

APPENDIX 4C – 30 JUNE 2023 QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *The Commercial Demonstration Plant (“CDP”) is progressing on schedule to commence hot operations in 2H 2023. Procurement of the heat-exchanger and reactor have progressed well, significantly de-risking schedule*
- *Replacement heat-exchanger materials (800HT) arrived in Australia and final fabrication is advancing in-line with the delivery schedule.*
- *Hot wall reactor materials successfully forged, and heat treated, achieving a significant manufacturing milestone. All quality inspections passed, and reactor shell is in transit to Australia to commence final fabrication.*
- *Signed MOU with Chubu Electric and Chiyoda for first Hazer facility in Japan and extended collaboration with ENGIE in Europe for commercial scale Hazer facility in France.*
- *FortisBC and Hazer assume joint operatorship of the Burrard 2,500 tonnes per annum (tpa) hydrogen project in Canada from Suncor Energy.*
- *Receipt of a \$9.45 million R&D cash refund in April enabled the Company to discharge its remaining ~\$4.5 million R&D loan facility.*

PERTH, AUSTRALIA; 10 July 2023: 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 June 2023 (“the Quarter”).

Discussing quarterly results, Hazer Managing Director Glenn Corrie said: *“Hazer had another strong quarter making material progress on the critical path work scope of our CDP which remains on track for start-up in 2H 2023. The procurement of the replacement heat exchanger and hot wall reactor has gone to plan significantly de-risking the start-up schedule. In Canada, I’m confident that recent changes to the partnership will enable a more streamlined project that leverages the benefits of our CDP and technology scale-up that will deliver a world-first project in North America.*”

Hazer’s technology is industry leading, demonstrated by further growth in our international portfolio to include collaboration with Chubu and Chiyoda as well as the extension to our arrangement with ENGIE which is testament to the immediate advantages that our technology can provide customers and their decarbonization strategies. Recognition by the EU that Hazer is a low emissions hydrogen production technology is a strong endorsement of the differentiated offering we can provide and almost certainly a door opener for further opportunities world-wide.

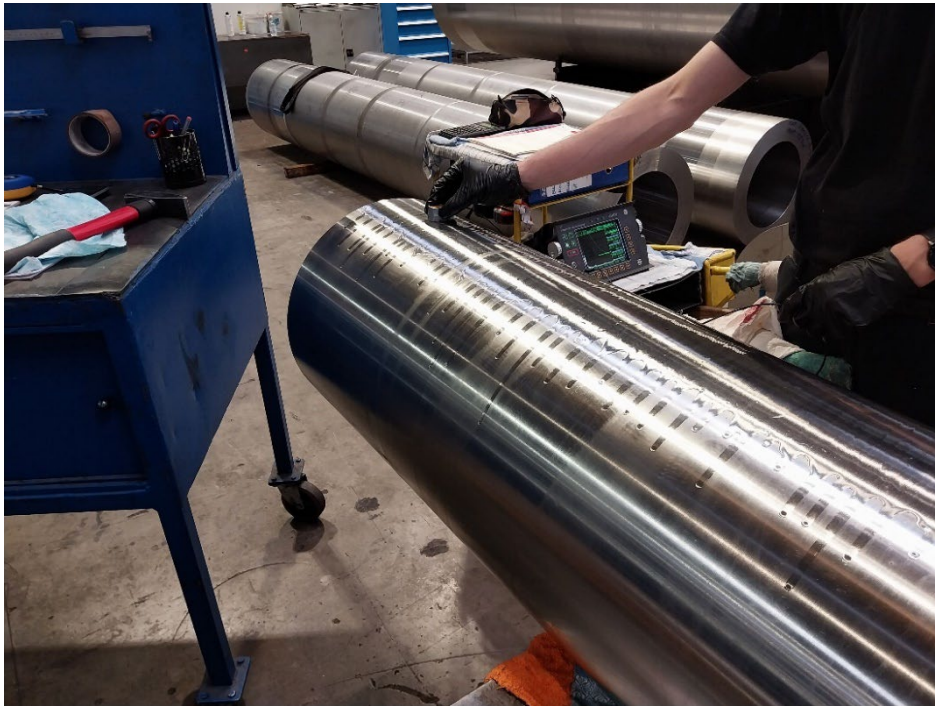
He continued: *“Hazer technology is disruptive in today’s hydrogen market and continues to be sought out by Tier-1 organizations. As we shared at our recent Strategy Update, our strategy of demonstrating commerciality while gaining first mover advantage in markets that require a near-term, low-cost decarbonisation solution is on-track.”*

