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**HYTERRA LTD**  
**ACN 116 829 675**  
**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 2:30pm (WST)

**DATE:** 10 October 2022

**PLACE:** Advanced Share Registry, 110 Stirling Highway, Nedlands 6009 WA

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2:30pm (WST) on 8 October 2022.***

***Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report at Annexure A prepared for the purposes of the Shareholder approval under section 611 item 7 of the Corporations Act (refer to Resolution 3). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolution 3 to the non-associated Shareholders. The Independent Expert has determined the Acquisition is FAIR and REASONABLE to the non-associated Shareholders.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – APPROVAL TO CHANGE NATURE AND SCALE OF ACTIVITIES – ACQUISITION OF NEUTRALYSIS

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Acquisition, as described in the Explanatory Statement.”*

**Short Explanation:** The Company proposes to enter into the Acquisition Agreements pursuant to which the Company has agreed to acquire 100% of the issued capital of Neutralysis from the Neutralysis Shareholders. If successful, the Acquisition will result in the Company changing the nature and scale of its activities. Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. Please refer to the Explanatory Statement for further details.

A voting exclusion statement applies to this Resolution. Please see below.

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#### 2. RESOLUTION 2 – APPROVAL TO ISSUE PUBLIC OFFER SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue a minimum of 250,000,000 Public Offer Shares and a maximum of 350,000,000 Public Offer Shares at an issue price of \$0.02 per Share on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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#### 3. RESOLUTION 3 – APPROVAL TO ISSUE CONSIDERATION SECURITIES TO THE NEUTRALYSIS SHAREHOLDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, for the purpose of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue 183,000,000 Shares and 183,000,000 attaching Options to the Neutralysis Shareholders in consideration for the Acquisition, on the terms set out in the Explanatory Statement which will result in the Neutralysis Shareholders obtaining a maximum voting power of between 31.06% and 54.68% in the Company as further set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

**Independent Expert's Report:**

Shareholders should carefully consider the Independent Expert's Report included with this Notice of Meeting, prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the transaction is fair and reasonable to the non-associated Shareholders.

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**4. RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO INDIAN OCEAN SECURITIES PTY LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 9,000,000 Shares to Indian Ocean Securities Pty Ltd (or its nominee/s) on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

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**5. RESOLUTION 5 – APPROVAL TO ISSUE OPTIONS TO INDIAN OCEAN SECURITIES PTY LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 9,000,000 Options to Indian Ocean Securities Pty Ltd (or its nominee/s) subject to Maximum Subscription being achieved under the Public Offer on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

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**6. RESOLUTION 6 – ELECTION OF DIRECTOR – MR RUSSELL BRIMAGE**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company's Constitution and for all other purposes, Mr Russell Brimage, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion."*

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**7. RESOLUTION 7 – APPROVAL TO ISSUE CLASS A PERFORMANCE RIGHTS TO PROPOSED DIRECTOR – MR RUSSELL BRIMAGE**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of Resolution 6, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 4,000,000 Class A Performance Rights to Mr Russell Brimage (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**8. RESOLUTION 8 – APPROVAL TO ISSUE CLASS A PERFORMANCE RIGHTS TO DIRECTOR – MR PAUL GARNER**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 4,000,000 Class A Performance Rights to Mr Paul Garner (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**9. RESOLUTION 9 - APPROVAL TO ISSUE CLASS A PERFORMANCE RIGHTS TO DIRECTOR – MR PO CHAN**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 3,000,000 Class A Performance Rights to Mr Po Chan (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**10. RESOLUTION 10 – APPROVAL TO ISSUE CLASS A PERFORMANCE RIGHTS TO DIRECTOR – MR AVON MCINTYRE**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 8,000,000 Class A Performance Rights to Mr Avon McIntyre (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**11. RESOLUTION 11 – APPROVAL TO ISSUE CLASS B PERFORMANCE RIGHTS TO PROPOSED DIRECTOR – MR RUSSELL BRIMAGE**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 6, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 4,000,000 Class B Performance Rights to Mr Russell Brimage (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**12. RESOLUTION 12 – APPROVAL TO ISSUE CLASS B PERFORMANCE RIGHTS TO DIRECTOR – MR PAUL GARNER**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 4,000,000 Class B Performance Rights to Mr Paul Garner (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**13. RESOLUTION 13 – APPROVAL TO ISSUE CLASS B PERFORMANCE RIGHTS TO DIRECTOR – MR PO CHAN**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 3,000,000 Class B Performance Rights to Mr Po Chan (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**14. RESOLUTION 14 – APPROVAL TO ISSUE CLASS B PERFORMANCE RIGHTS TO DIRECTOR – MR AVON MCINTYRE**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 8,000,000 Class B Performance Rights to Mr Avon McIntyre (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**15. RESOLUTION 15 – APPROVAL TO ISSUE CLASS C PERFORMANCE RIGHTS TO DIRECTOR – MR AVON MCINTYRE**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Class C Performance Rights to Mr Avon McIntyre (or his nominee) under the Employee Securities Incentive Plan and on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**16. RESOLUTION 16 – APPROVAL TO ISSUE SHARES TO MR PO CHAN IN LIEU OF OUTSTANDING DIRECTORS' FEES**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,604,200 Shares to Mr Po Chan (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and a voting prohibition statement applies to this Resolution. Please see below.

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**17. RESOLUTION 17 – APPROVAL TO ISSUE SHARES AND ATTACHING OPTIONS ON CONVERSION OF OHIO CONVERTIBLE NOTES FOR THE VALUE OF \$25,000 TO A RELATED PARTY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,250,000 Shares and 1,250,000 attaching Options to Ohio Investments Pty Ltd <Ohio Investment Unit A/C> ACN 636 653 122 (or its nominee) on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

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**18. RESOLUTION 18 – APPROVAL TO ISSUE DIRECTOR OPTIONS TO DIRECTOR – MR PAUL GARNER**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Mr Paul Garner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**19. RESOLUTION 19 – APPROVAL TO ISSUE LOAN CONVERSION SHARES TO DIRECTOR MR PAUL GARNER ON CONVERSION OF PRE-RAISING LOAN FOR THE VALUE OF \$50,000**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Loan Conversion Shares to Mr Paul Garner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**20. RESOLUTION 20 – APPROVAL TO ISSUE LOAN CONVERSION SHARES TO DIRECTOR MR AVON MCINTYRE ON CONVERSION OF PRE-RAISING LOAN FOR THE VALUE OF \$35,000**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,750,000 Loan Conversion Shares to Mr Avon McIntyre (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**21. RESOLUTION 21 – APPROVAL TO ISSUE PRE-RAISING LOAN CONVERSION SHARES TO THIRD PARTY INVESTORS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 10,750,000 Loan Conversion Shares at an issue price of \$0.02 per Share on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**22. RESOLUTION 22 – ISSUE OF PERFORMANCE RIGHTS TO VESTIGO PTY LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue an aggregate of 6,000,000 Performance Rights to Vestigo Pty Ltd (or its nominee/s) on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

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**23. RESOLUTION 23 – INCREASE IN TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of clause 15.8 of the Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the total aggregate amount of fees payable to non-executive Directors from \$250,000 per annum to \$500,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**Dated: 8 September 2022**

**By order of the Board**



**Alex Neuling**  
**Company Secretary**  
**HyTerra Ltd**

## Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

<b>Resolution 1 – Approval to Change Nature and Scale of Activities – Acquisition of Neutralysis</b>	<p>The Company will disregard any votes cast in favour of this Resolution by or on behalf of a counterparty to the transaction that, of itself or together with one or more transactions, will result in a significant change to the nature and scale of the entity's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a Shareholder), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:</p> <ul style="list-style-type: none"> <li>(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or</li> <li>(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or</li> <li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> <li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and</li> <li>(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul> </li> </ul>
<b>Resolution 2 – Approval to issue Public Offer Shares</b>	<p>A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).</p>
<b>Resolution 3 – Approval to issue Consideration Securities to the Neutralysis Shareholders</b>	<p>The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:</p> <ul style="list-style-type: none"> <li>(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or</li> <li>(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or</li> <li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> <li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and</li> <li>(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul> </li> </ul>

<b>Resolution 4 – Approval to issue Shares to Indian Ocean Securities Pty Ltd</b>	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely to Indian Ocean Securities Pty Ltd (ACN 621 321 891)) or an associate of that person (or those persons).
<b>Resolution 5 – Approval to issue Options to Indian Ocean Securities Pty Ltd</b>	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely, Indian Ocean Securities Pty Ltd (ACN 621 321 891)) or an associate of that person (or those persons).
<b>Resolution 7 – Approval to Issue Class A Performance Rights to Proposed Director – Mr Russell Brimage</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Russell Brimage) or an associate of that person or those persons.
<b>Resolution 8 – Approval to Issue Class A Performance Rights to Director – Mr Paul Garner</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Paul Garner) or an associate of that person or those persons.
<b>Resolution 9 – Approval to Issue Class A Performance Rights to Director – Mr Po Chan</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Po Chan) or an associate of that person or those persons.
<b>Resolution 10 – Approval to Issue Class A Performance Rights to Director – Mr Avon McIntyre</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Avon McIntyre) or an associate of that person or those persons.
<b>Resolution 11 – Approval to Issue Class B Performance Rights to Proposed Director – Mr Russell Brimage</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Russell Brimage) or an associate of that person or those persons.
<b>Resolution 12 – Approval to Issue Class B Performance Rights to Director – Mr Paul Garner</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Paul Garner) or an associate of that person or those persons.
<b>Resolution 13 – Approval to Issue Class B Performance Rights to Director – Mr Po Chan</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Po Chan) or an associate of that person or those persons.
<b>Resolution 14 – Approval to Issue of Class B Performance Rights to Director – Mr Avon McIntyre</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Avon McIntyre) or an associate of that person or those persons.
<b>Resolution 15 – Approval to Issue Class C Performance Rights to Director – Mr Avon McIntyre</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Avon McIntyre) or an associate of that person or those persons.
<b>Resolution 16 – Approval to Issue Shares to Mr Po Chan in Lieu of Outstanding Directors' Fees</b>	Mr Po Chan (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 17 – Approval to issue Shares and attaching Options on conversion of Ohio Convertible Notes for the value of \$25,000 to a Related Party</b>	Ohio Investments (or its nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

<b>Resolution 18 – Approval to Issue Director Options to Director – Mr Paul Garner</b>	Mr Paul Garner (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 19 – Approval to Issue Loan Conversion Shares to Director Mr Paul Garner on Conversion of Pre-Raising Loan for the Value of \$50,000</b>	Mr Paul Garner (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 20 – Approval to Issue Loan Conversion Shares to Director Mr Avon McIntyre on Conversion of Pre-Raising Loan for the Value of \$35,000</b>	Mr Avon McIntyre (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 21 - Approval to issue Pre-Raising Loan Conversion Shares to Third Party Investors</b>	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
<b>Resolution 22 – Issue of Performance Rights to Vestigo Pty Ltd</b>	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company (namely, Vestigo Pty Ltd) or an associate of that person (or those persons).
<b>Resolution 23 – Increase in Total Aggregate Remuneration for Non-Executive Directors</b>	A Director or an associate of that person or those persons.

### Voting Prohibition Statements

<b>Resolutions 7 to 14 – Approval to Issue Class A and Class B Performance Rights to Directors Proposed Director</b>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolutions 7 to 14 Excluded Parties</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolutions 7 to 14 Excluded Parties.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolutions 7 to 14 Excluded Parties, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel</li> </ul>
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**Resolution 15 – Approval to Issue Class C Performance Rights to Director – Mr Avon McIntyre**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Resolution 16 – Approval to Issue Shares to Mr Po Chan in Lieu of Outstanding Directors' Fees**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Resolution 18 – Approval to Issue Director Options to Director – Mr Paul Garner**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Resolution 23 – Increase in Total Aggregate Remuneration for Non-Executive Directors**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Alex Neuling, on +61 8 6153 1861.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. THE PROPOSED TRANSACTION

#### 1.1 Company Overview

HyTerra Ltd (ACN 116 829 675) (ASX: HYT) (**Company**) was initially registered as a company in New Zealand on 30 August 1990 and was subsequently registered in Australia as a foreign company on 24 October 2005. On 12 December 2005 the Company was admitted to the official list of the ASX (**Official List**). On 22 March 2010, the Company transferred its registration to Australia and subsequently changed its name to 'Tango Petroleum Limited' on 14 May 2010. On 27 March 2012, the Company changed its name to 'Triple Energy Limited' before changing it again to 'HyTerra Ltd' following receipt of Shareholder approval, which was obtained at the Company's 2020 Annual General Meeting held on 30 June 2022.

In 2013, the Company acquired 100% of the issued capital of CFT Heilongjiang (HK) Limited (**CFT**). CFT holds 80% of the issued capital of Heilongjiang Aolong Energy Co. Ltd (**Aolong**), a co-operative joint venture established under the laws of the People's Republic of China (**PCR**) that was focussed on establishing a portfolio of quality coal seam gas assets in northern China, with the objective of de-gassing coals via the extraction of coal bed methane.

In 2014, the Company announced that the coal seam gas project governed by the Aolong co-operative joint venture failed to delineate a potentially commercial coal bed methane resource. No exploration activities have been undertaken at the Aolong joint venture projects since this time. In 2018, the Company announced that it had negotiated a memorandum of understanding (**MOU**) to acquire Guanzhou Bofu Investment Co. Ltd. a company which had the right to derive income from the Xin 214 Project consisting of certain oil licenses in Songyuan City, Jilin Province in the PRC. Due diligence was not completed on this proposed acquisition and that the acquisition terms were not agreed by the parties.

With limited cashflow and difficulties in obtaining funds to continue its exploration activities in China, the Company requested voluntary suspension from the Official List on 28 October 2020, pending an update on its financial and corporate strategy.

Since entering into voluntary suspension in October 2020, the Company has been working to identify suitable acquisition and investment opportunities to create value for its Shareholders.

#### 1.2 Details of the Acquisition

On 8 April 2022 the Company announced that it had entered into a binding terms sheet with Neutralysis Industries Pty Ltd (ACN 156 261 791) (**Neutralysis**) pursuant to which the Company has agreed to make an offer to all shareholders of Neutralysis (**Neutralysis Shareholders**) to acquire 100% of the issued capital of the company (**Acquisition**).

As contemplated by the binding terms sheet, the Company and the Neutralysis Shareholders will subsequently enter into formal share sale and purchase agreements to affect the Acquisition comprising:

- (a) a binding share sale and purchase agreement between the Company, Neutralysis and 8 key shareholders of Neutralysis with respect to the sale by those Neutralysis Shareholders of their fully paid ordinary shares in the capital of Neutralysis (**Neutralysis Shares**) (comprising 49.45% of the Neutralysis Shares currently on issue) (**Share Sale and Purchase Agreement**); and
- (b) a short-form share sale and purchase agreement with each of the remaining 42 Neutralysis Shareholders with respect to the sale by those Neutralysis Shareholders of their Neutralysis Shares (comprising 50.55% of the Neutralysis Shares currently on issue) (each, a **Minority Share Sale Agreement**),

(together, the **Acquisition Agreements**).

Completion under the Share Sale and Purchase Agreement and the Minority Share Sale Agreements is interdependent. The material terms and conditions of the Acquisition Agreements are set out at Schedule 1.

The completion of the Acquisition (**Completion**) is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition and the Company being satisfied that it can satisfy any of ASX's outstanding conditions to the re-instatement of the Company's Shares to Official Quotation (**Re-instatement**). For the sake of clarity, the Consideration Shares will be issued and Completion will occur prior to Re-instatement, as the issue of Securities contemplated by this Notice (including the Consideration Shares) is a condition of Re-instatement.

A summary of all Resolutions, including a description of those Resolutions which are necessary to complete the Acquisition, is set out at Section 1.8.

## **Consideration**

In consideration for the Acquisition, the Company has agreed to issue to the Neutralysis Shareholders an aggregate of 183,000,000 Shares, at a deemed issue price of \$0.02 per Share (**Consideration Shares**), together with an aggregate of 183,000,000 attaching options to acquire Shares at an exercise price of \$0.025 expiring on 30 June 2025 (**Consideration Options**), upon reinstatement to Official Quotation (collectively, the **Consideration Securities**).

The full terms and conditions attaching to the Consideration Options are set out at Schedule 8.

The Company has agreed to issue the Consideration Securities to the Neutralysis Shareholders on a pro rata basis according to the respective number of Neutralysis Shares currently held by them. The identities and current shareholdings of the Neutralysis Shareholders are set out in Schedule 3.

## Disposal of CFT

Subsequent to the Company's announcement of the Acquisition, on 10 May 2022, the Company announced that it had reached a conditional agreement to dispose of its 100% shareholding in CFT for a nominal sum of HK\$10,000 to a PRC-resident individual investor, Mr Yang Jie (**CFT Sale Agreement**), subject to the satisfaction or waiver of certain conditions precedent. As previously disclosed on the Company's ASX platform, both CFT and Aolong have significant net liabilities.

### 1.3 About Neutralysis, NH2E and the Projects

#### (a) Background to Neutralysis and NH2E

Neutralysis is a proprietary limited company, incorporated in Queensland Australia in 2012. Neutralysis is focused on the development and implementation of hydrogen projects.

Neutralysis holds a 10.03% beneficial interest in a joint development and earn-in agreement (**JDA**) with Natural Hydrogen Energy LLC (**NH2E**), a private company registered in the United States of America (**USA**) and domiciled in Denver, Colorado. NH2E has acquired exploration leases in Nebraska and South Carolina to explore for the presence of natural hydrogen gas in the subsurface. Further information with respect to the JDA is set out below.

#### (b) Joint Development Agreement

Executed in April 2020 and subsequently varied by mutual agreement of Neutralysis and NH2E in April 2022, the JDA describes the funding arrangements and work program pursuant to which NH2E and Neutralysis have agreed to incorporate a joint venture company to jointly develop and explore the leases that comprise four prospective hydrogen project area in Nebraska and South Carolina in the USA (the, **Projects**) as well as NH2E's data package that relates to the Projects.

The Projects themselves do not have associated work programs. Neutralysis and NH2E have mutually agreed a two-phase exploration and development plan which will governs the work program that is to be carried out at the Projects (including any mutually agreed modifications) and funded by Neutralysis (**Exploration and Development Plan**). Further information with respect to the Projects and the two-phased Exploration and Development Plan is set out at Sections 1.4 and 1.6 respectively.

Under the terms of the JDA, the joint venture company (**JVCo**) will hold the Projects, and upon the satisfaction of certain conditions precedent, will reflect the beneficial interest of Neutralysis in the JVCo, as earned by Neutralysis. Neutralysis has the ability to acquire up to a 30% beneficial interest in the JVCo on completion of the Phase 1 work program, which requires Neutralysis to expend US\$5,000,000. On completion of the Phase 2 work program, which requires Neutralysis to expend a further US\$15,000,000, Neutralysis can acquire an additional 21%, to take its interest in the JVCo to 51%.

NH2E and Neutralysis agree that Neutralysis has contributed an aggregate of US\$1,671,042 to date, towards developing and progressing the Projects and NH2E's associated data package within the scope of the JDA.

Accordingly, Neutralysis currently holds an approximate 10.03% beneficial interest in the Development Assets.

A summary of the material terms and conditions of the JDA are set out at Schedule 2.

#### **1.4 Overview of the Projects**

The leases that comprise the Projects total 3,891 acres (15.7 km<sup>2</sup>) in Nebraska and South Carolina in the USA and were acquired by NH2E to explore for the presence of natural hydrogen gas in the subsurface of the Project areas.

The Projects comprise:

**(a) Nebraska Northwest Project**

The Nebraska Northwest Project comprises 18 leases covering a combined area of 2320 acres (9.4 km<sup>2</sup>) in Fillmore County.

The Nebraska Northwest Project comprises the Hoarty NE3 well that was drilled by NH2E over the period November 2018 to February 2019. Further information in respect of the Hoarty NE3 well is set out at Section 1.5.

**(b) Nebraska Southeast Project**

The Nebraska southwest project area comprises 1 lease covering a combined area of 400 acres (1.6 km<sup>2</sup>) in Fillmore County.

**(c) South Carolina West Project**

The South Carolina west project area comprises 1 lease covering a combined area of 517 acres (2.1 km<sup>2</sup>) in Marlboro County.

**(d) South Carolina East Project**

The South Carolina east project area comprises 1 lease covering an area of 654.24 acres (2.6 km<sup>2</sup>) in Marlboro County.

Further information in respect of the leases comprising the Projects is set out at Schedule 4.

The geology of the Nebraska Northwest Project area contains two main geological successions. The upper succession is comprised of Cambrian to Quaternary aged sedimentary rocks of the Salina Basin, which extends across the eastern parts of Nebraska and Kansas. Directly underlying the Salina Basin are metasediments and crystalline rocks of Pre-Cambrian age, which form the basement terranes in this area and comprise the lower geological succession in the project area. The Nebraska Northwest Project includes the Hoarty NE3 well that was drilled between November 2018 and February 2019 by NH2E. Further information with respect to the Hoarty NE3 well is set out at Section 1.5 below.

The geology of the Nebraska Southeast Project area is predicted to contain two main geological successions, based on interpolation of regional well data as no well is present in the project area. The upper succession is predicted to contain Cambrian to Quaternary aged sedimentary rocks of the Salina Basin, and the lower succession is predicted to contain metasediments and crystalline rocks of Pre-Cambrian age.

The geology of the South Carolina West Project and South Carolina East Project areas are relatively poorly understood. Both projects are located on the western edge of the Blake – Bahamas basin on the Atlantic coastal plain. Here, Cretaceous to Pliocene sedimentary rocks are underlain by Neoproterozoic to early Paleozoic basement rocks of the Appalachian Piedmont terrane.

## **1.5 Exploration history**

As mentioned in Section 1.4, the Nebraska Northwest Project comprises the Hoarty NE3 well that was drilled by NH2E between November 2018 to February 2019.

The Hoarty NE3 well was drilled to a total depth of 11,287 ft (3,440 m) in basement metamorphic and igneous rocks. As the well is suspended in preparation for an extended well test, a well pad, well head and production tubing are installed in the well at present.

Hoarty NE3 was drilled as an exploration well with the objective of discovering hydrogen which NH2E hypothesized was present in elevated levels in the subsurface at that location. At a total depth of 11,287 ft (3,440 m) this is the deepest well drilled in Nebraska. Hoarty NE3 is not a typical oil and gas exploration well, as it tested objectives significantly deeper than those targeting oil and gas. The upper ~ 1000m of Hoarty NE3 intercepted sedimentary rocks of Quaternary, Cretaceous and Mississippian - Late Cambrian age, and a further ~2500m of Precambrian basement metamorphic and igneous rocks which are normally considered to be un-prospective for hydrocarbons. Multi-element mudlog gas detection was conducted while drilling and hydrogen was observed to be elevated in the Precambrian basement rocks, consistent with the pre-drill prognosis by NH2E.

After the drilling program concluded in February 2019, the Hoarty NE3 well was wireline logged to gather data about the rock properties and possible resource intervals, capped and suspended for a future well testing program.

Following the execution of the first iteration of the JDA in April 2021, tubing was installed in the Hoarty NE3 well and swabbing operations were conducted to gather further technical and downhole information to prepare the well for a long-term flow test. At stages of the swabbing process, the well was opened to release pressurised gas accumulated in the annulus and samples of these gases were taken for further analysis. Operational issues related to overtightened tubing meant that the swabbing operations were only partially successful in dewatering the well, and activities were paused until the issues with tubing could be resolved.

In early 2022, remedial work to rectify the tubing was completed and a successful swabbing operation gathering additional downhole information necessary for a long term well test to be completed on the Hoarty NE3 well.

## **1.6 Proposed Exploration and Development Plan**

The Exploration and Development Plan under the JDA denotes a total planned work program expenditure of US\$20,000,000. Consequently, it is anticipated that Phase 1 and Phase 2 of the Exploration and Development Plan will dictate the Company's work program at the Projects for the first 2 years following Re-instatement.

On Completion, the Company will seek to increase Shareholder value by undertaking systematic exploration activities at the Projects in accordance with Phase 1 of the Exploration and Development Plan under the JDA.

The two phases of the Exploration and Development Plan are set out below:

Exploration and Development Plan: Phase 1	Estimated cost US\$	Estimated cost A\$ (on the basis that US\$0.68 equals A\$1)
Testing the Hoarty NE3 Well for production by installing tubing and removing water ( <b>Hoarty NE3 Well Test</b> )	300,000	441,176
Depending on the results of the first series of tests, longer term tests may be necessary. <sup>1</sup>	25,000 – 200,000	36,765 – 294,118
Setting up a pilot gas separation unit, including purification, compression and storage. <sup>2</sup>	Up to 2,100,000	Up to 3,088,235
Acquiring additional mineral rights leases in vicinity of well location	250,000	367,647
Geochemical studies to connect drilling results with the surface data	200,000	294,118
2D seismic study of the location to identify the precise location of the next exploratory drilling	500,000	735,294
Additional gravity study	50,000	73,529
Exploratory drilling ( <b>Secondary Well</b> )	700,000	1,029,412
Operational expenses and miscellaneous costs	300,000	441,176
Reserve for unforeseen expenses related to exploration uncertainties	400,000	588,235
<b>Total</b>	<b>5,000,000</b>	<b>7,352,941</b>

**Notes:**

1. Costs will vary depending on the techniques used.
2. Costs will vary depending on the volume of gas and composition.

Exploration and Development Plan: Phase 2	Estimated cost US\$	Estimated cost A\$ (on the basis that US\$0.68 equals A\$1)
Leasing multiple locations with potential in the region	2,200,000	3,235,294
Making studies of those sites, mainly geochemistry	900,000	1,323,529
Seismic studies	1,500,000	2,205,882
Drilling several wells, exploration and production ones to unveil all the potential of the resource and start the production	7,500,000	11,029,412
Installation of gas treatment equipment, including purification, compression and storage	2,000,000	2,941,176
Operational expenses and miscellaneous costs	900,000	1,323,529
<b>Total</b>	<b>15,000,000</b>	<b>22,058,824</b>

It should be noted that the activities listed in Phases 1 and 2 of the Exploration and Development Plan are subject to modification and change by mutual agreement of Neutralysis and NH2E depending on the results obtained from exploration undertaken at the Projects.

## 1.7 Public Offer and Proposed Use of funds

It is a condition precedent to the Acquisition that the Company undertake a capital raising to raise a minimum of \$5,000,000 (before costs) via the issue of 250,000,000 Shares at an issue price of \$0.02 per Share (**Public Offer**). The Company may also accept oversubscriptions for a further 100,000,000 Shares to raise up to an additional \$2,000,000.

The issue of Shares under the Public Offer is subject to Shareholder approval (the subject of Resolution 2). The funds raised from the Public Offer will be applied towards assisting the Company with re-complying with Chapters 1 and 2 of the Listing Rules and to support the Company's proposed Exploration and Development Plan at the Projects (as set out in Section 1.6) over the first two years as follows:

Allocation of funds	Minimum Subscription (\$)	Percentage of Funds (%)	Maximum Subscription (\$)	Percentage of Funds (%)
Existing cash reserves <sup>1</sup>	\$327,441	5.82%	\$327,441	4.29%
Funds raised under Pre-Raising Loan Agreements <sup>2</sup>	\$300,000	5.33%	\$300,000	3.93%
Funds raised from Offer	\$5,000,000	88.85%	\$7,000,000	91.77%
<b>Total</b>	<b>\$5,627,441</b>	<b>100%</b>	<b>\$7,627,441</b>	<b>100%</b>
Hoarty NE3 Well Test <sup>3</sup>	\$694,400	12.34%	\$694,400	9.10%
Seismic survey <sup>4</sup>	\$694,400	12.34%	\$694,400	9.10%
Gravity survey <sup>4</sup>	\$69,400	1.23%	\$69,400	0.91%
Operational expenses <sup>5</sup>	\$416,700	7.40%	\$416,700	5.46%
Additional leases <sup>5</sup>	\$347,200	6.17%	\$347,200	4.55%
Geochemical survey <sup>5</sup>	\$277,700	4.93%	\$277,700	3.64%
Contingency	\$555,500	9.87%	\$555,500	7.28%
Secondary well <sup>6</sup>	Nil	Nil	\$972,222	12.75%
<b>Total Phase 1 JDA Project Spend<sup>7</sup></b>	<b>\$3,055,300</b>	<b>54.29%</b>	<b>\$4,027,522</b>	<b>52.80%</b>
Expenses of the Offer <sup>8</sup>	\$630,944	11.21%	\$753,194	9.87%
Corporate and administration <sup>9</sup>	\$1,539,304	28.9%	\$2,387,708	32.6%
Working capital <sup>10</sup>	\$228,234	4.06%	\$228,180	2.99%
<b>Total</b>	<b>\$5,399,207</b>	<b>100%</b>	<b>\$7,399,261</b>	<b>100%</b>

### Notes:

1. Refer to the financial information for the Company set out at Schedule 6 for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Public Offer of which various amounts will be payable prior to completion of the Public Offer.
2. Refer to Section 13.1 for further details.
3. The primary objective of the Company's exploration activities is to ensure the successful completion of the Hoarty NE3 Well Test. This test will determine the gas flow rate, gas composition and subsurface pressures and inform the parties to the JDA on the commercial potential of Hoarty NE3 well and the area of the existing leases that comprise the Projects. This expenditure also accounts for longer term tests at the Hoarty NE3 Well as per Phase 1 of the JDA which may be necessary.

4. Including exploration activities on the leases comprising the Nebraska Northwest Project and Nebraska Southeast Project.
5. Including exploration activities on the leases comprising the Nebraska Southeast Project, South Carolina West Project and South Carolina East Project.
6. The JDA is considering a Secondary Well in the Project areas following the Hoarty NE3 Well Test, the Company anticipates that this will either be an appraisal well for Hoarty NE3 in the Nebraska Northwest Project area, or a new exploration well in either of the Nebraska Northwest or Nebraska Southeast Project areas.
7. Refer to Section 1.4 and 1.6 further details with respect to the JDA, the Company's Projects and proposed exploration programs at the Projects. The Company does not intend to apply any of the Public Offer funds towards setting up a pilot gas separation unit, including purification, compression and storage at the Hoarty NE3 well, as outlined in the Phase 1 work program.
8. Including legal fees, ASIC and ASX fees, Lead Manager fees, Investigating Accountant fees, Independent Expert Fees, Share Registry Fees and brokerage costs.
9. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
10. To the extent that:
  - (a) the Company's exploration activities warrant further exploration activities; or
  - (b) the Company is presented with additional acquisition opportunities,

the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial two-year period following Re-instatement.

The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The current and proposed Directors consider that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives.

## 1.8 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition and associated transactions, being Resolutions 1 to 3 and 6 (**Essential Resolutions**).

Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolution. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail, and completion of the Acquisition and associated transactions (as set out below) will not occur.

Summaries of the Essential Resolutions are as follows:

- (a) the Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under Listing Rule 11.1.2 (**Resolution 1**);
- (b) as outlined in Section 1.7, the Company proposes to undertake the Public Offer and issue a minimum of 250,000,000 Shares at an issue price of \$0.02 per Share to raise \$5,000,000. The Company may also accept oversubscriptions for a further 100,000,000 Shares to raise up to an additional \$2,000,000 (**Resolution 2**);

- (c) Shareholder approval is required for the purpose of Section 611 item 7 of the Corporations Act to permit the Neutralysis Shareholders to acquire a collective maximum voting power of between 31.06% (on an undiluted basis, assuming Maximum Subscription), and 54.68% (on a fully diluted basis, assuming Minimum Subscription and no other Options or Performance Rights are converted) in the Company through the issue of the Consideration Securities to the Neutralysis Shareholders and on conversion of the Brimage Performance Rights (**Resolution 3**); and
- (d) the appointment of proposed Director, Mr Russell Brimage, on Completion (**Resolution 6**).

In addition, the Company is seeking Shareholder approval for other non-Essential Resolutions, as follows:

- (a) to issue Shares to Indian Ocean Securities Pty Ltd (ACN 621 321 891) (**IOS**) as part consideration for lead manager and corporate advisory services provided in respect of the Public Offer, for the purposes of Listing Rule 7.1 (**Resolution 4**);
- (b) to issue Options to IOS for the purposes of Listing Rule 7.1 and subject to the Company achieving Maximum Subscription under the Public Offer (**Resolution 5**);
- (c) for current and proposed Directors to be issued an aggregate of 38,000,000 Class A and Class B Performance Rights under the Company's Securities Incentive Plan, as adopted by Shareholders at its 2020 Annual General Meeting held on 30 June 2022 (**2020 AGM**) in accordance with Chapter 2E of the Corporations Act, Listing Rule 10.14, and otherwise on the terms and conditions set out in this Notice (**Resolutions 7 to 14**);
- (d) to issue 5,000,000 Class C Performance Rights to Mr Avon McIntyre on the terms and conditions set out in this Notice (**Resolution 15**);
- (e) to issue Shares to Mr Po Chan in lieu of outstanding directors' fees for the period 31 January 2021 to 31 December 2021 (**Resolution 16**);
- (f) to issue up to 1,250,000 Shares and 1,250,000 attaching Options to related party, Ohio Investments on conversion of Convertible Notes for the value of \$25,000, an entity controlled by Mr Paul Garner, on the terms and conditions set out in this Notice (**Resolution 17**);
- (g) to issue 2,500,000 Options to Mr Paul Garner on the terms and conditions set out in this Notice (**Resolution 18**);
- (h) for Mr Paul Garner and Mr Avon McIntyre to be issued Loan Conversion Shares on conversion of Pre-Raising Loan amounts for the aggregate value of \$85,000 under their respective Loan Agreements with the Company (**Resolution 19 and Resolution 20**);
- (i) to issue up to 10,750,000 Loan Conversion Shares on conversion of Pre-Raising Loan amounts for the aggregate value of \$215,000 to be advanced by professional and sophisticated third-party lenders under their respective Loan Agreements with the Company (**Resolution 20**); and
- (j) to issue 6,000,000 Performance Rights to Vestigo Pty Ltd (**Resolution 22**); and

- (k) approve an increase of the total aggregate amount of fees payable to non-executive Directors from \$250,000 per annum to \$500,000 per annum (**Resolution 23**).

Shareholders should note that while Resolutions 7 to 14 are not Essential Resolutions, the Acquisition Agreements are conditional upon the passing of these Resolutions. Accordingly, if these Resolutions are not passed there is a risk that the Acquisition will not complete if the related condition is not waived by Neutralysis.

