

APPENDIX 4C – 31 DECEMBER 2024 QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *Commercial Demonstration Plant (“CDP”) and reactor test program successfully completed ahead of schedule, substantially de-risking technology scale-up and commercialisation strategy.*
- *Significant quantities of graphite produced during CDP performance program being provided to strategic partners and potential buyers for further application testing.*
- *Successful testing of reactor pilot rig in Canada by FortisBC as they advance the 2,500 tonnes per annum (“tpa”) hydrogen plant design activities.*
- *Hazer and Mitsui & Co., Ltd extend strategic partnership for graphite marketing following positive market feedback.*
- *Hazer’s financial position further strengthened from non-dilutive funding sources - ~\$5.1 million FY24 R&D tax incentive refund and award of \$6.2 million from the WA Government Lower Carbon Grant Program.*
- ***CEO Glenn Corrie and other members of the leadership team will be hosting a webinar on Thursday, 23 January 2025 at 8:00am (AWST) / 11:00am (AEDT). Details provided below.***

PERTH, AUSTRALIA; 21 January 2025: 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 December 2024 (“Quarter”).

Discussing quarterly results, Hazer Managing Director Glenn Corrie said: “2024 was an important year for Hazer, marked by several significant achievements that have positioned the Company as a global leader in methane pyrolysis and laid a solid foundation for commercialisation in the year ahead.

The successful completion of the CDP performance test program during the Quarter and achieving over 1,250 hours of production in total for the year are key milestones that give us confidence in the commercial readiness of the Hazer Process.

2025 is shaping up to be an exciting year as we enter with a de-risked technology, an expanding pipeline of commercial opportunities, a robust and flexible funding position and an energy sector that is savvier to the important role methane pyrolysis technology can play as a more affordable and faster pathway to clean hydrogen and graphite to support industry decarbonization”

Key activities undertaken during the Quarter are outlined below:

Commercial Demonstration Plant (“CDP”)

As announced on 19 November 2024, the CDP performance and reactor test program has been successfully completed, achieving significant operational milestones that substantially de-risk the Company’s scale-up and commercialisation strategy. The final campaign of the reactor program reached over 450 hours of stable continuous operation, the longest continuous operating run of the 2024 performance program and was completed with a production uptime of 99.6%.

These strong operational results from the CDP test program carried out during the year provide high confidence in the commercial readiness of the Hazer Process. Specific highlights include: -

- Over 1,250 hours of cumulative continuous operation achieved during the program, exceeding expectations for a first-of-a-kind facility.
- Process and reactor performance data validate the commercial scalability and operability of the technology
- High production uptimes reinforce process reliability and confirm the design of solids handling equipment over a multi-tonne production envelope.
- Large graphite inventories amassed, and initial testing confirms purities consistent with design levels - Further analysis is ongoing by Hazer, commercial partners and potential offtakers for use in several high volume, high confidence market applications.

Specific process performance data, encompassing temperature, flow, pressure and methane conversion collected throughout 2024 are currently undergoing detailed analysis. Preliminary data analysis and modelling confirms the techno-economic viability, scalability and competitiveness of the Hazer process – driven principally by its lower energy intensity, high methane conversion rates and potential graphite value upside which are key differentiators of Hazer’s technology.

One of Hazer’s standout features is its low levelized cost of hydrogen (LCOH) compared to other production methods such as electrolysis (“Green” hydrogen) and Steam Methane Reforming with CCUS (“Blue” hydrogen). The Company’s proprietary process model is also being updated to refine design parameters and further enhance the economics of the commercial scale-up program, including the Canada FortisBC plant currently under development.

The CDP is now in a low OPEX standby mode while the engineering work associated with the integration of the next generation reactor and heat exchange equipment is being finalised. The strong results and early completion of the current reactor and performance testing program have accelerated the installation of the next reactor which will further validate the commercial technology operating envelope.

