

Hydrix Secures A\$5.0m Finance Facility

Hydrix Limited (ASX:HYD) (**Hydrix** or the '**Company**') is pleased to announce that it has secured a A\$5.0M finance facility under a binding terms sheet executed with PURE Asset Management Pty Ltd.

The funds drawn down under the facility will be used to refinance \$3.0M of existing shareholder loans (on equal or better terms) and provide growth capital. Separately, the Company recently extended the term of the only remaining shareholder loan of A\$1.75M to 31 December 2020.

Hydrix Chairman, Gavin Coote said: "We are delighted to have secured this finance facility with Pure Asset Management, who we view as being a strong long-term partner for the Company sharing similar strategic views around future growth. The favorable facility terms and conversion feature of the Warrants priced at a 100% premium to recent trading, represent a strong validation of our progress during the past 12 months and the outlook for FY20 and beyond. This now leaves us well funded for our future growth plans."

PURE Asset Management Director, Tim Callan said: "We consider Hydrix an exceptional growth opportunity in a sector with significant technical barriers to entry. Its diversified blue-chip client base, expanding pipeline of work and scope for equity exposure to emerging growth companies is compelling. Outsourcing to Australia's leading engineers makes economic sense for global innovators and we expect Hydrix to benefit from this dynamic, especially in a weak \$A environment. PURE is proud to support Hydrix in consolidating its position as a leader in technical engineering innovation."

The key terms of the binding term sheet are attached, with drawdown of funds subject to a number of conditions precedent, including the parties finalising and executing a formal definitive facility agreement, which is expected to occur by 30 September 2019.

-ENDS-

For more information, contact info@hydrix.com

About Hydrix Limited

Hydrix (ASX: HYD) is a product design and engineering company, specialising in complex, regulated and safety-critical projects. We partner with clients to help design, develop and commercialize transformative medical device, consumer, industrial, defence and aerospace products.

For more information, please visit www.hydrix.com

About PURE Asset Management

PURE Asset Management are a specialist provider of Hybrid Capital to Australia's most compelling emerging growth companies. Founded in 2018, PURE funds working capital, acquisitions and buybacks via structures that are less dilutive than equity capital, offering companies an alternative to direct equity markets.

For more information, please visit www.puream.com.au

Finance Facility Terms

Amount	<p>A\$5.0M in two tranches:</p> <p>Tranche 1: A\$4.0M</p> <p>Tranche 2: A\$1.0M. The drawdown of Tranche 2 will be at Hydrix's option, between 1 January 2020 and 20 June 2020, subject to the satisfaction of a number of conditions.</p>
Term	<p>48 months from the date of drawdown for Tranche 1.</p> <p>36 months from date of drawdown for Tranche 2.</p>
Interest Rate	10.00% per annum
Security	The loan facilities will be secured by a first ranking general security interest over the assets of Hydrix.
Warrants	<p>The lender will be entitled to be issued with Warrants to acquire 80 million Hydrix shares at the time of drawdown of Tranche 1 (the number of Warrants being calculated as the Tranche 1 loan amount of A\$4.0M divided by A\$0.05).</p> <p>The Tranche 1 Warrants will be exercisable into Hydrix shares at an exercise price which is the lower of:</p> <ul style="list-style-type: none"> ▪ A\$0.05; and ▪ the Theoretical Ex Rights Price (TERP) of any future capital raise requiring shareholder approval to increase shares on issue in Hydrix by greater than 15%, after 31 December 2020. <p>In the instance that the Company elects to draw down Tranche 2, the lender will be entitled to be issued with Warrants to acquire 20 million Hydrix shares (the number of Warrants being calculated as the Tranche 2 loan amount of A\$1.0M divided by A\$0.05).</p> <p>The Tranche 2 Warrants will be exercisable into Hydrix shares at an exercise price which is the lower of:</p> <ul style="list-style-type: none"> ▪ 25% premium to the 30-day VWAP preceding drawdown of Tranche 2; and ▪ the Theoretical Ex Rights Price (TERP) of any future capital raise requiring shareholder approval to increase shares on issue in Hydrix by greater than 15%, after 31 December 2020. <p>All Warrants will have an exercise period of 48 months from their date of issue.</p> <p>The Company intends to seek shareholder approval under ASX Listing Rule 7.1 at its upcoming Annual General Meeting for the issue of the Warrants.</p>
Loan Early Redemption	The Company may redeem the loan early subject to standard commercial terms.
Covenants and representations	The Company is required to provide certain standard representations, undertakings and covenants in favour of the lender.