

Annual Report 2021

Pure Hydrogen Corporation Ltd
ABN: 27 160 885 343




H₂

Company Highlights



Pure Hydrogen

zero emission



💧 Pure Hydrogen is establishing a growing hydrogen business based on a combination of hydrogen sales, delivery, production and partnerships.

💧 Pure Hydrogen was formed following the merger between Real Energy and Strata-X Energy completed on 17 March 2021.

💧 The Company is well-funded with \$10 million cash to advance its portfolio of projects in Australia and Botswana.

💧 Pure Hydrogen's gas portfolio in Australia and Botswana has a total 11.8 TCF (1,200 PJ) of Prospective Gas Resources, 920 BCF (966 PJ) of 3C and 477 BCF (500 PJ) of 2C Contingent Gas Resources.

💧 Significant partnering opportunities secured throughout the year with numerous Term Sheets and Memorandum of Understanding (MOUs) executed.

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Managing Director's Report



Dear shareholders,

I am delighted to present the annual report for Financial Year 2021 in what, I am sure you will agree, has been another extraordinary year.

For Pure Hydrogen Corporation Limited (PH2), as we became known early in the calendar year following the merge of Real Energy Corporation Limited and Strata X Energy Limited, 2021 is best shaped by ongoing energy transition to renewable energy sources as the world starts to embrace the goal of 'net zero' emissions and the shift away from traditional fossil fuel uses. In 2020, I termed this shift a 'growing chorus'; in 2021, it became more of a rapid acceleration.

In contrast to the green energy revolution, 2021 was a stark reminder that the world today still relies heavily on hydrocarbons as witnessed by the significant increase in oil & natural gas prices. If you are a keen observer of the International Energy Agency and their reporting, as am I, it would seem that this upward trajectory in prices is likely to continue in the near-term.

Observing and understanding these macro trends are important and relevant for Pure Hydrogen's Board and management team as they are somewhat instrumental in shaping the Company's direction and ensuring we have the right asset mix to capitalise on market opportunities and deliver the best commercial outcomes for our shareholders. For Pure Hydrogen, we have an excellent asset mix that gives shareholders exposure to both the renewable energy sector and more conventional energy markets.

It was pleasing to witness our expanded shareholder base and indeed new investors embrace Pure Hydrogen's clean energy growth strategy. The Company raising \$9.6m before costs in March of this year to build up its hydrogen division and expand its coal seam gas (CSG) projects development activities in Australia and Botswana.

Adding substance to our hydrogen division was a priority for the Company. Early in the year, prior to the Court approved merge, the Company signed a term sheet with Liberty Hydrogen to establish a Joint Venture Company ('JV') to develop four large scale Hydrogen Hubs at ports on Australia's East Coast - two in Queensland, one in NSW and one in Victoria.

Together with Liberty Hydrogen, a key focus has been pursuing appropriate approvals from relevant government agencies and port authorities to establish import/export hydrogen terminals at these locations and advance discussions with potential transport partners to tap in international and domestic markets. Pure Hydrogen was a 'first mover' in recognising the future value of these large-scale hydrogen hubs and their development remains very much part of our longer term strategy.

Securing partnerships with technology innovators in the hydrogen sector has also been a focus for the Company in the year. The Company announced a Memorandum of Understanding ('MOU') with Hyzon Motors to collaborate on the development of a network of hydrogen refuelling points in Australia



and the integration of a 'wet hire' of vehicles to customers. Pure Hydrogen is working on a number of opportunities with Hyzon for potential customers.

We also submitted a number of proposals to well-known companies with transport fleets. The proposals included solutions that could deliver fuel savings for a hydrogen fuelled truck versus a diesel truck. Transport is one of the areas that will be the first uses for hydrogen as there are several advantages over batteries and diesel fuels.

The growth and development of our gas portfolio was of equal importance for the Company and our projects are synergistic to advancing our hydrogen assets.

The controlled flow testing of the Venus-1 pilot well was the focus of operations for the Company in Australia this year. Venus-1 is located on Pure Hydrogen's Project Venus within the proven Walloon CSG Fairway and immediately adjacent to gas pipeline infrastructure in the Surat Basin. As at 30 April 2021, Project Venus has 2C Contingent Gas Resources of 130PJ and Best Estimate Prospective Gas Resources of 536PJ, 100%-owned.

The Company was encouraged by the pilot test results which yielded very early gas breakout and increasing gas flows over the controlled draw down period as required to model and predict future gas flow rates and potentially commercial gas flow rates. Post balance date, the Company determined that a stimulation program or horizontal well may be necessary to achieve sustained commercial flows and it is now working with relevant parties on permitting these options.

Two appraisal wells were drilled in the Serowe Gas Project in Botswana, a project of considerable unlocked value with 2.38 TCF of high-grade Prospective Gas Resources. The project has been farmed out to Botala (previously Botsgas) with Pure Hydrogen being free carried on a multi-well drill program. Exploration results thus far have been very encouraging, with one well intersecting thicker interpreted gassy coals than pre drilling estimates.

The Company and Botala agree that there was significant potential in Botswana – a country that has become somewhat dependant on sourcing energy from neighbouring South Africa which lacks reliability. We see the potential to not only develop the Serowe Gas Project, but to also transfer our knowledge to develop a hydrogen business and pursue renewable energy projects in Botswana.

To that end, the Company successfully secured a transaction where Pure Hydrogen will exchange a 21% interest in the Serowe Gas Project for a 19.99% stake of Botala on a post IPO valuation basis. Botala is

planning to list on the Australian Securities Exchange ('ASX') in 2022. Pure Hydrogen will be free carried on its remaining interest of 30% in the Serowe Gas Project.

Pure Hydrogen and Botala also executed a Term Sheet to establish the Serowe Hydrogen Hub renewable energy business targeting 50MW power generation. Hydrogen, solar and other green energy projects are being considered. The Hydrogen hub contemplated for Botswana is expected to be one of the largest in Africa.

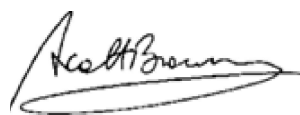
Financial Year 2022 has commenced strongly

As 2022 approaches Pure Hydrogen continues to build on our strategy of advancing multiple clean energy projects concurrently with a focus on Australia and Botswana.

In October the Company announced it will acquire an initial 24% interest in Hydrogen Fuel Cell vehicle company H2X Global Limited ('H2X'), with an option to increase this stake to 48%. In addition to that transaction, the Company is establishing Pure X Mobility Pty Limited as an entity for the development of Hydrogen Fuel Cell-powered Truck and Buses for use in the Australian market. These initiatives are a major step in broadening our hydrogen operations with H2X and Pure X Mobility progress a key focus for the Company this year.

I would like to thank our employees and contractors together with my fellow board members for their tenacity and efforts through the challenges of the year as we focus on transitioning to a clean energy projects.

Finally, I would like to thank our shareholders and other stakeholders for their support this year as we move towards a clean energy future. We believe we are in a strong position to capitalise on the projected growth in the clean energy sector and take advantage of the considerable opportunities in the sector.



Scott Brown
Managing Director



Company Period Highlights

Pure Hydrogen

Pure Hydrogen is focusing on hydrogen as it has the potential to become a reliable source of clean energy and transform the future of Australia's energy roadmap. The most exciting aspect about hydrogen is the many benefits for the environment; used in fuel cells, it produces only water vapour and electricity, and as a fuel, it produces more energy per kilogram than natural gas.

Pure Hydrogen's plan is to rapidly assemble all parts of the value chain during 2021 with the goal to build and develop a large-scale hydrogen business by:

- Progressing the development of Hydrogen Fuel Cell vehicles through our 24% subsidiary (subject to completion) H2X Global Limited.
- Development and sale of Hydrogen Fuel Cell trucks and buses through our newly-formed subsidiary Pure X Mobility Pty Limited.
- Seeking to enter into other agreements with potential end users, or partnerships with businesses that will further support our existing and planned Hydrogen Fuel and Hydrogen Fuel Cell vehicle businesses.
- Securing four east coast port Hydrogen Hubs in a JV with an experienced and well-connected partner in Liberty Hydrogen.
- Securing JVs with hydrogen manufacturing and distribution specialists to build pilot plants at the Hubs.
- Developing a professional team to take advantage of the opportunities in the sector and develop the Company's businesses and projects.

Pure Hydrogen initiatives to fuel the transport industry

The Company has been developing a number of important relationships with suppliers and vendors to create commercial Hydrogen fuel solutions for the conversion to long term agreements which provide hydrogen at a lower cost and less volatile than imported diesel for the transportation industry.

Pure Hydrogen submitted multiple proposals to well-known companies with transport fleets offering solutions that could deliver fuel savings for a hydrogen fuelled truck versus a diesel truck. Transport is one of the sectors that will be the first users of hydrogen as there are several advantages over batteries and diesel fuels.

Building a Hydrogen Fuel Cell Electric Vehicle Capability

Subsequent to the year end, Pure Hydrogen announced that it was expanding its investment in the Hydrogen Sector by entering into a term sheet to acquire an initial 24% interest in Hydrogen Fuel Cell company H2X Global Limited ("H2X"), and establishing Pure X Mobility Pty Limited as an entity for the development of Hydrogen Fuel Cell powered Trucks and Buses for use in the Australian market. The Company has an option to increase ownership of H2X to 48%. Pure Hydrogen and H2X have also signed a preferred supplier agreement for supply of Hydrogen to H2X by Pure Hydrogen.

H2X is an innovator in hydrogen automotive technology and is behind the team bringing the much-heralded Warrego Hydrogen Utility to the Australian market for sale in the first half of 2022. It also has a range of hydrogen powered vehicles and power generating units. H2X focuses on unique Fuel Cell technology and Hydrogen Powertrains for commercial transport operations such as utilities, buses, trucks, vans and prime movers. H2X's first vehicle is the Hydrogen Fuel Cell-Warrego Utility is expected to be available for sale in 1H 2022.

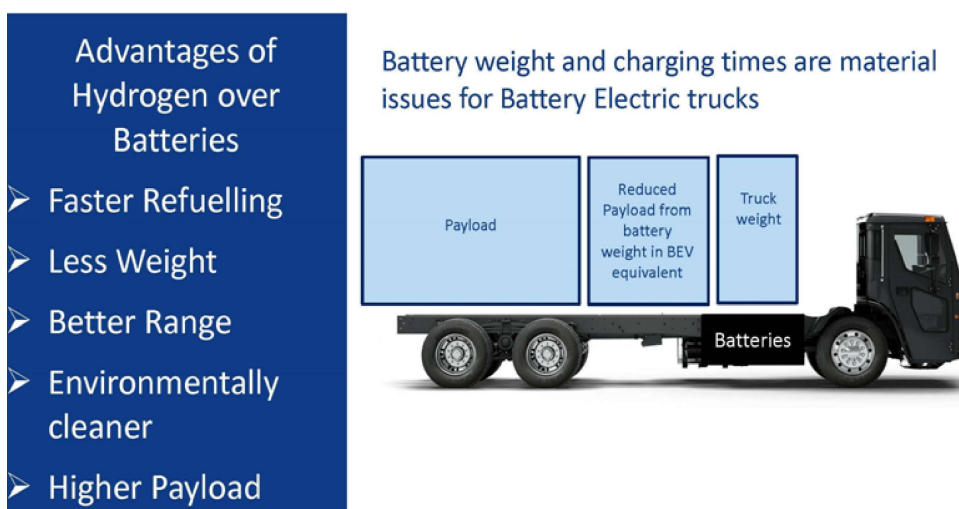


This investment by Pure Hydrogen will underpin the operations of H2X and strongly positions Pure Hydrogen to capitalise on new and evolving hydrogen technology. It also greatly strengthens H2X's capacity to develop a variety of Hydrogen Fuel Cell powered vehicles including Trucks, Buses, Utilities as well as hydrogen powered generators.

