

APPENDIX 4C – 30 SEPTEMBER 2022 QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *Hazer continues to systematically develop the first phase testing program at Woodman Point Commercial Demonstration Plant (CDP) to obtain technical data and inform the second phase of operation ahead of the hot reactor installation.*
- *The CDP second phase, to produce hydrogen and graphite, is still targeted for 2023. A plan is in place to expedite procurement activities to deliver a replacement high temperature heat exchanger within the schedule.*
- *Multiple parallel work streams have been initiated to ensure a reactor is available for the targeted 2H 2023 schedule including an alternative design with global engineering leader, Hatch.*
- *The collaboration with Suncor and Fortis on the Burrard-Hazer Hydrogen project in Canada has progressed with completion of Pre-feasibility Study and approval by partners to commence Front-End Engineering & Design (FEED) studies during this quarter. Representatives from Suncor and Fortis visited the Woodman Point Commercial Demonstration Project (CDP) during October to advance collaboration.*
- *Hazer's patent portfolio continues to strengthen with the award of 6 patents during the quarter including 1 key patent in the USA.*
- *Hazer maintains a strong funding position with \$15 million cash at 30 September 2022. AP Ventures a leading global hydrogen investment fund is now a substantial shareholder in Hazer through exercising convertible notes and options.*
- *Mr Glenn Corrie commenced as Chief Executive Officer of the Company on 10 October 2022.*

Hazer Group (ASX: HZR) CEO, Glenn Corrie said:

"Hazer has developed a disruptive carbon abatement technology with wide-ranging application in the fight against climate change and greenhouse gas emissions. I am excited about the possibilities and feel privileged to be leading such a talented team driving our strategic agenda. Our Commercial Demonstration Plant is very well advanced and despite recent fabrication set-back's the team are now focussed on optimising the revised schedule to accelerate the plant being ready for start-up as early as possible in 2023. Concurrently, we are excited to be collaborating with Suncor-Fortis on the Canadian Burrard Hazer Hydrogen opportunity validating the attractiveness of our technology and at the same time demonstrating the scale-up to near-commercial quantities. I'm delighted to be onboard and working with the Board, the Hazer team and all our stakeholders to drive shareholder value creation"

PERTH, AUSTRALIA; 27 October 2022: 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 September 2022.

Key activities undertaken during the quarter are outlined below:

Commercial Demonstration Plant Update

At the completion of the last quarter, Hazer received handover of the Commercial Demonstration Project from our construction contractor, Primero Group. We would like to thank Primero for their efforts in completing the plant during a challenging period and acknowledge the outstanding HSE performance achieved with zero recordable safety incidents.

During this quarter the operations team have progressed testing of the plant equipment in line with the first phase testing program. This testing program is key to be able to obtain technical data regarding the Hazer reactor and other equipment ahead of the second phase of operation. The first phase testing program will continue throughout the next quarter in preparation for installation of the reactor.

On 21 July, Hazer advised that there had been a delay to the arrival of the high temperature heat exchanger equipment due to an issue that arose during fabrication. Whilst this was a surprise due to the simple design of the equipment, a detailed investigation was carried out by expert engineers to determine the root cause of the failure. The investigation determined that the properties of the material supplied did not meet the required specifications. Replacement materials with adequate properties are being expedited and secured from capable suppliers. The replacement heat exchanger is expected to arrive within the schedule for the second phase testing in 2023.

Multiple parallel work streams have been initiated to ensure a reactor is available for the second phase testing. Hazer is monitoring the delivery of the high temperature reactor shell from the supplier whilst also pursuing an alternative reactor design with global engineering leader, Hatch. During the quarter Hazer commenced work with Hatch to include the design and supply of a second reactor for the Woodman Point CDP with initial concept engineering, procurement works, and planning activities progressing. During the upcoming quarter Hazer will look to target having the alternative design available for installation at the CDP for a 2023 start-up. We are delighted to work with Hatch to develop the alternative reactor that will be an improved design based on lower cost and more readily available materials through incorporation of an internal, electrically powered, heating system.

Hazer has incorporated the revised timings for the replacement heat exchanger and delivery of the reactor into the CDP project schedule and is assessing options to optimise (including the potential to accelerate the improved Mark II reactor design) timings in order to be ready for start-up and meet our first production milestones during 2023 as previously advised.



Hazer CDP site at sunset, Woodman Point, Munster WA

Burrard Hazer Hydrogen Project - Suncor-Fortis Collaboration

During the quarter, Hazer continued to work closely with our collaboration partners to progress activities on the Burrard Hazer Hydrogen Project. This project is the next key milestone in Hazer's growth strategy of accelerating the commercial scale-up of our leading-edge decarbonisation technology. The development of the Burrard Hydrogen Project along-side industry leaders and in parallel to the CDP allows the project to benefit from ongoing design and technology advancements enabling the fast-track scale-up of the technology 25 times, from the 100tpa CDP to near commercial quantities of up to 2500tpa, at Burrard, in a more compressed timeframe

The Hatch alternative reactor design will also be demonstrated as a prototype reactor at Suncor Energy's Burrard Terminal site located in Port Moody, British Columbia as part of the collaboration with Suncor and Fortis.

