

## APPENDIX 4C – 31 MARCH 2018 QUARTERLY CASHFLOW REPORT

**PERTH, AUSTRALIA; 30 April 2018:** Hazer Group Ltd (“Hazer” or “the Company”) (ASX:HZR, HZRO) lodges the attached Appendix 4C Quarterly Cashflow Report for the 9 month period ended 31 March 2018.

The Company had cash reserves of \$7.010m as at 31 March 2018, decreasing by \$1.310m during the quarter. Operating cash outflows for the quarter were \$1.339m as the Company continued its core research and development activities to commercialise the Hazer Process. Operating cashflows also included some non-recurring costs associated with the filing of international patent applications. Cash inflows during the quarter totalled \$0.060m from the exercise of HZRO listed options.

As previously announced, Hazer will relocate its pre-pilot plant to Perth as part of the commercialisation strategy with Mineral Resources Limited (ASX: MIN). The consolidation of the Hazer head office and technical team into Western Australia, and the closing of the Sydney office, will have significant cost saving benefits and at the same time ensures that the joint Hazer-Mineral Resources development team is best placed to commercialise both Company’s technology in the most efficient and expeditious manner possible.

Based on the current technical plan and cost saving measures being implemented, the Company anticipates that its current cash reserves are sufficient to fund the business until at least the end of calendar year 2019. The technical plan principally being the implementation of the 2nd generation reactor design of the pre-pilot plant, proving the technology at larger scale production levels in conjunction with the Mineral Resources Limited project and ongoing research projects.

R&D costs will increase for the quarter ending 30 June 2018 after payments associated with the implementation of the 2nd generation reactor design of the pre-pilot plant and the start of the next research project at the University of Sydney. Staff costs will also increase due to redundancy payouts. R&D and staffing costs are then estimated to significantly reduce for the quarter ending 30 Sept 2018 as the cost saving measures are realised.

Despite the increased R&D and staffing costs an overall reduction in operating cashflow is still expected in the quarter ending 30 June 2018 after receipt of an R&D tax rebate. The Company this month received an R&D Tax Incentive rebate of \$864,000 for the year ended 30 June 2017.

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The Company over the course of the last quarter achieved some important steps in the commercialisation of the Hazer Process including:

- The pre-pilot plant achieved fully continuous operation, successfully demonstrating on-line injection of iron ore catalyst and sustained graphite movement out of the reactor. This represents a major step in Hazer’s journey to large-scale commercial production, as it indicates that the process can work over extended periods of time while consistently producing both graphite and hydrogen under continuous steady-state operation; and
- The pre-pilot plant’s second-generation reactor design has been finalised and construction is progressing on schedule with expected delivery in mid-2018.

### **Forward Looking Statements**

This announcement may contain certain “forward looking statements” which may not have been based solely on historical facts, but rather 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.

### **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.

For further information, investor or media enquiries, please contact:

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#### **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 Twitter (@hazergroupltd), LinkedIn, Google+ and Youtube.



## 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")**

31 MARCH 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(256)	(919)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs including research and development staff	(661)	(1,956)
(f) administration and corporate costs	(444)	(1,238)
1.3 Dividends received (see note 3)		
1.4 Interest received	9	32
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)	13	23
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,339)</b>	<b>(4,059)</b>

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>0</b>	<b>0</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	60	2,955
3.4 Transaction costs related to issues of shares, convertible notes or options	(31)	(31)
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)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>29</b>	<b>2,924</b>

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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	8,320	8,144
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,339)	(4,059)
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)	29	2,924
4.5 Effect of movement in exchange rates on cash held	0	0
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>7,010</b>	<b>7,010</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	6,940	8,250
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other – bank guarantee	70	70
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,010</b>	<b>8,320</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	128
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

- Salary and superannuation (\$66k) paid to the Managing Director
- Director fees and superannuation paid to Non-Executive Directors (\$36k)
- Consultancy fees paid to Non-Executive Director Terry Walsh (\$26k)

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7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <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.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(725)
9.2 Product manufacturing and operating costs	0
9.3 Advertising and marketing	0
9.4 Leased assets	0
9.5 Staff costs	(850)
9.6 Administration and corporate costs	(389)
9.7 Other (provide details if material)	
- R&D tax rebate	864
<b>9.8 Total estimated cash outflows</b>	<b>(1,100)</b>

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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		

### 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: ..30 April 2018.....

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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