

METGASCO

**Metgasco to acquire renewable hydrogen
production technology developer**

16 August 2022

Metgasco's goal is to diversify into a leading low emissions multi-fuel producer . The Patriot deal delivers this opportunity in the near term for a modest phased investment

- **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.**



Gasifier completing final inspection checks

Metgasco's goal is to diversify into a leading multi-fuel producer, including hydrogen, to transition to a lower emission future.

Phased acquisition of Patriot Hydrogen - Key Terms

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 as 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, 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.

Patriot Unit for KCE has already been manufactured



Gasifier unit pictured in Manufacturing facility in India

Patriot Hydrogen Overview

Patriot Hydrogen has the exclusive Australian license to a renewable energy system that takes waste and converts it into clean energy.

The 100% renewable model involves slowly heating waste biomass in an oxygen-free chamber without burning it, meaning there is no carbon being polluted into the atmosphere during the pyrolysis process.

Patriot's technology can be custom-fit to provide tailored solutions for the energy challenges of potential clients.

The decentralised hydrogen production units turn their clients' waste into four high-value revenue streams — syngas (dense hydrogen) for fuel or generating electricity into the grid, biochar and carbon credits.

With proven market demand, the Patriot Units are scalable across a wide range of industries looking to transition from ageing diesel and other fossil fuel-generated power facilities.

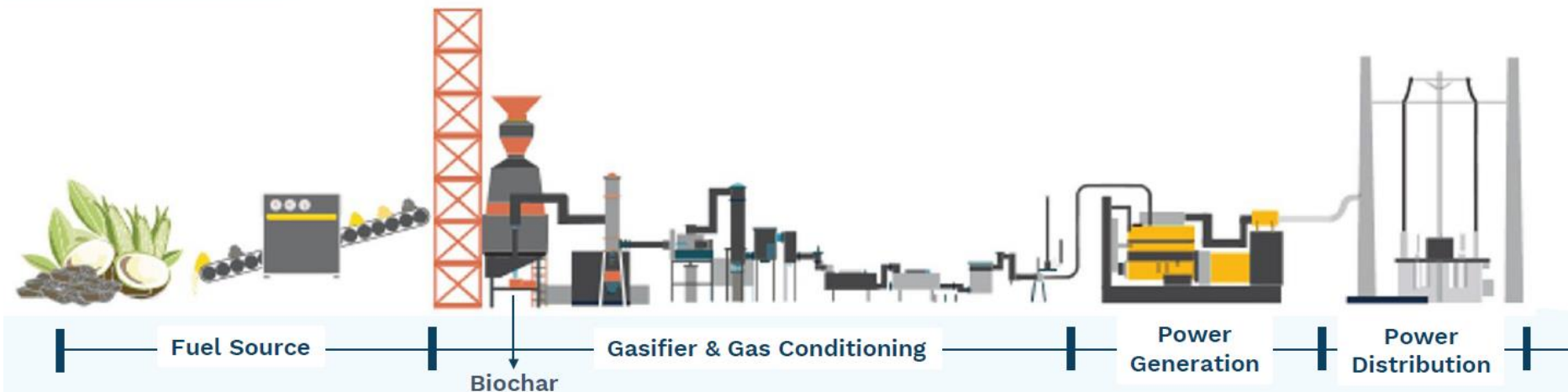
The company has now manufactured its first Patriot Unit which will soon be deployed to KCE in Western Australia for commissioning in Q4 CY22.



One of the diesel generators the Patriot Units will replace for KCE.

Patriot Renewable Hydrogen System

The 100% renewable model involves heating waste slowly in an oxygen-free chamber to create a hydrogen rich syngas. Carbon by-product from the pyrolysis process is captured in the remaining biochar. Net carbon emissions are zero - and potentially negative with soil carbon enrichment.



The Patriot System Advantages

Creating five substantial revenue streams - syngas (dense hydrogen) for fuel, turbine generated electricity, biochar, carbon credits and wood vinegar for industrial and agricultural applications

Biochar



Biochar is highly valued in agriculture and construction. There is already a strong global market for this product and is valued at \$300/tonne. The biochar sector is forecasted to cross the valuation of US\$6.3b by 2031.

Syngas



The syngas produced from the renewable hydrogen system is dense hydrogen. The process allows for the recovery of hydrogen, which is sold both domestically and internationally, in a market expected to be worth US\$201b by 2025.

Electricity



Using a biomass feedstock, the production of syngas will be used in an attached generator to produce electricity. The electricity can be sold into the grid as green energy, or to the biomass provider at a discount to their current electricity price.

Carbon Credits



Units are eligible for two types of carbon credits — carbon offset and carbon removal — which can generate millions of dollars in revenue for companies. Global carbon markets expanded by 164% in 2021 to US\$851b.

- KCE has signed an MOU with Patriot Hydrogen for 75 Patriot Units to be delivered to its Kimberley region operations over the next five years.
- The Patriot Units will supply KCE with power, hydrogen and bio-fertilisers.
- Additionally, the Patriot Units create biochar, which will support the health of livestock and soil on farmland used to produce beef.
- The first Patriot Unit will be delivered to Kilty Station near Broome, and will be commissioned in Q4 CY22.