The initial high-level schedule for the project targets a final investment decision (FID) in 2023, with operations targeted to commence in 2025. The Burrard Project is being developed utilising Suncor's Asset Development and Execution Model (ADEM). This is a gated project development methodology that drives excellent project development and delivery. In July, the Burrard Project successfully passed Milestone 1 of the ADEM process

with approval from the project partners to commence Front-End Engineering and Design (FEED) study works and the various detailed engineering works to be carried out by Hazer with respect to the development of the prototype reactor designs.

During October, the Suncor-Fortis Project team visited Perth, saw the CDP and discussed progress towards the projects next decision milestones.



24 Oct 2022 - Suncor & Fortis visit CDP following completion of construction and first phase testing

Research & Development

Hazer research and development effort is focussed across four key workstreams in catalyst development, carbon market development, technical development strategy and IP. Across the last quarter catalyst development has advanced with preliminary performance testing of the catalyst intended for use in the CDP beginning at the University of Sydney. These results will inform the CDP hot operation by developing performance operating envelopes for the plant. Further ongoing catalyst research is also planned to help identify and source suitable catalyst depositions for future plants, including the Burrard project.

In carbon market development Hazer continues to progress studies under our arrangement with the Innovative Manufacturing Cooperative Research Centre. Our contract with the IMCRC has been extended until the end of 2022 to consolidate outcomes and identify avenues to accelerate new and existing collaborations with potential market industries, including energy storage, water purification, steel manufacturing, and construction sectors. Life-cycle assessment (LCA) of the Hazer process and carbon materials is underway to quantify the low-emission potential and identify the high-impact emission reduction pathways of the Hazer carbon. Insights from this LCA and market assessments will identify opportunities that have significant environmental benefits and are also commercially relevant to Hazer.

The technical development strategy that underpins development of the Hazer technology towards commercialisation is being strengthened. The strategy is focused on the key novel areas of the Hazer process to ensure the required information for commercial scale is obtained and risk mitigation strategies are in place. Resources are being increased to ensure the team can capture and drive adequate technical knowledge gain through the CDP, the Burrard-Hydrogen project and other standalone studies and test rigs.

During the quarter, Hazer achieved the acceptance or grant of 6 patent applications. This includes being advised that we had secured the award of a key patent in the USA with receipt of a Notice of Allowance for our patent Application No. 15/563430 "A Process for producing hydrogen and graphitic carbon from hydrocarbons".

The Hazer portfolio is comprised of 4 patent families across at least 25 jurisdictions. 64% of the Hazer portfolio is now accepted or granted in line with expectations. Given the progress that is being made, and the number of applications that Hazer has accepted and granted, Hazer can now use the granted applications to accelerate acceptance of the remaining pending applications in the Hazer portfolio. This is excellent news and continues our success in prosecuting our intellectual property protection strategy through a combination of patent protections, trade secrets and know-how.

Corporate Commentary

As of 30 September 2022, the Company held cash reserves of \$15.1 million, including \$5.4 million of cash relating to Australian Renewable Energy Agency (ARENA) grant proceeds, available to the Company when certain milestone conditions are satisfied. Hazer incurred net operating cash outflows of \$2.31 million during the quarter.

Cash used for investing activities totalled \$2.6 million, incurred on the CDP for engineering and key equipment packages. These costs are expected to be eligible for the R&D tax incentive rebate in FY23.

During the quarter, net cash inflows from financing activities were \$2.0 million relating to the drawdown from existing Senior Secured loan facilities held with Mitchell Asset Management.

As required by ASX Listing Rule 4.7C3, the Company notes that \$0.05 million was paid to related parties during the quarter (as noted in section 6 of the attached Appendix 4C). These payments were salaries, fees and superannuation paid to Directors

During the quarter, AP Ventures, a leading hydrogen investment fund, exercised their convertible note to become a substantial shareholder of the Hazer Group. Hazer welcomes AP Ventures as a substantial shareholder which is strong validation of our technology and growth outlook.

On the 10th October Mr Glenn Corrie commenced as Chief Executive Officer of the Company. The Company also advises that its Chief Financial Officer and Company Secretary, Romolo Santoro, has resigned. On the 26th October, Harry Spindler was appointed as the new Company Secretary. The Company has commenced a search for a replacement CFO.

Corporate Access

Newly appointed CEO, Glenn Corrie, and some of the team will be conducting meetings in both Sydney and Melbourne to introduce himself to shareholders during weeks 7th and 14th November coinciding with COP27. If you would like to meet, please contact Hannah Howlett below.

Authorised for release by the Board of the Company.

[ENDS]

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.

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

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