As previously announced, this next generation reactor concept has been developed to demonstrate viable scale up of the technology to large scale commercial levels of more than 20ktpa of hydrogen production per train. Installation and testing at the CDP of this already constructed reactor will commence in 2025 and will provide data to further validate the commercial design for large commercial scale projects. Importantly, this forward work program will be co-funded by the WA State Government following an award of ~\$6.2 million through the Lower Carbon Grant- Gorgon Fund (“LCG”), which specifically targets innovative projects that address emissions reduction and decarbonization.

Canada Project

As announced on 6 May 2024, Hazer and FortisBC entered into a binding Project Development Agreement (“PDA”) to pursue the development of a hydrogen production facility in British Columbia (“BC”), Canada, based on Hazer’s technology and with a design capacity of up to 2,500 tonnes per annum (“tpa”) of clean hydrogen and 9,500 tpa of graphitic carbon.

A small-scale reactor test rig has been assembled in Canada with CAD\$8 million funding support from the provincial government’s CleanBC Industry Fund. Over the past few months, the small-scale reactor has been successfully providing heat, flow and test data that will inform the design of the 2,500 H2 tpa scale-up of the Hazer Process. This testing is an important operational milestone for the project and will continue into 2025.

For the main BC plant, preliminary FEED has been completed and will be finalised once the site selection process and other provincial conditions have concluded.



Figure 1: FortisBC test rig site in BC, Canada



Figure 2: FortisBC personnel CDP site visit

In October, senior management from FortisBC attended Hazer’s Perth office and conducted a site tour of the CDP. In December, Hazer’s operations team visited the FortisBC headquarters in Surrey, BC, to progress the development plans and workshop strategic options to further strengthen the relationship between Hazer and FortisBC.

Commercial Business Development

As announced on 17 October 2024, the Company signed an extension of its non-binding Memorandum of Understanding with Mitsui, a global trading and investment company based in Japan, to advance activities relating to the joint investigation of the potential markets for Hazer graphite. The original MOU was announced on 16 November 2022 and the terms of the agreement have now been extended for one (1) year to 15 November 2025 and after this date will automatically extend for successive periods of one (1) year unless otherwise notified by either party.

This strategic collaboration with Mitsui forms a key part of Hazer’s commercialisation strategy, as it provides a pathway to markets for Hazer’s low emissions graphite co-product. In addition to the collaboration with Mitsui, Hazer also independently engages potential offtakers of Hazer graphite. The Company believes this combination provides a robust product marketing strategy with significant value upside potential.

The successful operation of the CDP during the Quarter also produced sizable volumes of high-quality graphite, allowing Hazer to provide larger graphite samples to the Company’s strategic partners and potential buyers for evaluation and/or further processing. This includes existing partners such as Chubu Electric, Mitsui, POSCO and ENGIE, as well as other companies interested in Hazer’s graphite.

Certain applications and customers require an agglomerated form of Hazer graphite. Initial graphite agglomeration testing by third parties has been concluded with promising results. This is an important step that allows Hazer to offer the graphite in either a powder or agglomerated form, broadening the industrial applications of this valuable co-product.

Hazer continues to advance discussions and engage with a range of potential customers and strategic partners, with a focus on hard-to-abate sectors, particularly in Australia, North America and Asia.

Intellectual Property Protection Rights

As announced on 27 November 2024, a key patent was accepted by the European Patent Office (“EPO”). The application pertaining to the process for controlling the morphology of Hazer graphite (EP3341328EP3341328), was accepted on 21 November 2024 by issuance of the Notification of the Intention to Grant. The approved claims relate to production of hydrogen from methane or natural gas using iron ore as a catalyst and doing so in a manner which optimises creation of high value graphite co-products.

This positive development means Hazer now has the option to extend the coverage and secure protection in any or all 39 European Patent Member States. This includes all the member states of the European Union (including major jurisdictions Germany, France, Spain, Italy, The Netherlands, Denmark, Sweden etc) together with Albania, North Macedonia, Iceland, Liechtenstein, Monaco, Norway, San Marino, Serbia, Switzerland, Turkey, the United Kingdom and Montenegro.