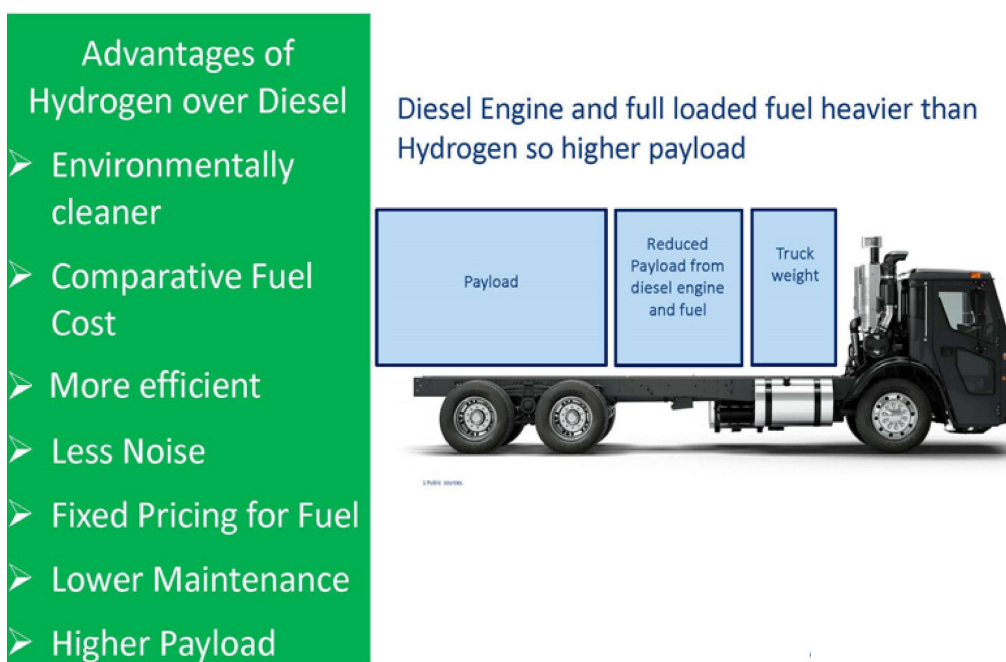
East Coast Hydrogen Hub Approvals Progressing

The Company continues to work on a number of projects including four large-scale Hydrogen Hubs on East Coast Australian Ports two in Queensland, one in NSW, and one in Victoria. Further proposals were submitted to relevant authorities to support development of the East Coast Hydrogen Hubs.

HYDROGEN ADVANTAGES VS BATTERY ALTERNATIVES



HYDROGEN ADVANTAGES VS DIESEL



Waste and Methane to Hydrogen Portable Modules

The Company is advancing a JV to develop waste to hydrogen facilities with work focused on developing a portable solution which could be established at hubs around Australia.

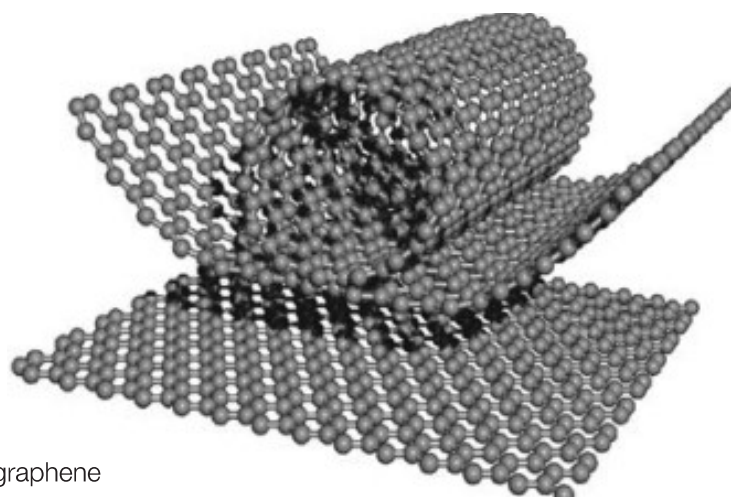
In addition, the Company is developing natural gas-to-hydrogen modules using a plasma pyrolysis process which decomposes natural gas (methane) into hydrogen and solid carbon products. If the process uses electricity from renewable sources, there are essentially no greenhouse gas emissions produced to manufacture the hydrogen.

Mr Andrew Thompson, a processing engineer with 30 years experience was appointed Pure Hydrogen's Hydrogen Production Manager and is working on delivering these projects.



In addition to the hydrogen production the module will also produce **synthetic graphite, graphene flakes and/or carbon nanotubes** and thereby potentially adding substantial value to Pure Hydrogen's 11.1 TCF of methane resources in Queensland and Botswana.

Each methane decomposition module will be housed in a standard 12-metre (40-foot) shipping container and therefore can be fully operational very quickly. Importantly, being standard shipping container size and design, the units can be built and install extra modules almost anywhere there is an adequate supply of methane to support the growing domestic and international hydrogen markets.



Carbon Nanotubes and graphene



Pure Hydrogen's gas resource projects offer significant company growth potential

In addition to the Hydrogen business Pure Hydrogen has three significant gas projects. Pure Hydrogen's Project Venus is located within the proven Walloon CSG Fairway and immediately adjacent to gas pipeline infrastructure in the Surat Basin. It offers relatively low risk and a lot of value with its 694 PJ of Prospective Gas Resources.

Pure Hydrogen's gas portfolio in Australia and Botswana has a total 11.8 TCF of Prospective Gas Resources, 920 BCF of 3C and 477 BCF of 2C Contingent Gas Resources. This presents a substantial opportunity for shareholders.

Pure Hydrogen's gas projects have several things in common:

1. There are significant gas resources including third party certifications.
2. The primary technical risk is finding completion methods to prove commercial gas flows.
3. Proving commercial gas flows is the precursor to predictable reserves increases and substantial company growth.
4. Over the next 12 months, Pure Hydrogen plans to use innovative well completion and enhancement methods designed to prove and deliver commercial gas flows.
5. All three gas projects have ready gas markets.

Gas appraisal and Evaluation Programs have made Significant Progress

The first Pilot well on Project Venus in the Surat Basin was set up for production testing and had encouraging early gas breakout. At Project Serowe in Botswana, the Company is fully carried on a multi-well appraisal & production testing program, with the second of a six well appraisal program in progress. The Company also progressed planning for activities at the Windorah Gas Project in the Cooper Basin. In addition, the Company is continuously reviewing project opportunities that will be accretive and complementary to the Company's skillset and that build shareholder value.



Tenements

The Company tenement holdings at end of 30 June 2021

Project	Location	% Interest	Net Acres
Project Venus	Queensland, Australia	100%	38,054
Windorah Gas	Queensland, Australia	100%	259,460
Serowe CSG	R. Botswana	51%	449,766
ATP 1194PA	Queensland, Australia	100%	255,711
TOTAL			1,003,051





Serowe CSG Project

Features of Serowe CSG Project Republic of Botswana

- Serowe CSG Project is an 881,895 acre (4,572 KM2) coal bed methane project, with a Prospective Gas Resource of 6.08 Tcf.
- Pure Hydrogen Serowe CSG Project farmin partner – Botsgas Pty Ltd, further to the Revised Heads of Agreement, has executed a JOA Agreement to govern operations on the Serowe CSG Project.
- Pursuant to the JOA Agreement, BotsGas will fund up to A\$6.1 million of Serowe CSG Project development costs within 2 years to earn a 49% equity interest in Serowe Project.
- Botsgas was appointed as Operator of the Project Botswana licenses.

The Serowe CSG Project is located in the Kalahari Basin CSG fairway in Botswana Africa. In total, the Project spans 881,895 acres in the heart of the Kalahari CSG Fairway with all tenements' primary exploration terms extending to 2025 and in perpetuity when commercial production is established. Of the Project holdings, 330,000 acres (1,475sq. km) are located within the Company's interpreted CSG high-grade area.

In early March 2020, Strata-X in an effort to realise its considerable shareholder value in the Serowe CSG Project, executed a Heads of Agreement to develop the project with Australia based BotsGas Pty Ltd. Further to the Revised Heads of Agreement, Pure Hydrogen executed a Joint Operating Agreement (JOA) governing operations over the Project with its 49% farmin partner Botsgas Pty Ltd (Botsgas). The JOA grants Botsgas operational control over the project, thereby allowing Pure Hydrogen to focus on its 100% owned projects.

The Serowe Project could provide significant energy to Botswana, which is looking to become an energy independent country and therefore greatly supports the JV activities.

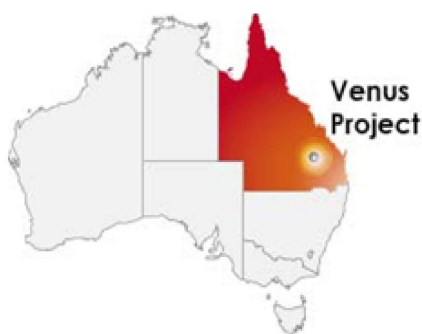
The first two wells, Serowe-2 and 3, of a multi-well appraisal program were drilled. Serowe-2, located was drilled to 450 meters and intersected 9 meters of

Serowe coal in line with pre drilling estimates. Serowe 3 encountered 41 meters of gassy coals. This total coal thickness is more than double the pre drilling estimates. While drilling, free gas was breaking out of drilling fluids on surface.

The processing of a new logging method showed adsorbed gas, free gas and indications of permeability in several of the target coal seams. If the method is successful, it can reduce the number of expensive core holes and analysis normally required to certify reserves, thereby allowing the fast tracking of reserves certification.

With interpreted natural permeability and high gas contents in the thicker coals encountered in Serowe 3, the risk and cost of the commercial development using inexpensive vertical well completions methods and proving a multi TCF coal seam gas field in central southern Africa can be substantially reduced.





Project Venus

Features of Project Venus - Queensland

- Pure Hydrogen has 100% interest on a highly prospective Surat Basin (Australia) Coal Seam Gas (CSG) tenement targeting Walloon coals.
- Project Venus has a 694PJ Contingent Prospective Resource.
- The tenement is surrounded by major CSG producing tenements and covers 154 km² approximately 9 km west of Miles, Queensland.
- A gas pipeline connected to east coast gas markets passes through the tenement offering the potential for early cash flows once the significant gas resources are progressively converted to reserves.
- Venus 1, the first CSG well was drilled to a total depth of 715 meters and encountered multiple coal intervals with excellent gas shows in approximately 25 meters of net coal pay.
- Successful flow test could result in a portion of the contingent resource converted into reserves.

Project Venus ATP2051 is a 100% owned by Pure Hydrogen. Work progressed during the year on the design and preparation for completion and flow test on Venus-1, the first well drilled on Project Venus. A controlled draw down flow test confirmed very early gas breakout estimated at 84,000 cfd. The flow test has been completed and the technical team is evaluating the next steps.

Pure Hydrogen's technical team is very encouraged with the first stage of the pilot program which had an early gas breakout after only a few days. This confirms the very high gas saturations of the target coals (see photos in next page). The next stage of the pilot will require improving the reach of the influx of water into the vertical well.

Engineering modelling of various methods designed to improve reach integrating the results of the flow test to date indicates that commercial gas flows can be achieved. The team is investigating and designing several options for the next stage of the pilot.

The independent review of the Contingent Gas Resources was completed by Sproule International (refer ASX announcement on 4 May 2021) and confirmed that Project Venus contains high quality and very prospective acreage covering 154km² within the

main Walloon Coal Seam Gas Fairway, and close to gas infrastructure including gas pipelines. The Project Venus Contingent Resources are currently classified as Technology Under Development

Proving commercial gas flows at Venus 1 could convert the recently certified 130 PJ of 2C gas resources to 2P gas reserves. Converting contingent gas resources to gas reserves would sufficiently underpin a sizeable gas sales contract to justify development of the Venus CSG field and connection to the nearby gas pipeline infrastructure.

Further upside potential for the Project Venus is the Prospective Gas Resources with Best Estimate Case of over 560 PJ and High Estimate Case of over 675 PJ (refer ASX announcement on 12 December 2019).

The independent review of the data for Project Venus (ATP2051) has the following Contingent Gas Resource on next page.