Resolutions 4 and 5 and 15 to 23 **have not** been denoted as Essential Resolutions. The passing of these Resolutions have no impact on the completion of the Acquisition.

## 1.9 Regulatory matters

ASX has advised the Company that as the Acquisition will amount to a significant change in the nature and scale of the Company's activities, the Company is required to obtain Shareholder approval for the Acquisition and must re-comply with Chapters 1 and 2 of the Listing Rules before it can be re-instated to trading on the ASX.

Trading in the Company's Securities is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules on Completion. The Acquisition and associated transactions, being the Essential Resolutions and Resolutions 7 to 14 are each conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition and associated transactions and satisfying all other Re-instatement conditions.

If the Essential Resolutions are not approved at the Meeting, the Acquisition will not proceed, and the Company's Securities will remain suspended from trading. As a result, the Company will be unable to undertake the change of nature and scale of its activities and will remain in suspension. Consequently, the Company could ultimately be delisted from ASX on 28 October 2022 (being the date which is 2 years from the date the Company's securities were suspended from quotation).

The Board confirms that as part of its due diligence program with respect to the Acquisition, the Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses and prospectus of Neutralysis to satisfy itself that the Acquisition is in the interests of the Company and its Shareholders.

The Company considers that the Acquisition will not have an effect on the Company's annual revenue or profit before tax in the near term because the Company does not currently have any annual revenue or profit before tax. The anticipated effect on the Company's expenditure for the two years following Re-admission is set out in Sections 1.6 and 1.7.

ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to reinstate the Company's Shares to Official Quotation and therefore the Acquisition may not proceed if ASX exercises that discretion. Investors should take account of these uncertainties in deciding whether or not to vote in favour of or against the Resolutions at this Meeting.

The Company confirms that it is currently in compliance with its disclosure obligations under Listing Rule 3.1.

ASX takes no responsibility for the contents of this Notice.

## 1.10 Previous Security issues

### (a) Company

#### (i) Convertible Notes

In the 6 months prior to the date of this Notice, the Company has entered into various binding term sheets for the issue of convertible notes for the aggregate value of \$715,000 (**Convertible Notes**) as follows:

- (A) (**Tranche 1 Convertible Notes**): on 4 January 2022, convertible notes for a value of \$5,000 to Advanced Share Registry that will convert into Shares (at a deemed issue price of \$0.02 per Share) prior to Re-instatement. This agreement was subsequently terminated and is no longer on foot;
- (B) (**Tranche 2 Convertible Notes**): on 10 January 2022, convertible notes for a value of \$60,000 to professional and sophisticated investors (including one Neutralysis Shareholder) that will convert, subject to Shareholder approval, into Shares (at a deemed issue price of \$0.02 per Share) and free attaching Options on a 1:3 basis prior to Re-instatement (**Tranche 2 Convertible Note Raise**); and
- (C) (**Tranche 3 Convertible Notes**): on 1 February 2022, convertible notes for a value of \$650,000 to professional and sophisticated investors who are clients of IOS (including four Neutralysis Shareholders) and Ohio Investments that will convert, subject to Shareholder approval, into Shares (at a deemed issue price of \$0.02 per Share) and free attaching Options on a 1:1 basis prior to Re-instatement (**Tranche 3 Convertible Note Raise**),

Funds raised under the Tranche 2 and Tranche 3 Convertible Note Raises are being applied by the Company towards the costs and expenses being incurred by the Company as part of its process of re-complying with Chapters 1 and 2 of the Listing Rules and for general working capital purposes.

Refer to Resolutions 2 to 6 of the 2020 Notice of AGM for further information with respect to the Tranche 2 and Tranche 3 Convertible Note Raises.

#### (ii) Conversion Securities

The Company obtained Shareholder approval at the 2020 AGM to convert:

- (A) the Tranche 2 Convertible Notes into 3,000,000 Shares and 9,000,000 Options; and

- (B) the Tranche 3 Convertible Notes (with exception to the Convertible Note held by Ohio Investments) into 31,250,000 Shares and 31,250,000 Options.

These Securities were issued on 12 July 2022, refer to the Appendix 3G dated 1<sup>st</sup> July 2022 for further details.

The conversion of the Convertible Note held by Ohio Investments (**Ohio Convertible Notes**) into Shares and Options is the subject of Resolution 17 of this Notice. Refer to Section 11 for further details.

(iii) **Broker Options**

As mentioned in the explanatory statement of Resolution 6 of the 2020 Notice of AGM, IOS was mandated to act as lead manager to the Tranche 3 Convertible Note Raise. The Tranche 3 Convertible Note Raise was not underwritten. In consideration for its services, IOS received a fee of 6% of the total amount raised.

All attaching Options to be issued to holders of the Convertible Notes will be issued on the terms and conditions set out in Schedule 8.

(iv) **No further issues**

Other than as contemplated in this Notice, the Company confirms that it will not be issuing any further Securities between the date of this Notice and Re-instatement.

(b) **Neutralysis**

On 27 May 2022, Neutralysis made four issues of Neutralysis Shares comprising:

- (i) 55 Neutralysis Shares for nil cash consideration;
- (ii) 410 Neutralysis Shares for the value of \$410,000;
- (iii) 170 Neutralysis Shares for the value of \$170,000; and
- (iv) 1,480 Neutralysis Shares for the value of \$1,480,000.

Funds raised from these issues were used by Neutralysis for progressing the development of the assets the subject of the JDA in the United States (refer to Section 1.3 for further details).

Other than the issues on 27 May 2022, Neutralysis has not made any other issues of securities in the previous 6 months.

Neutralysis will not be issuing any other securities between the date of this Notice and Re-instatement.

## 1.11 Business model

Following completion of the Acquisition and re-listing, the Company will transition from its previous oil and gas strategy to an energy company seeking to develop a natural hydrogen project.

Consequently, the Company's proposed business model will be to continue exploration for, and exploitation of, natural hydrogen globally and to support the future work program of the JDA, with a primary focus on natural hydrogen sourced from within the earth.

The Company's main objectives on completion of the proposed Acquisition and Public Offer will include:

- (a) completion of the Hoarty NE3 Well Test at the Nebraska Northwest Project pursuant to Phase 1 of the JDA, and subject to proving commerciality, begin exploitation plans at the Projects;
- (b) continuing to evaluate opportunities for the exploration and development of hydrogen projects within the scope of the JDA and plan associated work programs;
- (c) continuing to pursue other acquisitions that have a strategic fit for the Company that could lead to the production of green hydrogen from solar or biomass and technologies involving the transport of hydrogen throughout the USA and elsewhere;
- (d) engagement with complimentary resource companies to evaluate, explore and develop potential natural hydrogen projects in capacities that fit the expertise and focus of the Company (may include joint operating, joint venture, service contract or royalty-based operating models); and
- (e) providing working capital for the Company.

## 1.12 Key Dependencies

The key dependencies influencing the viability of the Acquisition are:

- (a) completion of the Acquisition and associated transactions (including acceptance of the offers by all Neutralis Shareholders);
- (b) the Company's capacity to re-comply with Chapters 1 and 2 of the Listing Rules to enable re-admission to quotation of the Company's Securities;
- (c) commodity price volatility and exchange rate risk;
- (d) ability to meet resource and reserves and exploration targets;
- (e) the discovery of a potentially economic recoverable volume of natural hydrogen;
- (f) raising the Minimum Subscription to satisfy expenditure requirements, exploration and operating costs; and
- (g) minimising environmental impact and complying with health and safety requirements.

### 1.13 Key Investment Highlights

The current and proposed Directors are of the view that the key highlights of an investment in the Company include:

- (a) **First mover advantage:** The Company will be the first publicly listed company dedicated solely to natural hydrogen exploration on the ASX and will directly invest and be involved in a new and exciting sector of the clean energy and hydrogen industries.
- (b) **Dedicated to clean energy:** The Company is positioning itself within the clean energy sector with no competing internal business interests.
- (c) **Advanced exploration activities:** Through the JDA with NH2E in the USA, the Company has an interest in a pioneering hydrogen exploration venture with ongoing well testing activities and aims to be the first commercial producer of natural hydrogen.
- (d) **Experience and proprietary knowledge:** The Directors and staff of the Company have substantial experience in international oil and gas exploration, development, and production. Together with the proprietary knowledge of natural hydrogen exploration of the joint development partner NH2E, the Company can lead and accelerate natural hydrogen exploration and development globally.
- (e) **Market Opportunity:** The Company is well positioned to capitalise on a significant market opportunity being the rapid growth in demand for low and zero-carbon hydrogen.

### 1.14 Plans for the Company if completion of the Acquisition does not occur

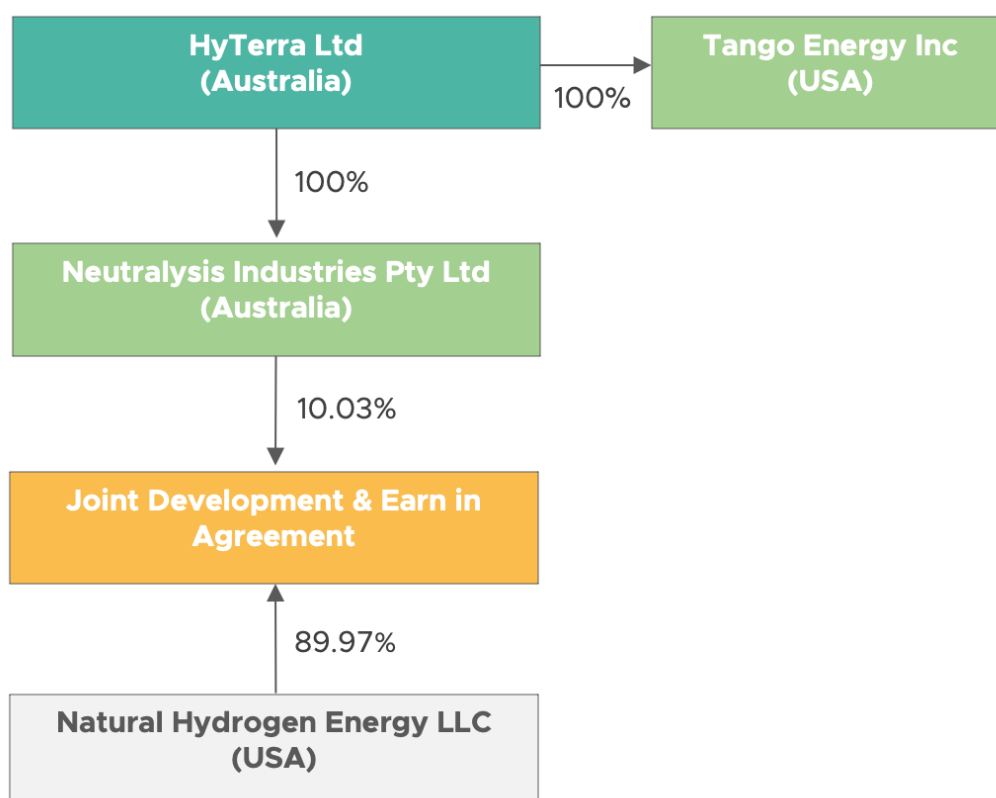
If any of the Essential Resolutions are not passed and the Acquisition is not therefore able to be completed, the Company will continue to look for alternative potential transactions to take the Company forward.

Shareholders should note that if the Essential Resolutions are not approved at this Meeting, the Acquisition will not proceed.

Trading in the Company's Securities is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following Completion or can otherwise satisfy ASX that its level of its operations are sufficient for the purposes of Listing Rule 12.1.

### 1.15 Group structure following Completion

On Completion, the corporate structure of the Company and its subsidiaries (together, the **Group**) is intended to be as follows:



## 1.16 Indicative timetable

An indicative timetable for Completion is set out below:

Indicative Timetable	Date*
Notice of Meeting is sent to Shareholders	8 September 2022
Lodgement of Prospectus with the ASIC	12 September 2022
Opening date of Public Offer	12 September 2022
General Meeting	10 October 2022
Closing date of Public Offer	12 October 2022
Issue of securities under the Public Offer	17 October 2022
Despatch of holding statements	18 October 2022
Expected date for Re-instatement	21 October 2022

\*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

## 1.17 ASX waivers and confirmations obtained

The Company has sought, and ASX has granted the following waivers and confirmations:

### (a) Listing Rule 1.1 (Condition 12) and Listing Rule 2.1 (Condition 2)

ASX Listing Rule 1.1 (Condition 12) provides that if an entity has options on issue the exercise price for each underlying security must be at least 20 cents in cash. ASX Listing Rule 2.1 (Condition 2) provides that the issue price or sale price of all the securities for which an entity seeks quotation (except options) must be at least 20 cents in cash.

The Company was granted a waiver from the requirements of Listing Rule 2.1 (Condition 2) and 1.1 (Condition 12) to enable the Company to issue Shares and Options under the Public Offer below \$0.20.

### (b) Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities, or agreement to issue equity securities, to a related party of the Company.

Listing Rule 10.13 sets out the requirements for Shareholder approval under Listing Rule 10.11. In particular, Listing Rule 10.13.5 provides that the notice of meeting must (inter alia) state the date by which the entity will issue the securities and that the securities must be issued no later than 1 month after the date of the meeting or such later date as may be permitted by any ASX waiver or modification of the Listing Rules.

The Company has received a waiver from the requirements of Listing Rule 10.13.5 (in respect of Resolutions 16 to Resolution 20 of this Notice) to allow the Company to issue the following securities to related parties no later than the date that the Public Offer Shares are issued, which must be no later than three months after the date of this Meeting;

- (i) 1,604,200 Shares to Mr Po Chan in lieu of outstanding director's fees (the subject of Resolution 16);
- (ii) 1,250,000 Shares and 1,250,000 attaching Options to Ohio Investments Pty Ltd <Ohio Investment Unit A/C> ACN 636 653 122 (an entity controlled by Mr Garner) (the subject of Resolution 17);
- (iii) 2,500,000 Options to Mr Garner (the subject of Resolution 18);
- (iv) up to 2,500,000 Loan Conversion Shares to Mr Garner (or his nominee) on conversion of a Pre-Raising Loan amount for the value of \$50,000 (the subject of Resolution 19 ); and
- (v) up to 1,750,000 Loan Conversion Shares to Mr Avon McIntyre (or his nominee) on conversion of a Pre-Raising Loan amount for the value of \$35,000 (the subject of Resolution 20),

(together, the **Related Party Securities**).

ASX granted the waiver from Listing Rule 10.13.5, on the following conditions:

- (i) as noted above, the Related Party Securities are issued by no later than the date that the Public Offer Shares are issued, which must be no later than 3 months after the date of the shareholder meeting;
- (ii) the Related Party Securities are issued pursuant to the relevant terms and conditions set out in this Notice;
- (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Company's shareholders approved the issue of the Related Party Securities; and
- (iv) the terms of the waiver are clearly disclosed in this Notice and in the prospectus to be issued in respect of the Public Offer.

(c) **Listing Rule 6.1**

The Company has received confirmation that the terms of the 49,000,000 Performance Rights proposed to be issued to the current and proposed Directors (or their respective nominee/s) and consultant, Vestigo Pty Ltd (**Vestigo**) (or its nominee/s) are appropriate and equitable pursuant to Listing Rule 6.1.

ASX has confirmed that the terms of the Performance Rights are appropriate and equitable pursuant to ASX Listing Rule 6.1, subject to a number of standard conditions, including Shareholder approval of the issue of the Performance Rights and the Company making certain requisite disclosures regarding the Performance Rights in this Notice, the Prospectus and to the market.

Refer to Schedule 9 for the terms and conditions of the Performance Rights and Section 8 for further details.

## **1.18 Public Offer**

As mentioned in Section 1.9, the Company proposes to conduct the Public Offer.

The Public Offer will be undertaken via a full form prospectus (**Prospectus**) to assist the Company in complying with Chapters 1 and 2 of the Listing Rules (which is required to achieve Re-instatement on Completion).

It is noted that the issue of Public Offer Shares is conditional upon the upon the Acquisition Agreements becoming unconditional. The Acquisition Agreement's remaining conditions precedent remain unsatisfied:

- (a) the Minimum Subscription to the Public Offer being raised;
- (b) the Company receiving Shareholder approval for the Essential Resolutions at this Meeting; and
- (c) the Company has received conditional approval from ASX for the Company to be reinstated to Official Quotation following the Company's compliance with Listing Rule 11.1.3 and Chapters 1 and 2 of the Listing Rules,

(together, the **Conditions**).

Approval for the Company to issue a minimum of 250,000,000 Shares and a maximum of 350,000,000 Shares pursuant to the Public Offer is the subject of Resolution 2.

### 1.19 **Lead Manager**

The Public Offer will not be underwritten.

On 10 June 2021 (as amended on 4 August 2022), IOS was appointed to act as the lead manager to the Company with respect to the Public Offer (**IOS Mandate**). A summary of the material terms of the IOS Mandate is contained in Schedule 5.

Pursuant to the terms of the IOS Mandate, the Company has agreed to pay/issue IOS the following fees in consideration for services provided:

- (a) that number of Shares equal to the value of \$180,000 to IOS (or its nominee/s) (9,000,000 Shares) (**IOS Shares**) (for which approval will be sought pursuant to Resolution 4);
- (b) a 1% lead manager fee on all funds raised under the Public Offer;
- (c) a 5% lodgement capital raising fee on funds raised by IOS directly from its own contacts, clients or wholesale investors; and
- (d) 9,000,000 Options (**IOS Options**) subject to and conditional on the Company achieving Maximum Subscription under the Public Offer (for which approval will be sought pursuant to Resolution 5) .

### 1.20 **Financial information**

#### (a) **Company Financial Information**

Set out at Schedule 6 is the pro-forma statement of financial position of the Company as at 31 March 2022, assuming that all Essential Resolutions have been passed, the Company has completed the Public Offer at Minimum Subscription and completion under the Acquisition Agreements has occurred.

The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

#### (b) **Neutralysis Financial Information**

An audited statement of financial position in respect of Neutralysis as at 31 December 2021 in relation to Neutralysis has been provided at Schedule 7. The audited accounts for Neutralysis for the year ended 30 June 2021 and the half year ended 31 December 2021 also accompany this Notice.

## 1.21 Pro forma capital structure

The proposed capital structure of the Company following Completion is set out below.

### Shares

	Minimum Subscription	Maximum Subscription
Shares currently on issue	55,848,682	55,848,682
Shares to be issued pursuant to the Public Offer	250,000,000	350,000,000
Shares to be issued under the Pre-Raising Loan Conversion Offer <sup>1</sup>	15,000,000	15,000,000
Shares to be issued on conversion of Ohio Convertible Notes <sup>2</sup>	1,250,000	1,250,000
Consideration Shares to be issued to Neutralysis Shareholders <sup>3</sup>	183,000,000	183,000,000
Shares to be issued to IOS <sup>4</sup>	9,000,000	9,000,000
Shares to be in lieu of director fees <sup>5</sup>	1,604,200	1,604,200
<b>Total Shares on completion of the Public Offer</b>	<b>515,702,882</b>	<b>615,702,882</b>

### Notes:

1. Subject to Shareholder approval, Shares proposed to be issued to the Lenders on conversion of the Pre-Raising Loan. Refer to Section 14 for further details.
2. Subject to Shareholder approval, these Shares will be issued to Ohio Investments, an entity controlled by Company Director Mr Paul Garner, on conversion of the Ohio Convertible Notes. Refer to Section 11 for further details.
3. Subject to Shareholder approval, Shares to be issued to Neutralysis Shareholders under the Acquisition Agreements. Refer to Section 4 and Schedule 1 for further details.
4. Subject to Shareholder approval, in connection with the Public Offer, the Company has agreed to issue the IOS Options to IOS (or its nominee/s), under the IOS Mandate. Refer to Section 6 for further details.
5. Subject to Shareholder approval, Outstanding past Director fees owed to Mr Po Chan totalling \$32,084 will be settled in Shares at \$0.02 per Share prior to ASX listing.

### Options

	Minimum Subscription	Maximum Subscription
Options currently on Issue	40,250,000	40,250,000
Options to be issued on conversion of the Ohio Convertible Notes <sup>1</sup>	1,250,000	1,250,000
IOS Options <sup>2</sup>	Nil	9,000,000
Consideration Options to be issued to Neutralysis Shareholders <sup>3</sup>	183,000,000	183,000,000
Options to be issued to Director <sup>4</sup>	2,500,000	2,500,000

	Minimum Subscription	Maximum Subscription
<b>Total Options on completion of the Public Offer</b>	<b>227,000,000</b>	<b>236,000,000</b>

**Notes:**

1. Subject to Shareholder approval, these Options will be issued to Ohio Investments, an entity controlled by Company Director Mr Paul Garner, on conversion of the Ohio Convertible Notes. Refer to Section 11 for further details.
2. Subject to Shareholder approval, in connection with the Offer, the Company has agreed under the IOS Mandate to issue the IOS Options to IOS (or its nominee/s), subject to and conditional upon the Company achieving Maximum Subscription under the Public Offer. Refer to Section 6 for further details.
3. Subject to Shareholder approval, Consideration Options proposed to be issued to Neutralysis Shareholders under the Acquisition Agreements. The material terms and conditions of the Acquisition Agreements are set out at Schedule 1.
4. Subject to Shareholder approval, Options proposed to be issued to Director, Mr Paul Garner as a performance-based incentive. Refer to Section 12 for further information.

Performance Rights

	Minimum Subscription	Maximum Subscription
Performance Rights currently on issue	Nil	Nil
<b>Total Performance Rights on issue after completion of the Public Offer<sup>1</sup></b>	<b>49,000,000</b>	<b>49,000,000</b>

**Notes:**

1. Subject to Shareholder approval. Refer to Sections 8 and 9 for further details.

## 1.22 Composition of the Board of Directors

On Completion, it is proposed that:

- (a) existing Non-Executive Chairman Mr Murray D'Almeida will resign from the Board;
- (b) existing Directors Mr Po Chan and Mr Paul Garner will remain on the Board as Non-Executive Directors;
- (c) recently appointed Director, Mr Avon McIntyre will remain on the Board as Chief Technical Officer and Executive Director; and
- (d) Mr Russell Brimage (the nominee director of Neutralysis) will be appointed to the Board as Non-Executive Chairman.

Under this Notice, the Company is seeking Shareholder approval for the election of Mr Russell Brimage under Resolution 6. A summary of Mr Brimage's employment agreement is set out in Schedule 13.

## 1.23 Director and Proposed Director interests in securities

None of the Directors currently hold any Securities in the Company.

Details of the Directors' and proposed Director's relevant interest in the securities of the Company on Completion are set out in the table below:

Board Member	Shares <sup>1</sup>	Options	Performance Rights	Proposed Relevant Interest Post Acquisition and Public Offer (%) at Minimum Subscription Undiluted	Proposed Relevant Interest Post Acquisition and Public Offer (%) at Maximum Subscription Fully Diluted
Russell Brimage <sup>2</sup>	19,900,000 <sup>3</sup>	19,900,000 <sup>4</sup>	8,000,000 <sup>5</sup>	3.86%	5.31%
Paul Garner	3,750,000 <sup>6</sup>	3,750,000 <sup>7</sup>	8,000,000 <sup>8</sup>	0.73%	1.72%
Po Chan	1,604,200 <sup>9</sup>	Nil	6,000,000 <sup>10</sup>	0.31%	0.84%
Avon McIntyre	1,750,000 <sup>11</sup>	Nil	21,000,000 <sup>12</sup>	0.34%	2.52%
Murray D'Almeida <sup>13</sup>	Nil	Nil	Nil	Nil	Nil

**Notes:**

1. Fully paid ordinary shares in the capital of the Company.
2. Proposed to be appointed on Completion.
3. Comprising 19,900,000 Consideration Shares held indirectly through Pouvoir Pty Ltd <Brimage Super Fund A/C>, an entity of which Mr Brimage is a director and shareholder.
4. Comprising 19,900,000 Consideration Options held indirectly through Pouvoir Pty Ltd <Brimage Super Fund A/C>, an entity of which Mr Brimage is a director and shareholder.
5. Comprising 4,000,000 Class A Performance Rights and 4,000,000 Class B Performance Rights.
6. Comprising 2,500,000 Public Offer Shares, 1,250,000 Shares proposed to be issued on conversion of the Ohio Convertible Notes for the value of \$25,00 to Ohio Investments, an entity controlled by Mr Garner.
7. Comprising 2,500,000 Options and 1,250,000 attaching Options proposed to be issued on conversion of the Ohio Convertible Notes for the value of \$25,000 to Ohio Investments an entity controlled by Mr Garner.
8. Comprising 4,000,000 Class A Performance Rights and 4,000,000 Class B Performance Rights.
9. Comprising 1,604,200 Shares proposed to be issued in lieu of outstanding directors' fees for the period from 31 January 2021 to 31 December 2021.
10. Comprising 3,000,000 Class A Performance Rights and 3,000,000 Class B Performance Rights.
11. Comprising 1,750,000 Public Offer Shares.
12. Comprising 8,000,000 Class A Performance Rights, 8,000,000 Class B Performance Rights and 5,000,000 Class C Performance Rights.
13. Proposed to resign on Completion.

## 1.24 Remuneration arrangements with current and proposed Directors on Completion

Details of the Directors' remuneration for the previous and the current financial year (on an annualised basis) are set out in the table below:

Director	Proposed remuneration for the year ended 31 March 2023	Remuneration for the year ended 31 March 2022
Avon McIntyre <sup>1</sup>	\$180,000	\$17,250 <sup>6</sup>
Paul Garner <sup>2</sup>	\$60,000	\$43,750
Po Chan <sup>3</sup>	\$60,000	\$128,383 <sup>7</sup>
Russell Brimage <sup>4</sup>	\$90,000	Nil
Murray D'Almeida <sup>5</sup>	\$14,664	\$40,000

### Notes:

1. Avon McIntyre was appointed to the Board on 24 February 2022. Mr McIntyre's proposed remuneration for the year ending 31 March 2023 is based on Mr McIntyre's current executive agreement, which is \$180,000 per annum, exclusive of superannuation.
2. Paul Garner was appointed to the Board on 10 September 2021. Mr Garner's proposed remuneration for the year ending 31 March 2023 is based on Mr Garner's current letter of appointment as a Non-Executive Director, which is \$60,000 per annum, inclusive of superannuation.
3. Po Chan was appointed to the Board on 27 January 2021. Mr Chan's proposed remuneration for the year ending 31 March 2023 is based on Mr Chan's current letter of appointment as a Non-Executive Director, which is \$60,000 per annum, inclusive of superannuation.
4. Russell Brimage will be appointed to the Board on the completion of the Acquisition and following Reinstatement. Mr Brimage proposed remuneration for the year ending 31 March 2023 is based on Mr Brimage's proposed letter of appointment as a Non-Executive Chairman, which provides for a salary of \$90,000 per annum.
5. Murray D'Almeida was appointed to the Board on 18 July 2017 and will step down from the Board on Completion.
6. Payment of these fees remain outstanding.
7. Of which \$32,084 remain unpaid. Subject to Resolution 16, Mr Chan will receive Shares in lieu of these outstanding fees.

## 1.25 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will obtain ownership of the business of Neutralysis pursuant to the Acquisition which is expected to bring profits to the combined group;
- (b) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Public Offer may lead to access to improved equity capital market opportunities; and
- (c) the consideration under the Acquisition Agreements is payable in Shares and Options, therefore conserving the Company's cash reserves.

The Independent Expert's Report identifies additional advantages of the Acquisition to which Shareholders should have regard and the Directors specifically refer all Shareholders to that report.

## **1.26 Disadvantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Neutralysis Shareholders will acquire a maximum voting power of between 31.06% (on an undiluted basis, assuming Maximum Subscription), and 54.68% (on a fully diluted basis, assuming Minimum Subscription and that no other Options or Performance Rights are converted) in the Company. As a result, the Neutralysis Shareholders will have significant influence over matters that require approval by the Company's shareholders including the election of directors and approval of significant corporate transactions;
- (c) the Acquisition, Public Offer and associated transactions the subject of this Notice will result in the issue of a significant number of Shares to the Neutralysis Shareholders and new investors which will have a dilutionary effect on the holdings of Shareholders;
- (d) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 1.29 below; and
- (e) future outlays of funds from the Company may be required for its proposed business operations.

The Independent Expert's Report identifies additional disadvantages of the Acquisition to which Shareholders should have regard and the Directors specifically refer all Shareholders to that report.

## **1.27 Independent Expert's Report**

A report on the transaction from an independent expert is required for approval under Section 611 item 7 of the Corporations Act.

The Independent Expert's Report annexed to this Notice sets out a detailed independent examination of the Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 3. The Independent Expert's Report has concluded that the Acquisition is fair and reasonable to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website (<https://www.hytterra.com>). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

## **1.28 Restricted Securities and free float**

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Public Offer, certain Securities on issue (including the Consideration Shares) may be classified by ASX as restricted securities and will be

required to be held in escrow for up to 24 months from the date of Official Quotation.

The Shares issued pursuant to the Public Offer however will not be classified as restricted securities and will not be required to be held in escrow.

Unless ASX grants cash formula relief on a look through basis in respect of any Consideration Securities, all of the Consideration Securities are likely to be restricted from trading for a period of 12 to 24 months after the date of re-admission of the Company to the Official List.

The Company expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company or their associates) at the time of Re-instatement from the Public Offer alone (excluding Shares subscribed for by the Directors, Mr Brimage and any of their associates) will be greater than 20%.

## **1.29 Risk factors**

In assessing the Acquisition, Shareholders need to consider the following non-exhaustive risk factors:

### **(a) Risks relating to change in nature and scale of activities**

#### **(i) Joint Venture Risk**

The financial performance of the Company is subject to its various counterparties or, in the case of NH2E, to perform its obligations under the JDA. If one of its counterparties or NH2E fails to perform their contractual obligations under the JDA, it may result in loss of earnings, termination of other related contracts, disputes and/or litigation of which could impact on the Company's financial performance.

Further, the Company is not the registered owner of the leases comprising the Projects, and therefore the Company's ability to achieve its business objectives on Completion is reliant upon NH2E complying with its contractual obligations under the JDA, satisfying the terms and conditions of the leases as required to maintain the leases in full force and effect, free from any liability to forfeiture or nonrenewal, and comply with any other applicable legislation.

NH2E's failure to comply with these obligations may result in the Company losing its interest in those leases which may have a material adverse effect on the Company's operations and performance, value of the Company's Shares, termination of other related contracts, and may lead to disputes and/or litigation. The Company has no current reason to believe that NH2E will not meet and satisfy their respective obligations.

(ii) **Completion risk**

Pursuant to the Acquisition Agreements, the Company has a conditional right to acquire 100% of the issued capital in Neutralysis.

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List of ASX. Trading in the Company's Shares are currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following settlement of the Acquisition.

There is a risk that the conditions for settlement of the Acquisition cannot be fulfilled, including where the Company is unable to meet the requirements of the ASX for re-quotation of its Securities on the ASX. If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved. Should this occur, Shares will not be able to be traded on the ASX until such time as the Company has re-complied with Chapters 1 and 2 of the Listing Rules and Shareholders may be prevented from trading their Shares until such time as a successful re-compliance is completed.

(iii) **Dilution risk**

As set out in this Notice, the Company proposes to issue the following securities:

- (A) the Consideration Securities to the Neutralysis Shareholders;
- (B) a minimum of 250,000,000 Shares and a maximum of 350,000,000 Shares pursuant to the Public Offer;
- (C) an aggregate of 15,000,000 Loan Conversion Shares on conversion of the Pre-Raising Loan (including up to 1,750,000 Loan Conversion Shares to Mr McIntyre and up to 2,500,000 Loan Conversion Shares to Mr Garner on conversion of their respective Pre-Raising Loan amounts to the aggregate value of \$85,000);
- (D) 9,000,000 IOS Shares;
- (E) 9,000,000 IOS Options (subject to and conditional upon the Company achieving the Maximum Subscription);
- (F) 19,000,000 Class A Performance Rights to current and proposed Directors;
- (G) 19,000,000 Class B Performance Rights to current and proposed Directors;
- (H) 5,000,000 Class C Performance Rights to Mr Avon McIntyre;

- (I) 1,604,200 Shares to Mr Po Chan in lieu of outstanding directors' fees;
- (J) 1,250,000 Shares and 1,250,000 attaching Options to Ohio Investments on conversion of Ohio Convertible Notes for the value of \$25,000, an entity of controlled by Mr Garner;
- (K) 2,500,000 Director Options to Mr Garner; and
- (L) 3,000,000 Class A and 3,000,000 Class B Performance Rights to consultant, Vestigo (or its nominee/s) under the Company's Employee Securities Incentive Plan (as adopted by Shareholders under Resolution 10 at the 2020 AGM) (**ESIP**).

Following the issue of the abovementioned securities, the number of Shares on issue will increase from 55,848,682 Shares to:

- (A) 515,702,882 Shares, on an undiluted basis and 791,702,882 on a fully diluted basis, assuming Minimum Subscription; and
- (B) 615,702,882 Shares on an undiluted basis and 900,702,882 on a fully diluted basis, assuming Maximum Subscription.

This means that immediately after Completion, each Share will represent a significantly lower proportion of ownership of the Company.

(iv) **Restricted securities and liquidity risk**

Upon the Company's readmission to the Official List, a majority of the Company's Shares will be subject to mandatory escrow in accordance with the Listing Rules. This will reduce liquidity in the market for the Shares and may affect the ability of a Shareholder to sell some or all of its Shares due to the effect less liquidity may have on demand. An illiquid market for the Company's Shares is likely to have an adverse impact on the Share price.

Following the end of any mandatory escrow periods, a significant number of Shares will become tradable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Company's Share price.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

(b) **Risks relating to the Company**

(i) **Currently no market**

As the Company's Shares have been suspended from trading since 28 October 2020, there is currently no public market for Shares. There is no guarantee that an active trading market in

the Company's Shares will develop or that that prices at which Shares trade will increase following Completion. The prices at which Shares trade may be above or below the price of the Public Offer and may fluctuate in response to several factors.

(ii) **Drilling Risks**

The drilling activities under the JDA are subject to numerous risks, many of which are beyond the Company's control. The Company's drilling operations may be curtailed, delayed or cancelled due to a number of factors including weather conditions, mechanical difficulties, shortage or delays in the availability or delivery of equipment and compliance with governmental requirements. Hazards incidental to the exploration and development gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the Company.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. While drilling may yield some hydrogen there can be no guarantee that the discovery will be sufficiently productive to justify commercial development or cover operating costs.

