

21 April 2023

Update on interim results of successful trials in North America

Hydrocarbon Dynamics (HCD or the Company) is pleased to provide an update on two successful trials of HCD Multi-Flow in North America.

Alberta, Canada Trial Expanded and Converted to Ongoing Business

As an update to our 30 January 2023 Quarterly Activities Report, HCD has received feedback from one of its Canadian Distributors on the paraffin control field trial with a midsized, independent Canadian oil & gas producer. As reported in the September 2022 Quarterly Activities Report, positive outcomes had previously led to expansion of the trial from 1 well to 9 wells.

HCD's Alberta, Canada distributor has further reported that continuous, positive results have led to an additional expansion from 9 wells to 10 active wells with an additional 5 wells scheduled to start in May 2023. It was also reported that these wells are now off trial mode and are considered to be ongoing business. The distributor is blending HCD Multi-Flow as the key component in their wax inhibitor product and plan to formulate another product with a higher percentage of HCD Multi-Flow in an attempt to reduce or eliminate the need for emulsion breaker at both wells and infield facilities.

The distributor has reported that the product is performing well as they have seen more consistent times on the plungers and cleaner pigs. The distributor is focused on securing a contract for the chemical treatment for the entire field of approximately 100 wells.

After the success of HCD Multi-Flow treatment, the distributor is in the process of incorporating HCD Multi-Flow into a number of their other existing products.

Gulf of Mexico Trials on Two Offshore Platforms

HCD has received additional feedback from its customer, a mid-sized producer in the Gulf of Mexico, on two separate field trials to control paraffin deposition related issues. As reported in the 27 January 2023 update, the producer started injecting HCD Multi-Flow downhole on the first of two continuously flowing offshore wells on 12 January 2023. The purpose of the first trial is to reduce the paraffin buildup in the production tubing between wax cuttings on this 500 bopd well. The trial is scheduled to run for 90 days.

Prior to commencement of the trial, the well was run for 90 days without any mechanical paraffin treatment. On the day that they were scheduled to cut paraffin, they instead started injecting HCD Multi-Flow paraffin control agent on the 'dirty' system to:

1. Observe its efficacy as a remediation chemical to liquefy and remove existing paraffin deposits.
2. To examine its effectiveness as a paraffin inhibitor to inhibit the formation of new deposits.

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After injecting HCD Multi-Flow for 12 days, the producer ran a paraffin scraper to determine if the production tubing was clean. The producer has reported that the system was very clean and showed little to no paraffin. The customer was pleased and decided to continue the treatment for the remainder of the 90-day period to see if the system remains clean.

After the success of the first trial, injection of HCD Multi-Flow downhole on a second offshore platform was initiated. The producer mechanically cuts paraffin on this extremely waxy well at least once a day to maintain production, notwithstanding the incumbent chemical treatment. A report was shared with HCD after 12 days of treatment during which paraffin cutting was stopped for the last 4 ½ days due to construction hot work on the platform. The operations lead reported that he was “shocked” that after 4 ½ days of no wax cutting, they were able to make it down with one run of a paraffin scratcher. This has never been accomplished before after 2 days without cutting.

As a direct consequence of this success, the producer is now in discussions with HCD regarding a purchase order for treatment of a spur pipeline. Further positive results are expected to lead to continuous applications and will provide the opportunity to expand our position with this producer as well as others in the Gulf of Mexico.

Release approved by the Board of Directors.

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