

APPENDIX 4C – 31 MARCH 2024

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *First hydrogen and graphite production achieved at the CDP, a world-first commercial-level demonstration of the Hazer Process*
- *CDP test program on-track as third successful test campaign achieves over 50 hours of continuous hot operation post quarter in April, a significant uplift on the previous test run of 36 hours*
- *Over \$14 million capital raise successfully completed to fund the Company's growth strategy*
- *\$0.95 million grant received from the Australian Renewable Energy Agency following successful completion of a progress milestone at the CDP*
- *Meeting held in Canada with FortisBC to advance the details of the Project Development Agreement and Commercial Framework to progress the British Columbia Canada project*
- **CEO Glenn Corrie and CTO Tim Forbes will be hosting a webinar on 24 April 2024 at 09:00am (AWST), 11:00am (AEST). Details are provided below.**

PERTH, AUSTRALIA; 22 April 2024: Hazer Group Ltd ("Hazer" or "the Company") (ASX: HZR) lodges the following activity update and attached Appendix 4C Quarterly Cashflow Report for the three-month period ended 31 March 2024 ("Quarter").

Discussing quarterly results, Hazer Managing Director Glenn Corrie said: *"Our focus this Quarter has been on the start-up and operation of our first-of-a-kind Commercial Demonstration Plant. This is an exciting and significant milestone with hydrogen and graphitic carbon being produced from Hazer technology for the first time at a commercial-demonstration scale. Execution of the CDP performance testing program throughout 2024 will be the key enabler in demonstrating the scalability of the technology to accelerate opportunities commercially and corporately.*

I'd like to reiterate our thanks to all shareholders that have supported our recent capital raise. With the successful completion of our Placement and SPP, we can now move forward with a robust balance sheet concentrated on delivering our commercialisation strategy.

Our strategic priority in 2024 is focused on unlocking the full value of our technology by delivering our CDP test program, which is on-track to declare commercial readiness this year, and advance licensing discussions with our existing and future customer base."

Key activities undertaken during the Quarter are outlined below:

Commercial Demonstration Plant ("CDP")

During the Quarter, first hydrogen and graphite production was achieved at the CDP through commencement of hot operations as part of the planned performance test program to demonstrate commercial readiness of the Hazer technology. The CDP test program outlines a series of specific tests and target data to progressively ramp up equipment and collect key performance data. Each step involves operating the plant in line with the specified test conditions followed by a subsequent scheduled shutdown to facilitate inspection of key equipment, gathering of process data and preparation for subsequent runs.

The initial two performance test runs during the Quarter have successfully demonstrated the fundamentals of Hazer's technology for the first time on a commercial demonstration scale. The Company confirms key objectives were achieved during continuous operation with highlights as follows:

- hydrogen production and conversion rates consistent with design expectations;
- graphite production and initial purities in line with expectations. Analysis and test work ongoing;
- successful demonstration of Hazer plant equipment with reactor temperature and pressure control; and
- equipment integrity, safe start-up and shutdown procedures proven.

Minor improvements to the plant have been implemented during the Quarter including a feed gas rate increase, enhanced data collection and optimisation of start-up procedures. Implemented improvements ensure simultaneous designs for the next scale plants are also updated.

Subsequent to the end of the Quarter, a third campaign was successfully completed, achieving over 50 hours of continuous hot operation, surpassing the previously extended run of 36 hours. Improved process and operational stability were demonstrated during the run with optimisation of the catalyst feed system now underway prior to the extended 4th test-run scheduled for May.



World's first commercial-level demonstration of Hazer methane pyrolysis technology producing clean hydrogen and graphite

Commercial Business Development

During the Quarter, commercial interest in the Hazer technology intensified across key markets with new and existing discussions gaining further momentum. The Company currently has a strong portfolio of over 25 potential project partners and customers across target markets in North America, Asia-Pacific, Europe, and the Middle East.

The growth portfolio consists of potential projects across many strategic market segments, including refining and manufacturing, steel-making and power generation. In addition to project focused discussions, the Company is also engaged in discussions around strategic collaboration with several leading companies on technology acceleration, marketing and licensing.

Hazer participated in CERAWEEK during March, the world's premier energy conference hosted by S&P Global in Houston, Texas. The conference provides a platform for discussion on a range of energy-related topics and showcased sessions on energy markets, policy, and technology. The role of hydrogen in the transition to a low carbon future featured heavily, with methane pyrolysis featuring as an attractive pathway for production of clean

and affordable hydrogen. Hazer was able to continue discussions at the conference with several potential partners seeking methane pyrolysis technology for low carbon hydrogen projects. Hazer gratefully acknowledges the support provided by the City of Perth which enabled a select number of leading companies from Perth’s energy industry to attend CERAWeek.