(iii) **Hydrogen Exploration and Evaluation**

The future value of the Company will depend on its ability to find and develop natural hydrogen resources that are economically recoverable within the Projects.

Natural hydrogen exploration is an emerging area of the natural resources industry and knowledge and understanding of the geological processes behind its occurrence is limited. There is a risk that exploration activities conducted on the Projects will not result in the discovery of hydrogen, and indications of hydrogen observed during such exploration activities may not result in the presence or absence of natural hydrogen at that location.

Hydrogen is a highly reactive gas and is able to combine with most other elements. Consequently, there is a risk that, under certain conditions, a chemical reaction may take place between hydrogen and other elements or compounds which are naturally occurring on the Projects to form other gases and / or liquids (including methane and / or water), which may have an adverse effect on the value of the resource derived from the Projects.

(iv) **Government licences and approvals**

Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and site safety.

Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

(v) **Key personnel**

The Company's success will be dependent upon its ability to retain and attract key employees. The Company needs staff with the capability and personal skills to design, install and operate networks, attract and retain customers and respond appropriately to customer service requests.

A loss of key management or other team members and the inability to recruit suitable replacements or additional personnel within a reasonable time period may adversely affect the Company's operations and financial performance.

(vi) **Additional requirements for capital**

The funds to be raised under the Public Offer (together with the existing cash reserves of the Company and Neutralaxis) are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following completion of the Public Offer, the Company may seek to raise further funds through equity or debt financing, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of its activities and the Company's proposed expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(vii) **COVID-19**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and the Company's ability to freely move people and equipment to and from exploration projects and may cause delays or cost increases. The effects of COVID-19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(viii) **Ukraine/Russia Conflict**

The current evolving conflict between Ukraine and Russia (**Ukraine/Russia Conflict**) is impacting global economic markets. The nature and extent of the effect of the Ukraine/Russia Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine/Russia Conflict.

The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine/Russia Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving either Country, may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company is monitoring the situation closely and considers the impact of the Ukraine/Russia Conflict on the Company's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(ix) **Future acquisitions**

As part of its growth strategy, the Company may make further acquisitions of complementary businesses or enter into strategic alliances with third parties. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

(c) **General Risks**

(i) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and

currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

(ii) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) introduction of tax reform or other new legislation;
- (C) currency fluctuations;
- (D) interest rates and inflation rates;
- (E) changes in investor sentiment toward particular market sectors;
- (F) the demand for, and supply of, capital; and
- (G) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company, the Directors, or the proposed Director warrant the future performance of the Company or any return on an investment in the Company.

Securities listed on the stock market experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

(iii) **Litigation risks**

The Company is exposed to possible litigation risks including occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

### **1.30 Forward looking statements**

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks detailed in Section 1.29. Forward looking statements include those

containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

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## **2. RESOLUTION 1 – APPROVAL TO CHANGE NATURE AND SCALE OF ACTIVITIES**

### **2.1 General**

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities which will occur as a result of the Company completing the Acquisition of Neutralysis.

A detailed description of the Acquisition is outlined in Section 1.2 above, and the key terms and conditions of the Acquisition Agreements and JDA are set out at Schedule 1 and Schedule 2 of this Notice respectively.

### **2.2 Listing Rule 11.1**

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Acquisition requires the Company, in accordance with Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

### **2.3 Listing Rule 11.1.2**

The Company is proposing to undertake the Acquisition and to re-comply with the Listing Rules.

Listing Rule 11.1.2 empowers ASX to require a listed company to obtain the approval of its shareholders to a significant change to the nature or scale of its activities. The Acquisition will involve a significant change to the nature or scale of the Company's activities for these purposes and, as its usual practice, ASX has imposed a requirement under Listing Rule 11.1.2 that the Company obtain shareholder approval to the Acquisition.

Resolution 1 seeks the required Shareholder approval to undertake the Acquisition under and for the purposes of Listing Rule 11.1.2.

### **2.4 Technical information required by Listing Rule 14.1A**

If Resolution 1 is passed, the Company will be able to proceed with the Acquisition, which will allow the Company to change the nature and scale of its activities.

If the Essential Resolutions (including this Resolution 1) are approved at the Meeting, the Company will be able to proceed with the Acquisition and will change the nature and scale of its activities subject to the conditions precedent to the Acquisition Agreements being satisfied and Completion occurring.

If Resolution 1 is not passed, the Company will not be able to proceed with the Acquisition. As a result, the Company will be unable to undertake the change of nature and scale of its activities and will remain in suspension. Consequently, the Company could ultimately be delisted from ASX on 28 October 2022 (being the date which is 2 years from the date the Company's securities were suspended from quotation).

## **2.5 Suspension until re-compliance with Chapters 1 and 2 of the Listing Rules**

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing which consequently requires the Company to (in accordance with Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules (including any ASX requirement to treat the Company's securities as restricted securities).

The Company's securities have been suspended from quotation since 28 October 2020 and, subject to Shareholder approval being obtained, will remain suspended from quotation until the Company has acquired Neutralysis pursuant to the Acquisition Agreements and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to Re-instatement.

## **2.6 Board recommendation**

The Board considers that the Acquisition is in the best interests of Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## **3. RESOLUTION 2 – APPROVAL TO ISSUE PUBLIC OFFER SHARES**

### **3.1 General**

Resolution 2 seeks Shareholder approval for the issue a minimum of 250,000,000 Shares and a maximum of 350,000,000 Shares pursuant to the Public Offer (the **Public Offer Shares**). Further information in respect of the Public Offer is set out in Section 1.18.

### **3.2 Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Public Offer Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

To this end, Resolution 2 seeks Shareholder approval to issue up to 350,000,000 Public Offer Shares for the purposes of Listing Rule 7.1.

### **3.3 Technical information required by Listing Rule 14.1A**

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Public Offer Shares.

If the Essential Resolutions (including this Resolution 2) are approved at the Meeting, the Company will be able to proceed with the issue of the Public Offer Shares, subject to the conditions precedent to the Acquisition Agreements being satisfied and completion occurring.

If Resolution 2 is not passed, the Company will not proceed with the issue of the Public Offer Shares, and as Resolution 2 is an Essential Resolution, all of the Essential Resolutions will fail and the Company will not proceed with the Acquisition. As a result, the Company will be unable to undertake the change of nature and scale of its activities and will remain in suspension. Consequently, the Company could ultimately be delisted from ASX on 28 October 2022 (being the date which is 2 years from the date the Company's securities were suspended from quotation).

### **3.4 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Public Offer Shares:

- (a) the Public Offer Shares will be issued to subscribers under the Public Offer. The Directors, in conjunction with IOS, will determine to whom the Public Offer Shares will be issued, on a basis to ensure the Company's re-compliance requirements are met, but these persons will not be related parties of the Company unless otherwise approved by Shareholders;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that it does not presently intend that any of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Public Offer Shares to be issued is 350,000,000.
- (d) the Public Offer Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Public Offer Shares will occur on the same date;
- (e) the issue price will be \$0.02 per Public Offer Share. The Company will not receive any other consideration for the issue of the Public Offer Shares;
- (f) the Public Offer Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (g) the Public Offer Shares are not being issued under an agreement;
- (h) the Public Offer Shares are not being issued under, or to fund, a reverse takeover;

- (i) the Company intends to use the funds raised from the Public Offer as set out in Section 1.7; and
- (j) a voting exclusion statement is included for Resolutions 2 of the Notice.

#### 4. RESOLUTION 3 – APPROVAL TO ISSUE CONSIDERATION SHARES AND ATTACHING OPTIONS TO THE NEUTRALYSIS SHAREHOLDERS

##### 4.1 General

A detailed description of the Acquisition is outlined in Section 1.2 above and further details are available in the Independent Expert's Report, that is annexed to this Notice as Annexure A. The key terms of the Acquisition Agreements are set out at Schedule 1.

Pursuant to the Acquisition Agreements, the Company has agreed to issue the Neutralysis Shareholder an aggregate of 183,000,000 Shares, together with 183,000,000 attaching Options on the terms and conditions set out in Schedule 8.

As set out in the Explanatory Statement to Resolutions 7 to 14, in connection with the Acquisition, the Company has agreed to issue 4,000,000 Class A Performance Rights (subject to the passing of Resolution 7) and 4,000,000 Class B Performance Rights (subject to the passing of Resolution 11) to Mr Brimage (**Brimage Performance Rights**), who is a Neutralysis Shareholder and proposed Director of the Company.

The Neutralysis Shareholders set out in the table below also hold the following Securities in the Company (collectively, the **Neutralysis Existing Securityholders**):

Neutralysis Existing Security	HyTerra Shares	HyTerra Options
Mr Richard Grigg	500,000	500,000
Zeedam Enterprises Pty Ltd	500,000	500,000
KMC Automation Pty Ltd	1,000,000	1,000,000
123 Home Loans Pty Ltd	1,500,000	1,500,000
Colosseum Securities Pty Ltd	500,000	1,500,000
Mrs Dorothy June Kitto	500,000	500,000
Lau Ping Hung	2,500,000	2,500,000
Ljm Capital Pty Ltd	750,000	750,000
Ms Maya Pranoto & Mr Norman Ka-Meng Lip <Manor Ventures A/C>	500,000	500,000
<b>Total</b>	<b>8,250,000</b>	<b>9,250,000</b>

Accordingly, Resolution 3 seeks Shareholder approval for the purposes of section 611 item 7 of the Corporations Act, to permit the Neutralysis Shareholders (including Mr Brimage and the Neutralysis Existing Securityholders) to collectively acquire a maximum voting power of between 31.06% (on an undiluted basis, assuming Maximum Subscription) and 54.68% (on a fully diluted basis, assuming Minimum Subscription and that no other Options or Performance Rights are converted) in the Company, based on the assumptions set out in Section 4.4(g) of this Notice (**Proposal**).

## 4.2 Sections 606 and 611 of the Corporations Act

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a "relevant interest" in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
  - (i) a body corporate the first person controls;
  - (ii) a body corporate that controls the first person; or
  - (iii) a body corporate that is controlled by an entity that controls the person.
- (b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs; or
- (c) the second person is a person with whom the first person is acting in concert or proposing to act in concert, in relation to the Company's affairs.

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

## 4.3 Section 611 item 7 of the Corporations Act – Exemption from Section 606

Section 611 item 7 of the Corporations Act provides an exception to the prohibition in section 606, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of just the Consideration Shares, the Neutralysis Shareholders (including Mr Brimage and the Neutralysis Existing Securityholders) will collectively acquire a relevant interest in up to 191,250,000 Shares representing a maximum collective voting power of between 31.06% (on an undiluted basis and assuming Maximum Subscription) and 37.09% (on an undiluted basis and assuming Minimum Subscription) in the Company, based on the assumptions set out in Section 4.4(g) of this Notice.

Further, following the issue of the Consideration Shares, exercise of the Consideration Options, conversion of the Brimage Performance Rights and exercise of the Neutralysis Existing Securityholders' Options, the Neutralysis Shareholders (including Mr Brimage and the Neutralysis Existing Securityholders) will acquire a collective relevant interest in up to 391,500,000 Shares. This will represent a maximum voting power of between 47.98% (on a fully diluted basis, assuming Maximum Subscription) and 54.68% (on a fully diluted basis, assuming Minimum Subscription, and that no other Options or Performance Rights are converted) in the Company, based on the assumptions set out Section 4.4(g) of this Notice.

Accordingly, Resolution 3 seeks Shareholder approval for the purposes of section 611 item 7 and for all other purposes, to enable the Company to undertake the Proposal.

#### **4.4 Specific Information required by Item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74**

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval under item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report enclosed with this Notice.

**(a) Identity of the acquirer and its associates**

It is proposed that the Neutralysis Shareholders (including Mr Brimage and the Neutralysis Existing Securityholders) will be issued the Consideration Securities in accordance with the Acquisition Agreements, the material terms of which are set out at Schedule 1 to this Notice.

**(b) Neutralysis**

An overview of Neutralysis is set out above in Section 1.3. The identity of all Neutralysis Shareholders, the number of Consideration Securities, Brimage Performance Rights and Neutralysis Existing Securityholders' Securities they will each receive (as applicable) as well as the relevant interest and voting power each of the Neutralysis Shareholders will have on Completion, is set out in Schedule 3.

**(c) Associates**

As control of the Company will change if the Acquisition proceeds, for the purposes of this Notice the Company has deemed that all Neutralysis Shareholders are associates and therefore they have a relevant interest in voting shares as set out below. Schedule 3 sets out the names and identities of these parties or entities, with the key Neutralysis Shareholders being entities or parties associated Mr Brimage. Refer to Section 5.4(k) for further details with respect to the interests of Mr Brimage. It should be noted that no one new Shareholder on Completion will hold more than 20% of the Company.

(d) **Relevant Interest**

Neutralysis Existing Securityholders currently hold an aggregate of 8,250,000 Shares in the Company on an undiluted basis.

The voting shares in the capital of the Company (both current, and following the issue and exercise of the Consideration Securities, conversion of the Brimage Performance Rights and issue and exercise of the Neutralysis Existing Securityholders' Options) are set out in the table below:

	Existing Shareholders (that are not Neutralysis Shareholders)	Neutralysis Shareholders
Current Relevant Interest (undiluted)	51,848,682	8,250,000
Relevant interest post Acquisition	51,848,682	191,250,000
Relevant Interest Post Acquisition and on exercise of the Consideration Options, conversion of the Brimage Performance Rights and exercise of the Neutralysis Existing Securityholders' Options	51,848,682	391,500,000

(e) **Voting Power**

The voting power of the Neutralysis Shareholders (both current, and following the issue and exercise of the Consideration Securities, conversion of the Brimage Performance Rights and issue and exercise of the Neutralysis Existing Securityholders' Options) is set out in the table below:

	Current Voting Power	Voting Power on Completion (Undiluted, Minimum Subscription) <sup>1</sup>	Voting Power on Completion (Undiluted, Maximum Subscription) <sup>1</sup>	Voting Power on Completion (Fully Diluted, Minimum Subscription) <sup>2,3</sup>	Voting Power on Completion (Fully Diluted, Maximum Subscription) <sup>2,3</sup>
Neutralysis Shareholders <sup>3</sup>	14.77%	37.09%	31.06%	54.68%	47.98%

**Notes:**

1. The "undiluted" figures include exercise of the Consideration Options, conversion of the Brimage Performance Rights and issue and exercise of the Neutralysis Noteholder Securities into Shares, but does not assume the exercise or conversion of other Options or Performance Rights.
2. Following the issue of the Consideration Shares, exercise of the Consideration Options, conversion of the Brimage Performance Rights and the issue and exercise of the Neutralysis Noteholder Securities, the Neutralysis Shareholders (including Mr Brimage and the Neutralysis Converted Securityholders) will have a relevant interest in the number of Consideration Shares issued in consideration for the Acquisition and the number of Shares issued on exercise or conversion of the Consideration Options, the Brimage Performance Rights and on issue and exercise of the Neutralysis Noteholder Securities.
3. This assumes that no other Options or Performance Rights are converted.
4. Further details on the voting power of these parties on Completion are set out in the Independent Expert's Report annexed to this Notice as Annexure A.

(f) **Summary of Increases**

Neutralysis Existing Securityholders currently hold an aggregate of 8,250,000 Shares in the Company. No Neutralysis Shareholder presently hold any other Securities in the Company.

From the above tables it can be seen that the maximum relevant interest that the Neutralysis Shareholders will hold on Completion will be 391,500,000 Shares following the issue of the Consideration Shares, exercise of the Consideration Options, conversion of the Brimage Performance Rights and issue and exercise of the Neutralysis Existing Securityholders' Options. Consequently, the aggregate minimum and maximum voting power that the Neutralysis Shareholders (including Mr Brimage and the Neutralysis Existing Securityholders) are proposed to hold in the Company on Completion will be:

- (i) 31.06% to 37.09% on an undiluted basis, assuming Maximum Subscription and Minimum Subscription respectively; and
- (ii) 47.98% to 54.68%, on a fully diluted basis, assuming Maximum Subscription and Minimum Subscription respectively.

This represents a maximum increase in voting power of between 31.06% and 54.68%.

(g) **Assumptions**

Shareholders should be aware that the following assumptions have been made in calculating the above:

- (i) the Company has 55,848,682 Shares on issue as at the date of this Notice of Meeting;
- (ii) the Company has 40,250,000 Options on issue as at the date of this Notice of Meeting;
- (iii) the Company has no Performance Rights on issue as at the date of this Notice of Meeting;
- (iv) with respect to the fully diluted percentages, no other Options or Performance Rights are converted; and
- (v) the Company will issue the following securities:
  - (A) Consideration Securities to the Neutralysis Shareholders;
  - (B) a minimum of 250,000,000 Public Offer Shares and a maximum of 350,000,000 Public Offer Shares pursuant to the Public Offer;
  - (C) an aggregate of up to 15,000,000 Loan Conversion Shares on conversion of the Pre-Raising Loan (including up to 1,750,000 Loan Conversion Shares to Mr McIntyre and up to 2,500,000 Loan Conversion Shares to Mr Garner on conversion of their respective Pre-Raising Loan amounts to the aggregate value of \$85,000);
  - (D) 9,000,000 IOS Shares;

- (E) 9,000,000 IOS Options (subject to and conditional upon the Company achieving the Maximum Subscription);
- (F) 1,604,200 Shares to Mr Chan in lieu of outstanding director's fees;
- (G) 19,000,000 Class A Performance Rights to current and proposed Directors;
- (H) 19,000,000 Class B Performance Rights to current and proposed Directors;
- (I) 1,250,000 Shares and 1,250,000 attaching Options to Ohio Investments on conversion of Ohio Convertible Notes to the value of \$25,000, an entity controlled by Mr Garner;
- (J) 2,500,000 Director Options to Mr Garner;
- (K) 5,000,000 Class C Performance Rights to Mr McIntyre; and
- (L) 3,000,000 Class A and 3,000,000 Class B Performance Rights to consultant, Vestigo (or its nominee/s) under the ESIP.

(h) **Reasons for the proposed issue of securities**

The Consideration Securities will be issued in consideration for the Acquisition and to satisfy the Company's obligations under the Acquisition Agreements.

(i) **Material Terms of the proposed issue of securities**

The material terms of the Acquisition Agreements pursuant to which the Company is issuing the Consideration Securities to the Neutralysis Shareholders are set out at Schedule 1 to this Notice.

(j) **Intentions of Neutralysis**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands from Neutralysis:

- (i) its shareholders have no present intention of making any significant changes to the business of the Company. It should be noted that the new activities of Neutralysis will be the focus of the Company going forward;
- (ii) its shareholders will control the Company and therefore would consider participating in further capital raisings of the Company to maintain their shareholding interest; and
- (iii) that there is no present intention of:
  - (A) making changes regarding the future employment of the present employees of the Company (with future changes, if any, to be made in consultation with the Company's management team);

- (B) redeploying any fixed assets of the Company on the basis that the current assets of the Company are limited;
- (C) transferring any property between the Company and any other entity; and
- (D) changing the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Neutralysis and its shareholders at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(k) **Identity, associations and qualifications of Directors**

As noted in Section 1.22, on Completion, the Company proposes to appoint Mr Russell Brimage as Non-Executive Chairman.

Mr Brimage is not currently a director of the Company. Refer to the Explanatory Statements of Resolution 6 for Mr Brimage's qualifications, relevant professional and commercial experience.

Mr Brimage is one of the founding shareholders of Neutralysis and currently holds a total of 398 Neutralysis Shares indirectly via the entity Pouvoir Pty Ltd <Brimage Super Fund A/C>, an entity of which Mr Brimage is a director and shareholder. On Completion, it is proposed that Pouvoir Pty Ltd <Brimage Super Fund A/C> will be a substantial Shareholder of the Company and will hold between 3.23% (on a fully diluted basis, assuming Maximum Subscription) and 5.31% (on an undiluted basis, assuming Minimum Subscription) of the issued capital of the Company.

Other than as mentioned above, Mr Brimage, nor any of his associates, currently hold or have a relevant interest in any Securities in the Company. The Neutralysis Existing Securityholders currently hold an aggregate of 8,250,000 Shares in the Company.

(l) **Date of proposed issue of Consideration Securities**

The issue of the Consideration Securities is expected to occur as soon as practicable following Completion.

(m) **Capital Structure**

The pro-forma indicative capital structure upon Completion is set out above in Section 1.21 of this Notice.

(n) **Interests and Recommendations of Directors**

None of the current Directors have a material personal interest in the outcome of this Resolution.

All the current Directors are of the opinion that the Acquisition is in the best interests of Shareholders and accordingly, recommend that Shareholders vote in favour of this Resolution 3. The Directors' recommendations are based on the reasons set out in Section 1.25.

The current Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution 3.

#### **4.5 Independent Experts Report**

An Independent Expert's Report has been prepared by Stantons Corporate Finance Pty Ltd (ACN 128 908 289) (**Stantons**) for the purpose of section 611 item 7 of the Corporations Act which assesses the fairness and reasonableness of the Proposal outlined in this Resolution 3.

Shareholders are referred to the Independent Expert's Report prepared by Stantons annexed to this Notice as Annexure A, where Stantons consider that the Proposal is **FAIR** and **REASONABLE** to Shareholders not associated with the Proposal or the Acquisition, taking into account the factors noted in the Independent Expert's Report and the comments on risks made in this Explanatory Statement to Shareholders accompanying the Notice

#### **4.6 Failure to pass Resolution 3**

If Resolution 3 is not passed the Company will not proceed with the issue of the Consideration Securities to the Neutralisation Shareholders. As Resolution 3 is an Essential Resolution, all of the Essential Resolutions will fail and the Company will not proceed with the Acquisition. As a result, the Company will be unable to undertake the change of nature and scale of its activities and will remain in suspension. Consequently, the Company could ultimately be delisted from ASX on 28 October 2022 (being the date which is 2 years from the date the Company's securities were suspended from quotation).

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### **5. RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO INDIAN OCEAN SECURITIES PTY LTD**

#### **5.1 General**

As mentioned in Section 1.19, the Company has agreed to issue the IOS Shares to IOS (or its nominee/s) as part consideration for lead manager and corporate advisory services provided in respect of the Public Offer.

#### **5.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out at Section 3.2 above.

The proposed issue of the IOS Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

#### **5.3 Technical information required by Listing Rule 14.1A**

If Resolution 4 is passed, the Company will be able to proceed with the issue of the IOS Shares. In addition, the issue of the IOS Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the IOS Shares and the Company will be in breach of their obligations under the IOS Mandate.

Resolution 4 consequently seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the IOS Shares.

#### **5.4 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the IOS Shares will be issued to IOS (or its nominee/s) who is not a related party of the Company;
- (b) the maximum number of IOS Shares to be issued is 9,000,000. The IOS Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the IOS Shares will occur on the same date;
- (d) the IOS Shares will be issued at a deemed issue price of \$0.02 per Share, in consideration for lead manager services provided by IOS in respect of the Public Offer;
- (e) the purpose of the issue of the IOS Shares is to satisfy the Company's obligations under the IOS Mandate. A summary of the material terms of the IOS Mandate is set out at Schedule 5;
- (f) the IOS Shares are not being issued under, or to fund, a reverse takeover; and
- (g) a voting exclusion statement is included for Resolution 4 in this Notice.

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## **6. RESOLUTION 5 – APPROVAL TO ISSUE OPTIONS TO INDIAN OCEAN SECURITIES PTY LTD**

### **6.1 General**

Under the IOS Mandate, the Company has agreed to issue the IOS Options to IOS, subject to and conditional upon the Company achieving Maximum Subscription under the Public Offer.

### **6.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out at Section 3.2 above.

The proposed issue of the IOS Options does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

### **6.3 Technical information required by Listing Rule 14.1A**

If Resolution 5 is passed, the Company will be able to proceed with the issue of the IOS Options. In addition, the issue of the IOS Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the IOS Options, and the Company will be in breach of their obligations under the IOS Mandate. If IOS elects to terminate the IOS Mandate because of this breach, the Company must pay IOS any fees that have accrued under the IOS Mandate prior to termination.

### **6.4 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the IOS Options will be issued to IOS (or its nominee/s), who is not a related party of the Company;
- (b) the maximum number of IOS Options to be issued is 9,000,000. Each IOS Option will have an exercise price of \$0.025. The full terms and conditions of the IOS Options are set out in Schedule 8;
- (c) the IOS Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the IOS Options will occur on the same date;
- (d) the IOS Options will only be issued to IOS in the event the Company achieving Maximum Subscription under the Public Offer;
- (e) the purpose of the issue of the IOS Options is to reward IOS for assisting the Company in achieving Maximum Subscription, by virtue of IOS having introduced the Company to a larger pool of investors, financial institutions, and other financing groups, thereby increasing funding for the Company's operations and growth strategy;
- (f) the issue price of the IOS Options is nil and as such, no funds will be raised from the issue of the IOS Options;
- (g) the value of the IOS Options and the pricing methodology is set out in Schedule 8;
- (h) the purpose of the issue of the IOS Options is to satisfy the Company's obligations under the IOS Mandate. A summary of the material terms of the IOS Mandate is set out at Schedule 5;
- (i) the IOS Options are not being issued under, or to fund, a reverse takeover; and
- (j) a voting exclusion statement is included for Resolution 5 in this Notice.

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## **7. RESOLUTION 6 – ELECTION OF RUSSELL BRIMAGE AS A DIRECTOR**

### **7.1 General**

The Company's Constitution provides that the Company may elect a person as a director by resolution passed in general meeting.

Pursuant to clause 15.3 of the Constitution and subject to completion of the Acquisition, Mr Russell Brimage seeks election as a director from Shareholders pursuant to Resolution 6.

### **7.2 Qualifications and other material directorships**

Mr Brimage has over 40 years' experience in the upstream oil and gas industry, ranging from public listed oil & gas companies to the service industry – both onshore and offshore. He has managed all facets of the upstream oil and gas industry, through exploration to exploitation and has served in the capacity of Operations Manager and CEO on several ASX listed entities since 1997. Currently he is a Non-Executive Director of Lion Energy (ASX: LIO).

### **7.3 Independence**

Other than as set out at Section 5.4, Mr Brimage has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

If elected, the Board considers that Mr Brimage will not be an independent Director.

### **7.4 Other material information**

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks in respect of Mr Brimage prior to the date of this Notice.

### **7.5 Failure to Pass Resolution 6**

If the Essential Resolutions (including Resolution 6) are approved at the Meeting, the Company will be able to proceed with election of Mr Brimage, subject to the conditions precedent to the Acquisition Agreements being satisfied and completion occurring.

If Resolution 6 is not passed, the Company will not proceed with the election of Mr Brimage as a Director, and as Resolution 6 is an Essential Resolution, if Resolution 6 is not passed, all of the Essential Resolutions will fail and the Company will not proceed with the Acquisition. Consequently, the Company will be unable to undertake the change of nature and scale of its activities and will remain in suspension. As a result, the Company could ultimately be delisted from ASX on 28 October 2022 (being the date which is 2 years from the date the Company's securities were suspended from quotation).

## 7.6 Board recommendation

The Board considers that the skills and experience of Mr Brimage will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Mr Brimage and unanimously recommends that Shareholders vote in favour of Resolution 6.

## 8. RESOLUTIONS 7 TO 14 – APPROVAL TO ISSUE CLASS A AND CLASS B PERFORMANCE RIGHTS TO CURRENT AND PROPOSED DIRECTORS

### 8.1 Overview

In connection with the Acquisition, the Company has agreed to issue an aggregate of 19,000,000 Class A Performance Rights and 19,000,000 Class B Performance Rights to current and proposed Directors of the Company (or their respective nominee/s) as follows:

- (a) current Director, Mr Paul Garner (or his nominee/s) the subject of Resolution 8 (4,000,000 Class A Performance Rights) and Resolution 12 (4,000,000 Class B Performance Rights);
- (b) current Director, Mr Po Chan (or his nominee/s) the subject of Resolution 9 (3,000,000 Class A Performance Rights) and Resolution 13 (3,000,000 Class B Performance Rights);
- (c) current Director, Mr Avon McIntyre (or his nominee/s) the subject of Resolution 10 (8,000,000 Class A Performance Rights) and Resolution 14 (8,000,000 Class B Performance Rights);
- (d) proposed Director, Mr Russell Brimage (or his nominee/s) (subject to and conditional on the passing of Resolution 6) the subject of Resolution 7 (4,000,000 Class A Performance Rights) and Resolution 11 (4,000,000 Class B Performance Rights),

(together, the **Related Parties**) in the proportions and on the terms and conditions set out at Section 8.2, pursuant to the ESIP.

### 8.2 Details of the Performance Rights

The Performance Rights are proposed to be granted in two (2) classes (**Class of Rights**). Each Class of Rights will convert into one Share on the satisfaction of a milestone specific to that Class of Rights (**Milestones**). The full terms and conditions including the Milestones attaching to the two Classes of Rights are set out in Schedule 9.

The Class A and Class B Performance Rights will be issued to the Related Parties (or their respective nominee/s) in the proportions set out in the table below:

Related Party	Class A	Class B	TOTAL
Russell Brimage	4,000,000 <sup>2</sup>	4,000,000	8,000,000
Paul Garner	4,000,000 <sup>2</sup>	4,000,000	8,000,000
Po Chan	3,000,000 <sup>1</sup>	3,000,000	6,000,000
Avon McIntyre	8,000,000 <sup>3</sup>	8,000,000	16,000,000
<b>Total</b>	<b>19,000,000</b>	<b>19,000,000</b>	<b>38,000,000</b>

**Notes:**

1. Comprising 1,500,000 of each of Tranche 1 and Tranche 2 Class A Performance Rights.
2. Comprising 2,000,000 of each of Tranche 1 and Tranche 2 Class A Performance Rights.
3. Comprising 4,000,000 of each of Tranche 1 and Tranche 2 Class A Performance Rights.

### **8.3 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Class A and Class B Performance Rights to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of Messrs Garner, Chan and McIntyre each being a current Director, and by virtue of Mr Brimage being a proposed Director, and consequently likely to become a related party of the Company in the future.

As the Class A and Class B Performance Rights are proposed to be issued to all of the current Directors and Mr Brimage, a proposed Director, (other than Mr D'Almeida who is proposed to resign from the Board on Completion and will not receive any Performance Rights), the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Class A and Class B Performance Rights.

Accordingly, Shareholder approval for the issue of Class A and Class B Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

### **8.4 Section 195(4) of the Corporations Act**

Section 195 of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered, except in certain limited circumstances. Section 195(4) relevantly provides that if there are not enough directors to form a quorum for a directors meeting because of this restriction, one or more of the directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that each of the Related Parties have a material personal interest in the outcome of Resolutions 7 to 14 as an issue of Performance Rights is proposed for all current and proposed Directors (other than Mr D'Almeida who is proposed to resign from the Board on Completion and will not receive any Performance Rights). If the Related Parties do have such an interest, then in accordance with section 195(4) a quorum could not be formed to consider the matters contemplated by Resolutions 7 to 14 at Board level.

Accordingly, for the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company also seeks Shareholder approval for the purposes of section 195(4) of the Corporations Act for the issue of the Class A and Class B Performance Rights to the Related Parties pursuant to Resolutions 7 to 14 .

## **8.5 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under the ESIP without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issues of Class A and Class B Performance Rights fall within Listing Rule 10.14.1 and do not fall within any of the exceptions in Listing Rule 10.12. The issues therefore require the approval of Shareholders under Listing Rule 10.14.

Resolutions 7 to 14 seek the required Shareholder approval for the issue of the Class A and Class B Performance Rights to the Related Parties under and for the purposes of Chapter 2E and section 195(4) of the Corporations Act and Listing Rule 10.14.

## **8.6 Technical information required by Listing Rule 14.1A**

If Resolutions 7 to 14 are passed, the Company will be able to proceed with the issue of the Class A and Class B Performance Rights to the Related Parties under the ESIP within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Class A and Class B Performance Rights to the Related Parties (because approval is being obtained under Listing Rule 10.14), the issue of the Class A and Class B Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 7 to 14 are not passed, the Company will not be able to proceed with the issue of the Class A and Class B Performance Rights and as the Acquisition Agreements is conditional upon the passing of these Resolutions, if these Resolutions are not passed there is a risk that the Acquisition will not complete if the relevant condition is not waived by Neutralysis.

## **8.7 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act**

Pursuant to and in accordance with the requirements of Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 7 to 14:

- (a) the Class A and Class B Performance Rights will be issued to the Related Parties as follows:

- (i) current Director, Mr Paul Garner (or his nominee/s) the subject of Resolution 8 (4,000,000 Class A Performance Rights) and Resolution 12 (4,000,000 Class B Performance Rights);
- (ii) current Director, Mr Po Chan (or his nominee/s) the subject of Resolution 9 (3,000,000 Class A Performance Rights) and Resolution 13 (3,000,000 Class B Performance Rights);
- (iii) current Director, Mr Avon McIntyre (or his nominee/s) the subject of Resolution 10 (8,000,000 Class A Performance Rights) and Resolution 14 (8,000,000 Class B Performance Rights); and
- (iv) proposed Director, Mr Russell Brimage (or his nominee/s) (subject to and conditional on the passing of Resolution 6) the subject of Resolution 7 (4,000,000 Class A Performance Rights) and Resolution 11 (4,000,000 Class B Performance Rights),

each of whom falls within the category set out in Listing Rule 10.14.1 by virtue of Messrs Garner, Chan and McIntyre being current Directors, and by virtue of Mr Brimage being a proposed Director, and consequently likely to become a related party of the Company in the future;

- (b) the maximum number of Class A Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 19,000,000 comprising:
  - (i) 4,000,000 Class A Performance Rights to Russell Brimage (or his nominee/s) (subject to and conditional on the passing of Resolution 6) pursuant to Resolution 7;
  - (ii) 4,000,000 Class A Performance Rights to Mr Paul Garner (or his nominee/s) pursuant to Resolution 8;
  - (iii) 3,000,000 Class A Performance Rights to Mr Po Chan (or his nominee/s) pursuant to Resolution 9; and
  - (iv) 8,000,000 Class A Performance Rights to Mr Avon McIntyre (or his nominee/s) pursuant to Resolution 10,
- (c) the maximum number of Class B Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 19,000,000 comprising:
  - (i) 4,000,000 Class B Performance Rights to Russell Brimage (or his nominee/s) (subject to and conditional on the passing of Resolution 6) pursuant to Resolution 11;
  - (ii) 4,000,000 Class B Performance Rights to Mr Paul Garner (or his nominee/s) pursuant to Resolution 12;
  - (iii) 3,000,000 Class B Performance Rights to Mr Po Chan (or his nominee/s) pursuant to Resolution 13; and
  - (iv) 8,000,000 Class B Performance Rights to Mr Avon McIntyre (or his nominee/s) pursuant to Resolution 14,
- (d) no securities will have previously been issued to any of the above Related Parties under the ESIP;

- (e) a summary of the material terms and conditions of the ESIP is set out at Schedule 14;
- (f) the terms and conditions, including the Milestones attaching to each of the Class A and Class B Performance Rights are set out at Schedule 9;
- (g) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out at Section 1.24;
- (h) the total value of the Class A and Class B Performance Rights are:
  - (i) \$380,000 for the Class A Performance Rights (being \$0.02 per Performance Right); and
  - (ii) \$345,800 for the Class B Performance Rights (being \$0.0182 per Performance Right).