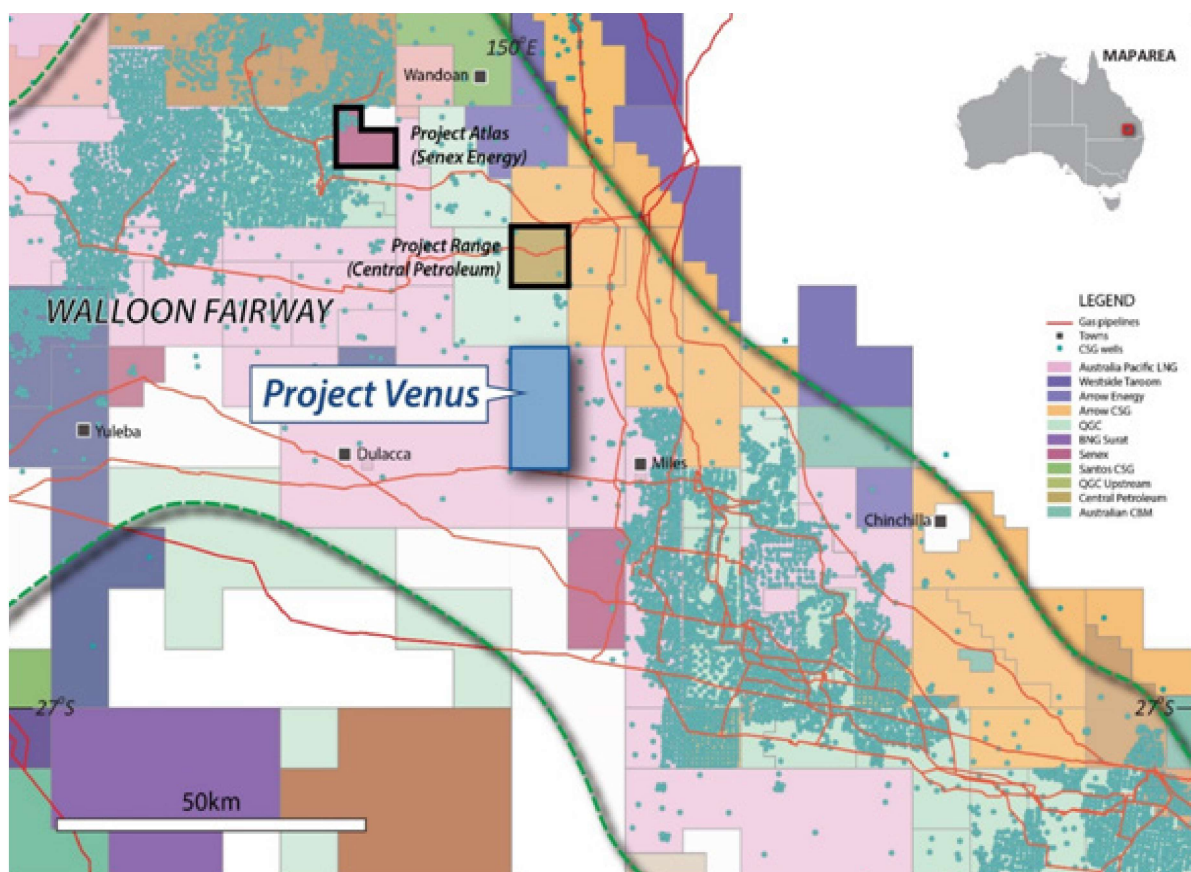
Project Venus	Contingent Resources PJ		
	1C	2C	3C
Walloon Subgroup			
Upper Junandah Coal Measures	87.7	130.3	157.9

Nearby “small” operators include:

- The Ironbark Project was reported sold at \$231 million with reported reserves of 129 PJ¹
- Senex Energy is developing Project Atlas – reported 29 reserves 234PJ²
- Central Petroleum is developing Project Range – reported 2C contingent resources of 270 PJ²

¹ Australian Financial Review 19 February 2019

² Source Company ASX Reports and Company websites



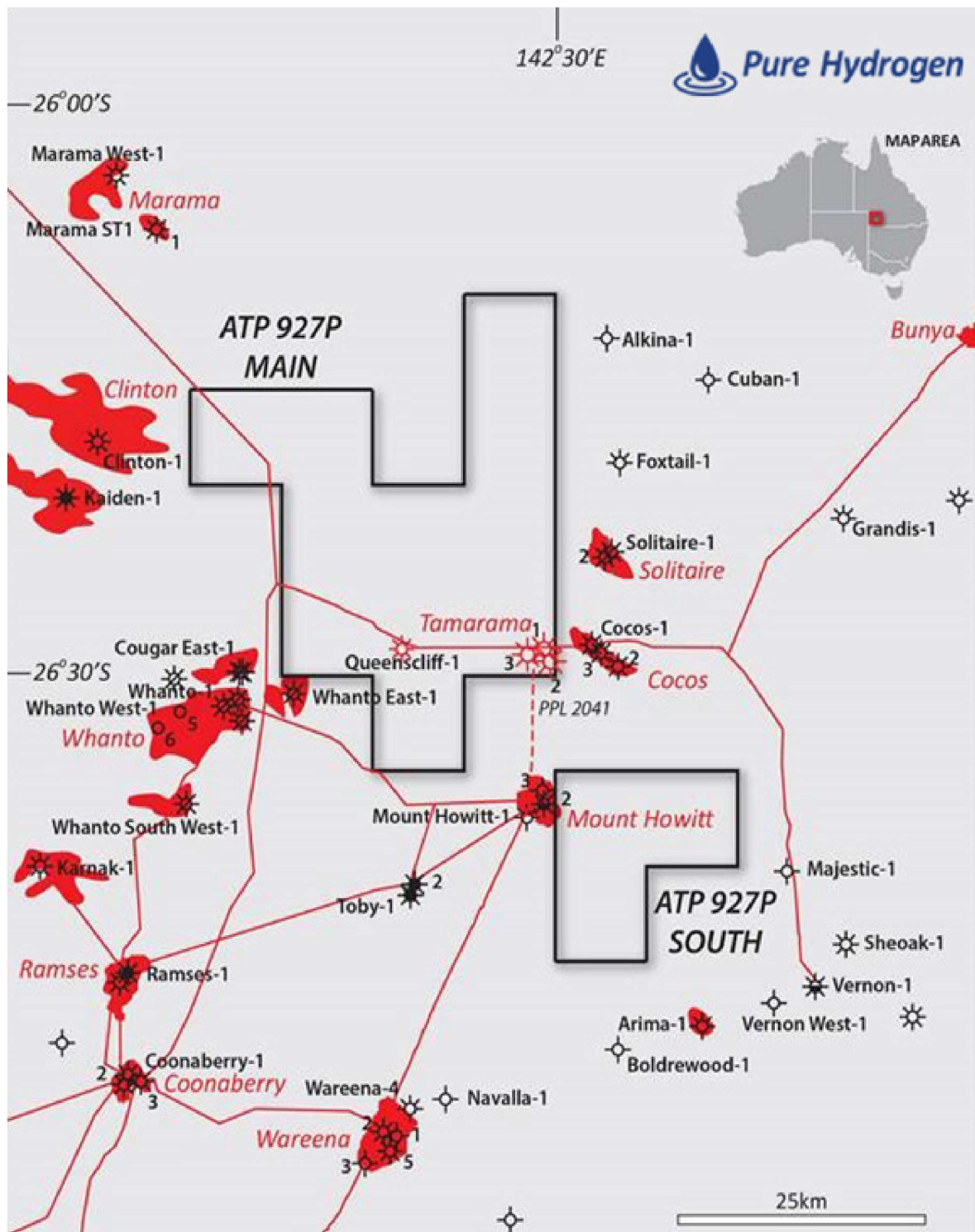
Windorah Gas Project

Features of Windorah Gas Project - Queensland

- 2C gas resources upgrade to 330 Bcf and 3C gas resources upgrade to 770 Bcf from four gas wells drilled – Tamarama 1, 2, 3 & Queenscliff 1.
- Designs of future wells likely to be horizontal (or near horizontal) wells with multi-stage fracs in the upper and middle Patchawarra sandstone units.
- A pipeline license has been granted between the Tamarama area and Mt Howitt.
- Proposed coil tubing enhancements on current vertical wells.

The Company continues to review development options for the Windorah Gas Project. We are also likely to apply for a PCA or retention license for large parts of the Project. We remain committed to securing funding for this project and are exploring all exploring all available options. The current map outline is shown on the next page:





- Estimated are Mean Original Gas-In-Place excluding 2C/3C Resources.
- Gas Volumes are expressed in billions of cubic feet (BCF) at standard temperature and pressure bases.
- Resource estimates independently certified by DeGolyer & MacNaughton (Queenscliff area) & Aeon Petroleum Consultants (Tamarama area)



Directors' Report

The Directors presented their report together with the financial statements of Pure Hydrogen Corporation Ltd (the 'Company' or 'parent entity') and the entities it controlled at end of, or during the year ended 30 June 2021 (the 'Consolidated Entity' or 'Group').

Principal activity

The principal activity of the Company during the financial year ended 30 June 2021 was the exploration, evaluation and development of energy projects. The principal activities expanded to include the planning and development of hydrogen projects during the financial year.

Significant changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial period under review, not otherwise disclosed in this report or the consolidated accounts.

Operating activities and financial position with COVID 19 effect on the operations

The Company recorded a consolidated loss of \$2.8 million including \$0.9 million exploration asset impairment for the year ended 30 June 2021 (FY2020: \$1.5 million loss). This loss is largely attributable to the increases in general and administrative expenses due to one off merge related costs such as legal costs, listing costs and consultant fees incurred during the merge process.

As at 30 June 2021 the Company had total assets of \$23.5 million including \$10 million in cash. The Company's exploration, evaluation and development assets increased \$11 million to \$13 million as at 30 June 2021 which resulted from the acquisition of Real Energy's oil and gas assets in Queensland. The Company's expenditure on exploration, evaluation and development during the year was \$1.5 million in Project Venus (FY2020: \$0.6 million).

The Company is implementing its response to the COVID 19 pandemic in line with focus on prioritising the safety and welfare of its staff, contractors and their families; and assessing, monitoring and managing risks to the continuity of the operation to ensure that the Company is well positioned now and into the future once markets and business conditions stabilise. Pure Hydrogen has closed its office and encouraged staff and contractors to work from home, and imposed travel restrictions during this time, and there may be some disruption to our work program due to States and Federal Governments Public Health Orders restrictions.



Likely Developments and Expected Results

The Company will continue to undertake its activities described in this report with major emphasis on expanding the Company's business through organic growth.

Further information as to likely developments in the operations of the Company and the expected results of those operations in future years have not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Company.

Dividend

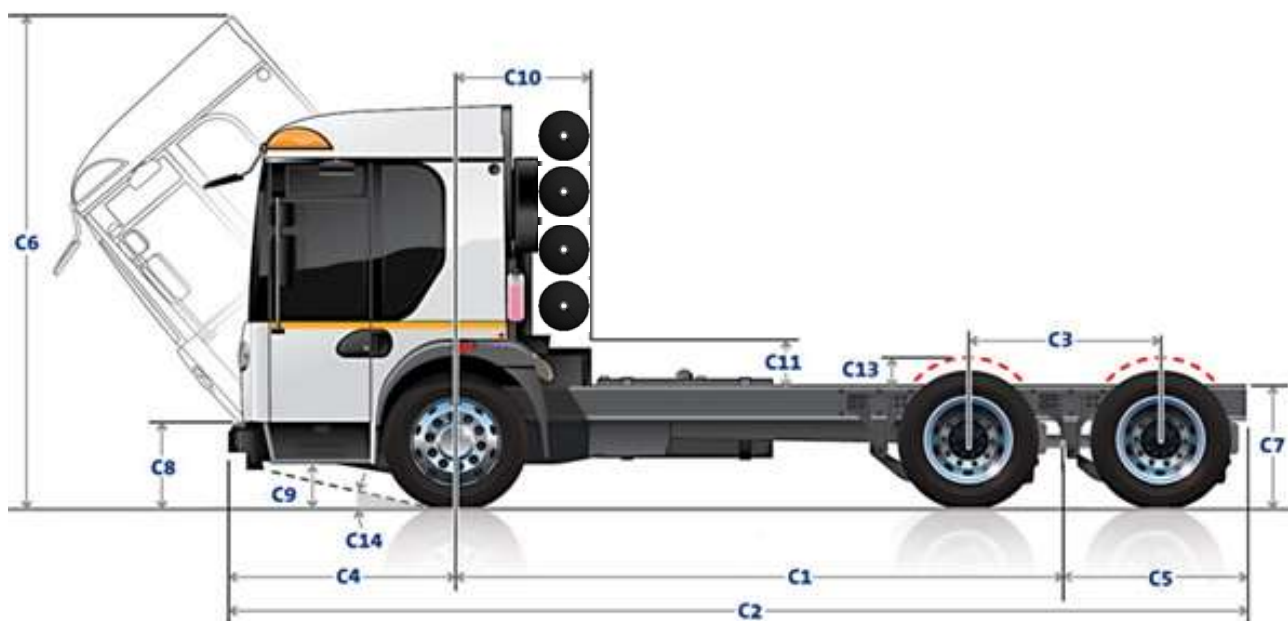
The Directors do not recommend the payment of a dividend and no dividends have been paid or declared or paid by the Company concerning the financial year ended 30 June 2021 (FY2020: \$nil).

