

APPENDIX 4C – 30 JUNE 2024

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *CDP test program continues to make good progress, achieving over 180 hours of hot operation, providing valuable technology development data and learnings.*
- *Binding Project Development Agreement signed with FortisBC to progress the British Columbia Canada project. License fee framework agreed with final terms expected in 2024.*
- *Transformational deal signed with POSCO to collaborate on clean hydrogen production technology for low carbon steel production in Korea.*
- *Continued discussions with prospective customers and strategic partners globally that will contribute to the future growth of the Company.*
- *Robust financial position with R&D tax incentive funding expected in the coming quarters.*
- **CEO Glenn Corrie and other members of the leadership team will be hosting a webinar on 17 July 2024 at 9:00am (AWST) / 11:00am (AEST). Details are provided below.**

PERTH, AUSTRALIA; 15 July 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 30 June 2024 ("Quarter").

Discussing quarterly results, Hazer Managing Director Glenn Corrie said: *"Our focus this Quarter has been on achieving the next milestones of the test program at our first-of-a-kind Commercial Demonstration Plant ("CDP"). Over 180 hours of hot operation is a major success and demonstrates that the technology is performing in accordance with expectations. Execution of the CDP performance testing program throughout 2024 will unlock the full value of the technology by demonstrating scalability and accelerate opportunities commercially and corporately.*

This Quarter also saw significant progress on the corporate roadmap in securing future commercial scale project customers. It is a great privilege and strong endorsement to now be working alongside POSCO through a partnership that will enable the next phase of our scale-up strategy into the key market of steelmaking with a company known for its sustainability focus and innovation. Additionally, we are pleased to have signed a binding agreement with our partner for the FortisBC project. We look forward to our future in decarbonising industry sectors and achieving commercial success with POSCO and our existing project partners."

Key activities undertaken during the Quarter are outlined below:

Commercial Demonstration Plant ("CDP")

As part of the planned performance test program to demonstrate commercial readiness of Hazer's proprietary technology, the CDP progressively increased hydrogen and graphite production to successfully complete over 180 hours of hot operations.

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 two extended performance test runs during the Quarter continue to build on demonstrating the fundamentals of Hazer's technology for a commercial demonstration scale. The Company confirms key objectives were achieved with highlights as follows:

- hydrogen and graphite production consistent with test plan expectations;
- significant increase to Hazer's graphite inventory; and
- online injection of catalyst into the reactor

Minor improvements to the CDP have been implemented during the Quarter, including design modifications to the reactor feed distributor and controls to ensure plant feed rates required by the test program are maintained. Hazer also continues to showcase the facility to key visitors and to prospective domestic and international customers as the team works towards completing the extensive test program. Hazer will commence a subsequent test run during July focusing on sustained steady operations and graphite production as a priority to fill many existing requests for commercial application testing.

The next generation reactor, capable of scaling up the technology to commercial levels in excess of 20ktpa hydrogen production, and back-up heat exchanger are largely complete with materials being stored locally at Hazer's storage facility ahead of the next stage of reactor development testing. The next generation reactor is a prototype for the commercial scale projects, including FortisBC in Canada, and will be tested at the CDP in 2025 as part of de-risking the project and providing early data to validate the commercial design.

Commercial Business Development

As the planned performance test program advances, Hazer continues to collect a wide range of valuable data. This data is being utilized to progress discussions with existing partners as projects progress towards investment decisions, as well as creating a dataset which can be used to showcase the capabilities of the technology to potential new customers.

Canada Project

Hazer and FortisBC Energy Inc ("FortisBC") entered into a binding Project Development Agreement ("PDA") to pursue the development of a hydrogen production facility in British Columbia, Canada, based on Hazer's technology and with a design capacity of up to 2,500 tonnes per annum ("tpa") of clean hydrogen.