The pricing methodology for the Class A and Class Performance Rights are set out at Schedule 10 and Schedule 11 respectively;

- (i) the Class A and Class B Performance Rights will be issued no later than three years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (j) the Class A and Class B Performance Rights are unquoted. The Company has chosen to issue Class A and Class B Performance Rights to the Related Parties for the following reasons:
  - (i) the Class A and Class B Performance Rights are unquoted, therefore, the issue of the Class A and Class B Performance Rights has no immediate dilutionary impact on Shareholders;
  - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Class A and Class B Performance Rights is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Class A and Class B Performance Rights to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Class A and Class B Performance Rights on the terms proposed;
- (k) the number of Class A and Class B Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
  - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
  - (ii) the remuneration of the Related Parties; and

- (iii) incentives to attract and retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves;
- (l) the Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Class A and Class B Performance Rights upon the terms proposed;
- (m) the issue price of the Class A and Class B Performance Rights will be nil. The Company will not receive any other consideration in respect of the issue of the Class A and Class B Performance Rights (other than in respect of funds received on exercise of those Performance Rights);
- (n) the purpose of the issue of the Class A and Class B Performance Rights is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as current and proposed Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (o) details of any securities issued under the ESIP will be published in the annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (p) no loans are being made to the Related Parties in connection with the acquisition of the Class A and Class B Performance Rights;
- (q) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ESIP after Resolutions 7 to 14 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (r) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out at Section 1.23;
- (s) if the Class A and Class B Performance Rights issued to the Related Parties are exercised, a total of 38,000,000 Shares would be issued. This will increase the number of Shares on issue from 515,702,882 (being the total number of Shares which the Company proposes to have on issue at the date of Re-instatement) to 553,702,882 (assuming that no Shares are issued and no convertible securities vest or are exercised). On this basis, existing Shareholders shareholdings would be diluted by an aggregate of:
  - (i) 6.86% (on an undiluted basis and assuming Minimum Subscription), comprising 1.44% by Messrs Brimage and Garner, 1.08% by Mr Chan and 2.89% by Mr McIntyre; and
  - (ii) 5.81% (on an undiluted basis and assuming Maximum Subscription), comprising 1.22% by Messrs Brimage and Garner, 0.92% by Mr Chan and 2.45% by Mr McIntyre;

- (t) Mr McIntyre is an Executive Director of the Company and therefore Mr D'Almeida believes that the issue of the Class A and Class B Performance Rights to Mr McIntyre is in line with Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations;
- (u) Mr D'Almeida acknowledges that the issue of the Class A and Class B Performance Rights to the current and proposed Non-Executive Directors of the Company, Messrs Brimage, Chan and Garner (**Non-Executive Directors**), is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, Mr D'Almeida considers the issue of Class A and Class B Performance Rights to the Non-Executive Directors to be reasonable in the circumstances for the reasons set out in Sections 8.7(j) and 8.7(k);
- (v) Mr D'Almeida recommends that Shareholders vote in favour of Resolutions 7 to 14 for the reasons set out in Sections 8.7(j) and 8.7(k). In forming their recommendation, Mr D'Almeida considered the experience of the Related Parties, the issue price of the Shares to be issued under the Public Offer, the current market standards and practices when determining the number of Performance Rights to be issued to each of the Related Parties, as well as the exercise price and expiry date of those Performance Rights;
- (w) each current and proposed Director (other than Mr D'Almeida) has a material personal interest in the outcome of Resolutions 7 to 14 on the basis that all of the current and proposed Directors (or their respective nominee/s) (other than Mr D'Almeida) are to be issued Performance Rights should Resolutions 7 to 14 be passed. For this reason, the Directors (other than Mr D'Almeida) do not believe that it is appropriate to make a recommendation on Resolutions 7 to 14 of this Notice; and
- (x) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 7 to 14 .

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## 9. RESOLUTION 15 – APPROVAL TO ISSUE CLASS C PERFORMANCE RIGHTS TO DIRECTOR – MR AVON MCINTYRE

### 9.1 General

The Company has agreed to issue an aggregate of 5,000,000 Class C Performance Rights to Director, Mr Avon McIntyre (**Class C Performance Rights**).

The Class C Performance Rights are proposed to be issued under Mr McIntyre's employment agreement with the Company and otherwise in accordance with the ESIP.

Resolution 15 seeks Shareholder approval for the issue of the Class C Performance Rights.

### 9.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 8.3 above.

The grant of the Class C Performance Rights constitutes giving a financial benefit and Mr McIntyre is a related party of the Company by virtue of being a Director.

The Directors (other than Mr McIntyre with respect to Resolution 15, due to his material personal interest in the Resolution 15) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Class C Performance Rights because the agreement to issue the Class C Performance Rights, reached as part of the remuneration package for Mr McIntyre, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **9.3 Listing Rule 10.14**

A summary of Listing Rule 10.14 is set out in Section 8.5 above.

The issue of Class C Performance Rights to Mr McIntyre falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 15 seeks the required Shareholder approval for the issue of the Class C Performance Rights under and for the purposes of Listing Rule 10.14.

### **9.4 Technical information required by Listing Rule 14.1A**

If Resolution 15 is passed, the Company will be able to proceed with the issue of the Class C Performance Rights to Mr McIntyre within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Class C Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Class C Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 15 is not passed, the Company will not be able to proceed with the issue of the Class C Performance Rights. In such circumstances, the Company will seek to determine alternative long term incentive arrangements for Mr McIntyre which as closely as possible align with the intention of the proposed issue of the Class C Performance Rights.

### **9.5 Technical Information required by Listing Rule 10.15**

Pursuant to and in accordance with Listing Rule 10.15 the following information is provided in relation to Resolution 15:

- (a) the Class C Performance Rights will be issued to Mr McIntyre, as detailed above. Mr McIntyre falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;
- (b) the maximum number of Class C Performance Rights to be issued to Mr McIntyre (being the nature of the financial benefit proposed to be given) is 5,000,000 Class C Performance Rights;
- (c) no securities have been previously issued to Mr McIntyre under the ESIP;
- (d) a summary of the material terms and conditions of the ESIP is set out in Schedule 14;
- (e) The Company has chosen to issue Class C Performance Rights to Mr McIntyre for the following reasons:

- (i) the Class C Performance Rights are unquoted, therefore, the issue of the Class C Performance Rights has no immediate dilutionary impact on Shareholders;
  - (ii) the issue of Class C Performance Rights to Mr McIntyre will align the interests of Mr McIntyre with those of Shareholders;
  - (iii) the issue of the Class C Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr McIntyre;
  - (iv) because of the deferred taxation benefit which is available to Mr McIntyre in respect of an issue of Performance Rights. This is also beneficial to the Company as it means Mr McIntyre is not required to immediately sell the Class C Performance Rights to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
  - (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Class C Performance Rights on the terms proposed;
- (f) the full terms and conditions of the Class C Performance Rights are set out in Schedule 9;
  - (g) the Class C Performance Rights will be issued as soon as practicable following the Meeting and no later than 3 years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended that issue of the Class C Performance Rights will occur on the same date;
  - (h) the issue price of the Class C Performance Rights will be nil, as such no funds will be raised from the issue of the Class C Performance Rights;
  - (i) no loan is being made to Mr McIntyre in connection with the acquisition of the Class C Performance Rights;
  - (j) the current total remuneration package for Mr McIntyre is \$198,900 per annum comprising of directors' fees of \$180,000 (exclusive of a statutory superannuation payment of \$18,900). If the Class C Performance Rights are issued, the total remuneration package of Mr McIntyre will increase by \$100,000 to \$298,900 for the first year of employment, being the value of the Class C Performance Rights (based on the binomial tree pricing model);
  - (k) the value of the Class C Performance Rights and the pricing methodology is set out in Schedule 15;
  - (l) the Class C Performance Rights are being issued to Mr McIntyre under his employment agreement with the Company. A summary of the material terms of the employment agreement are set out in Schedule 12;
  - (m) details of any Class C Performance Rights issued under the ESIP will be published in the annual report of the Company relating to the period in

which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and

- (n) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ESIP after Resolution 15 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

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## **10. RESOLUTION 16 – APPROVAL TO ISSUE SHARES TO MR PO CHAN IN LIEU OF OUTSTANDING DIRECTORS' FEES**

### **10.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue up to that number of Shares equal to the value of \$32,084 to Director, Mr Chan (or his nominee) (1,604,200 Shares at a deemed issue price of \$0.02 per Share) in lieu of director fees owing to him for the period 31 January 2021 to 31 December 2021 (approval for which is being sought under Resolution 16) (**Fee Shares**).

The Company is seeking Shareholder approval for the issue of the Fee Shares pursuant to Resolution 16.

### **10.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out at Section 8.3 above.

The issue of Fee Shares constitutes giving a financial benefit and Mr Chan is a related party of the Company by virtue of being a Director.

In respect of Resolution 16, the Directors (other than Mr Chan who has a material personal interest in Resolution 16) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 16 because the agreement to issue the Fee Shares in lieu of the payment of director's fees to Mr Chan, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **10.3 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Fee Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 16 seeks the required Shareholder approval for the issue of the Fee Shares under and for the purposes of Listing Rule 10.11.

#### **10.4 Technical information required by Listing Rule 14.1A**

If Resolution 16 is passed, the Company will be able to proceed with the issue of the Fee Shares to Mr Chan within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Fee Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Fee Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 16 is not passed, the Company will not be able to proceed with the issue of the Fee Shares and the Company may have to consider other mechanisms to properly remunerate Mr Chan, including the payment of the relevant director's fees in cash, which may not be as cost effective for the Company.

#### **10.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 16:

- (a) the Fee Shares will be issued to Mr Po Chan (or his nominee) who falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Fee Shares to be issued is 1,604,200;
- (c) the Fee Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Company received a waiver from ASX Listing Rule 10.13.5 on 8 July 2022 to issue the Fee Shares later than 1 month after the date of the Meeting on the following conditions:
  - (i) the Fee Shares are issued by no later than the date that the Public Offer Shares are issued, which must be no later than 3 months after the date of this Meeting;
  - (ii) the Fee Shares are issued pursuant to the relevant terms and conditions set out in this Notice;
  - (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Company's shareholders approved the issue of the Fee Shares; and
  - (iv) the terms of the waiver are clearly disclosed in this Notice and in the Prospectus.

- (e) the issue price of the Fee Shares will be nil as the Fee Shares are being issued at a deemed issue price of \$0.02 per Share in lieu of accrued directors' fees of \$32,084 owing to Mr Chan for the period from 31 January 2021 to 31 December 2021;
- (f) the Company will not receive any other consideration in respect of the issue of the Fee Shares. However, the issue of the Fee Shares will result in the Company converting debt owing to Mr Chan to equity;
- (g) the purpose of the issue of the Shares is to preserve the cash reserves of the Company and convert debt owing to Mr Chan (being, the accrued directors' fees) to equity;
- (h) the Fee Shares are not being issued to incentivise Mr Chan;
- (i) the total remuneration package for Mr Chan for the previous financial year and the total proposed remuneration package for Mr Chan for current financial year is set out at Section 1.24;
- (j) the Fee Shares are not being issued under an agreement; and
- (k) a voting exclusion statement and a voting prohibition statement is included in Resolution 16 of this Notice.

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## 11. **RESOLUTION 17 – APPROVAL TO ISSUE SHARES AND ATTACHING OPTIONS TO A RELATED PARTY ON CONVERSION OF OHIO CONVERTIBLE NOTES FOR THE VALUE OF \$25,000**

### 11.1 **General**

As outlined in Section 1.10(a)(ii), Resolution 17 of this Notice seeks Shareholder approval to issue 1,250,000 Shares and 1,250,000 attaching Options to Ohio Investments on conversion of Ohio Convertible Notes for the value of \$25,000 (together, the **Related Party Conversion Securities**).

### 11.2 **Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out at Section 8.3 above.

The issue of the Related Party Conversion Securities to Ohio Investments constitutes the giving a financial benefit as Ohio Investments is a related party of the Company by virtue of being an entity controlled by Director, Mr Garner.

The Directors (other than Mr Garner, who has a material personal interest in Resolution 17) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Related Party Conversion Securities because the Related Party Conversion Securities will be issued to Ohio Investments on the same terms as professional and sophisticated investors who participated in the Convertible Note Raise. Consequently, the giving of the financial benefit is on arm's length terms.

### 11.3 **Listing Rule 10.11**

A summary of Listing Rule 10.11 is set out at Section 10.3 above.

The issue of the Related Party Conversion Securities the subject of Resolution 17 falls within Listing Rule 10.11.1 on the basis that the Related Party Conversion

Securities are being issued to Ohio Investments who is a related party of the Company by virtue of being an entity controlled by Director, Mr Garner.

#### **11.4 Technical information required by Listing Rule 14.1A**

If Resolution 17 is passed, the Company will be able to proceed with the issue of the Related Party Conversion Securities. In addition, the issue of Related Party Conversion Securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 17 is not passed the Company will not be able to proceed with the issue of the Related Party Conversion Securities, the Convertible Notes will cease to be convertible and will become a debt instrument that will need to be repaid by the Company.

#### **11.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 17:

- (a) the Related Party Conversion Securities will be issued to Ohio Investments (or its nominee), who falls within the category set out in Listing Rule 10.11.1 as Ohio Investments is a related party of the Company by virtue of being an entity controlled by a Director, Mr Paul Garner;
- (b) the maximum number of Related Party Conversion Securities to be issued to Ohio Investments is 2,500,000 comprising:
  - (i) 1,250,000 Shares; and
  - (ii) 1,250,000 attaching Options,
- (c) the Related Party Conversion Securities will be issued to Ohio Investments on the same terms as the Shares and attaching Options that are proposed to be issued to the professional and sophisticated investors who participated in the Convertible Note raise;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the terms and conditions of the attaching Options are set out in Schedule 8;
- (f) the Company received a waiver from ASX Listing Rule 10.13.5 on 8 July 2022 to issue the Related Party Conversion Securities later than 1 month after the date of the Meeting on the following conditions:
  - (i) the Related Party Conversion Securities are issued by no later than the date that the Public Offer Shares are issued, which must be no later than 3 months after the date of this Meeting;
  - (ii) the Related Party Conversion Securities are issued pursuant to the relevant terms and conditions set out in this Notice;
  - (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Company's shareholders

approved the issue of the Related Party Conversion Securities;  
and

- (iv) the terms of the waiver are clearly disclosed in this Notice and in the Prospectus;
- (g) the Shares issued on conversion of the Convertible Notes will convert at a conversion price of \$0.02. The issue price of the attaching Options is nil as they are proposed to be issued free attaching to the Shares on a 1:1 basis. Other than the funds advanced by Ohio Investments from the Convertible Notes, the Company will not receive any other consideration for the issue of the Related Party Conversion Securities (other than funds received on exercise of the attaching Options);
- (h) the purpose of the issue of the Convertible Notes is to raise capital, which the Company intends to apply towards partially funding the Company's re-compliance with Chapters 1 and 2 and the Acquisition including professional fees, due diligence and administration costs, as well as standard fees associated with conducting a transaction of this nature, including ASX and ASIC fees;
- (i) the Related Party Conversion Securities are being issued to satisfy the Company's obligations under the terms of an unsecured Convertible Note agreement with Ohio Investments (**Convertible Note Deed**). A summary of the material terms and conditions of the Convertible Note Deed is set out in Schedule 17;
- (j) the Related Party Conversion Securities are not being issued under, or to fund, a reverse takeover; and
- (k) a voting exclusion statement is included in Resolution 17 of this Notice.

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## **12. RESOLUTION 18 – APPROVAL TO ISSUE DIRECTOR OPTIONS TO RELATED PARTY – MR PAUL GARNER**

### **12.1 General**

The Company has agreed to issue 2,500,000 Options (**Director Options**) to Mr Paul Garner (or his nominee) on the terms and conditions set out below.

Resolution 18 seeks Shareholder approval for the issue of the Director Options to Mr Garner.

### **12.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 8.3 above.

The issue of Director Options to Mr Garner (or his nominee) constitutes giving a financial benefit and Mr Garner is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Garner who has a material personal interest in the Resolution 18) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Director Options because the agreement to issue the Director Options, reached as part of the remuneration package for Mr Garner is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **12.3 Listing Rule 10.11**

A summary of Listing Rule 10.11 is set out at Section 11.5 above.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 18 seeks the required Shareholder approval for the issue of the Director Options under and for the purposes of Listing Rule 10.11.

### **12.4 Technical information required by Listing Rule 14.1A**

If Resolution 18 is passed, the Company will be able to proceed with the issue of the Director Options to Mr Garner within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Options (because approval is being obtained under Listing Rule 10.11), the issue of the Director Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 18 is not passed, the Company will not be able to proceed with the issue of the Director Options to Mr Garner. In such circumstances, the Company will seek to determine alternative incentive arrangements for Mr Garner which as closely as possible align with the intention of the proposed issue of the Director Options.

### **12.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 18:

- (a) the Director Options will be issued to Mr Garner (or his nominee) as detailed in Section 12.2 above, who falls within the category set out in Listing Rule 10.11.1 as Mr Garner is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Director Options to be issued is 2,500,000;
- (c) the terms and conditions of the Director Options are set out in Schedule 8;
- (d) the Company received a waiver from ASX Listing Rule 10.13.5 on 8 July 2022 to issue the Director Options later than 1 month after the date of the Meeting on the following conditions:
  - (i) the Director Options are issued by no later than the date that the Public Offer Shares are issued, which must be no later than 3 months after the date of this Meeting;
  - (ii) the Director Options are issued pursuant to the relevant terms and conditions set out in this Notice;
  - (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Company's shareholders approved the issue of the Director Options; and

- (iv) the terms of the waiver are clearly disclosed in this Notice and in the Prospectus;
- (e) the issue price of the Director Options will be nil. The Company will not receive any other consideration in respect of the issue of the Director Options (other than in respect of funds received on exercise of the Director Options);
- (f) the purpose of the issue of the Director Options is to provide a performance linked incentive component in the remuneration package for Mr Garner to motivate and reward their performance as a Director and to provide cost effective remuneration to Mr Garner, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Garner;
- (g) the current total remuneration package for Mr Garner is \$60,000 per annum comprising of directors' fees of \$60,000 inclusive of superannuation. An "extra exertions" allowance, currently at the rate of \$2,500 per month, may also be payable to Mr Garner in relation to months where his work responsibilities significantly exceed those ordinarily required to fulfill his Non-Executive Directors duties. If the Director Options are issued, the total remuneration package of Mr Garner will increase by \$33,512 to \$93,512 (excluding any amounts payable for extra exertions), being the value of the Director Options (based on the Black Scholes methodology);
- (h) the value of the Director Options and the pricing methodology is set out in Schedule 16;
- (i) the Director Options are not being issued under an agreement; and
- (j) a voting exclusion statement and a voting prohibition statement is included in Resolution 18 of this Notice.

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### 13. **RESOLUTION 19 AND RESOLUTION 20 – ISSUE OF SHARES TO DIRECTORS PAUL GARNER AND AVON MCINTYRE ON CONVERSION OF LOAN AMOUNTS FOR THE VALUE OF \$85,000**

#### 13.1 **General**

As mentioned in Section 1.21, the Company proposes to enter into unsecured loan agreements with professional and sophisticated third party lenders, and Directors Mr McIntyre and Mr Garner (or their respective nominee/s) (each, a **Lender**) to raise an aggregate of \$300,000 (**Pre-Raising Loan**) for general working capital purposes (each, a **Loan Agreement**). Pursuant to the terms of the Loan Agreement, the Lender and the Company mutually agree that their Pre-Raising Loan amounts will be converted into Shares (**Loan Conversion Shares**) prior to the date that the Company's Securities are re-instated to Official Quotation. Shareholder approval to issue up to that number of Loan Conversion Shares on conversion of an aggregate Pre-Raising Loan amount of up to \$215,000 (approximately up to 10,750,000 Loan Conversion Shares) to professional and sophisticated third party lenders is sought in accordance with Resolution 21.

Directors, Messrs Paul Garner and Avon McIntyre (or their respective nominee/s) each propose to participate in the Pre-Raising Loan and wish to enter into a Loan Agreements with the Company for an aggregate unsecured loan amount of \$85,000 comprising:

- (a) a Pre-Raising Loan amount for the value of \$50,000 advanced by Paul Garner (**Garner Loan**); and
- (b) a Pre-Raising Loan amount for the value of \$35,000 advanced by Avon McIntyre (**McIntyre Loan**).

Subject to mutual agreement, the Company may repay the whole or any part of any outstanding Pre-Raising Loan monies at any time prior to the Company being re-admitted to the Official List of ASX, unless the Company and the Lender mutually agree to convert the Pre-Raising Loan and into Loan Conversion Shares.

Accordingly, Resolution 19 and Resolution 20 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 2,500,000 Loan Conversion Shares to Mr Garner (or his nominee/s) on conversion of the Garner Loan, and up to 1,750,000 Loan Conversion Shares to Mr McIntyre (or his nominee/s) on conversion of the McIntyre Loan, respectively (together, the **Director Loan Conversion Shares**).

### 13.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 8.3 above.

The issue of the Director Loan Conversion Shares constitutes giving a financial benefit and Mr Garner and Mr McIntyre are each a related party of the Company by virtue of being Directors.

The Directors (other than Mr Garner and Mr McIntyre who have a material personal interest in Resolutions 19 and 20) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Loan Conversion Shares because entry by Mr Garner and Mr McIntyre into the Loan Agreement was negotiated on an arm's length basis (with Mr Garner and Mr McIntyre abstaining from the negotiation process) and the Director Loan Conversion Shares will be issued to Mr Garner and Mr McIntyre (or their respective nominee/s) on the same terms as Loan Conversion Shares issued to third party subscribers who participate in the Public Offer.

### 13.3 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out Section 10.3 above.

The issue of the Director Loan Conversion Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. The issue of the Director Loan Conversion Shares therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 19 and 20 seek Shareholder approval for the issue of the Loan Conversion Shares under and for the purposes of Listing Rule 10.11.

### 13.4 Technical information required by Listing Rule 14.1A

If Resolution 19 and Resolution 20 are passed, the Company will be able to proceed with the issue of the Director Loan Conversion Shares to Mr Garner and Mr McIntyre within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 19 and Resolution 20 are not passed, the Company will not be able to proceed with the issue of the Director Loan Conversion Shares and up to an aggregate loan amount of \$85,000 will become a debt instrument repayable by the Company pursuant to the terms of the Loan Agreement. This will reduce the Company's cash position and may impede its ability to achieve its operational outcomes.

### **13.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 19 and Resolution 20:

- (a) the Director Loan Conversion Shares will be issued to Mr Garner and Mr McIntyre (or their respective nominee/s), who falls within the category set out in Listing Rule 10.11.1, as Mr Garner and Mr McIntyre are both related parties of the Company by virtue of being Directors;
- (b) the maximum number of Director Loan Conversion Shares to be issued to Mr Garner and Mr McIntyre (or their respective nominee/s) is 4,250,000, comprising of:
  - (i) up to 2,500,000 Director Loan Conversion Shares to Mr Paul Garner pursuant to Resolution 19 and
  - (ii) up to 1,750,000 Director Loan Conversion Shares to Mr Avon McIntyre pursuant to Resolution 20,
- (c) the Director Loan Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Company received a waiver from ASX Listing Rule 10.13.5 on 8 July 2022 to issue the Director Loan Conversion Shares later than 1 month after the date of the Meeting on the following conditions:
  - (i) the Director Loan Conversion Shares are issued by no later than the date that the Loan Conversion Shares are issued, which must be no later than 3 months after the date of this Meeting;
  - (ii) the Director Loan Conversion Shares are issued pursuant to the relevant terms and conditions set out in this Notice;
  - (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Company's shareholders approved the issue of the Director Loan Conversion Shares; and
  - (iv) the terms of the waiver are clearly disclosed in this Notice and in the Prospectus;
- (e) the deemed issue price of each Director Loan Conversion Share will be \$0.02 per Share, being the same issue price as Shares issued to all other participants in the Public Offer. The Company will not receive any other consideration for the issue of the Director Loan Conversion Shares, other than the amounts advanced under the Loan Agreements by Mr McIntyre and Mr Garner. However, the issue of the Director Loan Conversion Shares will result in the Company converting debt owing to Mr McIntyre and Mr Garner under their respective Loan Agreement to equity;

- (f) the purpose for the issue of the Director Loan Conversion Shares under the Loan Agreements is to fulfil the Company's obligations under the terms of those agreements and to preserve the cash reserves of the Company by converting debt owing to Mr Garner and Mr McIntyre under their respective Loan Agreement to equity. The funds raised from Pre-Raising Loan (including the aggregate \$85,000 advanced under the Garner Loan and McIntyre Loan) are proposed to be applied towards funding general working capital requirements for the Company up until the date that the Company's Securities are re-instated to Official Quotation;
- (g) the Director Loan Conversion Shares are proposed to be issued under the terms of the Loan Agreements and are not intended to further remunerate or incentivise Mr Garner and Mr McIntyre. A summary of the material terms of the Loan Agreement is set out in Schedule 18;
- (h) the Director Loan Conversion Shares are not being issued under, or to fund, a reverse takeover; and
- (i) voting exclusion statements are included in Resolution 19 and Resolution 20 of the Notice.

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## **14. RESOLUTION 21– APPROVAL TO ISSUE PRE-RAISING LOAN CONVERSION SHARES TO THIRD PARTIES**

### **14.1 General**

As mentioned in Section 13.1, the Company proposes to raise an aggregate of \$300,000 via the Pre-Raising Loan. Accordingly, Resolution 21 seeks Shareholder approval for the issue of up to 10,750,000 Loan Conversion Shares on conversion of an aggregate Pre-Raising Loan amount of up to \$215,000 to be advanced by professional and sophisticated third party lenders under their respective Loan Agreements with the Company (together, the **Investor Loan Conversion Shares**).

### **14.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out at Section 3.2.

The proposed issue of the Investor Loan Conversion Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

To this end, Resolution 21 seeks Shareholder approval to issue the Investor Loan Conversion Shares for the purposes of Listing Rule 7.1.

### **14.3 Technical information required by Listing Rule 14.1A**

If Resolution 21 is passed, the Company will be able to proceed with the issue of the Investor Loan Conversion Shares. In addition, the issue of the Investor Loan Conversion Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 21 is not passed, the Company will not be able to proceed with the issue of the Investor Loan Conversion Shares and up to an aggregate loan amount of \$215,000 will become a debt instrument repayable by the Company pursuant to the terms of the Loan Agreement. This will reduce the Company's cash position and may impede its ability to achieve its operational outcomes.

#### 14.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Investor Loan Conversion Shares:

- (a) the Investor Loan Conversion Shares will be issued to professional and sophisticated investors who will be identified by the Directors. The recipients will be identified through a bookbuild process, in consultation with IOS;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Investor Loan Conversion Shares to be issued is 10,750,000. The Investor Loan Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Investor Loan Conversion Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Investor Loan Conversion Shares will occur on the same date;
- (e) the deemed issue price of each Investor Loan Conversion Share will be \$0.02 per Share, being the same issue price as Shares issued to all other participants in the Public Offer. The Company will not receive any other consideration for the issue of the Investor Loan Conversion Shares, other than the amounts advanced under the Loan Agreements by the professional and sophisticated third party lenders. However, the issue of the Investor Loan Conversion Shares will result in the Company converting debt owing to the third party lenders to equity;
- (f) the purpose for the issue of the Investor Loan Conversion Shares under the Loan Agreements is to fulfil the Company's obligations under the terms of those agreements and to preserve the cash reserves of the Company by converting debt owing to the professional and sophisticated third party lenders under the Loan Agreement to equity. The funds raised from Pre-Raising Loan (including the aggregate \$215,000 advanced by third party lenders under their respective Loan Agreements with the Company) are proposed to be applied towards funding general working capital requirements for the Company up until the date that the Company's Securities are re-instated to Official Quotation;
- (g) the Investor Loan Conversion Shares are proposed to be issued under the terms of the Loan Agreements. A summary of the material terms of the Loan Agreement is set out in Schedule 18;
- (h) the Investor Loan Conversion Shares are not being issued under, or to fund, a reverse takeover; and

- (i) a voting exclusion statement is included in Resolution 21 of the Notice.

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## 15. RESOLUTION 22 – ISSUE OF PERFORMANCE RIGHTS TO VESTIGO PTY LTD

### 15.1 Background

On 23 May 2022, the Company and Vestigo Pty Ltd (**Vestigo**) entered into a consulting agreement, pursuant to which the Company engaged Vestigo to provide the following services:

- (a) developing and reviewing geological data and operational procedures for the Company's Project in the USA;
- (b) assessing new exploration and production technologies for natural hydrogen; and
- (c) engaging American and other international service companies in this sector,

(together, the **Services**).

In consideration for the provision of the Services, the Company has agreed to:

- (a) issue Vestigo (or its nominees):
  - (i) 3,000,000 Class A Performance Rights; and
  - (ii) 3,000,000 Class B Performance Rights,(together, the **Vestigo Performance Rights**); and
- (b) pay Vestigo A\$7,500 per month.

Vestigo is an unrelated party of the Company and currently does not hold any interests in the Company's Securities.

Resolution 22 seeks Shareholder approval for the issue of the Vestigo Performance Rights.

### 15.2 General

The Company considers that Vestigo's Services will play a key role in satisfying the performance milestones attaching to the Vestigo Performance Rights (**Milestones**) (refer to Schedule 9 for further details).

The Company considers it necessary to further remunerate and incentivise Vestigo to achieve Milestones for the following reasons:

- (a) the issue of Vestigo Performance Rights aligns with the interests of Vestigo and the Shareholders by achieving growing the Company to meet the Milestones;
- (b) the commercial goal of the issue of the Vestigo Performance Rights is to reward achievement of the Milestones, which will be a significant event for the Company;

- (c) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Vestigo Performance Rights on the terms proposed;
- (d) the issue of the Vestigo Performance Rights is linked to the success of the Company, and will provide an incentive for Vestigo to assist in the growth of the Company;
- (e) the issue of the Vestigo Performance Rights to Vestigo provides a performance incentive which allow key employees to share the rewards of the success of the Company;
- (f) upon achieving the Milestones, Vestigo will have assisted the Company in its growth strategy; and
- (g) the issue of the Vestigo Performance Rights to Vestigo will ensure that Vestigo is committed to the long-term and continual growth of the Company under the consultancy agreement.

The number of Vestigo Performance Rights that are proposed to be issued were determined based upon a consideration of:

- (a) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
- (b) the quantum of Vestigo's cash remuneration; and
- (c) incentives to attract and retain the service of Vestigo, which has crucial knowledge and expertise with respect to the Company's business, while maintaining the Company's cash reserves.

### **15.3 Listing Rule 7.1**

As summarised in Section 3.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Vestigo Performance Rights does not fit within any of the exceptions set out in Listing Rule 7.2. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, one of the conditions imposed by ASX for the issue of the Vestigo Performance Rights is that the Company obtains Shareholder approval under Listing Rule 7.1 for the issue of these Securities.

Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1.

### **15.4 Technical information required by Listing Rule 14.1A**

If Resolution 22 is passed, the Company will be able to proceed with the issue of the Vestigo Performance Rights. In addition, the issue of the Vestigo Performance Rights will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 22 is not passed, the Company will not be able to proceed with the issue of the Vestigo Performance Rights and the Company will be in breach the consultancy agreement that is summarised in Section 15.1. If Vestigo elects to

terminate the Consultancy Agreement because of this breach, the Company must pay Vestigo any fees that have accrued under the Consultancy Agreement prior to termination.

Resolution 22 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Vestigo Performance Rights to Vestigo, a non-related party of the Company.

### **15.5 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 22 :

- (a) the Performance Rights will be issued to Vestigo Pty Ltd (or its nominees), which is not a related party of the Company;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial shareholders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Vestigo Performance Rights to be issued is 6,000,000, comprising:
  - (i) 3,000,000 Class A Performance Rights; and
  - (ii) 3,000,000 Class B Performance Rights;
- (d) a summary of the terms of the Performance Rights is set out in Schedule 9;
- (e) the Vestigo Performance Rights will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Performance Rights will occur on the same date;
- (f) the Vestigo Performance Rights will be issued at a nil issue price. The Company will not receive any other consideration in respect of the issue of the Performance Rights;
- (g) the purpose of the issue of the Performance Rights is to provide a performance linked incentive component in the remuneration package for Vestigo to align their respective interests with those of Shareholders, to motivate and reward Vestigo and to provide a cost effective way for the Company to remunerate Vestigo, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to them; and
- (h) the Performance Rights are being issued pursuant to the consultancy agreement that is summarised in Section 15.1.

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## **16. RESOLUTION 23 – INCREASE IN TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS**

### **16.1 General**

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

Clauses 15.7 and 15.8 of the Constitution also provide that total aggregate remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increased by ordinary resolution of Shareholders in a general meeting.

The maximum aggregate amount of fees payable to the non-executive Directors is currently set at \$250,000.

Resolution 23 seeks Shareholder approval for the purposes of clause 15.8 of the Constitution and Listing Rule 10.17 to increase the total aggregate amount of fees payable to non-executive Directors to \$500,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

### **16.2 Technical information required by Listing Rule 10.17**

If Resolution 23 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will increase by \$250,000 to \$500,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the increase to maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 23 is not passed, the maximum aggregate amount of fees payable to non-executive Directors will remain at \$250,000. This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive directors.