Key activities undertaken during the Quarter are outlined below:

Commercial Demonstration Plant (“CDP”) Update

The Company’s CDP continues to progress on schedule to complete its Phase 2 (‘hot operations’) construction and commissioning and achieve Ready For Start Up (“RFSU”) in 2H 2023. Significant progress was made during the Quarter on the procurement of the reactor and heat exchanger equipment. Delivery of the replacement heat exchanger and piping materials has progressed, and the high temperature alloy material (800HT) supplied by Tubacex has arrived in Australia where final fabrication is ongoing, accelerating and de-risking the Phase 2 construction schedule.

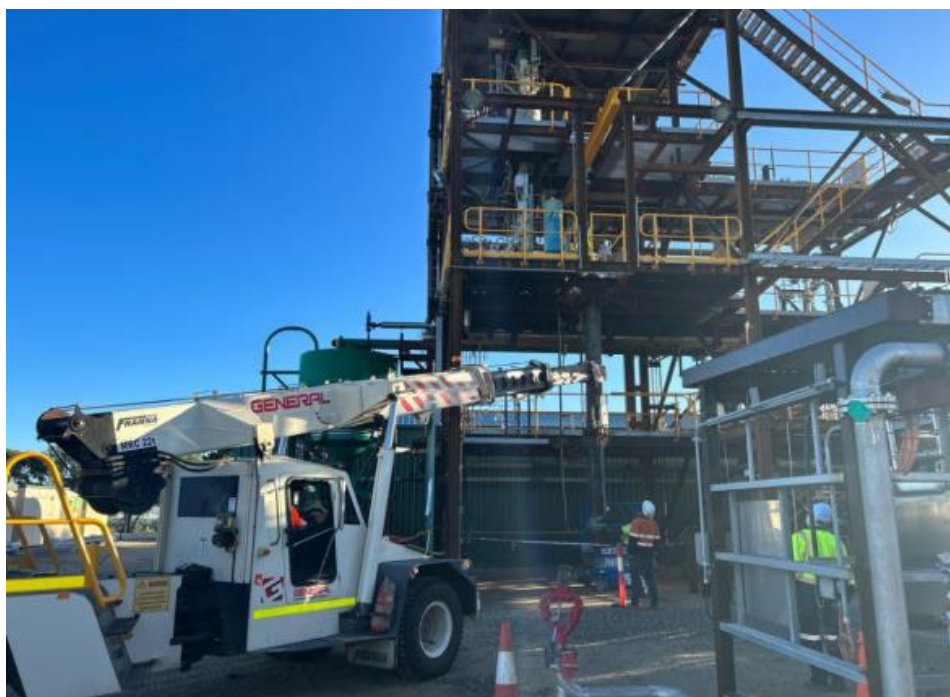
The hot wall reactor materials forgings and heat treatment were successfully completed at Forgiatura Morandini and have passed all quality inspections. Final detailed machining was completed during June and shell materials are currently in transit to the Callidus workshop in Australia for final fabrication of the reactor.



Hot wall reactor barrel completed final third-party quality checks before shipping to Australia.

The CDP operations team successfully completed the testing program, including plant debugging and performance testing, ahead of the hot construction phase. The cold operations test program was also completed ahead of schedule, using the replica cold reactor, providing initial baseline data needed for operations.

