



PNG Air

Head Office | Jackson's Parade, Jackson
International Airport, 7 Mile
PO Box 170 Boroko NCD PNG
Telephone: (675) 302 3100
Fax: (675) 325 2219

Dear Shareholders,

On behalf of the Directors of PNG Air Limited (**PNG Air**), I am pleased to invite you to participate in a special meeting of PNG Air shareholders (**Special Meeting**) to be held on Monday, 22 September 2025 at 9:00 am at the Hilton Hotel's Tabubil & Hekari Conference Room, Hohola, Port Moresby.

The Board has called this Special Meeting in accordance with Article 11.3 of PNG Air's Constitution and Section 102 (1) (a) (i) of the Companies Act 1997 (PNG).

At the Special Meeting shareholders will be asked to consider and, if thought fit, to approve, resolutions 1 and 2 (each a **Resolution** and collectively the **Resolutions**) detailed in the enclosed notice of meeting (**Notice of Meeting**) concerning a proposed capital raising and the appointment of a broker firm for this transaction.

You are encouraged to read the *enclosed* Notice of Meeting and the Explanatory Notes including the Investor Presentation in full before reaching a decision on each Resolution. A digital copy of the detailed Notice of Meeting, Explanatory Notes and Investors' Information are available online on PNG Air's website at <https://pngair.com.pg/media-center/>.

If you are unable to participate in the Special Meeting, you are encouraged to complete and return the enclosed proxy form (**Proxy Form**) to PNG Registries Limited (**MUFG Corporate Markets**) via email, facsimile, post or hand delivery no later than 48 hours before the commencement of the Special Meeting – that is, your Proxy Form must be returned by 9.00 am on Saturday, 20th September 2025.

The Proxy Form is to be used to direct your proxy votes for each Resolution by marking either the "For" box, the "Against" box or the "Abstain" box.

Shareholders may also lodge their proxy votes online by visiting <https://au.investorcentre.mpms.mufg.com>. Select "Voting" and follow the prompts to lodge your vote. To use the online lodgment facility, shareholders will need their "Holder Identifier"- Securityholder Reference Number (SRN).

Thank you for your continued support of PNG Air and I look forward to you participating in the Special Meeting.

By order of the Board of Directors.

Deborah Poya
Company Secretary

Date: 08 September 2025



NOTICE OF SPECIAL SHAREHOLDERS MEETING

PNG AIR Limited (**PNG Air**) gives notice that a special meeting of shareholders (**Special Meeting**) will be held on Monday, 22 September 2025 at 9:00am at the Tabubil & Hekari Conference Room, Hilton Hotel, Hohola, National Capital District, Papua New Guinea.

ORDINARY BUSINESS:

1. Capital Raising

To approve PNG Air issuing up to one billion (1,000,000,000) new ordinary shares (**New Shares**) at a price of 2 toea per share and to raise up to PGK 20 million in additional capital on terms and conditions that give preference to existing minority shareholders and with new investors being invited to subscribe for any New Shares which the existing minority shareholders do not subscribe for.

Currently, PNG Air has 8,287,544,748 ordinary shares on issue.

2. Appointment of Weathermen Capital Advisors Limited as agent and broker

To approve the appointment of Weathermen Capital Advisors Ltd as PNG Air's sole agent responsible for brokerage, allotment and allocation of any New Shares issued in accordance with Resolution 1.

VOTING EXCLUSION STATEMENT:

In accordance with PNGX Listing Rule 11.6,8, any votes will be disregarded of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in PNG Air).

The MRDC group companies and Nasfund may vote because they will not participate in or obtain a material benefit as a result of the proposed issue, other than a benefit solely by reason of being a holder of ordinary shares in PNG Air.

TIMING OF ISSUE:

All New Shares for which offers are received will be issued within three (3) months of the date of the meeting. The record date for determining the entitlement is on the 23rd September 2025.