“I was very encouraged by the interest in methane pyrolysis technology as well as the long-term outlook for gas. Methane pyrolysis was highlighted as having a significant role to play in accelerating an immediate and, importantly, affordable transition to low emission hydrogen. The hydrogen market is already significant, and Hazer’s disruption is apparent as a clear front-runner in this industry”, commented Glenn Corrie.

Hazer also participated in the H2 & FC EXPO, Japan’s largest international exhibition for hydrogen and fuel cell technologies. Hazer was invited to join Chiyoda Corporation’s exhibition stand to showcase the collaboration between the companies, including the project under development in close collaboration with Chubu Electric Power Co.



Hazer’s CCO, Luc Kox, at the Chiyoda Corporation exhibition stand at the H2 & FC Expo in Japan

During the Quarter, the Company held a meeting with FortisBC in Canada to finalise the details of the Project Development Agreement and Commercial Framework, including licensing structure, for the British Columbia (BC) Project. The BC Project based in Vancouver, Canada, will develop a commercial scale Hazer plant designed to produce up to 2,500 tonnes per annum (tpa) of hydrogen, a scale-up of 25 times on the CDP. These commercial principles, subject to formal legal documentation, consolidate the commercial framework and allow Hazer to adopt the role of technology license provider in alignment with the business’s “capex lite” model.

In parallel, the initial phase of the Front-End Engineering and Design (FEED) study, carried out by Wood Plc, is now completed. The main components of the design basis for the 2,500 tpa plant are now in place and enable the project to progress into the next phase of development. In light of the project site change, the CleanBC funding agreement with FortisBC has been updated to focus on near-term milestones while the FEED study will be refined to reflect integration of the new project site. Throughout the quarter FortisBC and Hatch have also significantly progressed the design of a pilot test rig, required to achieve near-term funding milestones, with materials orders underway and location for the test rig to be at a FortisBC operational site.

Corporate

During the Quarter, the Company successfully completed a \$9 million (before costs) capital raising through the issue of fully paid ordinary shares (“New Share”) at an issue price of \$0.50 each to institutional, sophisticated and professional investors, together with a quoted free-attaching HRZO option exercisable at \$0.75 each and expiring 28 February 2025 on a 1-for-4 basis (“Placement”). The Placement comprised of 2 tranches, with Tranche One completing on 26 February 2024 raising \$8.037 million. Tranche 2 will raise \$0.963 million and is expected to

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settle following shareholder approval in late April 2024.

In addition to the Placement, the Company conducted a Share Purchase Plan (“SPP”) to raise \$4 million (before costs). The SPP offered eligible shareholders an opportunity to purchase New Shares, together with HZRO Options, on the same terms as the Placement. The SPP closed with strong demand on 15 March 2024, with the Company receiving valid applications for 10,786,000 New Shares and 2,696,500 HRZO Options, raising \$5,393,000 (before costs).

Funds raised under the Placement and SPP will support Hazer’s commercialisation strategy to:

1. deliver the CDP test program during 2024
2. expedite existing commercial projects in Canada, Japan and Europe;
3. secure new global project and license deals; and
4. fund corporate and strategic purposes.

As announced on 27 February 2024, Hazer achieved a key progress milestone under the Australian Renewable Energy Agency (“ARENA”) Funding Agreement, facilitating the drawdown of \$0.951 million. This non-dilutive source of funds, along with the Company’s recent Placement and SPP, further strengthens Hazer’s near-term liquidity position.

As of 31 March 2024, the Company had available funds of \$18.2 million. During the Quarter, Hazer had net operating cash outflows of \$3.7 million. Cash outflows in the current Quarter reflect the one-off final CDP commissioning costs (i.e. not applicable to future quarters) and testing and refining of the newly commissioned hot operations assets.

The cash used for investing activities for the Quarter of \$1.5 million included residual CDP construction charges of \$0.9 million and costs of \$0.6 million associated with Hazer next generation Mark 2 reactor to support future commercial scale-up program. These CDP costs are expected to be eligible for R&D tax incentive rebates.

The cash inflows from financing activities for the Quarter, being the Placement and SPP, totalled \$12.7 million (before costs).

The Company advises that \$0.2 million was paid to related parties during the Quarter (see section 6 of the attached Appendix 4C). These payments relate to salaries, fees and superannuation paid to Directors and CEO during the Quarter.

