

31 January 2025

December 2024 Quarterly Activities Report

Summary

- Repeat Purchase Order from Dubai
- Several sales and trials for HCD products and technologies continue.
- Rights Issue Closed
- Assessment of new investment opportunities continue in upstream energy, energy technology and includes other sectors where shareholder value may be created.

Update on Ongoing Treatments and trials Using HCD Products

Dubai

HCD received a repeat Purchase Order of HCD Multi-Flow in November from its Dubai based distributor, Sichem LLC, for approximately \$165,000 for HCD Multi-Flow. The product will be used by an operator in Africa to clean a pipeline containing paraffin deposits in preparation for running a smart pig in the oil transfer line. A successful outcome is expected to lead to other opportunities with this distributor and this client.

Australia – Cooper basin

No new developments since HCD announced on 19 June 2024 that it had received a repeat purchase order for approximately \$123,000 of HCD Multi-Flow for an Australian customer's 2024 seasonal paraffin control treatment that takes place during the winter months. This order was filled through existing inventory in Australia. In response to a request from HCD's agent, the Company has quoted on a potential 80 drum repeat order. The quote for approximately \$242,800 was submitted in last week of December 2024.

Alberta, Canada Ongoing Business

Ongoing business in Alberta, Canada through HCD's distributor continues. 21 wells were being treated with HCD Multi-Flow, though no recent update has been provided to HCD from its distributor.

Gulf of Mexico

The HCD Multi-Flow treatment on a Gulf of Mexico offshore subsea pipeline, which has proven very successful at removing and inhibiting organic deposition, was placed on hold last quarter while annual line maintenance on the transfer loop was to be carried out. Not update has been received since the last quarterly report.

North Sea Application

In the previous quarterly report, HCD noted that, after a series of long delays, the application of HCD Multi-Flow on a North Sea platform for a large national oil company has commenced.

The platform being treated suffers from severe paraffin deposition issues resulting in substantial lost production. If this application proves successful, a second platform with comparable issues could follow. The previously announced purchase order was for approximately \$80,000 of HCD Multi-Flow.

Current update provided by the operator is that the platform pump is shut down again due to pump failure with repairs in progress.

USA

No updates have been received since HCD's June Quarterly Activities Report.

Laboratory Testing Update

Conducted viscosity reduction and API increase tests on tank samples from Kuala Lumpur. Testing from Core Labs Malaysia showed HCD Multi-Flow was highly effective at liquifying tank sludge.

Exploration & Corporate Activities

During the Quarter HCD continued to assess opportunities predominantly in the energy and energy technology sectors. Opportunity assessments expanded to include remote energy generation as well as energy generation and storage. HCD will also continue to consider options to finance its existing chemical business through joint ventures, private equity, and other avenues.

Finance

HCD's non-renounceable Rights Issue closed on 8th November 2024 raising \$808,582 before costs through the issue of 269,527,454 New Shares and 134,763,727 New Options. Shareholders subscriptions were received for 35,925,875 New Shares totalling \$107,777.75 with the balance fully underwritten by Peloton Capital Pty Ltd who were appointed as lead manager to the offer.

The Company's pro rata non-renounceable entitlement offer was for one New Share for every three shares held by Eligible Shareholders at an issue price of 0.3 cents per share and one New Option for every two New Share issued, exercisable at 0.5 cents and expiring on 15th November 2025.

The allotment and issue of the New Shares and New Options occurred on 15th November 2024 and 30th January 2025. The balance of 35,268,000 New Shares and 17,634,000 New Option is anticipated to be issued in the first week of February 2025.

At the end of the Quarter HCD had \$770,000 in cash reserves and no debt.

Related party transactions during the Quarter were for approximately \$73,000 in royalty payments.

Hydrocarbon Dynamics

This release has been approved by the Board of Directors.

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ASX Code: HCD

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Hydrocarbon Dynamics Limited

ABN

75 117 387 354

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	298
1.2 Payments for		
(a) exploration & evaluation (reallocated to corporate costs)	-	-
(b) development	-	-
(c) production	(112)	(185)
(d) staff costs	(12)	(313)
(e) administration and corporate costs	(51)	(313)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	14
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (royalties)	(73)	(292)
1.9 Net cash from / (used in) operating activities	(246)	(795)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	567	742
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(11)	(81)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(49)	(72)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	507	589

4.	Net increase / (decrease) in cash and cash equivalents for the period	261	(466)
4.1	Cash and cash equivalents at beginning of period	504	974
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(246)	(795)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	507	589

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	5	2
4.6	Cash and cash equivalents at end of period	770	770

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	670	265
5.2	Call deposits	100	304
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	770	569

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(73)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(246)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(246)
8.4 Cash and cash equivalents at quarter end (item 4.6)	770
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	770
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.13
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.