Please note that refreshments will **not** be served at the Special Meeting.

By order of the Board

Deborah Poya
Company Secretary



EXPLANATORY NOTES

These Explanatory Notes accompany the Notice (**Notice**) of Special Meeting of shareholders (**Special Meeting**) to be held on Monday, 22 September 2025 at 9:00 am at Tabubil & Hekari Conference Rooms, Hilton Hotel, Hohola, National Capital District, Papua New Guinea.

An investor presentation dated 15 August 2025 (**Investor Presentation**) prepared by PNG Air in conjunction with Price Waterhouse Coopers and a proxy form (**Proxy Form**) also accompany the Notice of Special Meeting.

Purpose of Explanatory Notes

The purpose of these Explanatory Notes is to explain the reasons for the Special Meeting and provide shareholders with an explanation in support of Resolutions 1 and 2.

These Explanatory Notes, the Proxy Form and the Investor Presentation form part of the Notice of Meeting.

Background

Following the successful implementation of its 2023 Creditors Scheme of Arrangement under Part XVI of the Companies Act 1997, PNG Air has restored operational stability and earned widespread recognition as a viable business including winning the *Restructuring Airline of the Year Award 2024*. This achievement marks a turning point for PNG Air, setting the stage for a period of re-energised strategic growth.

Currently, PNG Air has 8,287,544,748 ordinary shares on issue.

PNG Air has shifted focus from restructuring to expansion—modernizing its fleet, with plans to extend its domestic and regional route network and upgrading operational infrastructure. To fuel this transformation, PNG Air's board of Directors (**Board**) is exploring additional equity injections from both existing minority shareholders and new investors. While this will inevitably dilute the shareholding of PNG Air's major shareholders, it will also reward the minority shareholders who supported PNG Air through its restructuring phase. To achieve this, the Board is committed to setting a fair and transparent strike price and structured participation windows.

Strengthening PNG Air's financial position will support its strategic growth and expansion initiatives. This includes fleet modernization, route expansion and enhancement of operational capabilities.

To achieve these objectives, the Board is proposing to raise an additional PGK 20 million in capital by issuing new ordinary shares at an agreed strike price. This capital injection is intended to provide the necessary financial resources to implement PNG Air's growth strategy effectively.

PNG Air is also proposing to appoint Weathermen Capital Advisors Limited as its agent and broker in connection with the capital raising.

PNG Air's Constitution, the Companies Act 1997, the Capital Market Act 2015 and the PNGX Listing Rules will be complied with in all respects.

Terms of Issue

The main terms of issue are summarised below by answering a number of commonly asked questions.

(a) Is the issue going to be pro-rata?

Yes, the issue is going to be pro-rata among the current PNG Air shareholders other than the MRDC group companies and Nasfund.

(b) Will there be certain conditions attached to the issue?

Yes, there will be conditions attached to the issue.

The New Shares will be fully paid ordinary shares.

The MRDC group companies and Nasfund will not participate in the issue.

During the period 23 September 2025 to 22 October 2025, Minority Shareholders (that is, all current shareholders other than the MRDC group companies and Nasfund) will be given priority to subscribe for the New Shares pro rata in accordance with their current shareholding as a percentage of the aggregate shareholding of all the Minority Shareholders combined and with a minimum investment of K5,000 per Minority Shareholder.

- If the offer is for more than the specified minimum Kina amount, the minority shareholder may accept it in whole or in part or reject it entirely, provided that the minority shareholder's new investment (if any) is not less than a specified minimum Kina amount (K5,000).
- If the offer is for less than the specified minimum Kina amount, the offer will be rounded up to the specified minimum Kina amount (K5,000), and the minority shareholder may accept it in whole or reject it entirely.