Hazer Group Q3FY24 Investor Webinar

Hazer CEO Glenn Corrie and CTO Tim Forbes will be hosting a webinar to discuss the Q3FY24 Report followed by a Q&A session. If you would like to join, please click on the link below to register:

Date: 24 April 2024

Time: 09:00am (AWST), 11:00am (AEST)

Registration: https://us02web.zoom.us/webinar/register/WN_NYwRJTCuR7WpRi19Bhiq8g

To submit questions ahead of time, please send them to WE-AUHazer@we-worldwide.com

Hazer will also be hosting an analyst site visit to the Commercial Demonstration Facility in Q2 CY2024. To find out more information please contact Hannah Howlett below.

[ENDS]

This announcement is authorised for release by the Board of the Company.

For further information or investor enquiries, please contact:

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ABOUT HAZER GROUP LTD

Hazer Group is an Australian technology company, driving global decarbonisation efforts with the commercialisation of the company's disruptive world-leading climate-tech. Hazer's advanced technology enables the production of clean and economically competitive hydrogen and high-quality graphite, using a natural gas (or biogas) feedstock and iron-ore as the process catalyst.

Hazer Group Limited - Social Media Policy

Hazer Group Limited is committed to communicating with the investment community through all available channels. Whilst ASX remains the prime channel for market-sensitive news, investors and other interested parties are encouraged to follow Hazer on X (Twitter) (@hazergroupltd), LinkedIn, Facebook, and YouTube. Subscribe to HAZER NEWS ALERTS - visit our website at www.hazergroup.com.au and subscribe to receive HAZER NEWS ALERTS, our email alert service. HAZER NEWS ALERTS is the fastest way to receive breaking news about @hazergroupltd.

Forward-looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts but are based on the Company's current expectations about future events and results.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, assumptions, and other factors, which could cause actual results to differ materially to futures results expressed, projected, or implied by such forward looking statements.

The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statements" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under the applicable securities laws.



Appendix 4C

Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Name of entity

HAZER GROUP LIMITED

ABN

40 144 044 600

Quarter ended ("current quarter")

31 MARCH 2023

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (9 months) \$ A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	0	0
1.2	Payments for		
	(a) research and development ¹	(1,609)	(4,564)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs, including research and development staff	(1,644)	(5,196)
	(f) administration and corporate costs	(610)	(2,482)
1.3	Dividends received (see note 3)		
1.4	Interest received	102	324
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
	- R&D tax rebate	0	2,536
1.8	Other (provide details if material)		
	- Net GST received / (paid)	82	29
	- Security deposits received / (paid)	0	0
1.9	Net cash from / (used in) operating activities	(3,679)	(9,353)

¹ Research and development expenditure in 1.2 (a) is expected to be eligible for the R&D tax incentive rebate.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (9 months) \$ A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment ³	(1,499)	(7,995)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1,499)	(7,995)

³ Expenditure in 2.1(c) relates primarily to the CDP (Project) construction. CDP expenditure is expected to be eligible for the R&D tax incentive rebate.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares (excluding convertible debt securities)	13,430	28,141
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(768)	(1,819)
3.5	Proceeds from borrowings	0	1,759
3.6	Repayment of borrowings	0	(1,851)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	12,662	26,230

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (9 months) \$ A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at the beginning of the period	10,680	9,282
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,679)	(9,353)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,499)	(7,995)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,662	26,230
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at the end of the period	18,164	18,164

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$ A'000	Previous quarter \$ A'000
5.1	Bank balances	16,331	7,896
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
	- Deposits for bank guarantees	333	333
	- Restricted cash (ARENA grant)	1,500	2,451
5.5	Cash and cash equivalents at the end of the quarter (should equal item 4.6 above)	18,164	10,680

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ⁴	171
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

⁴ Salary, Director's fees and superannuation paid to Directors (\$171k)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$ A'000	Amount drawn at quarter end \$ A'000
7.1	Loan facilities ⁵	0	0
7.2	Credit standby arrangements	0	0
7.3	Other – convertible notes issued	0	0
7.4	Total financing facilities	0	0

7.5 **Unused financing facilities available at quarter-end** 0

7.6 Include in the box below a description of each Facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter-end, include a note providing details of those facilities as well.

No further financing facilities have been entered into or are proposed at this time.

8.	Estimated cash available for future operating activities	\$ A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,679)
8.2	Cash and cash equivalents at quarter-end (Item 4.6)	18,164
8.3	Unused finance facilities available at quarter-end (Item 7.5) ⁵	0
8.4	Total available funding (Item 8.2 + Item 8.3)	18,164
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)⁶	4.94

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22 April 2024

Authorised by: The Board of the Company
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.