In preparation for the commencement of the start-up phase, Primero has significantly progressed engineering activities to allow installation of the hot equipment arriving in Q3 2023. The construction crew have been mobilised and commenced the installation of available equipment, including the furnace for the hot wall reactor and the low temperature heat exchanger de-risking the schedule and maintaining priority on hot operations.



Hot construction at the CDP is underway in preparation for the installation of the furnace and hot-wall reactor.

The second heat-exchange material (Inconel 617), a higher specification alloy being supplied by Specialty Metals Wiggin (UK), is also progressing. Manufacturing of these materials is expected to be completed and ready for shipping in 3Q 2023. Hatch continued to make good progress with the improved reactor technology concept during the Quarter which is also being adopted at our commercial scale-up project in Canada. Having a second high-quality heat exchanger unit and reactor available during the lifespan of the CDP supports contingency planning and risk mitigation, as well as the research and technical development strategy enabling the optimization of the plant configuration for commercial scale-up and provides important technical data using alternative material selection.

Canadian Project, British Columbia - Hazer-FortisBC Collaboration

The Hazer-BC Project is based in Vancouver, British Columbia Canada. This commercial plant is being designed to produce up to 2,500tpa of hydrogen and 9,500tpa of marketable graphitic carbon, a scale-up of 25 times on the CDP (~100tpa of hydrogen).

As announced on 10 July 2023, Hazer and FortisBC will be assuming operatorship from Suncor following a corporate portfolio review resulting in their withdrawal from the project MOU effective 31 July 2023. The withdrawal is not related to the viability of the Hazer technology. The project is expected to be minimally impacted by Suncor's withdrawal as FortisBC and Hazer remain firmly committed to the project and will jointly lead the project to Final Investment Decision ("FID").

FortisBC, a leading Canadian energy utility owning significant natural gas, electric transmission and distribution infrastructure will supply the natural gas feedstock to the project and purchase the hydrogen from the facility for blending into the Vancouver natural gas pipeline network in support of British Columbia's Government decarbonisation strategy. Hazer will play a lead role relating to the core Hazer technology components.

Design and engineering work for the 2,500tpa plant and commercial scale reactor remain on track. Wood Group has made material progress on the Front-End Engineering & Design ("FEED") study, which is expected to be completed during August. The commercial scale reactor to be used for the project is the same improved reactor technology being developed by Hazer in collaboration with Hatch for the CDP and is therefore well advanced, with detailed engineering and early procurement to commence shortly.

The projects regulatory approvals received a significant boost during the Quarter after the Canadian Standards group, CSA, advised that existing in-service and commercially available appliances in Canada are suitable to receive a blend of 5% by volume hydrogen in natural gas.

With Suncor's departure from the project, Hazer and FortisBC are working together to identify alternative site locations. As a result, the targeted FID is expected to move from late 2023 to 1H 2024 to allow additional time to identify a new site for the project. Concurrently a review of the schedule has resulted in a more streamlined work-scope that leverages CDP operational performance data and fast-tracks detailed engineering. This enables the project to maintain a target production start-up date of late 2025 / early 2026.

Research & Technology Development

During the Quarter, the Company continued its focus on strategy development, planning and resourcing for key workstreams:

- Process Development – CDP test plan design review to maximise process learnings and reactor scale-up development to optimise design for 10,000tpa hydrogen and larger plant capacities.
- Graphite Market Development – Secure high volume, low complexity offtake prior to optimizing for higher value outlets.
- Catalyst Development – Establish low-cost supply and build fundamental analytical and technical capability to enable optimization and manage quality assurance and quality control.

Progress was in line with expectation, with activities continuing the experimental testing program for the CDP as well as support for the Burrard reactor design to achieve 25x scale-up beyond CDP. Screening work has commenced to evaluate optimal next generation reactor design for further commercial scale-up beyond the Burrard reactor design targeting 10,000tpa and higher single train capacity.

