



ASX / MEDIA RELEASE

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Metgasco to acquire renewable hydrogen production technology developer

Highlights:

- **Metgasco Limited (MEL) has agreed to a staged acquisition of Patriot Hydrogen Limited (Patriot), a renewable hydrogen and energy developer with near term production, with certain technical and commercial milestones.**
- **Patriot has a framework agreement, including Australian market exclusivity undertakings, with a regional technology partner to develop hydrogen production projects in Australia, with proven market demand.**
- **First commercial plant commissioning, for Kimberley Clean Energy Pty Ltd (KCE), is expected in Q4 CY22, part of a comprehensive MOU to deliver up to 75 units to KCE in support of remote power needs in Northern Australia.**
- **The acquisition forms part of Metgasco's diversification strategy, delivering a sustainable, commercially attractive and carbon net zero opportunity while potentially offsetting emissions associated with the company's core natural gas production assets.**

Metgasco is pleased to announce the execution of a binding term sheet for a phased investment to acquire Patriot Hydrogen, a developer of modular waste to hydrogen production projects.

"This deal marks an important step for Metgasco as it commences its journey to becoming a leading low-emissions, multi-fuel producer. With completion of the recent Cooper Basin sub-surface program and gas production at Vali due to start in the fourth quarter of this year, the acquisition of Patriot should enable us to offset these emissions while also delivering a compelling standalone commercial opportunity" said Metgasco Managing Director, Ken Aitken.

Background and Opportunity of Patriot

Patriot is a waste to energy project developer with access to pyrolysis and gasification system technology (supported by market exclusivity arrangements with its relevant technology partner) that takes biomass and converts it into energy.

The 100% renewable pyrolysis gas generation model involves slowly heating biomass in an oxygen-free chamber without burning it, meaning no carbon emissions are generated and that, over renewable biomass gasification cycles, the carbon footprint of Patriot's systems are negative, given biochar by-product is reintroduced to ground as an agricultural soil improver.

The decentralised hydrogen production systems turn waste into five high-value revenue streams — syngas (dense hydrogen) for fuel, turbine generated electricity, biochar, carbon credits and wood vinegar for industrial and agricultural applications.

The modular units are capable of powering remote communities and operations, where appropriate feedstock is available, making them scalable across a wide range of industries looking to reduce emissions intensity or transition from diesel powered generation. Metgasco shares Patriot's enthusiasm for this potential and will bring its engineering, project management and corporate experience and skills to bear to optimise and deliver on the large pipeline of commercial opportunities Patriot has developed.

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Patriot KCE Project #1 Gasifier (in preparation for trans-shipment to Broome, Western Australia)

Patriot's maiden unit for deployment to Kimberley Clean Energy is already manufactured and due to be commissioned on site in Q4 CY22.

Patriot holds a memorandum of understanding with KCE for up to a further 75 units, which will be used to reduce emissions across KCE's operational value chain and in the wider Northern WA region.

After the delivery and commissioning of the first unit, Patriot will look to begin the design and manufacturing process for the several further identified potential clients who are interested in the company's technology.



Binding Term Sheet Summary: MEL's Phased Acquisition of Patriot

The binding term sheet has been designed to allow a phased acquisition of Patriot's business subject to conditions precedents including successful delivery of project technical and commercial objectives over each project stage. Key terms are outlined below.

Stage 1 – Delivery of Equipment to KCE in WA

- On execution of the binding term sheet, Metgasco will provide Patriot with certain logistical and financial support (including a modest secured working capital facility) to provide for plant shipment and delivery.

Stage 2- MEL equity investment into Patriot

- Subject to certain project delivery milestones, MEL will undertake a \$750,000 equity investment into Patriot as the first stage of an option to acquire 100% of the company, on the same valuation as the final acquisition. This funding is expected to take Patriot's KCE project #1 to first commercial gas and revenue.

Stage 3 – All-scrip acquisition of 100% of Patriot at agreed valuation

- Subject to remaining conditions precedent, which include project and commercial outcomes, MEL has the right to purchase 100 per cent of Patriot via an all-scrip acquisition at a valuation of \$5.9m (net of stage one and two financial investments), subject to the following key conditions:
 - Meeting of all project deadlines over a six-month period; including safety, technical and commercial conditions (profitable diesel replacement / power delivery);
 - Patriot confirming to Metgasco's satisfaction execution of relevant Purchase Power Agreement and feedstock contracts for a second energy project MEL; and,
 - Subject to the other condition precedents described above having been met, and the deal proceeding, MEL obtaining shareholder approval at the 2022 AGM for the issuance of shares to the value of the transaction.

This ASX announcement was approved and authorised for release by the Board.

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