

29 May 2024

2024 Annual General Meeting Chairman's Address

Hydrocarbon Dynamics Limited (ASX: HCD) ("HCD" or "Company") provides a copy of the Chairmans Address, which will be delivered at the Company's Annual General Meeting today.

Address by the Chairman, Stephen Mitchell

Welcome all to HCD's 2024 Annual General Meeting.

Progress in generating sales and achieving trials over the last 12 months has remained very slow. This is reflected in HCD's revenue which saw modest growth from \$346,000 to \$574,000 during the financial year.

On a positive note, HCD continues to receive repeat orders in Australia and Canada from large producers demonstrating the technical and commercial validity of HCD's technology.

New orders were received for product from Sudan and Texas, with important trials underway in the Gulf of Mexico, California, Oklahoma, New Mexico and more recently, the North Sea.

Several new agent's and distributors have been appointed in the US, the Middle east and Australia reflecting HCD's strategy for low-cost growth via such agreements. HCD now has approximately 16 agents and distributors around the world.

Despite this progress, the fact remains that HCD's growth has been too slow, and the decline in HCD's share price and market value reflects investor sentiment to this slow growth. This in turn limits access to capital so in order to conserve capital and reduce cash requirements, the Company recently announced a business restructure following the resignation of the head of HCD's chemical division, Bill Tarantino. A key component of this restructure was to transition salaried staff and most consultants to retainers or hourly rates. Directors also agreed to waive director fees until the Company's financial position is strengthened.

The Company has also focused on identifying and reviewing new investment and business opportunities as mentioned in recent ASX announcements and Quarterly Reports. The opportunities being reviewed are varied and include Enhanced Oil Recovery, energy businesses and technologies, and several not related to the energy industry.

In reviewing such opportunities, the board's focus has been on restoring shareholder value. Some of the opportunities would require shareholder and regulatory approvals as they would represent a change of business and/or scale of business. And while the board can give no guidance on when or if a transaction might occur, it remains a major focus.

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Hydrocarbon Dynamics Limited

In the meantime, HCD will continue to consider options to finance the Company and existing business through joint ventures, private equity and full or partial sale of the chemical business.

This release was authorised by the Chair of the Board.

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