Significant progress was made towards securing additional resources required to accelerate the Research and

Development (“R&D”) strategy including specialist skills to support the Hazer graphite product market development. The next phase of graphite market development work commenced with an initial market application assessment completed to assess potential size and value of applicable markets with multiple potential high-volume outlets identified.

Business Development

During the Quarter, Hazer entered a non-binding Memorandum of Understanding (“MOU”) for a project in Japan and extended collaboration with ENGIE for a project in France.

Hazer, Chubu Electric and Chiyoda Corporation have agreed to work collaboratively to prepare a Project Development Plan for a clean hydrogen and graphite production hub (“the Project”) in the Chubu region of Japan, based on Hazer’s proprietary technology. Chubu Electric Power plans to use the produced hydrogen as a fuel for power generation, and other hard to abate industries, as well as mobility, in the Nagoya area.

The Project’s planned production facility will target an ultimate hydrogen production capacity of between 50,000 and 100,000tpa, planned to be achieved in phases. The initial hydrogen production capacity is currently anticipated to be between 2,500 and 10,000tpa (refer announcement 11 April 2023).

In late May 2023 Chubu Electric and Chiyoda Corporation visited Hazer in Perth to conduct the kickoff meeting for the project, technical discussions, and a site visit to CDP.



Chubu Electric and Chiyoda during CDP site visit

On 9 May 2023 Hazer announced it had extended the existing non-binding MOU with ENGIE SA (“ENGIE”), a French global multi-national utility company, Under the agreement, Hazer and ENGIE have agreed to work collaboratively to prepare the Project Development Plan for a clean hydrogen and graphite production facility based on Hazer’s proprietary technology, located at the existing LNG import and regasification terminal in Montoir-de-Bretagne in France.

The Montoir LNG terminal is owned and operated by ENGIE’s affiliate company ELENGY. The Project is referred to as H₂Montoir. The project’s production facility will have an initial production capacity of at least 2,500 tpa of hydrogen. The produced hydrogen will be used in industrial applications and mobility.

This agreement follows a period of technical information exchange, due diligence and initial market assessment conducted by ENGIE over the course of 2022. ENGIE conducted a Preliminary Feasibility Study (PFS) on the application of the Hazer process at the existing LNG import and regasification terminal in Montoir-de-Bretagne.

As part of the activities undertaken during the PFS stage, preliminary investigations established that hydrogen produced from the Hazer facility will meet the requirements for low carbon hydrogen projects under relevant regulatory frameworks and guidelines as administered by the European Union. This represents a significant legislative and commercial milestone for Hazer process technology.

In early May, Hazer held discussions with ENGIE and ELENGY in France about the project and conducted a joint site visit to the Montoir LNG terminal.



LNG storage tanks (containing 120,000m3 LNG each) at the Montoir LNG terminal.

Corporate Commentary

On 15 June, the Company released a strategy update following recent announcements relating to the CDP progress and its new projects in Japan and France. The Company's strategy is focused on the commercial scale-up and monetisation of the Hazer technology. The webinar and associated presentation material are available on the Company's website.

As of 30 June 2023, the Company had available funds of \$9.3 million. During the Quarter, Hazer had net operating cash inflows of \$6.5 million: receipt of the Company's FY22 R&D tax incentive claim of ~\$9.45 million partially offset by operating cash outflows of \$3.0 million.

The Company's FY22 R&D tax incentive claim of ~\$9.45 million was received from Australian Taxation Office in April which has allowed the Company to discharge its remaining ~\$4.5 million R&D loan facility with Mitchell Asset Management.

Cash used for investing activities totaled \$0.7 million, incurred on the CDP for engineering and key equipment packages. These costs are expected to be eligible for R&D tax incentive rebates in FY23.

