuticals Limited (ACN 104 028 042).

Constitution means the constitution of the Company.

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

Company Secretary means the company secretary of the Company.

Director means a director of the Company as at the Prospectus Date.

Eligible Shareholder has the meaning given to that term in 2.16.

Entitlement means the non-renounceable pro-rata entitlement of a Shareholder to subscribe for one Loyalty Option for every five Shares held on the Record Date.

Exercise Notice means a duly completed notice of exercise of Options and application for Shares executed by the Option holder specifying the number of Options exercised.

Exercise Price has the meaning given to it in the Option terms in Section 5.2.

Expiry Date has the meaning given to it in the Option terms in Section 5.2.

GST means Goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999 (Cth).*

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

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Lead Manager means Alignment Capital Pty Ltd (ABN 24 167 124 754).

Lead Manager Mandate means the mandate between the Company and the Lead Manager dated 24 October 2025, as amended on 11 November 2025.

Lead Manager Offer has the meaning given to that term in Section 2.3.

Lead Manager Options means 30,000,000 new Options to be granted to the Lead Manager and / or its nominee(s) on the terms and conditions set out in Section 5.2.

Listing Rules means the official listing rules of ASX.

Loyalty Option means a new Option granted at an issue price of $0.001 per new Option on the basis of 1 new Option for every 5 Shares held on the Record Date, and otherwise on the terms and conditions set out in Section 5.2, under the Loyalty Options Offer of this Prospectus to acquire one fully paid ordinary Share, exercisable before the Expiry Date.

Loyalty Options Offer has the meaning given to that term in Section 2.1.

Loyalty Options Offer Shortfall means the Loyalty Options not applied for under the Loyalty Options Offer before the Closing Date.

New Option means a new Option offered pursuant to this Prospectus, being the Loyalty Options and Shortfall Options and Lead Manager Options (as the context requires).

Non-Executive Director means a non-executive Director of the Company.

Offer Period means the period that an Offer is open, being the period between the Opening Date and the Closing Date.

Offer Price means $0.001 per New Option.

Offer or **Offers** means the Loyalty Options Offer, the Shortfall Offer and the Lead Manager Offer made under this Prospectus (as the context requires).

Official Quotation means the admission of Securities to the official list of the ASX.

Opening Date means the opening date of the Loyalty Options Offer, being the date detailed in the indicative timetable on page 6 of this Prospectus.

Option means an option to subscribe for a Share.

Optionholder means a holder of an Option.

Option Terms means these terms of issue of the New Options detailed in Section 5.2.

Privacy Act means the *Privacy Act 1988* (Cth).

Prospectus means this document, including the Application Forms.

Prospectus Date means the date of this Prospectus, being the date that this Prospectus is lodged with ASIC.

Record Date means 7.00 pm (AEDT) on the date specified in the indicative timetable set out on page 7 of this Prospectus;

Related Bodies Corporate means has the meaning given to that term in the Corporations Act.

Section means a section of this Prospectus.

Securities means has the meaning given to that term in section 761A of the Corporations Act and includes a Share and an Option.

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

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Shareholder means the holder of a Share.

Share Registry means the Company's Share Registry, Automic Pty Ltd.

Shortfall Application Form means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Shortfall Options upon invitation from the Company.

Shortfall Offer has the meaning given to that term in Section 2.2.

Shortfall Options means the Loyalty Options constituting the Loyalty Options Offer Shortfall.

Voting Power has the meaning given to that term in the Corporations Act.

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11 Corporate Directory

Directors Mr Bradley John Dilkes Mr David Richard Hainsworth Mr Bradley Roland Latham	**Registered Office** Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000
Company Secretary Ms Jennifer Voon	**Australian Legal Adviser** Thomson Geer Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000
Share registry* Automic Pty Ltd	
Lead Manager Alignment Capital Pty Ltd 205/838 Collins Street Docklands VIC 3008	

*Automic Pty Ltd have not been involved in the preparation of this Prospectus.

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