Events subsequent to balance date

The impact of the COVID 19 pandemic is ongoing. It has changed certain aspects of the business and the way of business is conducted. During the reporting period, the Company continues to mitigate and protect against the COVID-19 pandemic by monitoring and assessing information relating to the pandemic, and acts on the advice from government and regulatory authorities. The Company is committed to maintaining the health, safety and security of the Company's employees, contractors and consultants and all measures around health requirements.

For the year ended 30 June 2021, though it has affected the Company's operations, however it has not materially impacted the Company. The Company will continue to monitor any future consequences due to the potential uncertainty in the future.

Apart from these matters raised, no matters or circumstances have arisen since the end of the financial year which has significantly affected or could significantly affect the operation of the consolidated company in future financial years.



Directors

The names and particulars of the qualifications and experience of the directors in office during and since the end of the financial year, unless otherwise stated, are as follows:

Ron Prefontaine

(Non-Executive Chairman)

B. Sc (University of British Columbia Vancouver, Canada)

Ron Prefontaine has over 40 years of experience in the oil and gas industry, and is the Chairman of Pure Energy Board of Directors. Between 2001 and 2011, he was an Executive and Managing Director of two successful Australian Securities Exchange listed companies, Arrow Energy and Bow Energy. Arrow Energy was taken over in 2010 for \$3.5 billion and Bow Energy in late 2011 for \$550 million. Ron received his BSc in Geophysics from the University of British Columbia in 1979. His strengths are asset growth recognition and the management of corporate growth. In 2009 Ron received a lifetime achievement award in recognition to his services to the Australian petroleum industry.

Scott Brown

(Managing Director appointed 17 March 2021)

B. Bus (University of Technology Sydney)

M. Com (University of New South Wales)

Member of the Institute of Chartered Accountants and the Petroleum Exploration Society of Australia

Scott has over 25 years' experience as a director and executive with extensive background in finance and management in public companies. Prior to Pure Hydrogen, Scott was instrumental in the listing of several companies on either US or ASX including Real Energy (ASX: RLE) and Objective Corporation (ASX: OCL). Scott is currently a non-executive director of Trisil Group Limited (ASX: SHI).

Scott was the CFO of Mosaic Oil NL (ASX: MOS), a public Australian company with an extensive range of oil and gas and production and exploration with interest in QLD, New Zealand and offshore WA. During his time at Mosaic, Scott was involved in the acquisition of production properties and the growth of its business and profitability with the companies, and was instrumental in putting together a Scheme of Arrangement with AGL Energy Ltd to acquire Mosaic for consideration of \$142 million.

Scott was also formerly the CFO, Company Secretary and chairman/director with a number of public companies including Turnbull & Partners Limited, Allegiance Mining NL, FTR Holdings Limited, Garratt's Limited, RPM Automotive Group Limited (ASX: RPM). Scott also worked at accounting firms, Ernst Young and KPMG.

Dang Lan Nguyen

(Non – Executive Director appointed 17 March 2021)

B.Sc. (Baku, Azerbaijan)

M.Sc. - Geology (University of New England)

Member of the Petroleum Exploration Society of Australia and the Society of Petroleum Engineers

Lan is a professional petroleum geologist and engineer with over 25 years' experience in petroleum exploration, development and production in Australia and internationally including 15 years at Mosaic Oil NL, transforming Mosaic to a successful company as Managing Director with growing production revenues, petroleum reserves/resources and profitability. Lan is credited with the discovery and development of many oil and gas fields in the Surat-Bowen Basins through his innovative introduction of various exploration, drilling and completion technologies to Australia.

Lan was the co-founder of Real Energy and is currently a principal/director of Tanvinh Resources Pty Limited and Latradanick Holdings Pty Limited, which provide services to energy and resources companies in Australia and Asia-Pacific region.



Company Secretary

Ron Hollands

(appointed 17 March 2021)

B. Bus (University of Technology, Sydney, Australia)

MBA (MGSM, Australia)

Grad. Dip Corporate Governance (CSA)

Member of the Institute of Chartered Accountants

Ron is a Chartered Accountant, a Registered Tax Agent and Self-managed Superannuation Fund Auditor and holds a Certificate of Public Practice. Ron has over 30 years' experience in a range of industries including professional practice, financial services and real estate. Ron is currently also the company secretary of Farmaforce Ltd (ASX: FFC) IQ3Corp Ltd (ASX: IQ3), IQX Ltd (NSX: IQX), the IQ Group Global Ltd (NSX: IQG) and Ashley Services Group Ltd (ASX: ASH).

The following Directors ceased being Directors during the year

Bohdan (Don) Romaniuk

(Non-Executive Director, resigned 17 March 2021)

Greg Hancock

(Non-Executive Director, resigned 17 March 2021)

Duncan Cornish

(Director and Company Secretary, resigned 17 March 2021)



Indemnifying of Officers

During the financial year the Company paid premiums to insure all directors and officers of the Company against possible claims brought against the individual while performing services for the Company and against expenses relating thereto, other than conduct involving a willful breach of duty in relation to the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any of those proceedings. The Company was not a party to any such proceedings during the year.

Remuneration Report

This remuneration report which formed part of the Director's Report, sets out information about the remuneration of Key Management Personnel (KMP) of the Group. The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any directors (wherever executive or otherwise) of the Group.

Remuneration policy

The board's policy for determining the nature and amount of remuneration for Key Management Personal (KMP) of the consolidated entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors was developed by the remuneration committee and approved by the board. All executives receive a base salary (which is based on factors such as length of service and experience) with reference to market conditions and comparisons and superannuation guarantee required by the government. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the consolidated entities strategic objectives and deliver sustainable total shareholder returns.

The board's policy is to remunerate non-executive directors at market rate for comparable companies for time, commitment and responsibilities. The remuneration committee determine payments to the non-executive directors and review their remuneration annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.



The remunerations for each KMP of the Company during the year were as follows:

FY2021	Cash remuneration		Non Cash remuneration	Total
	Short term remuneration	Long term remuneration		
Name (KMP)	Salaries/fees***	Super contribution	Share based payment	
	\$'000	\$'000	\$'000	\$'000
Ron Prefontaine	14	-	-	14
Scott Brown*	87	7	-	94
Lan Nguyen* ^o	24	1	-	25
Ron Hollands*	18	-	-	18
Bohdan Romainuk**	-	-	-	-
Duncan Cornish**	-	-	-	-
Greg Hancock**	-	-	-	-
TOTAL	143	8	-	151

* Mr Scott Brown, Lan Nguyen and Ron Hollands appointed on 17 March 2021.

** Mr Bohdan Romaniuk, Duncan Cornish and Greg Hancock resigned on 17 Mar 2021.

*** Fees payable inclusive of director fees and consultant fees.

° Consultant services were provided based on normal commercial terms and conditions.

Mr Scott Brown appointed as Managing Director and Mr Lan Nguyen appointed as Non-executive Director of the Company upon completion of the merge, and their Service Agreements in Real Energy Corporation was carried over and became effective from 17 March 2021.

FY2020	Cash remuneration		Non Cash remuneration	Total
	Short term remuneration	Long term remuneration		
Name (KMP)	Salaries/fees	Super contribution	Share based payment	
	\$'000	\$'000	\$'000	\$'000
Ron Prefontaine	-	-	-	-
Bohdan Romainuk	-	-	-	-
Duncan Cornish	-	-	-	-
Greg Hancock	-	-	-	-
TOTAL	-	-	-	-



Directors Interests

Directors' beneficial interests in shares and options at the end of the reporting period were:

Directors	Balance at beginning of year		Movement during the year		Balance at end of year	
	CDIs/Shares	Options	CDIs/Shares	Options	CDIs/Shares	Options
Ron Prefontaine	15,551,951	1,990,000	1,038,334	(100,000)	16,590,285	1,890,000
Scott Brown*	-	-	12,825,695	166,667	12,825,695	166,667
Lan Nguyen*	-	-	7,623,393	-	7,623,393	-
Bohdan Romainuk**	667,826	400,000	(667,826)	(400,000)	-	-
Duncan Cornish**	1,041,557	901,334	(1,041,557)	(901,334)	-	-
Greg Hancock**	40,000	370,000	(40,000)	(370,000)	-	-
TOTAL	17,301,334	3,661,334	19,738,039	(1,604,667)	37,039,373	2,056,667

* Mr Scott Brown and Lan Nguyen appointed on 17 March 2021.

** Mr Bohdan Romainuk, Duncan Cornish and Greg Hancock resigned on 17 Mar 2021.

Board committees

To facilitate achieving its objectives, the Board has established 2 sub-committees comprising board members – the audit committee and remuneration committee. Each of these committees have formal terms of reference that outline the committee's roles and responsibilities, and the authorities delegated to it by the Board.

Remuneration committee

The Board has established a Remuneration Committee and its role is set out in a formal charter which is available in the Corporate Governance Statement.

The Remuneration Committee is responsible for the evaluation of the Board, committee and individual Directors' performance. The Chairman of the Remuneration Committee is not the Chairman of the Board and the Committee consists of two members including one independent Non-executive director and one Non-executive director. At the end of the reporting period, they are Ron Prefontaine and Lan Nguyen (Chairman). It is intended that the Committee will meet when required.

Audit committee

The role of the Audit committee is to assist the Board in monitoring the processes and controls associated with the financial reporting function that ensure the integrity of the company's financial statements. The responsibilities of the Committee are set out in a formal charter which is available in the Corporate Governance Statement.

The Audit Committee Charter sets out the policy for the selection, appointment and rotation of external audit engagement partners.

The Committee makes recommendations to the Board regarding the adequacy of the external audit and compliance procedures. The Committee evaluates the effectiveness of the financial statements prepared for Board meetings. The Committee has the necessary power and resources to meet its responsibilities under its charter, including rights of access to management and auditors (internal and external) and to seek explanations and additional information. The Chairman of the Audit Committee is not the Chairman of the Board and the Committee consists of three members including one independent Non-executive director and two Non-executive directors. At the end of the reporting period, they are Scott Brown and Lan Nguyen (Chairman). It is intended that the Committee will meet at least two times per year or as frequently as required.



Meetings of Directors and committees

The number of directors' and committees' meetings of the Company held during the year ended 30 June 2021 and the numbers of meetings attended by each director are as follows:

Directors	Board Meetings		Audit Committee Meetings		Remuneration & Nomination Committee Meetings	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Ron Prefontaine	3	3	1	1	-	-
Scott Brown*	3	3	1	1	-	-
Lan Nguyen*	3	3	1	1	-	-

* Mr Scott Brown and Lan Nguyen appointed on 17 March 2021.

Employees

The company had four (4) employees at 30 June 2021 (FY2020: two).