As required by ASX Listing Rule 4.7C3, the Company notes that \$0.18 million was paid to related parties during the Quarter (as noted in section 6 of the attached Appendix 4C). These payments relate to salaries, fees and superannuation paid to Directors and CEO.

During the Quarter, the Company announced the appointment of Mr. Glenn Corrie as Managing Director ("MD") following his commencement as CEO in October 2022.

Dr Andrew Cornejo, the Company's Chief Technical Officer (CTO) and co-founder of Hazer Group has decided

to depart Hazer effective July to pursue other opportunities. Andy has been with Hazer since its inception, and we would like to thank him for his outstanding contribution to the company and our technological development. We wish him every success in his next endeavors. Tim Forbes joined Hazer in May 2023 and has been appointed as our CTO to lead the R&D team bringing extensive global technology experience with ExxonMobil and Fortescue Future Industries.

Corporate Access

To organize a meeting with Glenn, please contact Hannah Howlett below to arrange a suitable time.

Authorised for release by the Board of the Company.

[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 graphitic carbon production process. The Hazer Process enables the effective conversion of natural gas and similar methane feedstocks, into hydrogen and high-quality advanced carbon materials, using iron ore as a process catalyst.

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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.

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, Facebook, and YouTube.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

HAZER GROUP LIMITED

ABN

40 144 044 600

Quarter ended ("current quarter")

30 JUNE 2023

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 months) \$ A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	0	0
1.2	Payments for		
	(a) research and development ¹	(753)	(2,800)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs, including research and development staff	(1,409)	(4,797)
	(f) administration and corporate costs	(1,032)	(3,577)
1.3	Dividends received (see note 3)		
1.4	Interest received	221	348
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
	- R&D tax rebate ²	9,449	9,449
1.8	Other (provide details if material)		
	- Net GST received / (paid)	5	6
	- Security deposits received / (paid)	0	4
1.9	Net cash from / (used in) operating activities	6,481	(1,367)

¹ Research and development expenditure in 1.2 (a) is expected to be eligible for the R&D tax incentive rebate.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 months) \$ A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment ³	(682)	(4,485)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	(2)	(21)
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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	(684)	(4,506)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	(20)
3.5	Proceeds from borrowings	0	2,000
3.6	Repayment of borrowings	(4,852)	(4,852)
3.7	Transaction costs related to loans and borrowings	0	(2)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(4,852)	(2,874)

³ Expenditure in 2.1(c) relates to the Commercial Demonstration Plant (Project) construction. Costs are expected to be eligible for the R&D tax incentive rebate when the asset becomes ready for use.

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 months) \$ A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at the beginning of the period	8,337	18,029
4.2	Net cash from / (used in) operating activities (item 1.9 above)	6,481	(1,367)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(684)	(4,506)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,852)	(2,874)
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at the end of the period	9,282	9,282

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	6,498	5,553
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
	- Deposits for bank guarantees	333	333
	- Restricted cash (ARENA grant)	2,451	2,451
5.5	Cash and cash equivalents at the end of the quarter (should equal item 4.6 above)	9,282	8,337

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ⁴	181
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

⁴ Salary, Director's fees and superannuation paid to Directors (\$181k)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$ A'000	Amount drawn at quarter end \$ A'000
7.1	Loan facilities ⁵	0	0
7.2	Credit standby arrangements	0	0
7.3	Other – convertible notes issued	0	0
7.4	Total financing facilities	0	0

7.5 **Unused financing facilities available at quarter-end⁴** 0

7.6 Include in the box below a description of each Facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter-end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$ A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	6,481
8.2	Cash and cash equivalents at quarter-end (Item 4.6)	9,282
8.3	Unused finance facilities available at quarter-end (Item 7.5) ⁵	0
8.4	Total available funding (Item 8.2 + Item 8.3)	9,282
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)⁶	N/A

⁶ Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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.

Date: 10 July 2023

Authorised by: By the board.
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.