During period 23 October 2025 to 21 November 2025, any New Shares not subscribed for by the Minority Shareholders will be offered to investors who do not currently hold any PNG Air shares and who are willing to invest a minimum of K250,000 (**Sophisticated Investors**) at the same strike price of 2 Toea (K0.02) per share. Sophisticated Investors must subscribe for the New Shares in tranches with a minimum investment of PGK 250,000 per Sophisticated Investor.

(c) Is the issue going to be for a number of shares up to a certain kina value?

Yes, the issue is going to be for a number of shares up to a certain Kina value.

Up to one billion (1,000,000,000) New Shares will be offered at a fixed price of K0.02 per share.

(d) Will there be any exclusion from voting statements issued to existing shareholders or public investors related to the entity?

Yes, there is a voting exclusion statement.

In accordance with PNGX Listing Rule 11.6,8, the votes are to be disregarded of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in PNG Air).

The MRDC group companies and Nasfund may vote because they will not participate in or obtain a material benefit as a result of the proposed issue, other than a benefit solely by reason of being a holder of ordinary shares in PNG Air.

Resolution 1 – Issuing of Additional Shares

Shareholders are being asked to approve PNG Air issuing up to one billion (1,000,000,000) new ordinary shares (**New Shares**) at a price of 2 toea per share to raise up to PGK 20 million in additional capital and on terms and conditions that will give preference to PNG Air's existing minority shareholders.

The capital raised will be utilized to finance the Company's strategic initiatives, including but not limited to:

- Acquisition of new aircraft to modernize the fleet
- Expansion into new domestic and regional routes
- Investment in operational infrastructure and technology
- Strengthening the Company's balance sheet

Existing shareholders will experience dilution of their current shareholding percentage if they do not subscribe for the New Shares. However, the Board believes that the long-term benefits of the capital raising, including enhanced Company value and growth prospects, will outweigh the immediate dilution effects.

The PNG Air Board unanimously recommends that shareholders vote in favour of **Resolution 1**. The proposed capital raising is considered essential for PNG Air's future growth and financial stability.

Resolution 2 – Appointment of Agent and Broker

Shareholders are being asked to approve the appointment of Weathermen Capital Advisors Limited (**Weathermen**) as PNG Air's sole agent responsible for brokerage, allotment and allocation of any New Shares issued in accordance with Resolution 1.

The appointment will ensure effective and fair management of subscription, allocation, and settlement processes—minimising operational risk and promoting confidence in the capital raising framework.

The PNG Air Board recommends that shareholders vote **in favour** of this Resolution 2, as it establishes a sound and transparent mechanism for managing investor engagement during the share issuance process.

No investment or other advice

The information provided in these Explanatory Notes is **not** financial product advice. It has been prepared **without** consideration of each Shareholder's individual investment goals, financial circumstances, tax position or personal needs. Shareholders should review these Explanatory Notes **in full**, together with the Investors' Information, before deciding whether to vote for or against or abstain from voting on any of Resolutions 1 and 2. If you are unsure about what to do, you should consult your legal, tax, investment, or other professional advisers **without delay**.

All information relevant to the business to be considered at the Special Meeting is included in these Explanatory Notes and Shareholders are urged to read the document in its entirety.

Resolutions 1 and 2 will each be presented separately as **ordinary resolutions** at the Special Meeting.

The Investor Presentation has been prepared by PNG Air in connection with the proposed issue of New Shares (the “Opportunity”) and will be presented at the Special Meeting. This Investor Presentation has been prepared for information purposes only and, to help investors evaluate the Opportunity—it does **not** claim to provide all information that potential investors may need.

Shareholders will have a reasonable opportunity to ask questions or make comments regarding the content of this material.

By accepting the Investor Presentation, shareholders acknowledge that PNG Air, its directors, officers, employees, agents, advisers, and representatives disclaim any liability for any costs, losses, or expenses incurred by any party in evaluating the Opportunity or participating in the evaluation process.

The Investor Presentation is being made available to all shareholders.

Disclaimers

The Investor Presentation includes important disclaimers which shareholders need to read carefully and understand.