In the past three years, the Company has not issued any Securities to non-executive Directors pursuant to Listing Rules 10.11 and 10.14.

### **16.3 Board Recommendation**

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## GLOSSARY

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**\$ or A\$** means Australian dollars.

**2020 Notice of AGM** means the notice of meeting that the Company despatched on 30 May 2022 with respect to the 2020 AGM.

**2020 AGM** means the Company's 2020 Annual General Meeting held on 30 June 2022.

**Acquisition** means the acquisition of 100% of the issued capital of Neutralysis by the Company from the Neutralysis Shareholders as defined in Section 1.2.

**Acquisition Agreements** has the meaning set out in Section 1.2.

**Aolong** means Heilongjiang Aolong Energy Co. Ltd.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Brimage Performance Rights** has the meaning given in Section 4.1.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**CFT** means CFT Heilongjiang (HK) Limited.

**CFT Sale Agreement** has the meaning given in Section 1.2.

**Chair** means the chair of the Meeting.

**Class C Performance Rights** has the meaning set out in Section 9.1.

**Class of Rights** has the meaning given in Section 8.2.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means HyTerra Ltd (ACN 116 829 675).

**Completion** has the meaning given in Section 1.2.

**Consideration Options** has the meaning given in Section 1.2.

**Consideration Securities** has the meaning given in Section 1.2.

**Consideration Shares** has the meaning given in Section 1.2.

**Constitution** means the Company's constitution.

**Convertible Note Deed** has the meaning given in Section 11.5.

**Convertible Notes** has the meaning given in Section 1.10.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company, comprising Messrs D'Almeida, Chan, Garner and McIntyre.

**Director Loan Conversion Shares** has the meaning given to that term in Section 13.1.

**Director Options** has the meaning given to that term in Section 12.1.

**ESIP** means the Company's Employee Securities Incentive Plan (as adopted by Shareholders under Resolution 10 at the 2020 AGM).

**Essential Resolutions** has the meaning given in Section 1.8.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Exploration and Development Plan** has the meaning given in Section 1.3.

**Fee Shares** has the meaning given in Section 10.1.

**Garner Loan** has the meaning given in Section 13.1.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Group** means the Company and any of its Subsidiaries.

**Hoarty NE3 Well Test** has the meaning given in Section 1.6.

**Independent Expert** means Stantons Corporate Finance Pty Ltd (ACN 128 908 289).

**Independent Expert's Report** means the report set out at Annexure A prepared by Stantons Corporate Finance Pty Ltd for the purposes of the Shareholder approval under section 611 item 7 of the Corporations Act outlined in Resolution 3.

**Investor Loan Conversion Shares** has the meaning given to that term in Section 14.1

**IOS Mandate** means the mandate between the Company and Indian Ocean Securities Pty Ltd dated 10 June 2021 (as amended on 4 August 2022), as summarised in Schedule 5 and defined in Section 1.19.

**IOS** means Indian Ocean Securities Pty Ltd (ACN 621 321 891).

**IOS Options** has the meaning given in Section 1.19.

**IOS Shares** has the meaning given in Section 1.19

**JDA** means Joint Development and Earn-in Agreement dated 1 April 2022 between NH2E and Neutralysis as set out in Section 1.3.

**JVCo** means the joint venture company to be established under the JDA as defined in in Section 1.3.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Lender** has the meaning given in Section 13.1.

**Listing Rules** means the Listing Rules of ASX.

**Loan** has the meaning given in Section 13.1.

**Loan Agreement** has the meaning given in Section 13.1.

**Loan Conversion Shares** has the meaning given in Section 13.1.

**Maximum Subscription** means in relation to the Public Offer, the issue of 350,000,000 Shares at an issue price of \$0.02 per Share to raise \$7,000,000.

**McIntyre Loan** has the meaning given in Section 13.1.

**Milestones** means the milestones attaching to the Performance Rights set out in Schedule 9 and defined in Section 8.2.

**Minimum Subscription** means in relation to the Public Offer, the issue of 250,000,000 Shares at an issue price of \$0.02 per Share to raise \$5,000,000.

**Minority Share Sale Agreement** has the meaning given in Section 1.2.

**Neutralysis** means Neutralysis Industries Pty Ltd (ACN 156 261 791).

**Neutralysis Existing Securityholders** has the meaning given in Section 4.1.

**Neutralysis Shareholders** mean the current shareholders of Neutralysis, as set out at Schedule 3.

**Neutralysis Shares** has the meaning given in Section 1.2.

**NH2E** means Natural Hydrogen Energy LLC, a Colorado based limited liability company.

**Non-Executive Directors** means Messrs Brimage, Chan and Garner.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Official List** means the official list of the ASX.

**Official Quotation** means the reinstatement to official quotation of the Company's Shares on the ASX.

**Ohio Convertible Notes** means the Convertible Notes held by Ohio Investments.

**Ohio Investments** means Ohio Investments Pty Ltd <Ohio Investment Unit A/C> (ACN 636 653 122).

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Rights** means a right to acquire a Share, subject to the satisfaction of certain milestones.

**Pre-Raising Loan** has the meaning given in Section 13.1.

**Projects** means the four prospective hydrogen projects in Nebraska and South Carolina in the USA the subject of the JDA.

**Proposal** has the meaning given in Section 4.1.

**Prospectus** has the meaning given in Section 1.18.

**Proxy Form** means the proxy form accompanying the Notice.

**Public Offer** means the Company's proposed capital raising to raise a minimum of \$5,000,000 (before costs) via the issue of 250,000,000 Shares at an issue price of \$0.02 per Share. The Company may also accept oversubscriptions for a further 100,000,000 Shares to raise up to an additional \$2,000,000.

**Public Offer Shares** mean the Shares to be issued under the Public Offer as set out in Section 3.1.

**Re-instatement** means the re-instatement of the Company's Shares to Official Quotation.

**Related Parties** has the meaning given in Section 8.1.

**Related Party Conversion Securities** has the meaning given in Section 11.1.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Secondary Well** has the meaning given in Section 1.6.

**Section** means a section of the Explanatory Statement.

**Services** has the meaning given in Section 15.1.

**Securities** means the Company's issued securities.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Share Sale and Purchase Agreement** has the meaning given in Section 1.2.

**Stantons** means Stantons Corporate Finance Pty Ltd (ACN 128 908 289).

**Subsidiaries** means each of Tango, CFT or Aolong or all of them.

**Tango** means Tango Energy Inc.

**US\$** means United States Dollars.

**USA** means the United States of America.

**Vestigo** means Vestigo Pty Ltd (ACN 602 323 473).

**Vestigo Performance Rights** has the meaning given in Section 15.1.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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7 September 2022

The Directors  
HyTerra Ltd  
PO Box 899  
Cottesloe WA 6011

Dear Directors,

## Independent Expert's Report Relating to Acquisition

### 1 Executive Summary

#### Opinion

- 1.1 In our opinion, the proposed transaction outlined in Resolution 3 of the Notice of Meeting ("**NoM**") relating to the acquisition of Neutralysis Industries Pty Ltd ("**Neutralysis**") by HyTerra Ltd (formerly Triple Energy Limited) ("**HyTerra**" or the "**Company**") that allows for the issue of up to 183,000,000 ordinary shares and 183,000,000 options in HyTerra to the Neutralysis shareholders is considered **FAIR** and **REASONABLE** to the HyTerra shareholders who are not restricted from voting on the resolution ("**Non-Associated Shareholders**") as at the date of this report.

#### Introduction

- 1.2 Stantons Corporate Finance Pty Ltd ("**Stantons**") were engaged by the directors of HyTerra to prepare an Independent Expert's Report ("**IER**") to determine the fairness and reasonableness of the proposal outlined in Resolution 3 of the attached NoM and Explanatory Statement ("**ES**"). The NoM will be released ahead of a general meeting of HyTerra shareholders expected to be held in or around October 2022 (the "**Meeting**").
- 1.3 HyTerra is an Australian public company that historically had operations in oil and gas exploration in mainland China. The Company is listed on the Australian Securities Exchange ("**ASX**"), though has been suspended from trading since 28 October 2020 pursuant to ASX Listing Rule 17.2.
- 1.4 Neutralysis is a gas exploration company that holds a joint development and earn-in agreement ("**JDA**") with Natural Hydrogen Energy LLC ("**NH2E**") in relation to a hydrogen project in the United States of America. Under the JDA, Neutralysis may acquire a 30% interest in the project by expending US\$5,000,000 on agreed work programs, with the option to acquire an additional 21% interest by expending a further US\$15,000,000.
- 1.5 HyTerra entered into a binding term sheet on 8 April 2022, which was superseded by a Share Sale and Purchase Agreement signed with 8 key Neutralysis shareholders, dated on or about 27 July 2022 as amended on 5 September 2022 (the "**SSA**") and individual share sale agreements with 42 minority shareholders (collectively, including the SSA, the "**Acquisition Agreements**") to acquire a 100% interest in the outstanding capital of Neutralysis (the "**Acquisition**"). As consideration for the Acquisition, HyTerra will issue Neutralysis 183,000,000 ordinary shares at a deemed issue price of \$0.02 ("**Consideration Shares**") and 183,000,000 options each exercisable at \$0.025 and expiring on 30 June 2025 ("**Consideration Options**").



- 1.6 In conjunction with the Acquisition, HyTerra proposes to relist on ASX and complete a capital raising under a prospectus (the **"Public Offer"**) of \$5,000,000 via the issue of 250,000,000 ordinary shares at \$0.02 per share (the **"Minimum Subscription"**), with oversubscriptions of \$2,000,000 allowed, to raise up to a maximum of \$7,000,000 via the issue of 350,000,000 ordinary shares (the **"Maximum Subscription"**). In conjunction with the Public Offer, a secondary offer under the prospectus will include the conversion of loans of \$300,000 (the **"Pre-Raising Loans"**) into 15,000,000 ordinary shares. The Pre-Raising Loans were provided to the Company by entities controlled by the HyTerra directors Mr Paul Garner and Mr Avon McIntyre, as well as several third-party lenders. Interest on the Pre-Raising Loans of \$18,000 (being 6%) is payable upfront. We note it is a condition precedent to the Acquisition for the Company to raise at least \$5,000,000 (the **"Minimum Raising"**) via a prospectus lodged with the Australian Securities and Investments Commission (**"ASIC"**).
- 1.7 In addition, the Company proposes to issue performance rights (**"Performance Rights"**) to current and proposed directors, and a consultant, comprising 22,000,000 Class A Performance Rights (**"Class A Performance Rights"**), 22,000,000 Class B Performance Rights (**"Class B Performance Rights"**), and 5,000,000 Class C Performance Rights (**"Class C Performance Rights"**) (refer to paragraph 2.4 for details).
- 1.8 The Company has 25,000 convertible notes outstanding (the **"Convertible Notes"**) that are proposed to convert into 1,250,000 ordinary shares and 1,250,000 options, with an exercise price of \$0.025 and expiry date of 30 June 2025, contemporaneous to the Transaction.
- 1.9 The Company engaged Indian Ocean Securities Pty Ltd (**"IOS"**) to act as Lead Manager and corporate consultant in relation to the Public Offer. As compensation for the services provided, IOS will receive a fee of 1% of all funds raised under the Public Offer and 5% on all funds raised by IOS directly from its own contacts, clients and wholesale investors. IOS will also receive 9,000,000 ordinary shares at a deemed price of \$0.02 in lieu of a cash payment of \$180,000 (the **"IOS Shares"**). Subject to completion of the Maximum Subscription, IOS will receive 9,000,000 options, each convertible into one ordinary share at \$0.025 and expiring on 30 June 2025 (the **"IOS Options"**).
- 1.10 Prior to re-instatement to Official Quotation on ASX, it is also proposed that the director Mr Po Chan will be issued 1,604,200 ordinary shares as settlement for \$32,084 in outstanding director fees.
- 1.11 The Company's director Paul Garner is also proposed to receive 2,500,000 options, each exercisable into one ordinary share at \$0.025 and expiring on 30 June 2025.
- 1.12 Collectively, the proposals outlined in paragraphs 1.5-1.11 are referred to as the **"Transaction"**.

## **Purpose**

### *Chapter 6*

- 1.13 If Resolution 3 is approved, the shareholders of Neutralysis (including the proposed HyTerra director Russell Brimage), who are considered associates, have the potential to increase their collective interest in HyTerra shares from 14.77% up to 54.68%, assuming:
  - the completion of all other components of the Transaction;
  - the Minimum Subscription under the Public Offer;
  - the Performance Rights to be issued to Russell Brimage (refer to Table 5) convert into ordinary shares;
  - all existing options held by Neutralysis shareholders, including Russell Brimage, and Consideration Options to be issued to Neutralysis shareholders, are converted into ordinary shares; and
  - no other options or performance rights are converted.
- 1.14 On a fully diluted basis the Neutralysis shareholders may increase their collective interest up to 49.45%.



1.15 Except in certain circumstances, Section 606 ("**s606**") of the Corporations Act 2001 Cth ("**Corporations Act**") prohibits a person (and/or associated parties) from acquiring a relevant interest in the issued voting shares of a public company that increases their relevant interest:

- a) from 20% or below to more than 20%; or
- b) from a starting point that is above 20% and below 90%.

1.16 One of the exceptions to s606 is where the acquisition is approved by members at a general meeting of the company.

#### *Scope*

1.17 HyTerra intends to seek approval for Resolution 3 from the Non-Associated Shareholders, pursuant to Item 7 of s611 of the Corporations Act.

1.18 We note that for the Resolution 3 to complete, approvals for Resolutions 1, 2 and 6 are also required (refer to paragraph 2.13 for further details). Resolution 3 is not conditional on approvals for Resolutions 4,5 and 7 to 22 under the NoM, however these components are linked to Resolution 3 through their inclusion in the Acquisition Agreements.

1.19 The proposed Transaction is described in the NoM and ES to be forwarded to shareholders ahead of the Meeting. This IER provides an opinion on the fairness and reasonableness of the Transaction for Non-Associated Shareholders and will be attached to the NoM.

#### *Basis of Evaluation*

1.20 With regard to the ASIC's Regulatory Guide 111: Content of Expert Reports ("**RG111**"), the Transaction is considered a control transaction, and we have assessed it as:

- fair if the value of a HyTerra share after the Transaction, on a minority interest basis, is greater than the value of a share before the Transaction on a control basis; and
- reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-Associated Shareholders to accept the offer.

#### **Valuations**

##### *HyTerra Pre-Transaction Share Value*

1.21 We assessed the fair market value of a HyTerra ordinary share before the Transaction using a net assets on a going concern based methodology.

1.22 We engaged an independent technical specialist, RISC Advisory Pty Ltd ("**RISC**") to provide a valuation of the existing hydrocarbon interests of HyTerra. The valuation is contained in the Independent Technical Assessment and Valuation Report prepared by RISC and dated 7 September 2022 (the "**RISC Report**"). We have adopted the RISC Report valuations as stated.

1.23 We note the Company has a conditional contract in place to sell one of its existing China-based assets, the Aolong Project ("**Aolong**"). The sale of Aolong is conditional upon HyTerra shareholder approval under Chapter 11 of the ASX Listing Rules (if required). RISC have noted that the Company is exposed to potential (though not certain) liabilities associated with Aolong should the sale not eventuate and accordingly attributed a negative value on the low side of their valuation range.

1.24 Our valuation of HyTerra is as follows.

**Table 1. Pre-Transaction Net Asset Valuation of HyTerra Shares**

	Ref	Low	Preferred	High
Other net assets (\$)	Table 14	(124,098)	(124,098)	(124,098)
HyTerra existing oil and gas interests (\$)	Table 15	(500,000)	-	-
<b>Pre-transaction net assets / (liabilities) (\$)</b>		<b>(624,098)</b>	<b>(124,098)</b>	<b>(124,098)</b>
Number of ordinary shares on issue	Table 6	55,848,682	55,848,682	55,848,682
<b>Value per ordinary share (control basis) (\$)</b>		<b>(0.0112)</b>	<b>(0.0022)</b>	<b>(0.0022)</b>

Source: Stantons analysis

- 1.25 As HyTerra shares are issued on a limited liability basis, and the Net Assets valuation is negative in each of the low, preferred and high scenarios, our assessed fair value of a HyTerra ordinary share before the Transaction, on a control basis, is nil.

#### *HyTerra Post-Transaction Share Value*

- 1.26 Our net assets on a going concern based valuation of the Company following the Transaction, on a minority interest basis, is set out below.

**Table 2. Post-Transaction Valuation of HyTerra Shares**

	Ref	Low	Preferred	High
HyTerra net assets/(liabilities) (\$)	Table 16	(624,098)	(124,098)	(124,098)
Add: Neutralysis value acquired (\$)	Table 17	(7,000,000)	4,900,000	38,900,000
Add: Public Offer cash raised (\$)	9.6	5,000,000	6,000,000	7,000,000
Less: Public Offer cash costs (\$)	9.7	(630,944)	(692,069)	(753,194)
Add: Pre-Raising Loan conversion (\$)	9.6	300,000	300,000	300,000
Add: Removal of Convertible Note liabilities (\$)	9.8	25,000	25,000	25,000
Add: Extinguished director fee liabilities (\$)	9.9	32,084	32,084	32,084
<b>Post-transaction net assets/(liabilities) (\$)</b>		<b>(2,897,958)</b>	<b>10,440,917</b>	<b>45,379,792</b>
Less: options value (\$)	Table 21	(1,222,182)	(1,222,182)	(1,270,638)
Less: Class B Performance Rights value (\$)	Table 22	(208,198)	(208,198)	(208,198)
<b>Post-Transaction value attributable to ordinary shareholders (\$)</b>		<b>(4,328,338)</b>	<b>9,010,537</b>	<b>43,900,956</b>
Number of ordinary shares on issue	Table 23	520,702,882	592,702,882	642,702,882
<b>Value per ordinary share (control basis) (\$)</b>		<b>(0.0083)</b>	<b>0.0152</b>	<b>0.0683</b>
Discount for minority interest (%)	9.19	23.1%	23.1%	23.1%
<b>Value per ordinary share (minority interest) (\$)</b>		<b>(0.0064)</b>	<b>0.0117</b>	<b>0.0525</b>

Source: Stantons analysis

- 1.27 We treated the Performance Rights under the principles set out in AASB 2.
- 1.28 We note the Class B Performance Rights are subject to a market condition. We accounted for the Class B Performance Rights by deducting a Monte Carlo derived value from the value attributable to shareholders.
- 1.29 The Class A Performance Rights and Class C Performance Rights have only non-market conditions (refer to Paragraph 2.4 for details of Performance Rights). We accounted for the Class A Performance Rights and Class C Performance Rights by assuming different vesting scenarios (refer to Table 25).



- 1.30 As HyTerra shares are issued on a limited liability basis, we assessed the value in the low scenario to be nil. Accordingly, we assessed the fair value of a HyTerra ordinary share post-Transaction on a minority interest basis to be between nil and \$0.0525, with a preferred value of \$0.0117.

### Fairness Assessment

- 1.31 Our fairness assessment of the Transaction is set out below.

**Table 3. Fairness Assessment**

	Ref	Low	Preferred	High
Pre-Transaction HyTerra share value (control) (\$)	Table 16	-	-	-
Post-Transaction HyTerra share value (minority) (\$)	Table 19	-	0.0117	0.0525
<b>Fairness indication</b>		<b>Fair</b>	<b>Fair</b>	<b>Fair</b>

Source: Stantons analysis

- 1.32 As the value of an ordinary share in HyTerra post-Transaction is equal to the pre-Transaction value in the low scenario and greater than the pre-Transaction value in the preferred and high scenarios, we consider Resolution 3 of the NoM to be **FAIR** to the Non-Associated Shareholders for the purpose of s611 of the Corporations Act.

### Reasonableness Assessment

- 1.33 As the Transaction (including Resolution 3) is considered fair pursuant to RG111.12, it is also considered reasonable. For informative purposes, we considered the following likely advantages and disadvantages of the proposed Transaction to Non-Associated Shareholders.

**Table 4. Reasonableness Assessment of the Transaction**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>The Transaction is fair</li> <li>Facilitates capital raising of at least \$5,000,000</li> <li>Facilitates relisting on ASX</li> <li>Provides exposure to a new project</li> </ul>	<ul style="list-style-type: none"> <li>Potential dilution of existing shareholders</li> <li>Removes the possibility of a potentially superior offer</li> <li>Change of operations may not align with shareholders' investment objectives and risk profile</li> </ul>

Source: Stantons analysis

### Conclusion

- 1.34 In our opinion, the Transaction proposal subject to Resolution 3 is **FAIR** and **REASONABLE** to the Non-Associated Shareholders of HyTerra for the purpose of s611 of the Corporations Act.
- 1.35 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

## Financial Services Guide

Dated 7 September 2022

### Stantons Corporate Finance Pty Ltd

Stantons Corporate Finance Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**Stantons**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

## Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients decide as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

### General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

### Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed upon on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$35,000 exclusive of GST.

You have a right to request further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither Stantons nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

### **Remuneration or other benefits received by our employees**

Stantons employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

### **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

### **Associations and relationships**

Stantons is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. From time to time, Stantons and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

### **Complaints resolution**

#### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons Corporate Finance Pty Ltd  
Level 2  
40 Kings Park Road  
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

#### *Referral to External Dispute Resolution Scheme*

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au) or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited  
GPO Box 3  
MELBOURNE VIC 3001

Telephone: 1800 931 678

Stantons confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular, our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum insured for Stantons and our authorised representatives / representatives / employees in respect of our

authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with Stantons for work done whilst engaged with us.

**Contact details**

You may contact us using the details set out above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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## 2 Summary of Transaction

### Proposed Transaction

- 2.1 Neutralysis is a gas exploration company that holds a 10.03% interest in the JDA with NH2E for a hydrogen project in the United States of America. Under the JDA, Neutralysis may acquire a 30% interest in the project by expending US\$5,000,000 on agreed work programs, with the option to acquire an additional 21% interest by expending a further US\$15,000,000.
- 2.2 On 8 April 2022, HyTerra entered into a binding term sheet with Neutralysis and entered into the Acquisition Agreements on or around 27 July 2022, to acquire a 100% interest in the outstanding capital of Neutralysis. As consideration for the Acquisition, HyTerra proposes to issue;
- i) 183,000,000 ordinary shares at a deemed issue price of \$0.02; and
  - ii) 183,000,000 options each exercisable at \$0.025 on or before 30 June 2025.
- 2.3 In addition, pursuant to the Acquisition Agreements the Company proposes to issue 22,000,000 Class A Performance Rights, 22,000,000 Class B Performance Rights, and 5,000,000 Class C Performance Rights to current and proposed directors of the Company and a consultant.
- 2.4 The Performance Rights will expire 5 years from the date of issue and are exercisable at any time between meeting the following vesting conditions and the expiry date, provided the holder remains in continuous service to the Company:
- a) 11,000,000 Class A Performance Rights will vest upon completion of 30 days of well testing and recovery to surface of a gas sample with a concentration of at least 20% by volume hydrogen and helium from any well within the JDA ("**Tranche 1 Class A PRs**").
  - b) 11,000,000 Class A Performance Rights will vest upon a well test being completed by a suitably qualified independent expert exceeding 10,000 standard cubic feet per day for any well within the JDA ("**Tranche 2 Class A PRs**").
  - c) 22,000,000 Class B Performance Rights will vest upon the volume weighted average price ("**VWAP**") Company's share price over 30 consecutive days being at least \$0.05.
  - d) 5,000,000 Class C Performance Rights will vest upon the respective holder completing 12 months of continuous service with the Company.
- 2.5 The Performance Rights will be issued to the current and proposed directors as follows.

**Table 5. Performance Rights Issue**

Recipient	Tranche 1 Class A PRs	Tranche 2 Class A PRs	Class B Performance Rights	Class C Performance Rights	Total
Russell Brimage	2,000,000	2,000,000	4,000,000	-	8,000,000
Paul Garner	2,000,000	2,000,000	4,000,000	-	8,000,000
Po Chan	1,500,000	1,500,000	3,000,000	-	6,000,000
Avon McIntyre	4,000,000	4,000,000	8,000,000	5,000,000	21,000,000
Vestigo Pty Ltd	1,500,000	1,500,000	3,000,000	-	6,000,000
<b>Total</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>22,000,000</b>	<b>5,000,000</b>	<b>49,000,000</b>

Source: NoM

- 2.6 Conditions precedent for the Acquisition contained in the SSA include:
- i) both parties conducting, and being satisfied in all respects with the results of their due diligence investigations in relation to the proposed Transaction;
  - ii) HyTerra completing a capital raising of a minimum of \$5,000,000 via a prospectus lodged with ASIC;

- iii) HyTerra receiving conditional approval for re-admission to the Official List of ASX (on the basis that the Acquisition is completed);
  - iv) all relevant shareholder and regulatory approvals being obtained by both parties; and
  - v) all loans owed by Neutralysis to be extinguished.
- 2.7 Other key terms of the Acquisition Agreements include:
  - i) the resignation of Mr Murray D'Almeida from the HyTerra Board and appointment of Mr Russell Brimage as Non-Executive Chairman; and
  - ii) both parties acknowledged that the Performance Rights are to be issued simultaneous to the shares under the Public Offer.
- 2.8 In satisfaction of the conditions precedent for the Acquisition, HyTerra proposes to conduct a Public Offer under a prospectus to relist on ASX and complete a capital raising of at least the Minimum Subscription of \$5,000,000 via the issue of 250,000,000 ordinary shares at \$0.02 per share, up to the Maximum Subscription of \$7,000,000 via the issue of 350,000,000 ordinary shares. In conjunction with the Public Offer, the prospectus will include a secondary offer to convert \$300,000 of Pre-Raising Loans provided by entities controlled by the Company's directors, Mr Paul Garner and Mr Avon McIntyre, as well as several third-party lenders, into 15,000,000 ordinary shares.
- 2.9 The Company engaged IOS to act as Lead Manager and corporate consultant in relation to the Public Offer. As compensation for the services to be provided, IOS will receive a fee of 1% of all funds raised under the Public Offer and 5% on all funds raised by IOS directly from its own contacts, clients and wholesale investors. IOS will also receive 9,000,000 ordinary shares at a deemed price of \$0.02 in lieu of a cash payment of \$180,000. Subject to completion of the Maximum Subscription, IOS will also receive 9,000,000 IOS Options, each convertible into one ordinary share at \$0.025 and expiring on 30 June 2025.
- 2.10 Prior to re-instatement to Official Quotation on ASX, it is also proposed that the director Mr Po Chan will be issued 1,604,200 ordinary shares as settlement for \$32,084 in outstanding director fees.
- 2.11 The Company's director Mr Paul Garner is also proposed to receive 2,500,000 options, each exercisable into one ordinary share at \$0.025 and expiring on 30 June 2025.
- 2.12 The Company has on issue 25,000 unsecured convertible notes ("**Convertible Notes**") with a subscription price of \$1 and a maturity date of 31 December 2022. The Convertible Notes will convert into ordinary shares at \$0.02 per share and free attaching options on a 1:1 basis, prior to the Company's re-instatement on ASX. The result will be the issue of 1,250,000 ordinary shares and 1,250,000 options exercisable at \$0.025 on or before 30 June 2025. The Convertible Notes will convert as a component of the Transaction (subject to HyTerra shareholder approval of Resolution 17).
- 2.13 We note several resolutions relating to components of the Acquisition are interdependent with Resolution 3 (on which we provide an opinion), and accordingly have considered all to be included in the Transaction. The interdependent resolutions relate to:
  - i) approval for a change in nature and scale of the Company's operations (Resolution 1);
  - ii) the issue of up to 350,000,000 ordinary shares at \$0.02 per share as a result of the Public Offer (Resolution 2); and
  - iii) the appointment of Mr Russell Brimage as Non-Executive Chairman (Resolution 6).
- 2.14 Furthermore, we note a condition precedent for the completion of the Acquisition Agreements is a capital raising of at least \$5,000,000 (before associated costs). It is also agreed and acknowledged in the Acquisition Agreements that the Performance Rights will be issued at the same time as the shares under the Public Offer.
- 2.15 Furthermore the following Transaction components are agreed and acknowledged in the Acquisition Agreements:-

- i) the issue of the ordinary shares (Resolution 4) and options (Resolution 5) to IOS;
- ii) the issue of the Performance Rights to directors (Resolutions 7 to 15) and a consultant (Resolution 22);
- iii) the issue of shares to Mr Po Chan in lieu of outstanding director's fees (Resolution 16);
- iv) the issue of shares and options on conversion of the Convertible Notes (Resolution 17);
- v) the issue of options to Mr Paul Garner (Resolution 18); and
- vi) the issue of shares on conversion of Pre-Raising Loans (Resolutions 19 to 21).

2.16 The impact of the proposed Transaction on HyTerra's capital structure is set out below.

**Table 6. Capital Structure Impact of the Transaction**

	Minimum Subscription	Maximum Subscription
<b>Pre-Transaction ordinary shares</b>	55,848,682	55,848,682
<b>Share issued under Transaction</b>		
Consideration Shares	183,000,000	183,000,000
Public Offer shares	250,000,000	350,000,000
Pre-Raising Loan conversion	15,000,000	15,000,000
Convertible Note conversion	1,250,000	1,250,000
IOS Shares	9,000,000	9,000,000
Director fee shares	1,604,200	1,604,200
<b>Post-Transaction ordinary shares</b>	<b>515,702,882</b>	<b>615,702,882</b>
<b>Pre-Transaction Options</b>	40,250,000	40,250,000
<b>Options issued under Transaction</b>		
Consideration Options	183,000,000	183,000,000
Convertible Note conversion	1,250,000	1,250,000
IOS Options	-	9,000,000
Director options	2,500,000	2,500,000
<b>Post-Transaction options</b>	<b>227,000,000</b>	<b>236,000,000</b>
<b>Performance Rights</b>		
Class A Performance Rights	22,000,000	22,000,000
Class B Performance Rights	22,000,000	22,000,000
Class C Performance Rights	5,000,000	5,000,000
<b>Post-Transaction Performance Rights</b>	<b>49,000,000</b>	<b>49,000,000</b>
<b>Post-Transaction fully diluted ordinary shares</b>	<b>791,702,882</b>	<b>900,702,882</b>

Source: NoM, Acquisition Agreements

- 2.17 Currently, Neutralysis shareholders collectively hold 8,250,000 ordinary shares and 9,250,000 options exercisable at \$0.025 on or before 30 June 2025.
- 2.18 As a result of the Transaction, the shareholders of Neutralysis may collectively increase their interest in HyTerra from 14.77%<sup>1</sup> up to 54.68%, assuming:

<sup>1</sup> Excluding conversion of the existing options

- the completion of all other components of the Transaction;
- the Minimum Subscription under the Public Offer;
- the Consideration Options and Performance Rights issued to Russell Brimage are converted into ordinary shares;
- the options held by Neutralysis shareholders are converted into ordinary shares; and
- no other options or Performance Rights are converted.

2.19 On a fully diluted basis the Neutralysis shareholders may collectively acquire an interest up to 49.45%.

**Table 7. Neutralysis Shareholders Post-Transaction Shareholding**

	Minimum Subscription number	Maximum Subscription number	Undiluted <sup>2</sup> Minimum Raising percent (%)	Undiluted <sup>2</sup> Maximum Raising percent (%)	Fully diluted Minimum Raising percent (%)	Fully diluted Maximum Raising percent (%)
<b>Neutralysis shareholders</b>						
Existing shares	8,250,000	8,250,000	1.15%	1.01%	1.04%	0.92%
Existing options	9,250,000	9,250,000	1.29%	1.13%	1.17%	1.03%
Consideration Shares	183,000,000	183,000,000	25.56%	22.43%	23.11%	20.32%
Consideration Options	183,000,000	183,000,000	25.56%	22.43%	23.11%	20.32%
Brimage Performance Rights	8,000,000	8,000,000	1.12%	0.98%	1.01%	0.89%
<b>Total Neutralysis shareholders</b>	<b>391,500,000</b>	<b>391,500,000</b>	<b>54.68%</b>	<b>47.98%</b>	<b>49.45%</b>	<b>43.47%</b>
<b>Other shareholders</b>						
Existing shares	47,598,682	47,598,682	6.65%	5.83%	6.01%	5.28%
Public Offer shares	250,000,000	350,000,000	34.92%	42.89%	31.58%	38.86%
Pre-Raising Loan conversion	15,000,000	15,000,000	2.10%	1.84%	1.89%	1.67%
Convertible Note conversion shares	1,250,000	1,250,000	0.17%	0.15%	0.16%	0.14%
IOS shares	9,000,000	9,000,000	1.26%	1.10%	1.14%	1.00%
Director shares	1,604,200	1,604,200	0.22%	0.20%	0.20%	0.18%
<b>Total other shareholders</b>	<b>324,452,882</b>	<b>424,452,882</b>	<b>45.32%</b>	<b>52.02%</b>	<b>40.98%</b>	<b>47.12%</b>
<b>Total ordinary shares plus other Neutralysis securities</b>	<b>715,952,882</b>	<b>815,952,882</b>	<b>100%</b>	<b>100%</b>	<b>90.43%</b>	<b>90.59%</b>
Existing options	31,000,000	31,000,000	-	-	3.92%	3.44%
Convertible Note conversion options	1,250,000	1,250,000	-	-	0.16%	0.14%
IOS Options	-	9,000,000	-	-	-	1.00%
Director options	2,500,000	2,500,000	-	-	0.32%	0.28%
Other Performance Rights	41,000,000	41,000,000	-	-	5.18%	4.55%
<b>Total options/performance rights<sup>3</sup></b>	<b>75,750,000</b>	<b>84,750,000</b>	<b>-</b>	<b>-</b>	<b>9.57%</b>	<b>9.41%</b>
<b>Total fully diluted securities</b>	<b>791,702,882</b>	<b>900,702,882</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>

Source: NoM, Stantons analysis

<sup>2</sup> We note the "undiluted" figures include conversion of the Consideration Options, existing options held by Neutralysis shareholders, and the performance rights to be issued to Russell Brimage

<sup>3</sup> Excluding Performance Rights to be issued to Russell Brimage

### 3 Scope

#### Purpose of the Report

##### *Chapter 6 s611*

- 3.1 If Resolution 3 is approved, the shareholders of Neutralysis (including proposed HyTerra director Russell Brimage), who are considered associates, have the potential to increase their collective interest in HyTerra shares from 14.77% up to 54.68%, assuming:
- all other components of the Transaction complete;
  - the Minimum Subscription under the Public Offer;
  - the Performance Rights issued to Russell Brimage are converted into ordinary shares;
  - the existing options held by Neutralysis shareholders and Consideration Options are converted into ordinary shares; and
  - no other options or performance rights are converted.
- 3.2 On a fully diluted basis, the Neutralysis shareholders may acquire up to a 49.45% interest in HyTerra.
- 3.3 An acquisition of securities that enables a shareholder to increase its relevant interest in the voting shares of a public company:
- from below 20% to above 20%; or
  - from a starting point that is above 20% and below 90%,
- is prohibited under s606 of the Corporations Act, except in certain circumstances.
- 3.4 One of the exceptions to s606 is where the acquisition is approved at a general meeting of the company in accordance with Item 7 of s611 of the Corporations Act.
- 3.5 Item 7 of s611 requires shareholders to be provided with all information known to the Company, and to the potential acquirer (of a 20% or more interest), that is material to the shareholders' decision. Regulatory Guide 74: *Acquisitions Approved by Members ("RG74")* issued by ASIC provides additional guidance on the information to be provided to shareholders. RG74 states the directors of the target company should usually provide shareholders with an IER on the proposed transaction.