After the end of the Quarter, Hazer also announced that it had received a key patent by the Japanese Patent Office (“JPO”). The application pertaining to the process for producing hydrogen and graphitic carbon from hydrocarbons (JP 2021- 167526), was accepted in December 2024 by issuance of the Notice of Acceptance. The approved claims relate to the production of hydrogen from methane or natural gas using iron oxide as a catalyst.

Allowance of the European and Japanese patents follows the grant of the same patent in other jurisdictions of commercial relevance to Hazer, such as United States, Korea, Australia, and New Zealand.

Corporate Update

On 20 November 2024, Hazer held its Annual General Meeting where the Chairman’s Address and CEO Presentation were presented. All resolutions detailed in the Company’s Notice of Annual General Meeting dated 20 November 2024 were passed by poll (refer announcement 20 November 2024).

As of 31 December 2024, the Company had secured funding of \$15.5 million, comprising \$9.3 million of available cash and \$6.2 million of LCG grant funding recently awarded by the WA Government.

During the Quarter, the Company had net operating cash inflows of \$1.1 million; including receipt of the Company’s FY2024 Research and Development (“R&D”) tax incentive refund of \$5.1 million (refer announcement 20 November 2024); and receipts from customers of \$0.04 million. Operating expenditures were lower quarter on quarter due to the early completion of the CDP test program.

In December, Hazer was awarded a \$6.2 million grant from the Western Australian Government under the Lower Carbon Grants Program – Gorgon Fund (refer to announcement 3 December 2024). The Company will continue to receive milestone payments from this grant over the next 12 months, with the first payment of ~\$2.2 million, including GST, received on 16 January 2025. Note these amounts are in addition to the cash reported in Appendix 4C.

During the Quarter, Hazer made a \$0.2 million investment in the next CDP reactor, supporting the future commercial scale-up program. These costs are non-recurring and are expected to be eligible for R&D tax incentive rebates this year.

The Company advises that \$0.19 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.

Corporate Access

Hazer Group Q3FY25 Investor Webinar

Hazer CEO Glenn Corrie and other members of the leadership team will host a webinar to discuss the Q2FY25 Report followed by a Q&A session. If you would like to join, please click on the link below to register:

Date: Thursday, 23 January 2025

Time: 8:00am (AWST) / 11:00am (AEDT)

Registration: https://us02web.zoom.us/webinar/register/WN_22Vc9_r-RDaaQMXAa5SsQ

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.



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 DECEMBER 2024

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (6 months) \$ A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	40	449
1.2	Payments for		
	(a) research and development ¹	(1,372)	(2,659)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs, including research and development staff	(1,722)	(3,566)
	(f) administration and corporate costs	(998)	(1,661)
1.3	Dividends received (see note 3)		
1.4	Interest received	97	211
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	5,069	5,069
1.8	Other (provide details if material)		
	- Net GST received / (paid)	(8)	(13)
	- Security deposits received / (paid)		
1.9	Net cash from / (used in) operating activities	1,106	(2,170)

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 (6 months) \$ A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment ²	(161)	(1,330)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
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	(161)	(1,330)

² Expenditure in 2.1(c) relates primarily to the CDP development of the next scaled up reactor type 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)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	2	2
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(4)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1	(2)

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

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (6 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	8,373	12,821
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,106	(2,170)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(161)	(1,330)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1	(2)
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	9,319	9,319

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	7,243	6,316
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
	- Deposits for bank guarantees	333	333
	- Restricted cash (ARENA grant)	1,743	1,724
5.5	Cash and cash equivalents at the end of the quarter (should equal item 4.6 above)	9,319	8,373

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 ³	188
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

³ Salary, Director's fees and superannuation paid to Directors A\$(188k).

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 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)	1,106
8.2	Cash and cash equivalents at quarter-end (Item 4.6)	9,319
8.3	Unused finance facilities available at quarter-end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	9,319
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)⁴	N/A

⁴ Entity reported positive net operating cash flows in item 1.9 due to receipt in the current quarter of Company's FY24 R&D tax refund. Estimated quarters of funding available excluding this item would be 2.35. Excludes Lower Carbon Grant – Gorgon Fund expected grant amounts of ~\$6.2 million.

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: 21 January 2025

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.