Environmental Regulations and Performance

The Company caring for the environment as an integral part of its business and has a statutory obligation to protect the environment areas when conducting exploration and evaluation activities in accordance with the relevant government legislation. During the reporting period, the Company was not aware of any failure to meet its obligations pursuant to any breach of such legislation or regulations.

Shares and Options

Total number of fully paid ordinary shares on issue was 321,222,705 including 309,239,170 CDIs and 30,255,978 unlisted options at the reporting day.

Rounding

The consolidated result has applied to the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Non-audit services

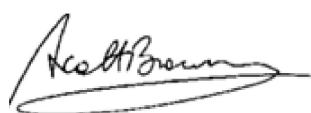
The Board of Directors, in accordance with advice from the Audit committee, is satisfied that the provision of

non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

- All non-audit services are reviewed and approved by the Audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principal relating to auditor independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standard Board.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 26 of the financial report. Signed in accordance with a resolution of the Board of Directors.



Scott Brown
Managing Director
 Sydney, 29 September 2021



Auditor's Independence Declaration



A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
Audit & Assurance Services

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**Auditor's Independence Declaration
Under Section 307c of The Corporations Act 2001
To the Directors of Pure Hydrogen Corporation Limited
ABN 27 160 885 343
And Controlled Entities**

I declare that, to the best of our knowledge and belief, during the year ended 30 June 2021, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

A D DANIELI AUDIT PTY LTD

Sam Danieli

Sydney, 29 September 2021



Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
Continuing operations			
Revenue	2	4	9
Government incentive	2	4	-
Expenses			
Production and operating expenses		(62)	(8)
Accounting & legal expenses		(349)	(145)
Depreciation & amortisation expenses		(2)	(2)
Share-based payments	14(b)	(30)	-
Listing & share registry expenses		(162)	(88)
Employee & consultant benefits & expenses		(661)	(238)
Other operating expenses	3	(675)	(173)
Total operating expenses		(1,941)	(645)
Other comprehensive income		71	128
Profit/(Loss) from activities before income tax		(1,862)	(517)
Income tax expense	4	-	-
Impairment provision	10	(917)	(1,011)
Profit/(Loss) from activities after income tax	15	(2,779)	(1,528)
Total changes in equity other than those resulting from transactions with owners as owners		(2,779)	(1,528)
Earnings per share			
		Cents	Cents
Basic earnings per share	19	(1.55)	(2)
Diluted earnings per share	19	(1.55)	(2)

The statement of Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statements of Financial Position as at 30 June 2021

	Notes	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
Assets			
Current Assets			
Cash & cash equivalents	5	10,100	854
Inventories	6	42	-
Other assets	7	18	-
Trade & other receivables	8	594	1
Total Current Assets		10,754	855
Non-Current Assets			
Property, plant & equipment	9	4	1
Exploration, evaluation & development assets	10	12,796	1,668
Total Non-Current Assets		12,800	1,669
Total Assets		23,554	2,524
Liabilities			
Current Liabilities			
Trade & other payables	11	672	237
Deposit received	11	40	-
Leave provisions	13	148	-
Total Current Liabilities		860	237
Non-Current Liabilities			
Provisions	13	523	994
Total Non-Current Liabilities		523	994
Total Liabilities		1,383	1,231
Net Assets		22,171	1,293
Equity			
Equity contribution	14(a)	75,852	52,744
Reserves	14(b)	503	4,401
Contributed surplus	17	30,060	30,060
Accumulated profits/(losses)	15	(84,244)	(85,912)
Total Equity		22,171	1,293

The statement of Financial Position should be read in conjunction with the accompanying notes.



Financial Statements continued

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2021

Consolidated Group	Contributed equity \$'000	Reserves \$'000	Contribution surplus \$'000	Accumulated losses \$'000	Total \$'000
Opening balance 1 July 2019	52,030	3,771	30,060	(84,372)	1,489
Fair value adjustments	-	-	-	(12)	(12)
Loss for the financial period	-	-	-	(1,528)	(1,528)
Transactions with shareholders issue of shares	714	-	-	-	714
Option issued/exercised	-	630	-	-	630
Balance as 30 June 2020	52,744	4,401	30,060	(85,912)	1,293
Opening balance 1 July 2020	52,744	4,401	30,060	(85,912)	1,293
Loss for the financial period	-	-	-	(2,779)	(2,779)
Acquisition consideration	12,426	-	-	-	12,426
Transactions with shareholders Issue of shares	9,583	-	-	-	9,583
Option exercised/expired	1,099	(3,897)	-	4,447	1,646
Balance as 30 June 2021	75,852	503	30,060	(84,244)	22,171

The above statement of changes in equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows for the Year Ended 30 June 2021

	Notes	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
Cash flow from operating activities			
Interest received		4	-
Other income		4	-
Payments to suppliers & employees		(1,124)	(527)
Net cash (used in) operating activities	25	(1,116)	(527)
Cash flow from investing activities			
Purchases of property, plant & equipment		(3)	(2)
Payments for exploration & evaluation assets		(332)	(369)
Deposit received		15	-
Proceeds from sale of property & equipment		-	69
Proceeds from maturity of investment		-	149
Net cash (used in) investing activities		(320)	(153)
Cash flow from financing activities			
Proceeds from the issue of shares		10,124	1,030
Options exercised		1,099	-
Lease payments		-	(18)
Proceeds from note, payable & related party		-	144
Fund raising expenses		(541)	-
Net cash provided by financing activities		10,682	1,156
Net increase in cash held		9,246	476
Cash & cash equivalents at the beginning of the year		854	378
Cash & cash equivalents at the end of the year	5	10,100	854

The above statement of cash flows should be read in conjunction with the accompanying notes.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

A. Basis of preparation

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Standards Board and the Corporations Act 2001.

The financial information has been prepared on an accrual's basis under the historical cost convention and, except where stated, does not take into account current valuations of non-current assets.

Non-current assets are re-valued from time to time as considered appropriate by the Directors and are not stated at amounts in excess of their recoverable amounts. Except where stated, recoverable amounts have been determined using undiscounted cash flows.

(i) Compliance with IFRS

The consolidated financial statements of Pure Hydrogen Corporation Limited comply with Australian Accounting Standards and International Financial Report Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Comparison figures

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements. Where the presentation of items in the financial statements was amended, the comparative amounts have been reclassified where practical.

(iii) New and amended Accounting Standards and Interpretations adopted

During the year ended 30 June 2021, the Group have adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current financial report period. Any new or amended Accounting Standards or Interpretations that were not yet mandatory have not been early adopted.

(iv) Critical accounting estimates and judgements

The Directors evaluated estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assumed a reasonable expectation of future events and were based on current trends and economic data, obtained both external and within the company. Actual results may differ from these estimates.

B. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by Pure Hydrogen Corporation Limited ('Parent Entity') as at 30 June 2021. Controlled entity is the entity over which the Parent Entity having the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible were considered when assessing whether the Parent Entity controls another entity.

Acquisitions of businesses were accounted for using the acquisition method. The consideration transferred in a business combination was measured at fair value, which was calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquired and the equity interests issued by the Group in exchange for control of the acquired. Acquisition-related costs were recognised in profit or loss as incurred.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies *continued*

At the acquisition date, the identifiable assets acquired and the liabilities assumed were recognised at their fair value, except that:

- (i) deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 and AASB 119 respectively;
- (ii) liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with AASB 2 at the acquisition date; and
- (iii) assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 are measured in accordance with that Standard.

Inter-company transactions and balances, and unrealised gains on transactions between Group companies, were eliminated. Unrealised losses were also eliminated unless the transaction provided evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

C. Going concern

This financial report has been prepared on a going concern basis, which contemplated the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The Directors are satisfied the Company is a going concern, whilst it incurred a total comprehensive loss of \$2.8 million for the year, it has a net asset position of \$22 million and a cash balance of \$10 million as at 30 June 2021 and has no external debt.

At the date of signing this report, the Directors are satisfied that the Company has sufficient cash reserves to enable normal business activities to continue operations and believe that the Company will be able to pay its creditors as and when they fall due. The Directors believe the company will be able to raise further funds when it is required and that it is appropriate to prepare the financial report on the going concern basis.

D. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liability (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies continued

E. Plant & equipment

Each class of property, plant and equipment is stated at historical cost less, any accumulated depreciation. Historical cost included expenditure that was directly attributable to the acquisition of the items.

Plant and equipment are measured on a cost basis. The carrying value of property, plant and equipment is reviewed annually if appropriate to ensure that it is not in excess of the net recoverable amount.

Depreciation

Plant and equipment are depreciated over their estimated useful life using the straight-line method. The principal depreciation rates used are:

Furniture & Fittings	15%
Office equipment	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

F. Trade receivables and payables

(i) Trade debtors

Trade debtors are carried over amounts due less any allowance for doubtful debts. An allowance is raised for any doubtful debts based on a review of all outstanding amounts at the reporting date. Bad debts are written off during the period in which they are identified.

(ii) Payables

These are unpaid amounts for goods and services provided to the Company prior to the end of the financial year. Payables are unsecured and are settled within the time agreed with suppliers.

G. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the relevant taxation authority.
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

H. Cash and cash equivalents

For the purposes of the Statement of cash flows, cash includes:

- (i) cash on-hand & cash on-deposit with banks or financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments with less than 180 days to maturity.

All intercompany transactions and balances are eliminated on consolidation.

Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Parent Entity.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies *continued*

I. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave to be settled within 12 months of the reporting date are recognised, and are measured as the amount unpaid at the reporting date at the remuneration rate expected to apply at the time of settlement, including allowances for on costs if applicable, in respect of employees' services up to that date.

A liability for long service leave is recognised and measured as the present value of future payments to be made in respect of services provided by employees up to the reporting date. Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred. The Company does not operate any defined benefit superannuation plan.

J. Capital risk management

The consolidated entity and Pure Hydrogen's objectives are to safeguard their ability to continue as a going concern and to maintain a conservative capital structure so that management can focus on running its core business together with being an attractive company for shareholders and potential investors.

The Company will consider the most appropriate use of debt and equity to maximise its returns while maintaining a low-risk capital structure.

K. Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Once an area of interest enters a development phase, historical capitalised exploration expenditure is transferred to capitalised development expenditure.

Where the group acquires an area of interest (through direct purchases or merger), expenditures incurred in the acquisition of the area of interest are capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition.

Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred up to the successful completion of definitive feasibility studies or when the production commences.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies continued

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

L. Share based payments reserves and option reserves

The share-based payments reserve is used to recognise the share-based payment expense compensation at the grant date, and record the grant date fair value of share-based payments and other options grants made by the Company.

M. Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the Income Statement is matched with the profit from ordinary activities after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be used, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only where a legally enforceable right of set off exists and the deferred tax assets and liabilities relate to the same taxable entity.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies *continued*

Deferred tax assets are not brought to account unless it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

N. Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

O. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest revenue is recognised using the effective interest rate method taking into account rates applicable to the financial assets.

P. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Q. Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

R. Options issued

Placement Options of 16,215,145 with an exercise price of \$0.45 per option and expiry on 31 March 2023 were issued resulting from the March 2021's Placement.

Total number of 30,255,978 unlisted options are outstanding as at 30 June 2021.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies continued

S. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sells the assets (ie. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which cash transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is de-recognised.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is de-recognised.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies *continued*

(iv) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is de-recognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

- (i) The likelihood of the guaranteed party defaulting during the next reporting period;
- (ii) The proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- (iii) The maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: *Revenue*. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.



Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies continued

De-recognition

Financial assets are de-recognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

T. Critical accounting estimates and judgements

Key estimate

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

(i) Exploration, evaluation and development expenditure

The company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(ii) COVID 19 pandemic

Judgement has been exercised in considering the impact that the COVID 19 pandemic has had, or may have, on the consolidated group based on known information. This consideration extends to supplier, staffing and geographic regions in which the consolidated group operates. Other than as addressed in specific notes, there was not any significant impact for the year ended 30 June 2021. It is uncertain if there is any significant impact with respect to events or conditions which may impact the consolidated group unfavorably as at the reporting date or subsequently as a result of the COVID 19 pandemic.