##### *Purpose*

- 3.6 HyTerra intends to seek approval for Resolution 3 from the Non-Associated Shareholders at the Meeting expected to be held in or around October 2022.
- 3.7 Accordingly, HyTerra has engaged Stantons to prepare an IER to assess the fairness and reasonableness of the proposal contained in Resolution 3 pursuant to s611 of the Corporations Act, as outlined in the NoM and ES.

##### **Basis of Evaluation**

- 3.8 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.
- 3.9 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.10 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.

### ***Fairness***

- 3.11 As per RG111, the Transaction is considered to be a control transaction.
- 3.12 Accordingly, to assess whether the proposed Transaction is fair in accordance with RG111, we compared:
- the fair market value of an ordinary share in HyTerra prior to the Transaction, on a control basis; with
  - the fair market value of an ordinary share in HyTerra after the Transaction, on a minority interest basis.
- 3.13 The value of a HyTerra ordinary share is assessed at fair market value, which is defined by the International Glossary of Business Valuation Terms as:
- “The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”*
- 3.14 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.

### ***Reasonableness***

- 3.15 In accordance with RG111.12, we have defined the proposed Transaction as being reasonable if it is fair, or if despite not being fair we believe that there are sufficient reasons for the Non-Associated Shareholders to accept the proposal.
- 3.16 We therefore considered whether the advantages to Non-Associated Shareholders of approving the proposed Transaction outweigh the disadvantages.

### **Individual Circumstances**

- 3.17 We evaluated the proposed Transaction for Non-Associated Shareholders generically. We did not consider the effect of specific circumstances on individual investors. Due to personal circumstances, individual investors may place different emphasis on various aspects of the proposed Transaction from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed Transaction is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the proposed Transaction on their specific financial circumstances.

## 4 Profile of HyTerra Ltd

### History and Principal Activities

- 4.1 HyTerra is an Australian public company that historically had operations in oil and gas exploration in mainland China. The Company is listed on ASX, though has been suspended from trading since 28 October 2020 pursuant to ASX Listing Rule 17.2.

#### *Aolong Project*

- 4.2 The Company holds an 80% profit interest in a Cooperative Joint Venture ("**CJV**") with LongMay Coal Mining Company ("**LongMay**"), one of China's largest state-owned coal mining companies. The CJV has the objective of degassing the coal mining leases held by LongMay and has a life of 45 years.
- 4.3 HyTerra is the proposed operator of the CJV and holds an 80% equity interest via a Hong Kong based subsidiary, while LongMay holds the remaining 20%.
- 4.4 The CJV drilled 3 wells in the period from 2013 to 2015, though we have been informed no further exploration works have been conducted and none of the wells have ultimately been put onto production.
- 4.5 HyTerra has recently reached an agreement to sell the wholly owned subsidiary through which it holds its interest in the CJV, CFT Heilongjiang (HK) Ltd, for a nominal fee of HK\$10,000 to a Hong Kong Based investor, subject to HyTerra obtaining shareholder approval under Chapter 11 of the ASX Listing Rules (as required).
- 4.6 HyTerra has advised that there is a potential outstanding claim of \$500,000 associated with prior drilling costs that may be a liability (though, as per the RISC Report, it is understood that the claim has been disputed). Should the sale of Aolong not finalise, HyTerra may be liable for this claim.

#### *Xin 214*

- 4.7 HyTerra entered a non-binding Memorandum of Understanding ("**MoU**") with Guangzhou Bofu Investments Co. Ltd ("**GBIC**") in 2018, in relation to the proposed acquisition of an 80% interest in Songyuan Petroleum Development Co Ltd, which in turn has the right to derive income from the development of 4 oil blocks in Songyuan City, Jilin Province in China.
- 4.8 The MoU contemplates that the parties will negotiate a transaction whereby HyTerra indirectly or directly acquires GBIC.
- 4.9 We have been advised that due diligence was not completed and no acquisition terms were subsequently agreed.

### Board of Directors

- 4.10 The current board of directors of HyTerra, as at 7 September 2022 are as follows.

**Table 8. Board of Directors**

Director	Position	Date Appointed	Details
Murray d'Almeida	Non-Executive Chairman	20 July 2017	Mr d'Almeida has over 35 years of diverse national and international business experience. He commenced his career in Perth with a firm of chartered accountants before moving into a broad range of commercial and financial reporting positions with two major USA based mining companies. He has maintained operating and board positions within a range of financial services, mining, commercial academic, government and sporting businesses and organisations.
Paul Garner	Non-Executive Director	12 Sept 2021	Mr Garner has over 20 years' experience in the oil and gas industry having served on the boards of several public listed companies. He was most recently a non-executive director at Global Energy Ventures Ltd, an ASX listed company in the business of natural gas and hydrogen.
Po Chan	Non-Executive Director	29 Jan 2021	Mr Chan is a fellow of the Institute of Chartered Accountants in Australia and a Director of Aftani Asset Management in Hong Kong. He has experience in business consulting and investment banking in China.
Avon McIntyre	Chief Technical Officer, Executive Director	26 Feb 2022	Mr McIntyre is a geologist with 20 years' experience in both minerals and oil and gas exploration, with roles in government, service and operating companies.

Source: HyTerra's 2022 Annual Report and ASX announcements

4.11 We note that on completion of the Transaction, the board of directors of HyTerra is proposed to comprise:

- Po Chan (continuing Non-Executive Director)
- Russel Brimage (proposed Non-Executive Chairman) - Mr Brimage has over 40 years' experience in the upstream oil and gas industry, ranging from public listed oil & gas companies to the service industry – both onshore and offshore. He has managed all facets of the upstream oil and gas industry, through exploration to exploitation and has served in the capacity of Operations Manager and CEO on several ASX listed entities since 1997. Currently he is a Non-Executive Director of Lion Energy.
- Paul Garner (continuing Non-Executive Director)
- Avon McIntyre (continuing Executive Director)

## Financial Performance

4.12 Set out below is the audited Statement of Profit or Loss and Other Comprehensive Income for HyTerra for the years to 31 March 2019, 31 March 2020 and 31 March 2021, and 31 March 2022.

**Table 9. HyTerra Statement of Profit or Loss and Other Comprehensive Income**

	Audited 12 months to 31 March 2019 (\$)	Audited 12 months to 31 March 2020 (\$)	Audited 12 months to 31 March 2021 (\$)	Audited 12 months to 31 March 2022 (\$)
Other income	261	42	21	-
Other expenses	(448,666)	(427,730)	(248,087)	(649,006)
<b>Loss before income tax expense</b>	<b>(448,405)</b>	<b>(427,688)</b>	<b>(248,066)</b>	<b>(649,006)</b>
Income tax expense	-	-	-	-
<b>Loss after tax expense</b>	<b>(448,405)</b>	<b>(427,688)</b>	<b>(248,066)</b>	<b>(649,006)</b>
<b>Net (loss) for the year</b>	<b>(448,405)</b>	<b>(427,688)</b>	<b>(248,066)</b>	<b>(649,006)</b>
<b>Discontinued operations</b>				
Profit/(loss) for the year from discontinued operations	-	-	1,045,047	-
<b>Other comprehensive income/(loss)</b>				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations				
- Current year differences	(6,219)	(45,430)	-	-
- Reclassification to profit or loss	-	-	(245,487)	-
Derecognition of non-controlling interest	-	-	106,052	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(454,624)</b>	<b>(473,118)</b>	<b>657,546</b>	<b>(649,006)</b>
<b>Loss attributable to:</b>				
Owners of the group	(443,981)	(421,834)	796,981	(649,006)
Non-controlling interests	(4,424)	(5,854)	-	-
<b>Loss for the year</b>	<b>(448,405)</b>	<b>(427,688)</b>	<b>796,981</b>	<b>(649,006)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the group	(453,184)	(467,264)	657,546	(649,006)
Non-controlling interests	(1,440)	(5,854)	-	-
<b>Comprehensive loss for the year</b>	<b>(454,624)</b>	<b>(473,118)</b>	<b>657,546</b>	<b>(649,006)</b>

Source: HyTerra's 2020 and 2021 Annual Reports (then known as "Triple Energy Limited") and 2022 Annual Report

## Financial Position

4.13 Set out below are the audited Statements of Financial Position of HyTerra as at 31 March 2020 and 31 March 2021 and 31 March 2022. Adjustments have been made for:

- the \$300,000 Pre-Raising Loan, which is intended to convert into ordinary shares in conjunction with the Public Offer. The loan is subject to a fixed interest rate of 6%, being \$18,000, which is payable upfront.
- conversion of 680,000 convertible notes each with a face value of \$1 into ordinary shares and options on 30 June 2022. The convertible notes were recorded as a combination of liabilities and equity as per AASB 9 *Financial Instruments*. We have removed the liability component. We left the remaining 25,000 Convertible Notes as a liability for the valuation purpose.



Table 10. HyTerra Statement of Financial Position

	Audited as at 31 March 2020 (\$)	Audited as at 31 March 2021 (\$)	Audited as at 31 March 2022 (\$)	Adjustments (\$)	Adjusted (\$)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	240,437	2,789	327,441	282,000	609,441
Other current assets	11,237	2,840	40,219	-	40,219
<b>Total current assets</b>	<b>251,674</b>	<b>5,629</b>	<b>367,660</b>	<b>282,000</b>	<b>649,660</b>
<b>Total assets</b>	<b>251,674</b>	<b>5,629</b>	<b>367,660</b>	<b>282,000</b>	<b>649,660</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	(874,753)	(81,363)	(400,633)	-	(400,633)
Convertible Notes	-	(60,000)	(667,703)	642,703	(25,000)
Pre-Raising Loans	-	-	-	(300,000)	(300,000)
<b>Total current liabilities</b>	<b>(874,753)</b>	<b>(141,363)</b>	<b>(1,068,336)</b>	<b>342,703</b>	<b>(725,633)</b>
<b>Non-current liabilities</b>					
Trade and other payables	-	(10,858)	(48,125)	-	(48,125)
Borrowings	(181,059)	-	-	-	-
<b>Total non-current liabilities</b>	<b>(181,059)</b>	<b>(10,858)</b>	<b>(48,125)</b>	<b>-</b>	<b>(48,125)</b>
<b>Total liabilities</b>	<b>(1,055,812)</b>	<b>(152,221)</b>	<b>(1,116,461)</b>	<b>342,703</b>	<b>(773,758)</b>
<b>Net assets/(liabilities)</b>	<b>(804,138)</b>	<b>(146,592)</b>	<b>(748,801)</b>	<b>624,703</b>	<b>(124,098)</b>
<b>Equity</b>					
Issued capital	37,232,495	37,232,495	37,232,495	642,703	37,875,198
Reserves	1,105,457	859,970	906,767	-	906,767
Accumulated losses	(39,036,038)	(38,239,057)	(38,888,063)	(18,000)	(38,906,063)
<b>Parent entity interest</b>	<b>(698,086)</b>	<b>(146,592)</b>	<b>(748,801)</b>	<b>624,703</b>	<b>(124,098)</b>
Non-controlling interests	(106,052)	-	-	-	-
<b>Net deficiency</b>	<b>(804,138)</b>	<b>(146,592)</b>	<b>(748,801)</b>	<b>624,703</b>	<b>(124,098)</b>

Source: HyTerra's 2020 and 2021 Annual Reports (then known as "Triple Energy Limited") and 2022 Annual Report

## Capital Structure

- 4.14 As at 30 March 2022, HyTerra had 71,996,054 ordinary shares on issue. The Company has subsequently issued new ordinary shares on conversion of convertible notes and undertaken a 1 for 3.33 consolidation of its share capital, such that the current number of ordinary shares outstanding is 55,848,682.

## 5 Profile of Neutralysis

### History and Principal Activities

- 5.1 Neutralysis is a gas exploration company that hold a 10.03% interest in the JDA with NH2E for a hydrogen project in the United States of America. Pursuant to the JDA, Neutralysis may acquire a 30% interest in the project by expending US\$5,000,000 on agreed work programs, with the option to acquire an additional 21% interest in the project by expending a further US\$15,000,000.
- 5.2 Neutralysis' hydrogen project interest is described in section 5 of the RISC Report.

### Financial Performance

- 5.3 Set out below is the audited Statement of Profit or Loss and Other Comprehensive Income for Neutralysis for the six-month periods ended 31 December 2020 and 31 December 2021.

**Table 11. Neutralysis Statement of Profit or Loss and Other Comprehensive Income**

	Audited 6 months to 31 December 2020 (\$)	Audited 6 months to 31 December 2021 (\$)
<b>Revenue</b>	-	-
<b>Less: expenses</b>		
Compliance and regulatory expenses	-	(8,000)
Finance costs	-	(132)
Impairment of development costs	-	(840,796)
<b>Loss before income tax expense</b>	-	<b>(848,928)</b>
Income tax expense	-	-
<b>Profit/(loss) for year</b>	-	<b>(848,928)</b>
Other comprehensive income/(loss)	-	-
<b>Comprehensive loss for the year</b>	-	<b>(848,928)</b>

Source: Neutralysis management accounts

### Financial Position

- 5.4 Set out below is the audited Statement of Financial Position of Neutralysis as at 31 December 2021. We note Neutralysis will be acquired by HyTerra on a cash-free, debt-free basis, and have accordingly adjusted the financial position to reflect the pre-settlement extinguishment of these items.

**Table 12. Neutralysis Statement of Financial Position**

	Audited as at 31 December 2021 (\$)	Adjustments (\$)	Adjusted value (\$)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	638,924	(638,924)	-
<b>Total current assets</b>	<b>638,924</b>	<b>(638,924)</b>	<b>-</b>
<b>Non-current assets</b>			
Capitalised exploration costs	-	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>638,924</b>	<b>(638,924)</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(1,307,276)	1,307,276	-
Loan from a director	(390,000)	390,000	-
<b>Total current liabilities</b>	<b>(1,697,276)</b>	<b>1,697,276</b>	<b>-</b>
<b>Total liabilities</b>	<b>(1,697,276)</b>	<b>1,697,276</b>	<b>-</b>
<b>Net assets/(liabilities)</b>	<b>(1,058,352)</b>	<b>1,058,352</b>	<b>-</b>
<b>Equity</b>			
Issued capital	449,891		
Accumulated losses	(1,508,243)		
<b>Total equity attributable to owners of the company</b>	<b>(1,058,352)</b>		

Source: Neutralysis December 2021 Half Year Report, Acquisition Agreements

## Capital Structure

- 5.5 As at 30 May 2022 Neutralysis had 3,660 ordinary shares outstanding. The significant shareholders of Neutralysis were as follows.

**Table 13. Neutralysis Significant Shareholders**

Name	Number held	%
Robert Davies	398	10.87%
Pouvoir Pty Ltd	398	10.87%
Brendan Egan	249	6.80%
Sunshore Holdings Pty Ltd	200	5.46%
KKSH Holdings Pty Ltd	180	4.92%
Maya Pranoto & Norman Ka-Meng Lip <Manor Ventures A/C>	180	4.92%
Kenneth Bull	155	4.23%
Adrian & Noelene Paul	150	4.10%
Juneday Pty Ltd	150	4.10%
Kyle Passmore	150	4.10%
<b>Total significant shareholders</b>	<b>2,210</b>	<b>60.38%</b>
Other shareholders	1,450	39.62%
<b>Total shares on issue</b>	<b>3,660</b>	<b>100.00%</b>

Source: Neutralysis shareholder register

## 6 Valuation Methodology

### Available Methodologies

6.1 In assessing the values of HyTerra and Neutralysis, we considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.

- Capitalisation of future maintainable earnings ("**FME**")
- Discounted future cash flows ("**DCF**")
- Asset-based methods ("**Net Assets**")
- Quoted market prices or analysis of traded share prices
- Common industry rule-based methodologies

6.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information. A detailed description of these methods and when they are appropriate is provided in Appendix B.

### Selected Primary Methodology

6.3 Our primary valuation methodology to value the shares of HyTerra and Neutralysis was a Net Assets on a going concern based approach.

6.4 In selecting an appropriate valuation methodology to value the shares of HyTerra and Neutralysis, we have considered the following factors:

- HyTerra and Neutralysis are currently loss-making and have negligible business activities. As such, FME methodology is not considered appropriate.
- Both HyTerra and Neutralysis hold early-stage exploration assets only, and therefore reliable cash flow forecasts are not available. Accordingly, a DCF methodology is not appropriate.
- HyTerra has been suspended from trading since 28 October 2020 and has not undertaken any significant recent capital raisings. Neutralysis is not a publicly traded company. Therefore, a traded prices approach is not appropriate.
- HyTerra and Neutralysis assets are predominantly comprised of early-stage exploration interests. Accordingly, a Net Assets based approach is the most suitable.

6.5 Given the lack of suitable alternative valuation methodologies available, we have not considered a secondary valuation methodology.

## 7 Pre-Transaction Valuation of HyTerra Shares

### Net Assets Valuation

- 7.1 To assess the value of a HyTerra ordinary share pre-Transaction, we used a Net Assets on a going concern approach, which sums the market values of HyTerra's assets and liabilities to arrive at a net value of the Company.
- 7.2 In relation to our approach, we note the following:
- The Net Assets approach assumes a 100% equity interest in the Company and therefore a controlling interest.
  - The existing oil and gas interests of HyTerra have been valued by independent specialist, RISC. A summary of RISC's valuation is provided below from paragraph 7.4, and the RISC Report is attached as Appendix E.
  - The value of the Company's non-project assets and liabilities are adopted at book values as follows. We note that under Australian Accounting Standards the value of the Convertible Notes is recognised with a liability component and an equity component. For the purpose of our pre-Transaction position, we assumed the Convertible Notes will not be converted and therefore the total face value of the notes is included in our Net Asset value, as in the case the Transaction does not complete the Convertible Notes will be required to be repaid.

**Table 14. HyTerra Non-Project Net Assets**

	Value (\$)
Cash and cash equivalents	609,441
Other current assets	40,219
Trade and other payables	(448,758)
Convertible Notes	(25,000)
Pre-Raising Loan	(300,000)
<b>Other net assets</b>	<b>(124,098)</b>

Source: HyTerra 2022 Annual Report, Stantons analysis

- We have been advised that HyTerra has not been involved in any material transactions subsequent to 31 March 2022 besides the Pre-Raising Loan and convertible note conversions described at paragraph 4.13.
- In accordance with RG111.15, we are required to consider the funding requirement where capital is required to develop a project. We note this is considered by RISC's valuation of the existing projects of HyTerra, though is not considered relevant given the valuation assumes the projects will not be developed.
- Nil value was ascribed to the existing options as the pre-Transaction net assets position is negative and therefore the options are out of the money. If the Transaction does not complete the options are unlikely to hold any value.

### RISC Report

#### Engagement of RISC

- 7.3 Stantons engaged RISC as a technical specialist to undertake a market valuation of the Company's oil and gas interests. We have used and relied on the RISC Report and note RISC has declared that:
- RISC is a suitably qualified consulting firm and has relevant experience in assessing the merits and preparing asset valuation of oil and gas projects. The principal author of the RISC Report, Mr Adam Craig, is also suitably qualified and experienced.

- RISC is independent of all parties involved in the Transaction.
- The valuation was prepared in accordance with the principles of the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015 ("VALMIN Code") and the Petroleum Resources Management System ("PRMS") prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers.

#### *RISC Report Valuation Summary*

7.4 The RISC Report provides fair market values of:

- HyTerra's interest in the Aolong Project joint venture:
- HyTerra's MoU to indirectly or directly acquire an interest in Xin 214; and

7.5 RISC's fair valuation of the above assets as detailed at Section 7.1 of the RISC Report is set out below.

**Table 15. HyTerra Oil and Gas Asset Valuation**

Project	HyTerra Interest	Low Value (\$)	Preferred Value (\$)	High Value (\$)
Aolong JV	80%	(500,000)	-	-
Xin 214 MoU	-	-	-	-
<b>Total</b>		<b>(500,000)</b>	<b>-</b>	<b>-</b>

*Source: RISC Report*

7.6 We note the Company has reached a conditional agreement to sell its interest in Aolong to a Chinese based investor for a nominal fee, as per the ASX announcement on 10 May 2022. The sale of Aolong is conditional upon HyTerra obtaining shareholder approval under Chapter 11 of the ASX Listing Rules (if required). RISC have noted that the Company is exposed to potential (though not certain) liabilities associated with Aolong should the sale not eventuate and accordingly attributed a negative value on the low side of their valuation range.

7.7 Our valuation of HyTerra ordinary shares is set out below.

**Table 16. HyTerra Net Assets Valuation**

	Ref	Low	Preferred	High
Other net assets (\$)	Table 14	(124,098)	(124,098)	(124,098)
HyTerra existing oil and gas interests (\$)	Table 15	(500,000)	-	-
<b>Pre-transaction net assets / (liabilities) (\$)</b>		<b>(624,098)</b>	<b>(124,098)</b>	<b>(124,098)</b>
Number of ordinary shares on issue	Table 6	55,848,682	55,848,682	55,848,682
<b>Value per ordinary share (control basis) (\$)</b>		<b>(0.0112)</b>	<b>(0.0022)</b>	<b>(0.0022)</b>

*Source: Stantons analysis*

7.8 We note the assessed value of a HyTerra share is negative in each of the low, preferred and high scenarios. As HyTerra shares are issued on a limited liability basis, our assessed fair value of a HyTerra ordinary share before the Transaction, on a control basis, is nil.

## 8 Valuation of Neutralysis

### Net Assets Valuation

- 8.1 To assess the value of the interest in Neutralysis to be acquired by HyTerra, we used a Net Assets methodology on a going concern basis.
- 8.2 In relation to our approach, we note the following:
- a) The Net Assets approach assumes a 100% equity interest in the company and therefore a controlling interest.
  - b) The hydrogen interests of Neutralysis have been valued by independent specialist, RISC. A summary of RISC's valuation is provided below from paragraph 8.3, and the RISC Report is appended at Appendix E.
  - c) As Neutralysis will be acquired on a cash-free, debt-free basis, and Neutralysis does not hold any other non-project assets or liabilities, the value of non-project assets is nil.
  - d) We have been advised that Neutralysis has not been involved in any material transaction subsequent to 31 December 2021 other than those referred to in paragraph 5.4.
  - e) In accordance with RG111.15, we are required to consider the funding requirement where capital is required to develop a project. We note this is considered by RISC's valuation of the existing project interest of Neutralysis.

### RISC Report

- 8.3 As per paragraph 7.4, the RISC Report provides a fair value of Neutralysis' interest in the JDA with NH<sub>2</sub>E for certain leases in Nebraska and South Carolina, USA, including consideration of any rights, earn in requirements, royalties and free carried interests in the project. Other general details from the RISC Report are located from paragraph 7.3.
- 8.4 RISC's fair valuation of Neutralysis' oil and gas assets is detailed in Section 7.2 of the RISC Report.

**Table 17. Neutralysis Hydrogen Asset Valuation**

Project	Interest	Low Value (\$)	Preferred Value (\$)	High Value (\$)
JDA	10.03%	(7,000,000)	4,900,000	38,900,000
<b>Total</b>		<b>(7,000,000)</b>	<b>4,900,000</b>	<b>38,900,000</b>

Source: RISC Report

- 8.5 Our valuation of Neutralysis is set out below.

**Table 18. Neutralysis Net Assets Valuation**

	Ref	Low	Preferred	High
Neutralysis hydrogen interests (\$)	Table 17	(7,000,000)	4,900,000	38,900,000
Other net assets (\$)	8.2	-	-	-
<b>Pre-transaction net assets / (liabilities) (\$)</b>		<b>(7,000,000)</b>	<b>4,900,000</b>	<b>38,900,000</b>

Source: RISC report, Stantons analysis

## 9 Post-Transaction Valuation of HyTerra Shares

### Net Asset Valuation

9.1 Our assessed post-Transaction value per HyTerra share is set out below.

**Table 19. HyTerra Post-Transaction Share Value**

	Ref	Low	Preferred	High
HyTerra pre-Transaction net assets / (liabilities) (\$)	Table 16	(624,098)	(124,098)	(124,098)
Add: Neutralysis value acquired (\$)	Table 17	(7,000,000)	4,900,000	38,900,000
Add: Public Offer cash raised (\$)	9.6	5,000,000	6,000,000	7,000,000
Less: Public Offer cash costs (\$)	9.7	(630,944)	(692,069)	(753,194)
Add: Pre-Raising Loan conversion (\$)	9.6	300,000	300,000	300,000
Add: Removal of Convertible Note liability (\$)	9.8	25,000	25,000	25,000
Add: Extinguished director fee liability (\$)	9.9	32,084	32,084	32,084
<b>Post-transaction net assets / (liabilities) (\$)</b>		<b>(2,897,958)</b>	<b>10,440,917</b>	<b>45,379,792</b>
Less: options value (\$)	Table 21	(1,222,182)	(1,222,182)	(1,270,638)
Less: Class B Performance Rights value (\$)	Table 22	(208,198)	(208,198)	(208,198)
<b>Post-Transaction value attributable to ordinary shareholders (\$)</b>		<b>(4,328,338)</b>	<b>9,010,537</b>	<b>43,900,956</b>
Number of ordinary shares on issue	Table 23	520,702,882	592,702,882	642,702,882
<b>Value per ordinary share (control basis) (\$)</b>		<b>(0.0083)</b>	<b>0.0152</b>	<b>0.0683</b>
Discount for minority interest (%)	9.19	23.1%	23.1%	23.1%
<b>Value per ordinary share (minority interest) (\$)</b>		<b>(0.0064)</b>	<b>0.0117</b>	<b>0.0525</b>

Source: Stantons analysis

9.2 We note the assessed value of a HyTerra share is negative in the low scenario. As HyTerra shares are issued on a limited liability basis, our assessed post-Transaction fair value of a HyTerra ordinary share is nil in the low scenario. Accordingly, our assessed post-Transaction value of a HyTerra share is between nil and \$0.0525, with a preferred value of \$0.0117.

### Key Assumptions

#### Project Assets

9.3 The pre-Transaction Net Assets of HyTerra are as outlined in Section 7.

9.4 All project interests have been valued as per the RISC Report as detailed in Sections 7 and 7.7.

9.5 We have not adjusted RISC's low scenario value for HyTerra's existing assets, though we note there is the potential for the Transaction to facilitate the completion of the sale of the Aolong asset if HyTerra shareholder approval is not required under Chapter 11 of the ASX Listing Rules. As this is uncertain and the Aolong sale is not directly (i.e., contractually or by resolution) linked to the Transaction, we have adopted RISC's low scenario value of the Company's existing assets in the post-Transaction value assessment.

#### Public Offer

9.6 The Public Offer is included in our fairness assessment as it is a condition precedent of the Acquisition. We assumed a capital raising of \$5,000,000 via the issue of 250,000,000 ordinary shares at \$0.02 per share in the low case scenario, based on the Minimum Raising as required per the Acquisition Agreements. We assumed the proposed Public Offer raises \$6,000,000 via the issue of 300,000,000 ordinary shares in the preferred scenario and the Maximum Raising of

\$7,000,000 via the issue of 350,000,000 in the high case scenario. We included the extinguishment of \$300,000 of the Pre-Raising Loans which are intended to convert into ordinary shares as a secondary offer under the prospectus relating to the Public Offer. We note interest on the Pre-Raising Loans is payable upfront and was therefore included in the pre-Transaction position.

- 9.7 IOS will receive cash fees of 1% of the total amount raised and 5% of all amounts raised by IOS directly from its own contacts, clients and wholesale investors and introductions by IOS. We have included total Public Offer costs of 6% of the amounts raised in each scenario. Including other estimated costs of the offer comprising legal fees, ASIC and ASX fees, investigating accountant and other independent expert fees, share registry fees and brokerage costs, the total costs (as per the table in section 1.7 of the NoM) are \$630,944 for the Minimum Raising and \$753,194 for the Maximum Raising. We used the midpoint of \$692,069 in our preferred scenario.

#### *Convertible Notes*

- 9.8 The Convertible Notes will convert into 1,250,000 ordinary shares and 1,250,000 options. Accordingly, the value of the Convertible Note liability of \$25,000 has been added back as the liability will be extinguished.

#### *Director Fees*

- 9.9 Director fees of \$32,084 owed to Mr Po Chan will be converted into 1,064,200 ordinary shares. Accordingly, \$32,084 has been added back as the liability will be extinguished.

#### *Options*

- 9.10 We derived a value for all relevant options, consistent with the principles of *AASB 3: Business Combinations* and *AASB 2: Share Based Payments*, using the Black Scholes option methodology. The input assumptions for our Black Scholes model valuations were as follows:

- A valuation date of 7 September 2022.
- Exercise prices of \$0.025 and expiry date 30 June 2025.
- An underlying spot price consistent with a Net Asset based value of a post-Transaction minority interest HyTerra share. We have used the preferred value of \$0.0117 as an approximation of the Net Assets price, though note the circularity between the calculation of the Net Asset value and the option valuation.
- The Australian government bond rate for the nearest available period commensurate with the remaining term of the options was used as a proxy for the risk-free rate, being 3 years. We accordingly used the 3-year rate as at 7 September 2022, being 3.365%<sup>4</sup>.
- A volatility factor of 100%, based on analysis of historical volatilities of comparable listed exploration and other clean energy companies.
- No dividends are to be paid or announced during the term of the options.

- 9.11 Set out below are the inputs and values to our Black Scholes derived option valuations.

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<sup>4</sup> The quoted bond rate of 3.31% was converted to a continuously compounded rate due to the Black Scholes model assumptions



**Table 20. Option Black Scholes Valuation**

Option	Exercise price (\$)	Expiry date	Underlying price (\$)	Volatility (%)	Risk-free rate (%)	Black Scholes value (\$)
Existing options	\$0.025	30 June 2025	0.0117	100%	3.365%	<b>0.0054</b>
Consideration Options	\$0.025	30 June 2025	0.0117	100%	3.365%	<b>0.0054</b>
Convertible Noteholder Options	\$0.025	30 June 2025	0.0117	100%	3.365%	<b>0.0054</b>
Director options	\$0.025	30 June 2025	0.0117	100%	3.365%	<b>0.0054</b>
IOS Options	\$0.025	30 June 2025	0.0117	100%	3.365%	<b>0.0054</b>

Source: Stantons analysis

9.12 Accordingly, the option values in the low, preferred and high scenarios are set out below.

**Table 21. Total Options Value**

Option	Number (low and preferred cases)	Total value (low and preferred cases) (\$)	Number (high case)	Total value (high case) (\$)
Existing options	40,250,000	216,708	40,250,000	216,708
Consideration Options	183,000,000	985,283	183,000,000	985,283
Convertible Noteholder Options	1,250,000	6,730	1,250,000	6,730
Director options	2,500,000	13,460	2,500,000	13,460
IOS Options	-	-	9,000,000	48,457
<b>Total</b>	<b>227,000,000</b>	<b>1,222,182</b>	<b>236,000,000</b>	<b>1,270,638</b>

Source: Stantons analysis

### *Performance Rights*

9.13 The Class A Performance Rights have non-market performance conditions, being:

- a) completion of 30 days of well testing and recovery to surface of a gas sample with a concentration of at least 20% by volume hydrogen and helium from any well within the JDA (Tranche 1 Class A PRs); and
- b) a well test being completed by a suitably qualified independent expert exceeding 10,000 standard cubic feet per day for any well within the JDA (Tranche 2 Class A PRs).

9.14 We are not in a position to assess the likelihood of these conditions being met. Accordingly, we have included a range of scenarios, whereby we have assumed the Class A Performance Right vest in the preferred and high scenarios, though not in the low scenario, as the share value may be correlated to achievement of the vesting conditions.

9.15 We derived a value for the Class B Performance Rights in accordance with AASB 2: *Share Based Payments*, using Monte Carlo simulation based option valuation methodology. Our methodology involved running 100,000 simulations of future share prices to 30 June 2027, with each iteration tested for whether the 30-day VWAP exceeded the VWAP hurdle at any time during the period. The input assumptions for our Monte Carlo simulation model valuations were as follows:

- A valuation date of 7 September 2022.
- Nil exercise price.
- Expiry date of 30 June 2027.
- VWAP hurdle of \$0.05 must be achieved over 30 consecutive days to vest.
- An underlying spot price consistent with a Net Asset based value of a post-Transaction minority interest HyTerra share. We have used \$0.0117 as an approximation of the Net

Assets price, though note the circularity between the calculation of the Net Asset value and the performance right valuation.

- The Australian government bond rate for the nearest available period commensurate with the term of the Class B Performance Rights was used as a proxy for the risk-free rate, being 5 years. We accordingly used the 5-year rate as at 7 September 2022, being 3.474%<sup>5</sup>.
- A volatility factor of 100%, based on analysis of historical volatilities of comparable listed exploration and other clean energy companies.
- No dividends are to be paid or announced during the term of the Performance Rights.