Under the terms of the PDA, FortisBC will hold 100% equity ownership and assume the role of project lead developer and operator of the facility. For Hazer, this is a significantly improved and de-risked position when compared to the previously anticipated joint operatorship arrangement, as announced on 11 February 2022, as it aligns with Hazer's 'capex lite' business model. In addition, Hazer will also receive payment for Early Project Development Work associated with leading the engineering activities relating to the core Hazer technology components. Under the engineering services agreement, FortisBC will pay Hazer for engineering and design work as well as for support for any regulatory project development activities carried out. This arrangement delivers early cash flow now through FEED and removes large capital expenditure obligations for the Company.

A key principle of the technology license agreement is the payment of license fees for using the Hazer Process. The license fees to be received by Hazer will be determined using a sliding scale model based on size of the facility, production of hydrogen and graphite, and other relevant factors. The amount of the license fees will be negotiated with FortisBC during definitive commercial agreement discussions this year.

The initial phase of the Front-End Engineering and Design ("FEED") study, carried out by Wood Plc, have now been completed and the main components of the design basis for the 2,500 tpa plant are in place to enable the project to progress into the next phase of development. The FEED study will be refined and updated following selection of the plant site. The fully integrated FEED study is targeted for completion in late 2024 and together with definitive commercial agreements will form the basis for submission of the project application to the regulator in 1H 2025.

The Final Investment Decision (“FID”) window is targeted as early as mid-2025 assuming third-party commercial offtake for the hydrogen which will simplify the regulatory approval process.

Collaboration with POSCO

POSCO and Hazer signed a non-binding Memorandum of Understanding to collaborate on the integration of Hazer’s hydrogen production technology into POSCO’s low-carbon steel production. POSCO and Hazer will also assess the application of Hazer’s low emissions graphite product in various parts of the steel making process, as well as a market investigation into the applications of Hazer graphite outside of steel (refer announcement dated 31 May 2024).

POSCO, headquartered in Pohang, Korea, is the world’s sixth largest steel producer. It operates the world’s two largest steel works, located at Pohang and Gwangyang. POSCO has announced its plans to achieve carbon neutrality by 2050, these plans are centered on POSCO’s propriety HyREX® technology for hydrogen reduced iron making.

The initial capacity is expected to be in line with Hazer’s technology up-scaling strategy. The exact capacity will be determined during the evaluation of the integration of the Hazer technology with POSCO’s low carbon steel making process.

POSCO’s Head of Technical Research Lab / Senior Executive Vice President, Dr. Seong-yeon Kim said: *“At POSCO we are incredibly focused on the reduction of emissions from the steel making process and have committed to reducing worksite emissions by 10% by 2030, 50% by 2040 and being 100% carbon neutral by 2050. We believe Hazer’s unique technology offers important benefits that enable us to achieve our Net Zero vision as set out in our 2050 Carbon Neutrality Roadmap.”*



Figure 1- Dr. Seong-yeon Kim of POSCO (pictured left) and Glenn Corrie signing the MOU

Chubu Electric and Chiyoda project

In line with the original plan and schedule, Chubu Electric and Chiyoda have completed the feasibility study for the development of a Hazer facility in the Nagoya area in Japan (refer announcement dated 11 April 2023). The study results support the technical and commercial viability of the project. Next steps will include graphite sample testing to validate the applicability of using Hazer graphite in the manufacturing of asphalt and/or concrete. Concurrently, Chubu Electric is exploring project co-funding options and planning to seek senior management approval to progress the project to pre-FEED/FEED stages.

Mitsui

The ongoing collaboration with Mitsui (refer announcement dated 16 November 2023) relating to the market investigation of Hazer graphite continues to provide valuable insights in the potential applications and offtakers. Mitsui has identified a long-list of potential offtakers in both the steel making and chemicals market segments. Interested parties will be provided with representative graphite samples from the CDP for qualification testing.

In addition to the collaboration with Mitsui, Hazer is actively engaged in discussions with a number of potential offtakers for its graphite across key strategic markets of North America, Europe and the Asia Pacific region.



Mitsui visit to CDP

ENGIE relationship extended

The scope of existing collaboration with ENGIE (refer announcement dated 9 May 2023) has been extended to enable the joint pursuit of project opportunities outside the European Union, as well as specific initiatives related to potential offtake of Hazer graphite. Parties will continue to explore hydrogen offtake opportunities for the H₂Montoir project. The new Memorandum of Understanding is valid until 30 April 2026.