Notes to the Financial Statements for the Year Ended 30 June 2021

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
NOTE 2. Revenue		
Interest revenue	4	9
Government grants – cash flow boost	4	-
Total	8	9

The Company received \$3,711 cash flow boost payment as part of the COVID-19 incentive support.

NOTE 3. Other operating expenses

Advertising and Marketing fees	172	-
Insurance	70	52
Rent expenses	39	-
Other Expenses	394	121
Total	675	173

NOTE 4. Income Tax

Reconciliation of income tax expense/(benefit) for the year as follows:

Net Profit/(loss) from continuing operations before income tax expense	(2,779)	(1,528)
Prima facie income tax expense on the profit/ (losses) 26% (FY 2020: 27%)	(723)	(413)
Non-deductible items	238	300
Temporary difference	-	(240)
Current year tax losses not brought to account	(485)	(353)
Income tax expense/(benefit)	-	-
Current year tax loss	(485)	(353)
Adjustment for change in tax rate	43,149	43,502
Add previous year's loss	(43,700)	-
Add tax loss results from tax amendments	45,906	-
Total tax losses not brought to account	44,870	43,149



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 4. Income Tax continued

Potential future income tax benefits estimated at \$45 million (FY2020: \$43 million) attributable to Australian tax losses carried forward by the Company and future benefits to exploration expenditure and other timing differences allowable for deduction have not been brought to account in the consolidated accounts at 30 June 2021 because the Directors do not believe it is appropriate to regard full realisation of the future income tax benefits as probable. These benefits will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of sufficient amount to enable the benefits from the deductions to be realised; and
- The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deduction in losses.

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
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NOTE 5. Cash & cash equivalents

Cash at bank	10,100	854
Total	10,100	854

NOTE 6. Inventories

Materials and supplies	42	-
Total	42	-

All inventory items held by the Company are in respect of spares and parts involved in drilling operations and are carried at costs in the current and previous financial years.

NOTE 7. Other assets

Prepayment – Insurance & others	18	-
Total	18	-

NOTE 8. Trade & other receivables

GST refund & other receivables	286	-
Interest & other receivables	308	1
Total	594	1



Notes to the Financial Statements for the Year Ended 30 June 2021

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
NOTE 9. Plant and equipment		
Office equipment	30	27
Less accumulated depreciation	(26)	(26)
Total office equipment	4	1

NOTE 10. Exploration, evaluation and development assets

Opening balance	1,668	1,567
Acquisition from merger	11,663	-
Expenditure incurred during the year	382	101
Impairment provision	(917)	-
Closing balance at 30 June	12,796	1,668

Upon the merger with Real Energy Corporation, the company took over its existing exploration, evaluation and development assets, which mainly included expenditures in the Windorah Gas Project. There have been 4 wells drilled within ATP927 and each has a gas discovery; those wells were plugged, and each is ready for re-entry or for further workover.

During the year, the Company drilled appraisal well Venus-1 followed by simulation, completion and testing. Recent flow testing results indicated a successful gas breakout with high gas saturations of the upper Juandah Walloon target coals. Project Venus has Contingent Gas Resources 2C of 130PJ and Prospective Gas Resources of 536PJ.

At end of the reporting period, a review of the company's project was undertaken and management decided to write down the carrying value of its exploration, evaluation and development assets through an impairment of \$916,673.

NOTE 11. Trade & other payables

Trade creditors	672	237
Sundry creditors / Deposit received	40	-
Total	712	237

NOTE 12. Related party transactions

Disclosures relating to key management personnel compensation are set out in the Remuneration Report.



Financial Statements continued

Notes to the Financial Statements for the Year Ended 30 June 2021

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
NOTE 13. Provisions		
Current provisions		
Current leave provision	148	-
Sub total	148	-
Non-current provisions		
Non-current leave provision	63	-
Rehabilitation provision	450	-
Other provision	10	994
Sub total	523	994
Total provisions	671	994

Leave and rehabilitation provisions were acquired from the merger with Real Energy. The leave provision consists of employee benefits including accrued annual leave and long service leave. For long service leave, it covers all unconditional entitlements where employees have completed the required period of service. The rehabilitation provision is the expected rehabilitation costs for the five drilled wells being - Tamarama-1, 2, 3, Queenscliff-1 and Venus-1.



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 14. Issued capital & reserves

(a) Shares

FY 2021	No. of shares	Contributed Equity \$'000
Existing shares at beginning of the year	112,538,318	52,744
Private placement, 6 October 2020	11,666,667	547
Private placement, 29 December 2020	3,000,000	173
Options exercised, 27 January 2021	808,001	58
Options exercised, 9 February 2021	4,753,002	338
Options exercised, 23 February 2021	4,224,671	300
Issued to Directors, 17 March 2021	1,000,000	-
Options exercised, 17 March 2021	1,112,500	107
Merge issue to RLE shareholders, 17 March 2021	146,189,200	12,426
Private placement, 22 March 2021	32,430,346	9,405
Option exercised, 30 April 2021	3,500,000	295
Balance at end of 30 June 2021	321,222,705	76,393
Issuance costs		(541)
Balance at end of 30 June 2021		75,852

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Upon completion of the merger with Real Energy Corporation (RLE), Pure Hydrogen issued 146,189,200 Chess Depository interests (CDI) in the Company to RLE shareholders at the ratio of every 3 ordinary class RLE shares held to 1 PH2 CDI.

FY 2020	No. of shares	Contributed Equity \$'000
Existing shares at beginning of the year	89,538,318	52,030
Private placement, 2 December 2019	11,100,000	325
Private placement, 2 January 2020	6,900,000	231
Private placement, 8 May 2020	5,000,000	188
Balance at end of 30 June 2020	112,538,318	52,774
Issuance costs		(30)
Balance at end of 30 June 2020		52,744



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 14. Issued capital & reserves continued

(b) Options

There were 5,833,334 unlisted options issued to shareholder who participated in October 2020 Placement as part of the incentive at an exercise price of \$0.12 and expire 30 September 2022.

There were 1,500,000 unlisted options issued to shareholder who participated in December 2020 Placement as part of the incentive at an exercise price of \$0.10 and expire 30 December 2022.

There were 16,215,145 unlisted options issued to shareholders who participated in March 2021 Placement as part of the incentive at an exercisable at \$0.45 and expire on 31 March 2023.

All options were valued by using the Black-Scholes pricing model as following:

	Placement Options issued in Oct 2020	Placement Options issued in Dec 2020	Placement Options issued in Mar 2021
Stock price (p)	\$0.07	\$0.09	\$0.285
Exercise price of option (EX)	\$0.12	\$0.10	\$0.45
Number of periods to exercise in years (t)	2	2	2
Compounded risk – free interest rate (rf)	0.23%	0.20%	0.08%
Standard deviation (annualised σ)	80%	79%	25.30%

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
Option Reserves		
Beginning balance	4,401	3,772
Expiry of options	(4,148)	-
Options granted during the year	250	629
Balance at 30 June	503	4,401

There is a total 30,255,978 of unlisted options on issue 30 June 2021 as below:

	Number outstanding	Exercise price	Expiry date
Options	240,000	CAD \$1.50	22 Sep 2021
Options	30,000	CAD \$1.50	5 Jan 2022
Options	90,000	CAD \$1.50	21 May 2023
Options	140,000	CAD \$1.70	25 Sep 2022
Options	120,000	CAD \$0.083	19 Dec 2022
Options	300,000	CAD \$0.075	6 Dec 2023
PH206	7,500,000	\$0.07	31 Dec 2022
PH208	4,433,333	\$0.12	30 Sep 2022
PH209	1,187,500	\$0.10	30 Dec 2022
PH210	16,215,145	\$0.45	31 Mar 2023



Notes to the Financial Statements for the Year Ended 30 June 2021

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
NOTE 15. Accumulated losses		
Accumulated profit/(losses) at beginning of the year	(85,912)	(84,384)
Expiry of options	4,447	-
Net profit/(loss) for the year	(2,779)	(1,528)
Accumulated profit/(losses) at end of 30 June	(84,244)	(85,912)

NOTE 16. Auditor's remuneration

Remuneration of the auditor of the consolidated entities for:		
Annual audit	29	56
Half year review	15	12
Total	44	68

The Company deregistered as a Canadian company and registered as an Australian company on 28 June 2021. Subsequently, the Company appointed an Australian registered audit company, A D Danieli Audit Pty Ltd as the Company auditor due to Smythe LLP, the previous Canadian audit company not being registered to perform audit services in Australia.

NOTE 17. Contributed surplus

Contributed surplus consists of amounts contributed by the former parents of Strata-X, Inc. over a period of years to fund exploration and development activities. The contribution was considered to be a net investment in Strata-X, Inc. and is classified as equity.

NOTE 18. Contingent assets and liabilities

The Directors are of the opinion that the recognition of a provision is not required in respect of the matter referred to below resulting from the merger with Real Energy Corporation, but disclosure as a possible future outcome that may impact the Company's financial position.

In 2019, Real Energy received an adverse finding for its R&D tax incentive claims for the years ended 30 June 2014, 2015 and 2016. The Company had appealed the findings to the Administrative Appeals Tribunal to seek a determination for the more recent financial years. In a full federal court judgement of *Moreton Resources Limited v Innovation and Science Australia* [2019], it found in favour of the taxpayer and supported our understanding of the law concerning R&D tax incentives. This judgement certainly assisted the Company's case.

Significantly, Innovation and Science Australia has subsequent to year end requested a stay on the AAT proceedings. The Company believes it has fully complied with the Industry Research and Development Act (IRDA) 1986 and is confident in the eligibility of the R&D activities of the Windorah Gas Project located in the Cooper Basin, Queensland.

Real Energy has been paid about \$7.2 million for the R&D Tax Incentive claims for the 2014, 2015 and 2016 financial years and has potential unpaid R&D Tax Incentive claims of about \$6.5 million in respect of years ended 30 June 2017, 2018 and 2019.



Financial Statements continued

Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 19. Earnings per shares

	No. of shares At 30 June 2021	No. of shares At 30 June 2020
Weighted average number of ordinary shares used in calculating basic earnings per share:	178,927,458	100,097,335
Net profit after income tax attributable to shareholders	(2,779,473)	(1,528,344)
	Cents	Cents
Basic earnings per share	(1.55)	(2)
Diluted earnings per share	(1.55)	(2)

NOTE 20. Key management personnel (KMP) compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's KMP for the year ended 30 June 2021.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
Short term employee benefits	143	-
Other long-term benefits	8	-
Total KMP compensation	151	-

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman and non-executive directors as well as salary and paid leave benefits to executive directors and other KMP.

Other long-term benefits

These amounts represent superannuation paid during the year. Further information in relation to KMP remuneration can be found in the directors' report.

NOTE 21. Capital commitments

Petroleum lease commitments

Not later than one year	5,000	-
Later than one year but not later than two years	1,000	-
Later than two years but not later than five years	5,000	-
Later than five years	-	-
Total	11,000	-

The Company has no right-of-use assets for the office premises in accordance with AASB 16 Leases, as the current lease agreement expired on 30 June 2021.



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 22. Financial risk management

The Company's activities expose it to a variety of financial risks, market risk (including interest rate risk, commodity price risk, equity price risk and currency risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital.

The Company at present does not use derivative financial instruments and did not have any derivative instruments during the year ended 30 June 2021 (FY2020: nil).

The Company uses different methods to measure different types of risk to which it is exposed. Risk management is carried out by the Company under policies approved by the Board of Directors. The Board meets on a regular basis and analyses and discusses the current economic climate and forecasts and provides written principles for overall risk management. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Company.

Financial risk exposures and management

(a) Market risks

(i) Foreign exchange risk

The Company had gotten rid of all its assets overseas prior to the reporting period, and remaining assets as cash in bank have been transferred to Australia in July 2021. There is minimal exposure to foreign exchange risk at the reporting date.

(ii) Price risk

The Company does not have any exposure to investment or commodity price risk.