**Table 22. Class B Performance Rights Monte Carlo Valuation**

	VWAP hurdle (\$)	Expiry date	Share price (\$)	Volatility (%)	Risk-free rate (%)	Monte Carlo value (\$)	Number	Total value (\$)
Class B Performance Rights	\$0.05	30 June 2027	0.0116	100%	3.474%	0.0095	22,000,000	208,198

Source: Stantons analysis

- 9.16 The Class C Performance Rights are subject to continuous service conditions only. As we can predict with reasonable certainty that the directors will remain in service for the next 12 months, we have assumed all Class C Performance Rights will vest in each of the low, preferred and high scenarios.

#### *Shares Outstanding*

- 9.17 We have assumed in the low scenario that the Minimum Subscription is completed, in the high scenarios, the Maximum Subscription is completed while a raising of \$6,000,000 is completed in the preferred case. We have made assumptions above the vesting of the Class A Performance Rights and Class C Performance Rights as detailed above in paragraphs 9.14 and 9.16.

**Table 23. Post-Transaction Shares in Low, Preferred and High Scenarios**

	Low	Preferred	High
Pre-Transaction	55,848,682	55,848,682	55,848,682
Consideration Shares	183,000,000	183,000,000	183,000,000
Public Offer shares	250,000,000	300,000,000	350,000,000
Pre-Raising Loans conversion	15,000,000	15,000,000	15,000,000
Convertible Note conversion shares	1,250,000	1,250,000	1,250,000
IOS shares	9,000,000	9,000,000	9,000,000
Director shares	1,604,200	1,604,200	1,604,200
Class A Performance Rights	-	22,000,000	22,000,000
Class C Performance Rights	5,000,000	5,000,000	5,000,000
<b>Post-Transaction ordinary shares</b>	<b>520,702,882</b>	<b>592,702,882</b>	<b>642,702,882</b>

Source: NoM, Stantons analysis

#### *Discount for Minority Interest*

- 9.18 We note a Net Asset based valuation assumes a 100% interest in the Company. As the interest of the HyTerra Non-Associated Shareholders in the post-Transaction entity will represent a minority interest, we applied a discount to the control value.

<sup>5</sup> The quoted bond rate of 3.415% was converted to a continuously compounded rate due to the assumptions of the Monte Carlo simulation based model

- 9.19 Generally, historical evidence of control premiums offered on takeovers for small-cap companies are in the range of 20% to 40%<sup>6</sup> (although outcomes outside this are not uncommon) with 30% a commonly accepted benchmark where a 100% interest is being acquired. We have considered the factors in Appendix C and concluded that a control premium of 30% is appropriate to apply in this circumstance. Accordingly, we applied a minority interest discount of 23.1% (being the inverse of a 30% control premium) to the value of a HyTerra post-Transaction ordinary share.

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<sup>6</sup> "Control Premium Study 2017", RSM

## 10 Fairness Evaluation

- 10.1 In determining the fairness and reasonableness of the Transaction including Resolution 3, we have had regard to the guidelines set out by ASIC's RG111.
- 10.2 As per RG111, we consider the Transaction (including the proposal outlined in Resolution 3 of the NoM) is fair if:
- the value of a HyTerra share prior to the Transaction, on a control basis, is less than;
  - the value of a HyTerra share after the Transaction, on a minority interest basis.
- 10.3 Our assessment of the fairness of the Transaction is set out below.

**Table 24. Fairness Assessment**

	Ref	Low	Preferred	High
Pre-Transaction HyTerra share value (control) (\$)	Table 16	-	-	-
Post-Transaction HyTerra share value (minority) (\$)	Table 19	-	0.0117	0.0525
<b>Opinion</b>		<b>Fair</b>	<b>Fair</b>	<b>Fair</b>

*Source: Stantons analysis*

### ***Fairness Assessment Interpretation***

- 10.4 As the value of a HyTerra ordinary share post-Transaction on a minority interest basis is equal to the pre-Transaction value on a control basis in the low scenario and greater than the pre-Transaction value on a control basis in the preferred and high scenarios, the Transaction, including Resolution 3 of the NoM, is considered to be **FAIR** to the Non-Associated Shareholders of HyTerra.



## **11 Reasonableness Evaluation**

11.1 Under RG111, a transaction is considered "reasonable" if it is "fair". As the Transaction outlined in Resolution 3 of the NoM is considered **FAIR**, it is also considered **REASONABLE**.

11.2 For information purposes for Non-Associated Shareholders, we note below some of the advantages and disadvantages of the Transaction.

### **Advantages**

#### *On balance, the Transaction is considered fair*

11.3 As per our assessment in Section 10, the Transaction is fair to Non-Associated Shareholders.

#### *Facilitates the Capital Raising*

11.4 The Acquisition may facilitate the Company's ability to complete a capital raising, which would provide much needed working capital to the Company.

#### *Facilitates Relisting on ASX*

11.5 Completion of the Transaction will facilitate the Company's ability to meet ASX Listing Rules requirements to gain readmission to the ASX, which would improve the liquidity of shares held by Non-Associated Shareholders.

#### *Exposure to New Project*

11.6 The Transaction will allow the Company to acquire an interest in the US-based hydrogen project.

### **Disadvantages**

#### *Dilution of Non-Associated Shareholders*

11.7 As a result of the Transaction, a significant amount of new ordinary shares will be issued. Non-Associated Shareholders of HyTerra may be diluted from 85.2% down to 7.7% (5.3% if all options and Performance Rights are eventually converted).

#### *Removes the possibility of a superior offer*

11.8 Completion of the Transaction will remove the possibility of the Company receiving an alternative superior offer. However, we note that the Company has not presently received any superior offers.

#### *Change of operations may not align with shareholders' investment objectives and risk profile*

11.9 Completion of the Transaction will significantly change the Company's operations such that the Company's risk profile may not align with existing shareholders' investment objectives.

## 12 Conclusion

### Opinions

- 12.1 The proposed Transaction, including the proposal outlined in Resolution 3 of the NoM that allows for the issue of up to 183,000,000 ordinary shares and 183,000,000 options to the shareholders of Neutralysis, is considered **FAIR** and **REASONABLE** to the Non-Associated Shareholders of HyTerra as at the date of this report.

### Shareholders Decision

- 12.2 Stantons was engaged to prepare an IER setting out whether in its opinion the proposal to allow the Transaction is fair and reasonable and to state reasons for that opinion. Stantons has not been engaged to provide a recommendation to shareholders as to whether to approve the Transaction.
- 12.3 The decision whether to approve Resolution 3 is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 3, shareholders should consult their professional advisor.
- 12.4 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in HyTerra. This is an investment decision upon which Stantons does not offer an opinion and is independent on whether to accept the proposal under Resolution 3. Shareholders should consult their own professional advisor in this regard.

### Source Information

- 12.5 In making our assessment as to whether the proposed Transaction, including Resolution 3, is fair and reasonable to Non-Associated Shareholders, we have reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we held discussions with the management of HyTerra about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of HyTerra and Neutralysis.
- 12.6 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of HyTerra to 7 September 2022
  - ASX announcements made by the Company to 7 September 2022
  - HyTerra's Annual Reports for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 (then known as "Triple Energy Limited") and Annual Report for the financial year ended 31 March 2022
  - The Independent Technical Specialist Report for certain assets of HyTerra and Neutralysis prepared by RISC and dated 7 September 2022
  - The Share Sale and Purchase Agreement and Minority Share Sale Agreements between the vendors of Neutralysis and HyTerra signed on or around 27 July 2022 and amended on 5 September 2022
  - The Binding Term Sheet between HyTerra and Neutralysis executed on 8 April 2022
  - Drafts of the Public Offer prospectus for HyTerra to 7 September 2022
  - The JDA between NH2E and Neutralysis dated 1 April 2022
  - Shareholder registers for Neutralysis as at 12 April 2022 and HyTerra as at 30 May 2022
  - The Lead Manager Mandate between Indian Ocean and HyTerra dated 19 April 2021 (as amended on 4 August 2022)

- The Loan Agreements for the Pre-Raising Loans, dated 21 June 2022.
- Terms and conditions summaries for the Convertible Notes, options and Performance Rights

12.7 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

**STANTONS CORPORATE FINANCE PTY LTD**



**James Turnbull, CFA**  
**Authorised Representative**

## APPENDIX A

### GLOSSARY

Term/abbreviation	Definition
<b>Acquisition Agreement</b>	The Share Sale and Purchase Agreement and multiple Minority Share Sale Agreements between the Company, Neutralysis and the Neutralysis shareholders
<b>Acquisition</b>	The acquisition of a 100% interest in the issued capital of Neutralysis by HyTerra
<b>AFCA</b>	Australian Financial Complaints Authority
<b>Aolong</b>	The Aolong Coal Project in China in which HyTerra holds an 80% interest through a wholly owned subsidiary
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange
<b>CJV</b>	Cooperative Joint Venture
<b>Class A Performance Rights</b>	22,000,000 Class A Performance Rights with conditions as per paragraph 2.4
<b>Class B Performance Rights</b>	22,000,000 Class B Performance Rights with conditions as per paragraph 2.4
<b>Class C Performance Rights</b>	5,000,000 Class C Performance Rights with conditions as per paragraph 2.4
<b>Company</b>	HyTerra Ltd (formerly Triple Energy Limited)
<b>Consideration Options</b>	183,000,000 options in HyTerra to be issued to the shareholders of Neutralysis under the Acquisition, each exercisable into one ordinary share at \$0.025 per share, and expiring on 30 June 2025
<b>Consideration Shares</b>	183,000,000 ordinary shares in HyTerra to be issued to the shareholders of Neutralysis under the Acquisition
<b>Convertible Notes</b>	25,000 Convertible Notes with a subscription price of \$1 and expiry date of 1 July 2022, that are intended to convert into ordinary shares and options on completion of the Transaction
<b>Corporations Act</b>	Corporations Act 2001 Cth
<b>DCF</b>	Discounted future cash flows valuation methodology
<b>ES</b>	Explanatory Statement
<b>FME</b>	Capitalisation of future maintainable earnings valuation methodology
<b>FSG</b>	Financial Services Guide
<b>GBIC</b>	Guangzhou Bofu Investments Co. Ltd
<b>HyTerra</b>	HyTerra Ltd (formerly Triple Energy Limited)
<b>JDA</b>	Joint Development and Earn-in Agreement
<b>IER</b>	Independent Expert's Report
<b>IOS</b>	Indian Ocean Securities Pty Ltd
<b>IOS Options</b>	9,000,000 options in HyTerra to be issued to IOS if the Maximum Subscription is completed
<b>IOS Shares</b>	9,000,000 ordinary shares in HyTerra to be issued to IOS for acting as Lead Manager for the capital raising
<b>IPO</b>	Initial Public Offering
<b>LongMay</b>	LongMay Coal Mining Company
<b>Maximum Subscription</b>	The proposed capital raising by HyTerra of \$7,000,000 via the issue of 350,000,000 ordinary shares at \$0.02 per share
<b>Meeting</b>	The meeting at which shareholders will vote on Resolution 3
<b>Minimum Raising</b>	\$5,000,000, being the minimum capital raising required by the Acquisition Agreements
<b>Minimum Subscription</b>	The proposed capital raising by HyTerra of \$5,000,000 via the issue of 250,000,000 ordinary shares at \$0.02 per share
<b>MoU</b>	Memorandum of Understanding
<b>NH2E</b>	Natural Hydrogen Energy LLC
<b>Net Assets</b>	Asset-based valuation methodologies
<b>Neutralysis</b>	Neutralysis Industries Pty Ltd

Term/abbreviation	Definition
<b>NoM</b>	Notice of Meeting
<b>Non-Associated Shareholders</b>	Shareholders not restricted from voting on Resolution 3
<b>Performance Rights</b>	49,000,000 performance rights in HyTerra to be issued to directors and a consultant
<b>Pre-Raising Loans</b>	\$300,000 of loans agreed to by the Company that will be converted into 15,000,000 ordinary shares in conjunction with the Public Offer, with interest of \$18,000 payable upfront
<b>PRMS</b>	Petroleum Resources Management System
<b>Public Offer</b>	The transaction to relist HyTerra on ASX and complete a capital raising of at least the Minimum Subscription and up to the Maximum Subscription
<b>RG74</b>	ASIC Regulatory Guide 74: Acquisitions Approved by Members
<b>RG111</b>	ASIC Regulatory Guide 111: Content of Expert Reports
<b>RISC</b>	RISC Advisory Pty Ltd
<b>RISC Report</b>	The Independent Technical Assessment and Valuation Report prepared by RISC, dated 7 September 2022
<b>s606</b>	Section 606 of the Corporations Act
<b>s611</b>	Section 611 of the Corporations Act
<b>SSA</b>	The Share Sale and Purchase Agreement entered on 27 July 2022
<b>Stantons</b>	Stantons Corporate Finance Pty Ltd
<b>Tranche 1 Class A PRs</b>	11,000,000 performance rights to be issued by HyTerra each convertible into one ordinary share upon completion of 30 days of well testing and recovery to surface of a gas sample with a concentration of at least 20% by volume hydrogen and helium from any well within the JDA
<b>Tranche 2 Class A PRs</b>	11,000,000 performance rights to be issued by HyTerra each convertible into one ordinary share upon a well test being completed by a suitably qualified independent expert exceeding 10,000 standard cubic feet per day for any well within the JDA
<b>Transaction</b>	The Acquisition and other linked components as outlined in paragraphs 1.5 to 1.11
<b>VALMIN Code</b>	Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015
<b>VWAP</b>	Volume Weighted Average Price

## APPENDIX B

### VALUATION METHODOLOGIES

#### Introduction

In preparing this report we have considered several valuation approaches and methods. These approaches and methods are consistent with:

- Market practice
- The methods recommended by the Australian Securities and Investments Commission in Regulatory Guide 111
- The International Valuation Standards
- The International Glossary of Business Valuation Terms

A valuation approach is a general way of determining an estimate of the value of a business, business ownership interest, security or intangible asset. Within each valuation approach, there are a number of specific valuation methods, which are specific ways to determine an estimate of value.

There are three general valuation approaches as follows:

#### i) **Income Approaches**

Provides an indication of value by converting future cash flows to a single present value. Examples of an income approach are:

- The discounted cash flow method ("**DCF**")
- The capitalisation of future maintainable earnings method ("**FME**")

#### ii) **Asset/Cost Approaches**

Provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

#### iii) **Market Approaches**

Indicates value by comparing the subject asset with identical or similar assets for which price information is available. The main examples of the market approach are:

- Analysis of recent trading
- Industry rules of thumb

#### 1. **Discounted Cash Flow Method**

Of the various methods noted above, the DCF method has the strongest theoretical basis. The DCF method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A DCF valuation requires:

- A forecast of expected future cash flows
- An appropriate discount rate
- An estimate of terminal value

It is necessary to project cash flows over a suitable period (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset, this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue and cost drivers, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current-day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under FME below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows to provide an estimate for the overall value of the business.

The DCF method is often sensitive to several key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All these assumptions can be highly subjective, sometimes leading to a valuation conclusion presented that is too wide to be useful.

A DCF approach is usually preferred when valuing:

- Early-stage companies or projects
- Limited life assets such as a mine or toll concession
- Companies where significant growth is expected in future cash flows
- Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example, if there is a lack of reliable evidence to support an FME approach. However, it may not be appropriate if:

- Reliable forecasts of cash flow are not available and cannot be determined
- There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

A DCF approach is not recommended when assets are expected to earn below the cost of capital. Also, when valuing a minority interest in a company, care needs to be taken if a DCF based on earnings for the whole business is prepared, as the holder of a minority interest would not have access to, or control of, those cash flows.

## **2. Capitalisation of Future Maintainable Earnings Method**

The FME method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a DCF, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The FME methodology involves the determination of:

- A level of future maintainable earnings
- An appropriate capitalisation rate or multiple

Any of the following measures of earnings can be used:

**Revenue** – mostly used for early-stage, fast-growing companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

**EBITDA** – most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

**EBITA** – in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.

**EBIT** – whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).

**NPAT** – relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g., financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company as the investor has no control over the level of debt.

A normalised level of maintainable earnings needs to be determined for the selected earnings measure. This excludes the impact of any gains or losses that are not expected to reoccur and allows for the full-year impact of any changes (such as acquisitions or disposals) made partway through a given financial year.

The selected multiple to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money captured in a single number. Multiples can be derived from three main sources.

- Using the comparable trading multiples, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business that are actively traded on a free and open market, such as the ASX.
- The comparable transactions method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.
- It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations.

It is important to use the same earnings periods (historical, current or forecast) for calculating comparable multiples, as the period used for determining FME. For example, a multiple based on historical earnings of comparable companies should be applied to historical earnings of the subject of the valuation and not to forecast earnings.

The capitalised earnings multiple calculates the enterprise value of a Company. Enterprise value represents the total value of the net operating assets of a business used to derive the business' earnings, before any consideration of financing items, i.e., a "cash-free, debt-free" basis. To calculate the value to ordinary shareholders, the enterprise value needs to be converted to an equity value, which represents the total value attributable to the equity owners after financing (i.e. financial debt) items are considered.

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. The method is less appropriate for valuing companies or assets if:

- There are no (or very few) suitable alternative listed companies or transaction benchmarks for comparison
- The asset has a limited life
- Future earnings or cash flows are expected to be volatile
- There are negative earnings, or the earnings of a business are insufficient to justify a value exceeding the underlying net assets
- Working capital requirements are not expected to remain stable

### **3. Asset or Cost Approaches**

The asset approach to value assumes that the current value of all assets (tangible and intangible) less the current value of the liabilities should equate to the current value of the entity. Specifically, an asset approach is defined as a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities. A cost approach is defined as a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

The asset-based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are several asset-based methods including:

- Orderly realization
- Forced liquidation
- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amounts that would be distributed to shareholders, after payments of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The forced liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market values of the net assets of a company but does not take account of realisation costs.

The asset/cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than the economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset/cost approach will be the most appropriate method.

An asset-based approach is a suitable method of valuation when:

- An enterprise is loss-making and not expected to become profitable in the foreseeable future
- Assets are employed profitably but earn less than the cost of capital
- A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- It is relatively easy to enter the industry (e.g., small machine shops and retail establishments)

Asset based methods are not appropriate if:

- The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

An asset-based approach is often considered as a floor value for a business assuming the business has the option to realise all its assets and liabilities.

#### **4. Analysis of Recent Trading**

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

#### **5. Industry Specific Rule of Thumb**

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as traffic for internet businesses or number of beds for a nursing home. These methods are typically fairly crude and therefore only appropriate as a cross-check to a valuation determined by an alternative method.

#### **Selecting an Appropriate Valuation Approach and Method**

The choice of an appropriate valuation approach and methodology is subjective and depends on several factors such as whether a methodology is prescribed, the company's historical and projected financial performance, stage of maturity, the nature of the company's operations and availability of information. The

selection of an appropriate valuation method should be guided by the actual practices adopted by potential acquirers of the company involved and the information available.

## APPENDIX C

### CONTROL PREMIUM

#### Background

The difference between a control value and a minority value is described as a control premium. The opposite of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including to:

- Appoint or change operational management
- Appoint or change members of the board
- Determine management compensation
- Determine owner's remuneration, including remuneration to related party employees
- Determine the size and timing of dividends
- Control the dissemination of information about the company
- Set the strategic focus of the organisation, including acquisitions, divestments, and restructuring
- Set the financial structure of the company (debt / equity mix)
- Block any or all the above actions

The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Based on historical takeover premia that have been paid in Australian acquisitions in the period 2005-2015, the majority of takeovers have included a premium in the range of 20-50%, with 30% being the most commonly occurring. This is in line with standard industry practice, which tends to use a 30% premium for control as a standard.

#### Intermediate Levels of Ownership

There are several intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- 90% - can compulsorily purchase remaining shares if certain conditions are satisfied
- 75% - the power to pass special resolutions
- <50% - gives control depending on the structure of other interests (but not absolute control)
- <25% - ability to block a special resolution
- <20% - the power to elect directors, generally gives significant influence, depending on other shareholding blocks
- < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

## **APPENDIX D**

### **AUTHOR INDEPENDENCE AND INDEMNITY**

This annexure forms part of and should be read in conjunction with the report of Stantons Corporate Finance Pty Ltd trading as Stantons Corporate Finance dated 7 September 2022, relating to the proposed Transaction.

At the date of this report, Stantons Corporate Finance does not have any interest in the outcome of the proposal. There are no relationships with HyTerra nor Neutralysis other than Stantons Corporate Finance acting as an independent expert for the purposes of this report. Stantons Corporate Finance Pty Ltd undertook an independence assessment and considered that there are no existing relationships between Stantons Corporate Finance and the parties participating in the Transaction detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out of pocket expenses. Our fee for preparing this report is expected to be up to A\$35,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee, neither Stantons Corporate Finance Pty Ltd nor Mr James Turnbull have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons Corporate Finance Pty Ltd does not hold any securities in HyTerra nor Neutralysis. There are no pecuniary or other interests of Stantons Corporate Finance Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons Corporate Finance and Mr James Turnbull have consented to the inclusion of this report in the form and context in which it is included as an annexure to the NoM.

### **QUALIFICATIONS**

We advise Stantons Corporate Finance Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons Corporate Finance Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr James Turnbull, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

### **DECLARATION**

This report has been prepared at the request of HyTerra to assist Non-Associated Shareholders of HyTerra to assess the merits of the Transaction to which this report relates. This report has been prepared for the benefit of HyTerra shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons Corporate Finance's opinion as to the longer-term value of HyTerra, its subsidiaries and/or assets. Stantons Corporate Finance does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of HyTerra or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons Corporate Finance Pty Ltd to the form and context in which it appears.

### **DISCLAIMER**

This report has been prepared by Stantons Corporate Finance Pty Ltd with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd ("**SIAC**"), the parent company of Stantons Corporate Finance, its directors, employees or consultants) for the preparation of this report.

**DECLARATION AND INDEMNITY**

Recognising that Stantons Corporate Finance may rely on information provided by HyTerra and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons Corporate Finance's experience and qualifications), HyTerra has agreed:

- (a) to make no claim by it or its officers against Stantons Corporate Finance Pty Ltd (and SIAC) to recover any loss or damage which HyTerra may suffer as a result of reasonable reliance by Stantons Corporate Finance Pty Ltd on the information provided by HyTerra; and
- (b) to indemnify Stantons Corporate Finance Pty Ltd against any claim arising (wholly or in part) from HyTerra, or any of its officers, providing Stantons Corporate Finance Pty Ltd with any false or misleading information or in the failure of HyTerra or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons Corporate Finance Pty Ltd.

A final draft of this report was presented to HyTerra for a review of factual information contained in the report. Comments received relating to factual matters were considered, however, the valuation methodologies and conclusions did not change as a result of any feedback from HyTerra.

## **APPENDIX E**

### **INDEPENDENT TECHNICAL ASSESSMENT REPORT ON CERTAIN ASSETS OF HYTERRA LTD AND NEUTRALYSIS INDUSTRIES PTY LTD BY RISC ADVISORY PTY LTD**



*decisions with confidence*

# Independent Technical Specialist Report

Certain assets of HyTerra Ltd and Neutralysis Industries Pty Ltd

For Stantons Corporate Finance Ltd  
on behalf of HyTerra Ltd

September 2022



Paul Garner  
Director  
HyTerra Ltd  
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Western Australia

James Turnbull  
Authorised Representative  
Stantons Corporate Finance Pty Ltd  
40 Kings Park Road,  
West Perth, Perth, 6872  
Western Australia

**7 September 2022**

Dear Sirs,

**Independent Technical Specialist Report – HyTerra Ltd.**

HyTerra Ltd ('HyTerra') has engaged Stantons Corporate Finance Ltd ('Stantons') to prepare an Independent Expert Report ('IER') for inclusion within a Notice of Meeting to be provided to the shareholders of the company. The shareholders are being asked to approve a proposed transaction of the acquisition of Neutralysis Industries Pty Ltd ('NIPL').

Stantons has engaged RISC Advisory Pty Ltd ('RISC') to provide an Independent Technical Specialist Report ('ITSR'). As per the instruction letter received from Stantons dated 8 March 2022, RISC was to provide a market valuation of:

- HyTerra's existing legacy assets consisting of an 80% interest in the Aolong project located in China,
- HyTerra's potential acquisition of Guanzhou Bofu Investment Co. Ltd., where HyTerra has a Memorandum of Understanding to acquire Guanzhou Bofu Investment Co. Ltd.; and
- NIPL's interest in a Joint Venture Agreement with Natural Hydrogen Energy LLC ('NH2E') comprising exploration and exploitation leases in the United States of America.

RISC has completed our independent technical assessment and valuation and our work is documented in this Independent Technical Specialist Report ('ITSR').

**Independence**

RISC confirms that it is independent of HyTerra, NIPL and NH2E and that RISC is unaware of any circumstance which may compromise that independence.

**Consent**

RISC has consented to this report, in the form and context in which it appears, being included, in its entirety, in the Notice of Meeting.

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## 1. Executive summary

HyTerra Ltd ('HyTerra'), formerly known as Triple Energy Ltd ('Triple'), which is currently suspended on the Australian Securities Exchange ('ASX') has proposed the acquisition of Neutralysis Industries Pty Ltd ('NIPL'), a private gas exploration company registered in Australia. Shareholder approval is required for this transaction. As part of the transaction, HyTerra will re-list.

NIPL has a 10.03% beneficial interest in a joint venture agreement with Natural Hydrogen energy LLC ('NH2E'), a private company registered in the United States of America and domiciled in Denver, Colorado.

The NIPL – NH2E joint venture has agreed a joint development and earn-in agreement ('JDA') for the exploration and exploitation of natural hydrogen gas on certain leases located in the states of Nebraska and South Carolina in the United States of America. Pursuant to the JDA, NIPL may acquire up to a 30% beneficial interest in the joint venture by funding US\$5,000,000 on an agreed Phase 1 work program, and a further 21% beneficial interest by funding a further US\$15,000,000 of work program.

The JDA includes twenty-one leases acquired by NH2E in Nebraska and South Carolina over features in the landscape which are postulated to be surface expressions of natural hydrogen seepage from the subsurface and, specifically, basement rocks where it is believed that natural hydrogen gas is generated. The JDA also contemplates the acquisition of additional leases as part of the NIPL funded work program.

NH2E drilled the Hoarty NE-3 well in 2018-2019 within a lease cluster over one such feature in Nebraska to test for the presence of natural hydrogen gas in the subsurface. The well penetrated approximately 1,000 m of sedimentary section and was drilled to a total depth of 11,287 ft (3,440 m) in basement rocks. Natural hydrogen gas was detected at potentially significant concentrations whilst drilling. Two zones of elevated hydrogen gas concentration associated with matrix and fracture porosity have been identified on wireline logs within the basement section.

Following a period where the well was shut-in, swabbing operations were undertaken and the swabbed gas was flared. However, gas samples failed to confirm the presence of substantial concentrations of natural hydrogen. Pursuant to the JDA, the joint venture plan to undertake a comprehensive testing program of the well to confirm (or otherwise) the presence of commercial quantities of hydrogen.

RISC has reviewed the available data and analyses and has undertaken a hydrogen gas in-place evaluation of the JDA leases. RISC has been unable to estimate prospective resources due to the relative immaturity of the natural hydrogen gas play and uncertainties associated with exploitation and anticipated rates of recovery.

RISC has also reviewed the legacy assets of HyTerra, comprising the Aolong joint venture with Heilongjiang LongMay Coal Mining Group ('LongMay'). HyTerra acquired its interest in Aolong with the acquisition of CFT Heilongjiang ('CFT') in 2012. Three wells were drilled by the Aolong joint venture for the exploration of coal bed methane ('CBM') over the period 2013 – 2015 in certain coal mining licenses in the Jixi - Hegang Coal Basin of the Heilongjiang Province, Peoples Republic of China. The wells failed to delineate a potentially commercial CBM resource and no exploration activities have been undertaken since this time.

In addition, HyTerra announced in 2018 that it had negotiated a memorandum of understanding ('MOU') to acquire Guanzhou Bofu Investment Co. Ltd. a company which has the right to derive income from the Xin 214 Project consisting of certain oil licenses in Songyuan City, Jilin Province in the, People's Republic of China. RISC has been advised that due-diligence was not completed on this proposed acquisition and that the acquisition terms were not agreed by the interested parties.

RISC has determined that the fair market valuation of HyTerra's net interest in the Aolong joint venture to be between AU\$-0.5 million and AU\$0 million with a best estimate of AU\$0 million (Table 1-1). RISC has been advised that HyTerra has entered into a contract for the sale of its interests in Aolong, the terms of which are undisclosed. Should the sale complete the valuation (liability) will consequently be affected. However, it is assumed that there is some risk on the transaction not being completed and the valuation (liability) will still rest with HyTerra.

RISC has determined that the fair market valuation of NIPL's net beneficial interest in the NH2E JDA to be between AU\$-7.0 million and AU\$38.9 million with a best estimate of AU\$4.9 million (Table 1-2).

RISC has ascribed no value to the Guanzhou Bofu Investment Co. Ltd. acquisition MOU.

**Table 1-1: Valuation of HyTerra assets (net HyTerra)**

	Valuation (AU\$ million)		
	Low	Best	High
<b>Net HyTerra</b>	-0.5	0	0

**Table 1-2: Valuation of NIPL assets (net NIPL)**

	Valuation (AU\$ million)		
	Low	Best	High
<b>Net NIPL</b>	-7.0	4.9	38.9

## 2. Terms of reference and basis of assessment

### 2.1. Terms of reference

This Independent Technical Specialist Report ('ITSR') was prepared in response to an instruction letter from Stanton's Corporate Finance Pty Ltd ('Stanton's') received by RISC dated 8 March 2022. Stanton's was engaged by HyTerra to prepare an Independent Expert Report ('IER') for inclusion in a Notice of Meeting regarding the proposed acquisition of NIPL by HyTerra.

RISC was requested to prepare a fair market valuation of:

- HyTerra's interest in the Aolong Project Joint Venture in Heilongjiang Province, Peoples Republic of China ('PRC');
- HyTerra's Memorandum of Understanding ('MOU') to indirectly or directly acquire Guanzhou Bofu Investment Co. Ltd.; and
- NIPL's interest in a joint development and earn-in agreement with Natural Hydrogen Energy LLC ('NH2E') for certain leases in Nebraska and South Carolina, USA, including consideration of any rights, earn in requirements, royalties, and free carried interests on the project.

As per the instruction from Stanton's, our ITSR is compliant with the Australian Securities and Investments Commission ('ASIC') Regulatory Guides 111 and 112 and includes consent for the report to be included in a Notice of Meeting and for RISC to be named as technical specialist/expert in accordance with ASX listing rule 5.41.

### 2.2. Basis of assessment

The data and information used in the preparation of this report were provided by HyTerra and supplemented with public domain information.

Information and data provided by HyTerra:

- Joint development and earn-in agreement executed by NH2E and NIPL, inclusive of details on proposed forward work program;
- Information and technical data regarding the Hoarty NE-3 well drilled by NH2E in Nebraska;
- Petrophysical evaluation of the Hoarty NE-3 well commissioned by HyTerra;
- Lease information including certified documentation; and
- A concise summary of Aolong Joint Venture prepared by HyTerra.

RISC has relied upon the information provided and has undertaken the evaluation on the basis of a review and audit of existing interpretations and assessments as supplied, making adjustments that in our judgment were necessary.

RISC has reviewed the resources in accordance with the Society of Petroleum Engineers internationally recognised Petroleum Resources Management System ('PRMS')<sup>1</sup>.

The evaluation date of this report is 1 July 2022.

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<sup>1</sup> Petroleum Resources Management System, prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG) and approved by the Board of the SPE in March 2007. The PRMS was subsequently updated in June 2018.

Details of the findings of our review and the resource estimation process are presented in this report. Unless otherwise stated, all resources presented in this report are gross (100%) quantities.

RISC has not conducted a site visit and does not consider one necessary.

## **2.3. Valuation**

The valuation is based on the principles of the VALMIN Code<sup>2</sup> and the concept of “market value” (‘Value’).

The VALMIN Code defines Value as the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction wherein the parties each acted knowledgeably, prudently and without compulsion. For the purposes of this report, we have applied these definitions to petroleum properties.

A range of oil and gas industry accepted practices in relation to petroleum properties has been considered to determine Value, which are described below.

### **2.3.1. Sunk costs and work program**

The sunk costs and warranted costs of a future work program may also be used to estimate Value. The work program valuation relies on the assumption that, unless there is evidence to the contrary, the permit is worth what a company will spend on it. This method is relevant for permits in the early stages of exploration and for expenditure which is firmly committed as part of a venture budget or as agreed with the regulator as a condition of holding the permit.

There may need to be an adjustment for risk and the time value of money. Likewise, expenditures that are long-dated may be excluded or discounted and only meaningful exploration work program expenditures may be retained.

Should the work program improve the perception of prospectivity then an uplift of these expenditures may be warranted (multiple of exploration expenditure method).

Results as the work program progresses, will alter the perceived value. Therefore, the original work program agreed may no longer represent today’s Value.

### **2.3.2. Farm-in promotion factors**

An estimate of Value can be based on an estimation of the share of future costs likely to be borne by a reasonable farminee under prevailing market conditions. A premium or promotion factor may be paid by the farminee. The promotion factor is defined as the ratio of the proportion of the activity being paid for and the amount of equity being earned.

The nominal permit value is defined as the amount spent by the farminee divided by the interest earned. The premium value for the permit is the difference between the nominal value and the equity share of the

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<sup>2</sup> The VALMIN Code sets out requirements for the technical assessment and valuation of mineral assets and securities for independent expert reports, it provides guidance for petroleum assets and securities. The VALMIN Committee is a joint committee of The Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists. The committee was established to develop and maintain the "Australasian Code for Public Reporting of technical assessments and valuations of mineral assets", commonly known as the VALMIN Code. The VALMIN Code was first published in 1995, with subsequent editions published in 1997, 2005 and 2015

cost of the activity divided by the equity interest being earned. This reflects the amount that a farminee is willing to pay to acquire that interest from the farmor.

The premium or promotion factor will be dependent upon the perceived prospectivity of the property, competition and general market conditions. The premium value is equivalent to the farminee paying the farmor a cash amount in return for the acquisition of the interest in the permit and is the fair market value.

Farm-in transactions may have several stages. For example, a farminee may acquire an initial interest by committing to a future cost in the first stage of the transaction but has an option to acquire an additional interest or interests in return to committing to funding a further work program or programs.

Farm-in agreements can also include re-imbursement of past costs and bonus payments once certain milestones are achieved, for example declaration of commerciality, or achieving threshold reserves volumes. Depending on their conditionality, such future payments may contribute to Value. However, they may need to be adjusted for the time value of money and probability of occurring.

