

HAZER & AP VENTURES AGREE INVESTMENT TERMS

PERTH, AUSTRALIA; 12 October 2020: Hazer Group Limited (ASX: HZR) (**Hazer**) is delighted to advise that it has executed a non-binding term sheet with AP Ventures Fund II GP LLP (**APV**) for an investment in Hazer by APV.

AP Ventures is headquartered in London and manages venture capital funds with a global mandate to invest in pioneering new technologies and businesses which aim to solve global challenges such as renewable energy integration, resource scarcity and rapidly changing demographics (www.apventures.com).

APV's portfolio is concentrated in the hydrogen sector, with its investments supporting companies through their commercialisation and scale up phases. Presently, APV's holdings in the hydrogen sector include Alteryg Systems, Hydrogenious Technologies, ZEG Power, ERGOSUP, HyET and Plug Power and previously have included Ballard Power Systems as well as United Hydrogen Group.

Under the terms of the proposed agreement, APV will make a \$4 million investment in Hazer and acquire 4 million unlisted notes and 2.25 million unlisted options in Hazer.

The notes will be unsecured, have a term of five (5) years and will be convertible into ordinary Hazer shares at the 5-day volume weighted average price of Hazer shares at the time of conversion, or a floor price of \$0.20, whichever is higher. The conversion of the notes will be restricted such that no more than \$1.33 million of the notes may be converted in one notice and the notes may not be converted in the first 12 months following execution of definitive documents. The notes will carry 0% interest. Hazer will have the option to redeem the notes prior to their maturity and if this occurs, APV may either (at its option) elect to convert or receive payment for those notes. Where APV elects to receive payment for the redeemed notes, an interest rate of 8% will be applied to those notes accruing from the date of their issue and until repayment.

The options will entitle APV to acquire 2.25 million ordinary Hazer shares for nominal consideration. The options will expire 5 years from the date of their issue and will not be exercisable in the first 12 months following issue.

The transaction will be conditional on receipt of all necessary approvals, including any approvals required under the ASX Listing Rules, the *Corporations Act 2001* (Cth) and the *Foreign Acquisitions and Takeovers Act 1975* (Cth). Subject to receipt of required approvals, a representative of AP Ventures will be invited to join the Board of Hazer Group.

Tim Goldsmith, Chair of Hazer Group commented, "We are delighted to have agreed these indicative terms with APV and look forward to completing the documentation and approvals promptly and welcoming APV to the Hazer Board. The Board and I believe that APV's deep global hydrogen experience will be extremely valuable as we commercialise the Hazer process and progress through scale-up and first commercial operations over the next few years. There is significant global focus on the transition to cleaner energy and cleaner industry, a focus that has accelerated as major economies look to transition from the impact of Covid-19. We expect hydrogen to play a major role in this. We are delighted to welcome APV to Hazer and look forward to working with them closely as we progress through the exciting times ahead."

Andrew Hinkly, Managing Partner of AP Ventures said "We are excited to welcome Hazer Group into our portfolio and to working closely together in the future. The production of low-carbon and low-cost hydrogen is the key to unlocking the global hydrogen economy and we believe Hazer's technology offers a unique and elegant solution. We are very impressed with the team at Hazer and are pleased to be part of the journey as the company scales and commercializes its innovative technology."

The proposed terms are non-binding and remain subject to execution of definitive binding documentation. HZR will provide further updates in due course in relation to the execution of binding documentation.

This announcement has been approved for release by the Board of Hazer Group Limited.

[ENDS]

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 LIMITED

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 methane feedstocks, into hydrogen and high-quality graphite, using iron ore as a process catalyst.

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