(iii) Interest rate risk – cash flow and fair value interest rate risk

The Company does not have any borrowings and therefore no significant exposure to interest rate risk other than interest it receives on surplus cash invested on deposit. The Company invests in short term deposits and the interest return will be affected by the market rates at the time.

All other assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

At the reporting date, the interest rate profile of the Company's cash and cash equivalent (interest-bearing financial instruments) was \$10,099,744 (FY2020: 854,486) and an increase of 1% in interest rate (decrease of 1%) would have increased (decreased) profit or loss and equity by the amounts shown on next page.

This analysis assumes that all other variables remain constant and the analysis is performed on the same basis as the prior year.



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 22. Financial risk management continued

Impact on profit or loss	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
Interest rate +1%	101	9
Interest rate -1%	(101)	(9)
Impact on equity:		
Interest rate +1%	101	9
Interest rate -1%	(101)	(9)

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security in respect of recognised financial assets, is the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The net fair values of the financial assets and financial liabilities approximate their carrying values.

No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through credit facilities. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

(e) Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

The capital structure of the Company consists of equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity.

The Company's Board reviews the capital structure on an annual basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Company may balance its overall capital structure through new share issues or borrowings.

The Company's overall strategy remains unchanged at 30 June 2021.



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 23. Interest in subsidiary

The consolidated financial statements include the financial statements of Pure Hydrogen Corporation Limited and its controlled entities.

Company	Place of Incorporation	Region where business carried on	% of Interest	Principal Activities
Real Energy Corporation P/L	Australia	NSW	100%	Oil & gas exploration
Real Energy Queensland P/L	Australia	QLD	100%	Oil & gas exploration
Pure Energy Corporation P/L	Australia	QLD	100%	Oil & gas exploration
Pure Hydrogen Australia P/L	Australia	QLD	100%	Hydrogen production
Pure Hydrogen Operations P/L	Australia	NSW	100%	Operational support
Pure Hydrogen International P/L	Australia	QLD	60%	Hydrogen production
Pure Gas P/L	Australia	QLD	100%	Hydrogen production
Strata-X Australia P/L	Australia	QLD	100%	Oil & gas exploration
Strata-X, Inc.	USA	CO	100%	Oil & gas exploration



Financial Statements continued

Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 24. Parent information

(i) Summary financial information

The individual financial statements for the parent entity in FY 2021 show the following aggregate amounts:

	30-Jun-2021 \$'000	30-Jun-2020 \$'000
Assets		
Current assets	224	5
Non-current assets	51,567	42,416
Total assets	51,791	42,421
Liabilities		
Current liabilities	194	5
Non-current liabilities	5,927	5,460
Total liabilities	6,121	5,465
Equity		
Issued capital	49,290	40,121
Reserves	30	3,233
Accumulated profits/(losses)	(2,341)	(6,398)
Total equity	46,979	36,956
Total profit/(loss) during the year	(485)	(316)
Total comprehensive income/(loss)	(485)	(316)

(ii) Guarantees

At 30 June 2021, subsidiary Real Energy Corporation Pty Ltd held bank guarantees for the office premises of \$73,555 which is in process of being released as the office lease had expired on 30 June 2021, and a bank guarantee for its corporate credit card facility of \$20,000.

Subsidiary Real Energy Queensland Pty Ltd has lodged a bank guarantee assurance of \$144,000 for ATP927P with QLD Department of Environment and Heritage Protection in regard to its exploration and development activities within that permit.

(iii) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2021 other than disclosed in note 18 (FY2020: nil).

(iv) Contractual commitments

At 30 June 2021, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (FY2020: nil).



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 25. Reconciliation of cash flow from operations with loss after income tax

	Consolidated 30-Jun-2021 \$'000	Consolidated 30-Jun-2020 \$'000
Profit/(loss) of the year	(2,779)	(1,740)
Amortisation and depreciation	1	18
Impairment provision	917	1,011
Option reserve/Share-based payment	30	52
Exchange difference	289	242
Loan forgiveness/other adjustment	(71)	-
Changes in assets and liabilities that involve recognition in the Income Statement		
Decrease/(increase) in receivables	(593)	20
Decrease/(increase) in prepayments	(18)	(39)
Decrease/(increase) in Inventories	(42)	-
Increase/(decrease) in lease provision	212	-
Increase/(decrease) in deposit received	40	-
Increase/(decrease) in payables	499	(61)
Increase/(decrease) in provisions	399	(30)
Cash flow from operating activities	(1,116)	(527)

NOTE 26. Subsequent events

The impact of the COVID 19 pandemic is ongoing. It has changed certain aspects of the business and the way of business is conducted. During the reporting period, the Company continues to mitigate and protect against the COVID-19 pandemic by monitoring and assessing information relating to the pandemic, and acts on the advice from government and regulatory authorities. The Company is committed to maintaining the health, safety and security of the Company's employees, contractors and consultants and all measures around health requirements.

For the year ended 30 June 2021, though it has affected the Company's operations, however it has not materially impacted the Company. The Company will continue to monitor any future consequences due to the potential uncertainty in the future.

Apart from these matters raised, no matters or circumstances have arisen since the end of the financial year which has significantly affected or could significantly affect the operation of the consolidated company in future financial years.



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 27. Acquisition transaction

On 17 March 2021, the company, formerly named Strata-X Energy Ltd, completed the 100% acquisition of Real Energy Corporation Ltd and changed its name to Pure Hydrogen Corporation Ltd (ASX: PH2).

The acquisition has been accounted for using the principles set out in AASB 3 "Business Combinations" whereby Strata-X Energy Ltd was deemed to have issued shares in exchange for the net assets of Real Energy Corporation Ltd.

In accordance with AASB 3, the difference between the fair value of the deemed consideration paid by Strata-X Energy Ltd and the fair value of the identifiable net assets of Real Energy Corporation Ltd should be recognised as goodwill. As set out below, the fair value of the identifiable net assets acquired and goodwill calculations are as follows:

	\$'000
Fair value of equity share issued	12,426
Recognised amounts of identifiable net assets:	
Assets	
Cash and cash equivalents	1,432
Trade and other receivables	249
Inventory	42
Exploration and evaluation assets	13,001
Property plants and equipment	3
Other assets	37
Liabilities	
Trade and other payables	(587)
Other liabilities	(1,751)
Total identifiable net assets at fair value	12,426

The merger was settled by issuing 146,189,200 PH2 shares at the ratio of one (1) PH2 share for every three (3) RLE shares on the completion date, based on the share trading price on the 11 December 2020 where the actual control of the group take place.

Merger-related costs have been recognised as an expense in the consolidated statement of comprehensive income as part of other expenses.

The net cash inflow arising as a result of the acquisition was \$1,431,748 being the cash and cash equivalents of Real Energy Corporation as at 17 March 2021.



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 28. Segments reporting

AASB 8 requires operating Segments to be identified on the basis of internal reports about the components of the group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Pure Hydrogen Corporation Limited. The group operates in one segment, being energy development in Australia and Botswana. Accordingly, under the management approach outlined only one operating segment has been identified and no further disclosure is required in the financial statements.

Segment information:

	For energy developments	
	As at 30 June 2021 \$'000	As at 30 June 2020 \$'000
Revenue		
Interest income	4	9
Government incentive payment	4	-
Total revenue	8	9
Expenses	(1,940)	(652)
Depreciation & amortisation expenses	(2)	(2)
Segment results	(1,942)	(654)
Assets		
Current assets	10,754	855
Plant & equipment	4	1
Exploration and evaluation assets	12,796	1,668
Total assets	23,554	2,524
Liabilities		
Current liabilities	860	237
Non-current liabilities	523	994
Total liabilities	1,383	1,231
Net assets	22,171	1,293

Note 29. Dividend

No dividends have been paid or declared or paid by the Company concerning the year since last annual report period.



Notes to the Financial Statements for the Year Ended 30 June 2021

NOTE 30. Fair value measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	Level	As at 30 June 2021		As at 30 June 2020	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash & cash equivalents	1	10,100	10,100	854	854
Other assets	1	18	18	-	-
Inventories	1	42	42	-	-
Trade & other receivables	1	594	594	1	1
Financial liabilities					
Trade & other payables	1	672	672	237	237

The financial assets and liabilities of the Company are recognised in the consolidated statements of financial position in accordance with the accounting policies set out in Note 1 in this Report.

The Company considers that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair value.

Note 31. Company details

The registered office and principal place of the Company is:
119 Willoughby Road, Crows Nest NSW 2065



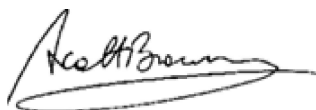


Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 28 to 56, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated group;
 - (c) the financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporation Act 2001.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2021.
3. In the Directors' opinions, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Scott Brown
Managing Director
Sydney, 29 September 2021





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Independent Auditor's Report



A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
Audit & Assurance Services

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Sydney NSW 2000

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Australia Square NSW 1215

ABN: 56 136 616 610

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**Independent Auditor's Report
To the Members of
Pure Hydrogen Corporation Limited
ABN 27 160 885 343
And Controlled Entities**

Report on the audit of the Financial Report

Opinion

We have audited the consolidated financial report of Pure Hydrogen Corporation Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion,

- a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) The financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<i>Exploration, Evaluation & Development Assets</i>	
<p>The Group has Exploration, evaluation & development assets of \$12,796,179 (2020: \$1,667,759).</p> <p>During the year, the group acquired \$11,662,510 in exploration expenditure and incurred further exploration expenditure of \$382,583 increasing the capitalised asset to \$12,796,179 after impairment of \$916,673.</p> <p>Under AAB 6, determining impairment involves judgement on facts and circumstances that indicates if an entity needs to test for impairment.</p> <p>Management has assessed if there are indicators of impairment in respect to exploration, evaluation & development assets. It was determined that there are no factors or circumstances that suggest the carrying amount exceeds its recoverable amount.</p>	<p>We have evaluated the appropriateness of management's assessment that there is no suggestion that the carrying amount of exploration expenditure may exceed its recoverable amount and therefore, determined there is no requirement to test for impairment in respect to the exploration expenditure.</p> <p>Our procedures included challenging management on the suitability and reasonableness of these assumptions, through performing the following:</p> <ul style="list-style-type: none"> • Review of independent evaluation of geological data; • Review of geological data in respect to independent reports and ASX announcements; • Assessing the budgeted expenditure on further exploration and evaluation of the wells; and • Assessing the various agreements entered on future production and sales.
<i>Cash and cash equivalents</i>	
<p>Cash and cash equivalents totalling \$10,099,744 is a significant balance to the Group.</p> <p>We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject to significant level of judgement, however, due to the materiality in the context of the financial statements as a whole, they are considered to be an area of risk in our overall audit strategy.</p>	<p>We have evaluated disclosure and challenged management during our procedures to confirm existence of the asset including:</p> <ul style="list-style-type: none"> • Documenting and assessing the processes and controls in place to record cash transactions; • Testing and sampling payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger; and • Agreeing 100% of cash holdings to independent third-party confirmations.