Corporate

As of 30 June 2024, the Company had available funds of \$12.8 million. During the Quarter, Hazer had net operating cash outflows of \$5.1 million. Cash outflows in this Quarter reflect costs associated with operating the CDP, routine staff and corporate expenditure (of which \$1.2 million was non-recurring). Expenditure is expected to be substantially lower in upcoming quarters as a result of lower staff costs, a focussed R&D program and the completion of the next generation reactor.

Cash used for investing activities for the Quarter of \$1.0 million due to the final fabrication of Hazer's next generation reactor to support the future commercial scale-up program. These costs are non-recurring and expected to be eligible for R&D tax incentive rebates.

The cash inflows from financing activities for the Quarter reflect Tranche 2 placement funding received following shareholder approval at the general meeting held on Tuesday, 23 April 2024 (refer announcement dated 8 May 2024).

The Company continues to expect a number of non-dilutionary cash inflows during 2024, including an annual R&D tax rebate (2H CY24) and is currently pursuing several non-refundable grant funding applications with notification of award outcomes expected this calendar year. Additional ARENA funding is also forecast with the completion of key operational milestones during 2H CY24.

The Company advises that \$0.27 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.

Mark Edwards, the Company's Chief Operating Officer ("COO"), has decided to take a period of extended leave and will step down from his position in July 2024. Following an extensive executive search, Tom Coolican, has been appointed as Hazer's new COO effective 22 July 2024. Tom is an accomplished executive with over 25 years of energy industry experience and brings extensive leadership and operating experience from senior roles with GR Production Services, Jadestone Energy, ENI and Woodside. He has specialised in spearheading change and transformation for oil and gas majors, mid-cap, and start-up organisations. Mark will commence leave in August following an extensive handover to ensure a seamless transition. We would like to thank Mark for his outstanding contribution to Hazer as COO.

Hazer Group Q4FY24 Investor Webinar

Hazer CEO Glenn Corrie and other members of the leadership team will be hosting a webinar to discuss the Q4FY24 Report followed by a Q&A session. If you would like to join, please click on the link below to register:

Date: 17 July 2024

Time: 9:00am (AWST) / 11:00am (AEST)

Registration: https://us02web.zoom.us/webinar/register/WN_CrhD-KC4S6yrKCR8PrvIFg

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

[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.



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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")

30 JUNE 2024

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 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	(1,701)	(6,265)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs, including research and development staff	(2,871)	(8,067)
	(f) administration and corporate costs	(653)	(3,135)
1.3	Dividends received (see note 3)		
1.4	Interest received	155	479
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)	(26)	3
	- Security deposits received / (paid)	0	0
1.9	Net cash from / (used in) operating activities²	(5,096)	(14,449)

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

² Current quarter not indicative of [lower] year to date (12 months) trend.

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 months) \$ A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment ³	(1,000)	(8,995)
	(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	(1,000)	(8,995)

³ Expenditure in 2.1(c) relates primarily to the CDP (Project) construction, development of scaled up reactor types and R&D program. This 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)	963	29,104
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	(210)	(2,029)
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	753	26,983

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

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 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	18,164	9,282
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,096)	(14,449)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,000)	(8,995)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	753	26,983
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	12,821	12,821

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	10,781	16,142
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
	- Deposits for bank guarantees	333	333
	- Restricted cash (ARENA grant) ⁴	1,707	1,689
5.5	Cash and cash equivalents at the end of the quarter (should equal item 4.6 above)	12,821	18,164

⁴ Prior period figures restated to reflect the restricted nature of interest held in the ARENA grant account (\$189k). Interest now included under Restricted cash (ARENA grant) where previously this was reported under 5.1 Bank balances. No change to overall cash held at the end of the quarter.

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 ⁵	273
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

⁵ Salary, Director's fees and superannuation paid to Directors A\$(273k).

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	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) ²	(5,096)
8.2	Cash and cash equivalents at quarter-end (Item 4.6)	12,821
8.3	Unused finance facilities available at quarter-end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	12,821
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.52

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: 15 July 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.