

APPENDIX 4C – SEPTEMBER 2016 QUARTERLY CASHFLOW REPORT

PERTH, AUSTRALIA; 31st OCTOBER 2016: Hazer Group Limited (ASX: HZR, HZRO) lodges the attached Appendix 4C Quarterly Cashflow Report for the 3 month period ended 30 September 2016.

The Company had cash reserves of \$3.98m as at 30 September 2016. Cash reserves decreased by \$0.70m during the quarter as the Company continued its core research and development activities to commercialise the Hazer Process.

We refer shareholders to our recent announcement “Hazer Process Progress Update” on 26 October 2016 for an update on recent commercialisation activities and on going scale up development work.

Key achievements during the quarter were:

- Further scale up demonstrated with over 1kg graphite produced at rate of 1.5kg/day
- Significantly increased raw graphite purity to 95% (up from 86%wt)
- Positive outcomes from initial techno-economic analysis

The Company remains well funded to continue the ongoing commercialisation and development activities focussed on the further scale up of the core Hazer Process. In conjunction with making key advances in the underlying scale up process using large lab reactors, the Company is now working towards the design and construction of a ‘pre-pilot plant’ facility, which is expected to be commissioned in early 2017. Hazer has full funding available for the construction and commissioning of this plant, which is a key precursor to the ongoing design of Hazer’s pilot plant.

[ENDS]

ABOUT HAZER GROUP LTD

Hazer Group Limited (“Hazer” or “The Company”) is an ASX-listed technology development company undertaking the commercialisation of the Hazer Process, a low-emission hydrogen and graphite production process. The Hazer Process enables the effective conversion of natural gas and similar feedstocks, into hydrogen and high quality graphite, using iron ore as a process catalyst.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

HAZER GROUP LIMITED

ABN

40 144 044 600

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(197)	(197)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(312)	(312)
(f) administration and corporate costs	(222)	(222)
1.3 Dividends received (see note 3)		
1.4 Interest received	27	27
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
- Net GST received / (paid)	(7)	(7)
1.9 Net cash from / (used in) operating activities	(711)	(711)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) 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	0	0

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	13	13
3.4 Transaction costs related to issues of shares, convertible notes or options		
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	13	13

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,678	4,678
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(711)	(711)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	0	0
4.4 Net cash from / (used in) financing activities (item 3.10 above)	13	13

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of quarter	3,980	3,980

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	980	1,178
5.2	Call deposits	3,000	3,500
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,980	4,678

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

137

0

- Fees paid to Mac Equity Partners (International) Pty Ltd, a company of which Directors Geoff Pocock and Bryant McLarty are shareholders and directors, as per the Corporate Services Agreement outlined in the IPO Prospectus (\$39k)
- Salary and superannuation paid to the Managing Director (\$66k)
- Director fees and superannuation paid to Non-Executive Directors (\$32k)

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

0

0

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(600)
9.2 Product manufacturing and operating costs	0
9.3 Advertising and marketing	0
9.4 Leased assets	0
9.5 Staff costs	(300)
9.6 Administration and corporate costs	(200)
9.7 Other (provide details if material)	0
9.8 Total estimated cash outflows	(1,100)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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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.



Sign here:
(Company secretary)

Date:31 October 2016.....

Print name:Emma Waldon.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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