Key Audit Matters

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p><i>Business Combination</i></p> <p>On 17 March 2021, the company, formerly named Strata-X Energy Limited, completed the 100% acquisition of Real Energy Corporation Limited ("RLE") and changed its name to Pure Hydrogen Corporation Ltd ("PH2").</p> <p>The acquisition has been accounted for using the principles set out in AASB 3 "Business Combinations" whereby Strata-X Energy Limited is deemed to have issued shares in exchange for the net assets of Real Energy Corporation Limited.</p> <p>In accordance with AASB 3, the difference between the fair value of the deemed consideration paid by Strata-X Energy Limited and the fair value of the identifiable net assets of Real Energy Corporation Limited should be recognised as goodwill.</p> <p>The merger was settled by issuing 146,189,200 PH2 shares at the ratio of one (1) PH2 share for every three (3) RLE shares on the completion date, based on the share trading price on the 11 December 2020 when actual control of the group occurred.</p> <p>It was determined by management that the deemed consideration paid was equal to the identifiable net assets of Real Energy Corporation Limited resulting in no goodwill being generated from the transaction.</p>	<p>We have evaluated the appropriateness of management's assessment that the deemed consideration paid by Strata-X Energy Limited was equal to the identifiable net assets of Real Energy Corporation Limited.</p> <p>Our procedures included challenging management on the suitability and reasonableness of these assumptions, through performing the following:</p> <ul style="list-style-type: none">• Review of independent evaluations of geological data of Real Energy Corporation Limited to verify identifiable net assets;• Review of historical share prices and ASX announcements for all entities in the business combination; <p>Assessing the various agreements entered to determine the appropriate date to be used for calculating deemed consideration and control.</p>



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 23 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Pure Hydrogen Corporation Limited, for the year ended 30 June 2021, Complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A D Danieli Audit Pty Ltd

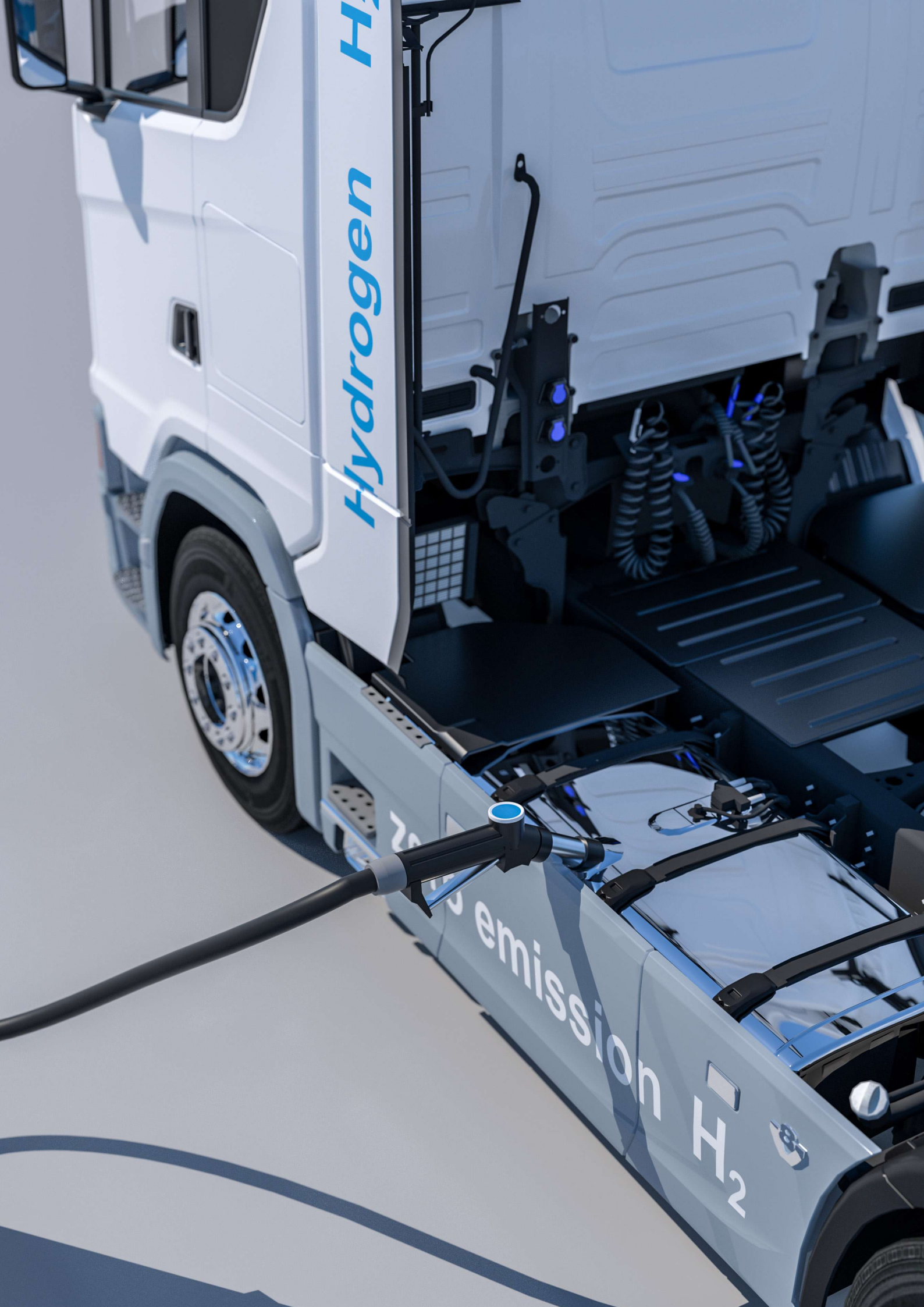


Sam Danieli

Director

Sydney, 29 September 2021





Additional Information

Other Information for Shareholders

Additional information required pursuant to the ASX listing rules and not shown elsewhere in this report as follows:

1. Fully paid ordinary shares of Pure Hydrogen Corporation Limited (ASX: PH2).

(a) Distribution of shareholdings at 21 October 2021

Category of holding	Holders	No. of shares	%
1 – 1,000	197	51,319	0.02
1,001 – 5,000	2,445	7,729,821	2.41
5,001 – 10,000	1,274	10,235,469	3.19
10,001 – 100,000	2,417	78,050,175	24.30
100,001 – and over	357	225,155,921	70.08
Total	6,690	321,222,705	100.00

There were 286 holders of less a marketable parcel of ordinary shares.



(b) The twenty largest shareholders at 21 October 2021

Shareholder	Holding	%
Mr Scott Brown	9,758,852	3.04
Citicorp Nominees Pty Limited	8,228,594	2.56
Mr Ronald Prefontaine & Mrs Annabel Prefontaine	8,002,564	2.49
Sixth Erra Pty Limited	7,680,747	2.39
BNP Paribas Nominees Pty Limited	6,275,905	1.95
Mr Dang Lan Nguyen	5,966,667	1.86
Botsgas Pty Limited	5,000,000	1.56
Mr Ronald Prefontaine & Mrs Annabel Prefontaine	4,944,211	1.54
HSBC Custody Nominees (Australia) Limited	4,836,672	1.51
Kabila Investments Pty Limited	4,722,415	1.47
Sixth Erra Pty Limited	4,722,414	1.47
Berenes Nominees Pty Limited	4,714,000	1.47
Sino Portfolio International Limited	4,440,000	1.38
Mike Collins Super Pty Limited	4,021,945	1.25
BNP Paribas Noms Pty Limited	3,191,850	0.99
Nightfall Pty Limited	3,081,457	0.96
Hooks Enterprises Pty Limited	2,800,000	0.87
Mr Timothy Lee Hoops	2,639,222	0.82
Sharpay Enterprises Pty Limited	2,500,000	0.78
Berenes Nominees Pty Limited	2,450,000	0.76
Total	99,977,515	31.12

(c) Voting rights

All ordinary shares carry one vote per share without restriction. One a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. There are no voting rights attaching to options.

(d) Substantial holders

At 21 October 2021, Mr Ron Prefontaine is the only substantial shareholder and holds 16,840,285 fully paid ordinary shares in the Company.



Other Information for Shareholders

2. Pure Hydrogen Corporation Limited Options (ASX: PH2)

(a) Distribution of option holdings at 21 October 2021

Category of holding	Holders	No. of options	%
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	52	437,335	1.09
10,001 – 100,000	228	10,462,752	26.15
100,001 – and over	77	29,105,939	72.75
Total	356	40,006,026	100.00



(b) The twenty largest optionholders at 21 October 2021

Optionholder	Holding	%
Ms Chunyan Niu	1,659,665	4.15
Scintilla Strategic Investments Limited	1,362,500	3.41
National Nominees Limited	1,250,000	3.12
Equity Trustees Limited	1,183,333	2.96
Mr Ronald Prefontaine & Mrs Annabel Prefontaine	1,000,000	2.50
Claymore Capital Pty Limited	1,000,000	2.50
Nightfall Pty Limited	871,379	2.18
Toronga Pty Limited	833,334	2.08
IAMSF Capital Pty Limited	825,000	2.06
Johnhluca Pty Limited	819,000	2.05
Mr Ronald Prefontaine	700,000	1.75
Berenes Nominees Pty Limited	572,917	1.43
Sixth Erra Pty Limited	566,667	1.42
Kabila Investments Pty Limited	566,667	1.42
Sixth Erra Pty Limited	566,667	1.42
Loftus Group Limited	550,000	1.37
CS Third Nominees Pty Limited	516,209	1.29
Apaert Pty Limited	500,000	1.25
Telane Pty Limited	500,000	1.25
Mr Timothy Lee Hoops	500,000	1.25
Total	16,343,337	40.85

3. Schedule of petroleum tenements

Permits	Area (Acres)	Expiry Date	% Interest FY2021	% Interest FY2020
ATP 927P	259,460	30/09/2023	100	-
ATP 1194PA	255,771	Under application	100	-
ATP 2051P	38,054	23/03/2024	100	50
Serowe CSG	449,766	31/12/2022 -31/03/2024	51	100

During the year, a 273,000 acre tenement in Botswana over the Serowe CSG project was released for geologic reasons after being deemed not prospective. The release of this tenement does not affect the Company Prospective or Contingent Gas Resources. Further in December 2020, the Company assigned out a 49% interest in the Serowe CSG Project as outlined in the JOA.



4. Estimates of Resources

(a) **Contingent resources** - The estimates of contingent resources are based gas wells located within the exploration permit ATP927P, Windorah Trough, Cooper Basin. Discovery status is based on definition under the SPE/WPC Petroleum Resource Management System (PRMS) 2007 and 2018. A summary of the gross estimates of contingent gas resources for ATP927P is provided below:

Resources Category	Bcf (Billion Cubic Feet)
1C	118
2C	330
3C	770

Contingent Resources is based on the summation of 2 reports for the Windorah Gas Project. One estimate prepared by DeGolyer and MacNaughton, a leading international petroleum industry consulting firm in June 2015 in respect of the Queenscliff Area and one estimate prepared by Aeon Petroleum Consultants in respect of the Tamarama area completed in August 2019. Bcf (Billions Cubic Feet) is equal to 1,000 MMcf.

The estimates of contingent gas resources of the Upper Juandah Coal Measures within the Walloon Subgroup for Project Venus (ATP2051) following the drilling of Venus-1 pilot well is provided below:

Resources Category	PJ (Petajoules)
1C	87.7
2C	130.3
3C	157.9

The estimates of Contingent Resources for Project Venus were prepared in accordance with the 2018 Petroleum Resource Management System (PRMS) by Sproule Inc., a leading independent petroleum engineering and certification firm based in Calgary, Canada with offices in Denver, Colorado which has experience working in most of the significant petroleum provinces throughout the world.

(b) **Prospective Resources** - In addition to the Contingent Resources, the mean gross prospective natural gas resources for ATP 927P (adjusted post-renewal) are:

Resources Category	Bcf (Billion Cubic Feet)
Prospective OGIP Resources	8,780
Prospective Recoverable Gas Resources	3,498

(c) **Recoverable Prospective Gas Resources for Project Venus**, ATP 2051P (adjusted post drilling of Venus-1 and assigning of contingent resources to the Upper Juandah Coal Measures) are

Estimates Gross Prospective Gas Resources (Petajoules-PJ)		
Low	Best	High
467.3	563.7	675.1

5. Corporate Governance Statement

The Corporate Governance Statement was approved by the Board of Directors on 1 November 2021 and can be viewed at:

<https://purehydrogen.com.au/wp-content/uploads/2021/10/Corporate-Governance-Statement.pdf>



Corporate Directory

Directors

Mr. Ron Prefontaine
(Non Executive Chairman)

Mr. Dang Lan Nguyen
(Non Executive Director)

Mr. Scott Brown
(Managing Director)

Company Secretaries

Ron Hollands

Registered Office

119 Willoughby Road
Crows Nest NSW 2065 Australia

ASX Code

PH2

Auditor

A D Danieli Audit Pty Limited
Level 1, 261 George Street
Sydney NSW 2000

Share Registry

Link Market Services Limited
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