

HAZER OPERATIONS UPDATE

- **Commercial Demonstration Plant ("CDP") remains on schedule for start-up in H2 2023**
- **Special Metals Wiggin Ltd have been engaged to supply the replacement heat-exchanger materials**
- **Two reactor technology options now underway with world-class suppliers mitigating risk to CDP start-up and accelerating technology development**
- **Studies for the Burrard 2,500tpa plant are progressing well in close collaboration with partners Suncor/Fortis**

PERTH, AUSTRALIA; 19 December 2022: Hazer Group Limited ("Hazer" or the "Company", ASX: HZR) is pleased to provide the following update regarding the Company's operations.

The Company confirms that the Commercial Demonstration Plant remains on-schedule to commence the second phase of its operation ('hot operations'), to produce hydrogen and graphitic carbon, in H2 2023. The key enabler for the transition to hot operations is the delivery and installation of the reactor and heat exchanger equipment which has received significant attention from the Hazer team to ensure it will be ready for its H2 2023 second phase start-up (RFSU) schedule.

Commercial Development Plant

Further to the announcement of 21 July 2022, replacement heat exchanger equipment has been ordered with Special Metals Wiggin, a world leader in the invention, production and supply of high-nickel alloys for critical engineering. Hazer has visited the production facility in the UK and met with suppliers to share lessons learnt from the previous material failure and to agree technical specification and commercial terms.

As previously announced, Hazer has also developed multiple reactor technology options and now engaged two highly qualified tier-1 suppliers to ensure alternative reactor technologies will be available for CDP operation, risk mitigation and to also accelerate ongoing technology development required for the commercial phase of scale-up.

Hazer is accelerating an alternative reactor design from global engineering leader, Hatch, which is based on the same improved technology concept that Hatch is already adopting in the Burrard Project being progressed in Canada. Initial design, concept engineering, procurement works, and planning activities are progressing as planned and align with the CDP schedule requirements for H2 2023.

In addition to the Hatch reactor and following extensive market assessment with tier-1 suppliers, Hazer has, in parallel, engaged Forgiatura Morandini ("FM") to manufacture the specialised materials for the existing hot-wall design which was initially being fabricated in China. Forgiatura Morandini is a leading industrial engineering group based in Europe specialising in the manufacture of forgings made of steel, alloys and other specialty metals serving global heavy industries including oil/gas, nuclear and power generation.

The delivery of both reactors and the replacement heat exchanger align with the CDP schedule requirement for H2 2023. The additional reactor scope is estimated to add incremental expenditure of \$1-2mIn to the project budget and is phased against fabrication milestones.

As we are making firm progress on two alternative reactors with reputable suppliers the contract with the previous reactor material supplier has now been terminated due to equipment being unlikely to meet the required material and schedule specification. The financial exposure to Hazer of the contract termination and accounting for obsolete equipment is not material.

In the interim, the first phase testing program continues to obtain technical data and de-risk operations in preparation for the installation of this equipment prior to the transition to hot operations.

Burrard Hazer Hydrogen Project – Canada

The enhanced focus on the CDP hot plant equipment has provided valuable engineering data for future scale-up designs including the 2,500tpa Burrard Hazer Hydrogen project in Canada. The team is also making significant progress on the Burrard Prototype Project including commencing the design of the balance of plant equipment. Additionally, the study for the Burrard 2,500tpa plant is rapidly progressing with close collaboration with partners Suncor/Fortis being a highlight of recent months.

The focus is on strengthening the 2,500tpa design in the same key areas of process and technology development while considering the opportunity for further increased scale as anticipated by future commercial requirements from Suncor and Fortis. The timeline is unchanged for the Burrard Hazer Hydrogen Project, with FID anticipated by end 2023.

Glenn Corrie, Chief Executive Officer of Hazer Group, said, *“We are continuously looking for opportunities to accelerate our strategic roadmap while at the same time managing the challenges and inherent risks associated with technology development and scale-up. Developing multiple and parallel reactor workstreams and utilising tier-1 suppliers for our specialty equipment is an example of this and is fundamental to the successful execution of our strategy. I’m confident we have developed a robust plan to deliver our CDP start-up in 2023 and the scale-up thereafter by having the adequate contingency planning in-place. The world’s climate change problem is real and having a unique low-cost, low-emissions Hydrogen technology positions Hazer as a serious player in this market. Therefore, it’s imperative for us to drive our strategy with pace to deploy it at commercial scale in our target markets as soon as possible.”*



Figure 1: Hazer personnel witnessing forging press operation during FM production facility tour in Europe

Authorised for release by the Board of the Company.

[ENDS]

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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