### **2.3.3. Comparable transaction metrics**

An estimate of the Value of petroleum properties can be obtained using recent comparable transactions. Such transactions may provide relevant metrics such as Value per unit of reserves, contingent or prospective resources and price paid per unit area of the permit/license or % interest. The VALMIN Code advises Value must also take into account risk and premium or discount relating to market, strategic or other considerations.

### **2.3.4. Expected monetary value**

Expected monetary value ('EMV') is the risked net present value ('NPV') of a prospect or project. EMV is calculated as the success case(s) NPV times the probability of success and development less the NPV of failure cases multiplied by the probability of failure. The NPV may be estimated using discounted cash flow ('DCF') methods. The EMV method provides a representative estimate of Value in areas with a statistically significant number of mature prospects or projects within proven commercial hydrocarbon provinces where the chance of success and volumes can be assessed with a reasonable degree of predictability. EMV is appropriate to discovered hydrocarbons where development details and costs are mature. As such RISC does not consider EMV is appropriate for this situation.

The EMV valuation can also be used as a relative measure for ranking exploration prospects within a portfolio to make drilling decisions, assessing commercial potential and to demonstrate the commercial attractiveness of a permit, which may influence a buyer or seller.

### 3. Introduction

#### 3.1. HyTerra Ltd asset overview

HyTerra (formerly known as Triple Energy Limited ('Triple')) announced on 5 October 2012 the acquisition of CFT Heilongjiang ('CFT'), a company incorporated in Hong Kong<sup>3</sup>. CFT was a shareholder of and held an 80% profit interest in Heilongjiang Aolong Energy Co. Ltd ('Aolong'), an incorporated joint venture company established with Heilongjiang LongMay Coal Mining Group ('LongMay') under the laws of the Peoples Republic of China ('PRC').

Aolong was formed by LongMay and CFT with the objective of de-gassing coals via the establishment of coal bed methane ('CBM') gas production in the vicinity of LongMay's coal mining operations in the Jixi - Hegang Coal Basin of the Heilongjiang Province (Figure 3-1).

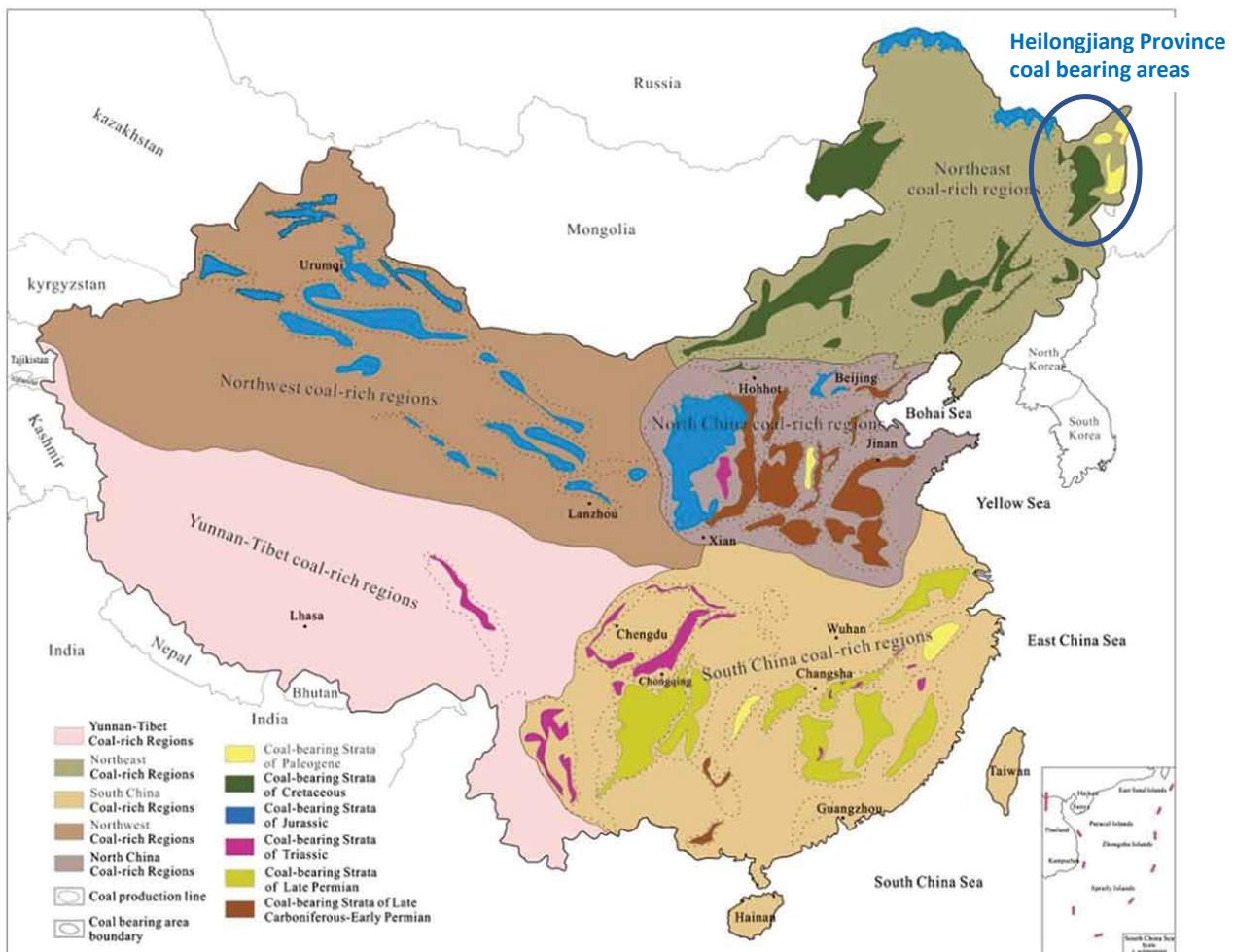


Figure 3-1: Aolong project location map<sup>4</sup>

<sup>3</sup> Triple Energy Ltd ASX release dated 5 October 2012

<sup>4</sup> Modified from Zengxue Li, Dongdong Wang, Dawei Lv, Ying Li, Haiyan Liu, Pingli Wang, Ying Liu, Jianqiang Liu & Dandan Li (2018) The geologic settings of Chinese coal deposits, International Geology Review, 60:5-6, 548-578.

The Aolong project included gas extraction rights over the Hegang mine area, Shuan Ya Shan mines, Qi Tai He mines and Ji Xi mines (Figure 3-2).

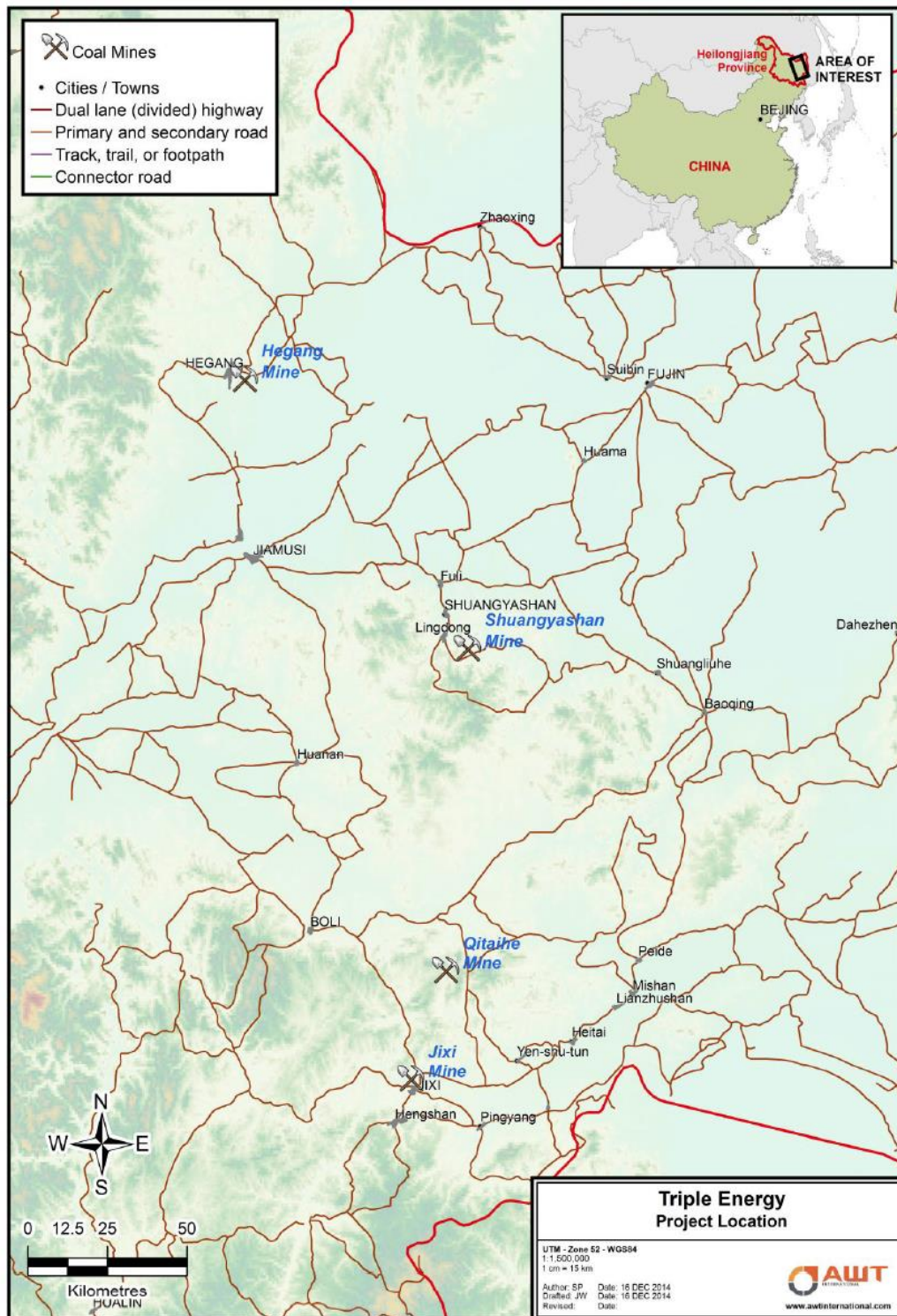


Figure 3-2: Aolong project locations<sup>5</sup>

<sup>5</sup> Source: Valuation of Triple Energy Ltd 80% Interest in the Acreage Held by the Aolong JV, by AWT (2015) included in the Notice of General Meeting, ASX release 19 March 2015.

Three CBM wells were drilled over the period 2013-2015. The wells failed to define a CBM resource and there has been no exploration activity undertaken since this time.

HyTerra announced in 2018 that it had negotiated a memorandum of understanding ('MOU') to acquire Guanzhou Bofu Investment Co. Ltd. a company which had the right to derive income from the Xin 214 Project consisting of certain oil licenses in Songyuan City, Jilin Province in the, PRC. RISC has been advised that due-diligence was not completed on this proposed acquisition and that the acquisition terms were not agreed by the parties.

### 3.2. Neutralysis Industries Pty Ltd asset overview

Neutralysis Industries Pty Ltd ('NIPL') a private company registered in Australia has a 10.03% beneficial interest in a joint development and earn-in agreement ('JDA') with Natural Hydrogen Energy LLC ('NH2E'), a company domiciled in Denver, Colorado, USA.

Originally executed in April 2021 and subsequently updated April 2022, the JDA describes the funding arrangements and work program activities to be undertaken on certain exploration leases owned by NH2E for NIPL to acquire beneficial interest in the JDA in a phased manner. NIPL has the right to earn a beneficial interest of up to 51% in the JDA. The JDA specifies that a joint venture company is to be established upon the satisfaction of certain conditions precedent to reflect the beneficial interest as earned by NIPL.

NH2E has acquired leases in Nebraska and South Carolina for the exploration of natural hydrogen (Figure 3-3, Figure 3-4 and Figure 3-5) which are assigned to the JDA.

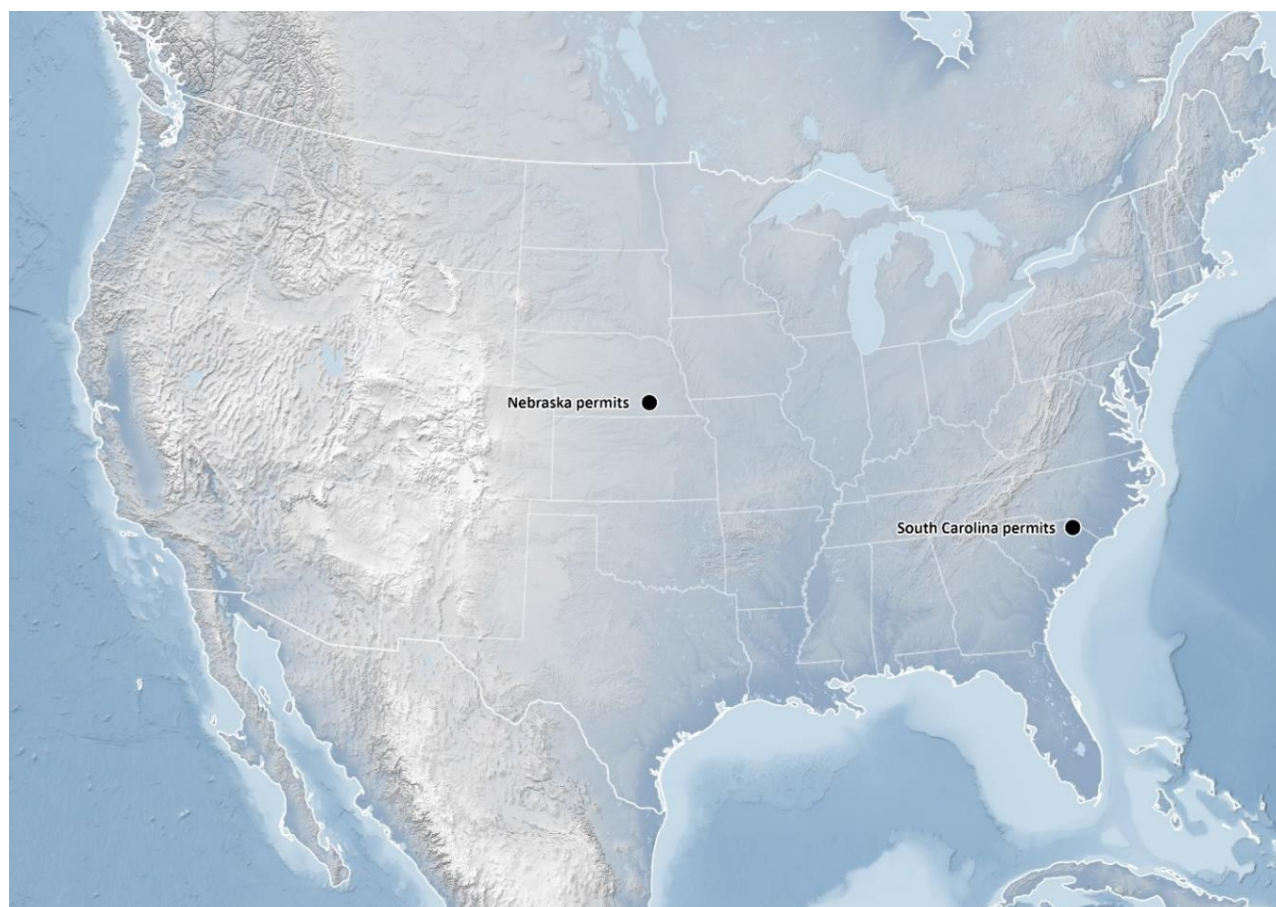
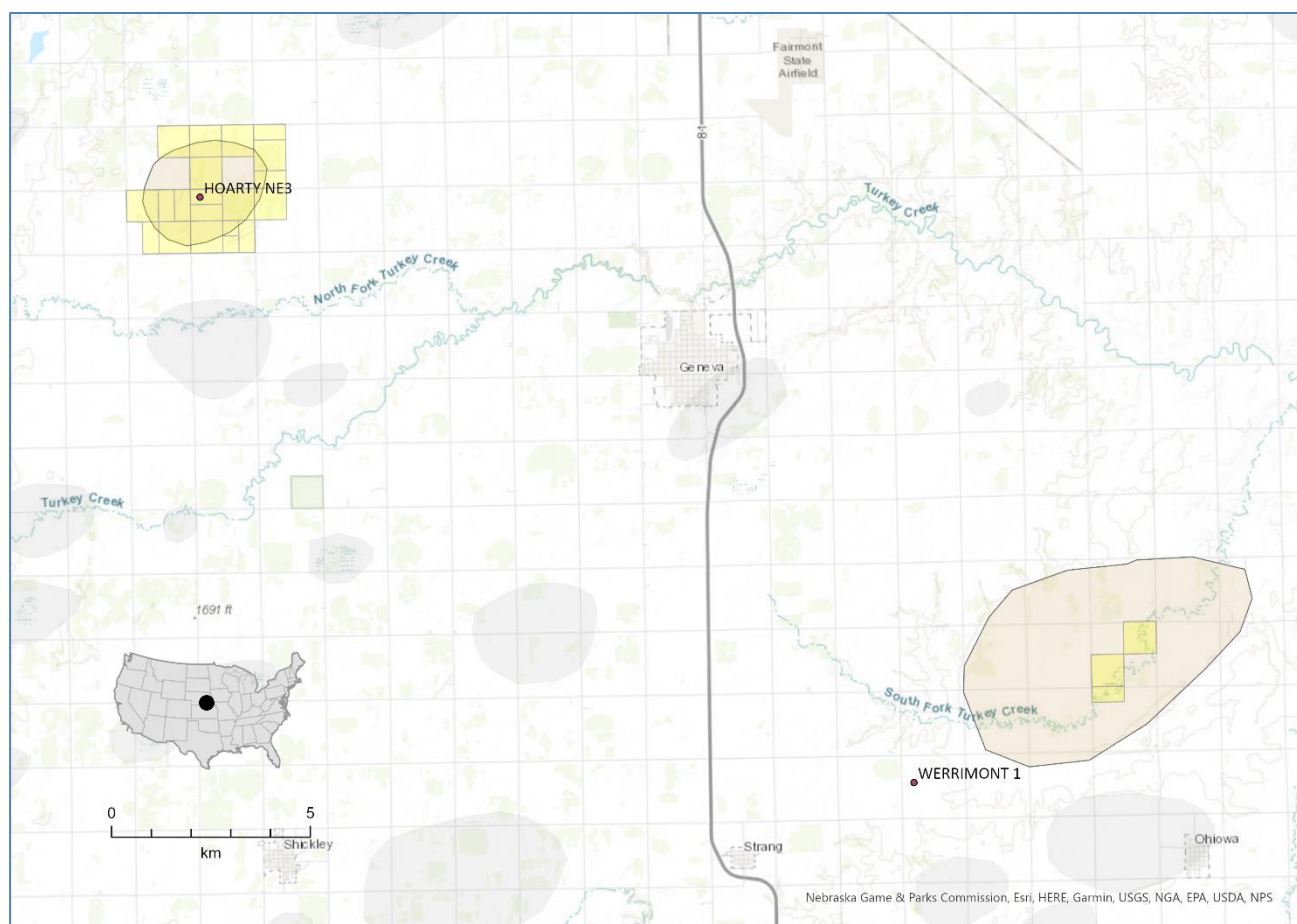


Figure 3-3: NH2E asset location map

These leases are situated over features in the landscape, known as ‘bays’ (or ‘Carolina Bays’) and referred to as ‘fairy circles’ in Australia, which are characterised by a depressed ground level and raised outer rim. It is postulated that these features are surface expressions of hydrogen seepage from the subsurface<sup>6 7</sup>. The NH2E lease areas are situated over identified bays as seen in Figure 3-4 and Figure 3-5.



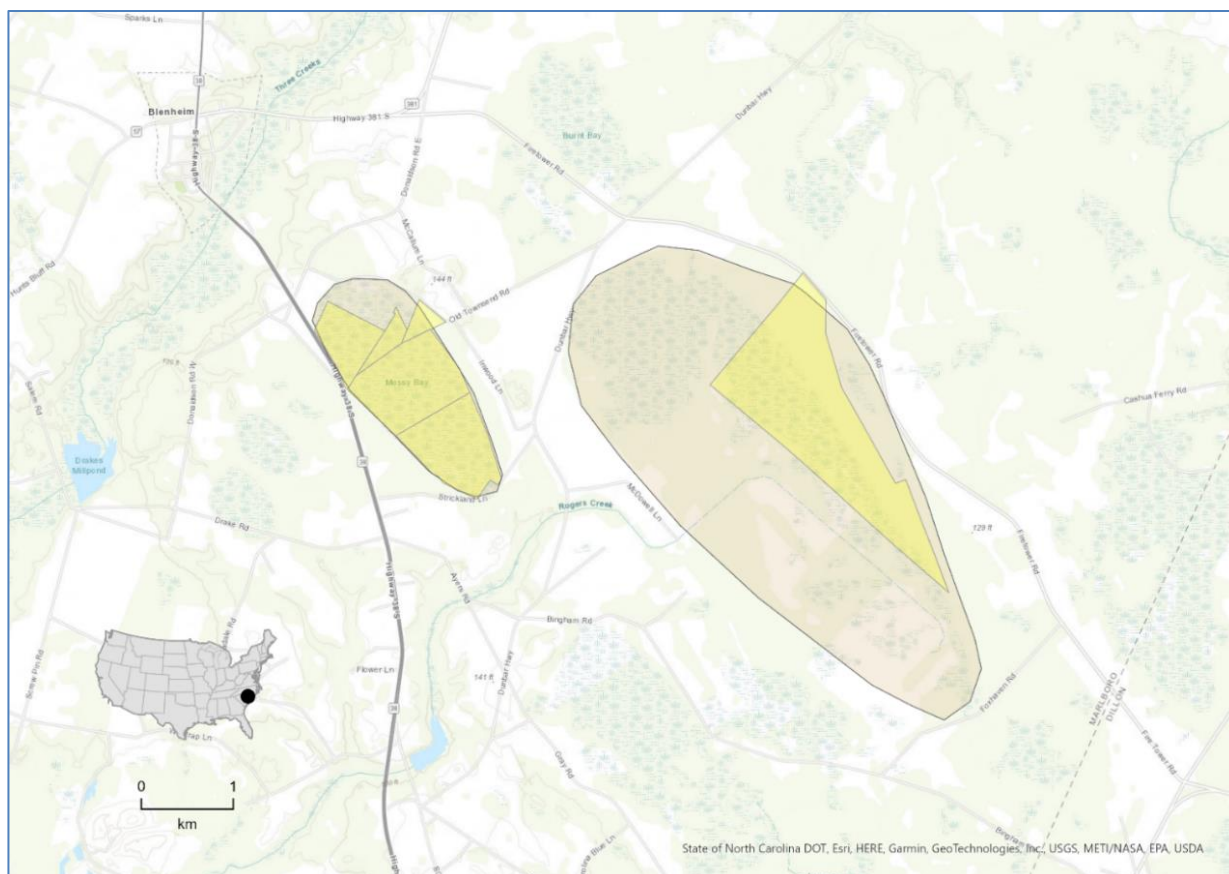
**Figure 3-4: NH2E asset location map – Nebraska northwest and Nebraska southeast**

As cited in the scientific literature, geochemical studies, soil sampling and analysis appear to support the theory of such features being the site of hydrogen seeps from the subsurface.

In total NH2E have acquired twenty-one (21) leases totalling 3,891 acres (15.7 km<sup>2</sup>) in Nebraska and South Carolina to explore for the presence of natural hydrogen gas in the subsurface. Key terms of the NH2E and JDA leases are summarised in Table 3-1.

<sup>6</sup> Zgonnik, V. (2020), The occurrence and geoscience of natural hydrogen: A comprehensive review. Earth Science Reviews, 1031(40)

<sup>7</sup> Frery, E., Langhi, L., Maison, M. and Moretti, I. (2021), Natural hydrogen seeps identified in the North Perth Basin, Western Australia. International Journal of Hydrogen Energy, August 2021.



**Figure 3-5: NH2E asset location map – South Carolina west and South Carolina east**

**Table 3-1: Summary of key terms, NH2E leases**

<b>Initial term</b>	Up to 6-years in Nebraska, 10-years in South Carolina
<b>Commencement date</b>	Various
<b>Signature bonus</b>	Nil
<b>Training, Administration &amp; Local Development fees</b>	Nil
<b>Bonus Fees</b>	US\$48,000 <sup>8</sup>
<b>Royalty</b>	Nebraska - 12.5% overriding royalty South Carolina – 16.7% overriding royalty
<b>Taxes</b>	United States of America
<b>Minimum work program commitments</b>	Nil <sup>9</sup>

<sup>8</sup> Bonus fees are one off payments upon leasing the mineral rights. South Carolina leases do not attract bonus fees.

<sup>9</sup> Leases do not have an associated work program. JDA specifies work program commitment.

NH2E drilled the Hoarty NE-3 well in the Nebraska northwest T7N-R4W cluster of leases (Figure 3-4). Drilled over the period November 2018 to February 2019, the well was drilled to a total depth of 11,287 ft (3,440 m) in Pre-Cambrian basement metasediments.

The well intersected several zones in the basement metasediments where elevated hydrogen gas was detected. Conventional wireline logging was conducted, a slotted liner installed in the borehole and the well was suspended for a future testing campaign.

Swabbing operations were conducted in June 2021 and gas was recovered and flared at rates up to 43,400 cf/day. The flare was observed to burn with a transparent flame suggesting high concentrations of hydrogen, however gas samples failed to confirm high levels of hydrogen and are considered unrepresentative by NH2E.

## **4. HyTerra Ltd assets**

### **4.1. Aolong Joint Venture**

The Aolong joint venture was established by LongMay and CFT in 2011 to treat, extract, produce and utilise CBM in the coal mining co-operation areas of LongMay. Aolong had an exclusive option to access an area of up to 2,700 km<sup>2</sup> for CBM exploitation.

Aolong is an incorporated joint venture under the terms of a Sino-Foreign Contractual Joint Ventures Contract ('CJV Contract') laws of the Peoples Republic of China. Under the terms of the agreement, CFT (subsequently acquired by HyTerra (Triple)) was entitled to 80% profit share of any established CBM production.

RISC has not been provided the CJV Contract nor a summary of the terms and provisions of the agreement.

RISC notes that HyTerra nor the Aolong joint venture held or were directly awarded any licenses or tenements directly. RISC understands that joint venture activities were to be undertaken within coal mining licenses held by LongMay, with the co-operation of LongMay.

#### **4.1.1. Work program**

The initial work program and business plan included the drilling and testing of 2 -3 wells in the Hegang mining cooperation area.

In total, three wells were drilled over the period 2013 – 2015:

- Xian Xian-1 drilled and tested in 2013,
- Niaoshan-1 was drilled in 2015, and
- Yixin-1 which was drilled immediately following Niaoshan-1.

No firm CBM related work program commitment was in place for the Aolong joint venture project areas and that CBM activities within the cooperation areas were discretionary activities. RISC also understands that no substantive activities have been undertaken since this period of time.

#### **4.1.2. Geological setting**

The Jixi - Hegang Basin is a Mesozoic fault bounded coal bearing basin. The western boundary of the basin is formed by the Qinhei Mountains and the south-eastern boundary is defined by the major Yilan – YiTong fault. The Hegang coal fields trend in a north – south direction in a monoclinical structure that dips to the east.

The coal bearing strata are within the Early Cretaceous aged Jixi Group, consisting of intercalating marine and non-marine deposits.<sup>5</sup>

#### **4.1.3. Well results and data**

RISC anticipates that in the Aolong joint venture cooperation areas, consisting of coal fields and mining operations, there would exist a significant coal seam database consisting of depth structure, coal seam thickness, coal density and potentially gas content. No such database has been made available to RISC to review.

The Xian Xian-1 well intersected 63.4 m of gross coal seams with a reported 37 m of 'gassy' coal seams. Two DST's were conducted and the results are unknown.

The Niashan-1 well failed reportedly due to fault seal issues. The Yixin-1 well result was inconclusive and a proposed fracture stimulation and testing program for the well was not conducted due to the potential risk of communication with a nearby water bore being used for irrigation purposes.

RISC is unaware of any pre-existing permeability, gas content, gas saturation or gas composition data, or any such data obtained from the drilling campaign.

#### **4.1.4. Overlapping tenure**

RISC notes that the exploration, appraisal and exploitation of CBM within the Aolong joint venture cooperation areas was to be undertaken in close proximity to established and ongoing surface coal mining operations. RISC understands that the CBM activities were also to be undertaken and governed by the coal mining licenses where no CBM exploration, appraisal and exploitation licenses or tenure were to be granted.

In such a situation, it would be expected that an access and coordination agreement between the coal mining and CBM entities would be agreed that would govern each parties rights to land access and undertaking activities.

RISC is not aware of any such formal coordination agreement between the parties undertaking coal mining and CBM activities.

#### **4.1.5. Resources**

A gas in-place assessment was undertaken by AWT in 2010, updated in 2012, and included in a HyTerra (Triple) notice of meeting on 19 November 2012<sup>10</sup>. RISC is not aware of any prospective resource assessments being undertaken, nor publicly released. However, a valuation of the project was undertaken by AWT was included in supporting documentation of a HyTerra (Triple) notice of meeting in March 2015<sup>11</sup>.

RISC has not undertaken an independent gas in-place assessment or resource assessment of the Aolong joint venture project.

#### **4.1.6. Subsequent events**

##### **4.1.6.1. CBM exploration activities**

Following the poor results of the wells drilled and the inability to undertake stimulation activities in Yixin-1, no further substantive CBM activities have been undertaken within the Aolong joint venture areas.

RISC has not been made aware of the current status of the joint venture.

##### **4.1.6.2. Sino-Foreign Contractual Joint Venture contract laws**

Aolong is an incorporated joint venture under the terms of Sino-Foreign Contractual Joint Ventures Contract ('CJV Contract') laws of the Peoples Republic of China prior to 1 January 2020. RISC has been advised that the Sino-Foreign Contractual Joint Ventures law was repealed on 1 January 2020, preventing the establishment of new incorporated joint ventures.

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<sup>10</sup> Triple Energy Ltd ASX release dated 19 November 2012

<sup>11</sup> Triple Energy Ltd ASX release dated 19 March 2015.

Sino-Foreign joint ventures established under the pre-existing Sino-Foreign Contractual Joint Ventures laws were extended a transition period of 5-years to amend their articles of incorporation to ensure compliance with the new foreign investment laws.

RISC is not aware if this has been undertaken by the Aolong Joint Venture nor of any real or perceived impact or risk to the rights of the Aolong Joint Venture and its parties.

#### **4.1.6.3. *Sale of Aolong joint venture interest***

RISC has been advised by HyTerra that it has entered into a contract for the disposal or sale of its interest in the Aolong joint venture. RISC is not aware of the terms of such a sale nor the timing of completion of the transaction.

## **4.2. Guangzhou Bofu Investment Co. Ltd acquisition**

HyTerra (Triple) announced on 11 September 2018 that it had signed a non-binding Memorandum of Understanding ('MoU') in relation to the potential acquisition of Guangzhou Bofu Investment Co. Ltd ('GBIC') which intended to acquire an 80% interest in Songyuan Petroleum Development Co. Ltd. ('SPDC')<sup>12</sup>. SPDC had the right to derive income from the development of four oil blocks in Songyuan City, Jilin Province in the PRC<sup>13</sup>.

RISC has been advised that due diligence was not completed and that terms for an acquisition were not agreed. RISC is not aware whether GBIC acquired any interest in SPDC or whether the MoU has been terminated or is still in-force, but we assume it has lapsed.

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<sup>12</sup> Triple Energy Ltd ASX release dated 11 September 2018.

<sup>13</sup> Collectively referred to as the Xin 214 Project.

## 5. Neutralysis Industries Pty Ltd assets

Neutralysis Industries Pty Ltd Limited ('NIPL') and Natural Hydrogen Energy LLC ('NH2E') formed a joint venture and executed a joint development and earn-in agreement ('JDA') on 8 April 2021, and subsequently amended 1 April 2022. Pursuant to the JDA, NIPL could earn a beneficial interest in the JDA in return for fully funding a work program associated with the leases as specified in the JDA (refer Table 5-1). To date NIPL has earned a 10.03% beneficial interest.

The JDA and the funding arrangement also contemplate the acquisition of additional leases for the purposes of hydrogen exploration and exploitation.

NIPL has the right to earn a beneficial interest of up to 51% in the JDA. The JDA specifies that a joint venture company is to be established upon satisfaction of conditions precedent to reflect the beneficial interest earned by NIPL.

In total NH2E have acquired twenty-one (21) leases totalling 3,891 acres (15.7 km<sup>2</sup>) in Nebraska and South Carolina to explore for the presence of natural hydrogen gas in the subsurface. The leases are grouped as Nebraska northwest, Nebraska southeast, South Carolina west and South Carolina east (Table 5-1). Refer also Figure 3-4 and Figure 3-5.

### 5.1. Tenure

RISC has been provided documentation regarding title over select mineral rights leases held by NH2E and a copy of the notarized certification of due diligence and lease examination by Katherine Morganstern of Top Notch Land Services Inc. of Kimball, Nebraska regarding the terms, obligations and standing of the mineral leases of NH2E. RISC is reasonably satisfied that NH2E is the beneficial owner of the mineral leases as included in the JDA and shown in Table 5-1.

### 5.2. Work program, commitments, and sunk costs

The JDA specifies a work program to be conducted by the parties and funded by NIPL, this is summarised in Table 5-2. A provision of Phase 1 in the JDA work program is for an interim payments of US\$1,511,242 to earn an initial beneficial interest of 9.06% in the JDA.

RISC has been advised that a further US\$159,800 of work program has been fully funded by NIPL since the execution of the JDA and that the parties have agreed that the beneficial interest now stands at 10.03%. RISC has been provided evidence of this mutual agreement and is satisfied that NIPL has earned this additional equity.

The planned work program expenditure of the JDA consists of:

- An initial Phase 1 program of US\$5 million which NIPL is fully funding in order to earn a 30% beneficial interest in the JDA.
- A Phase 2 program of US\$15 million, for which NIPL can earn a further 21% if it fully funds the second phase.

The total work program is US\$20 million which, if fully funded by NIPL will gain NIPL a 51% beneficial interest in the JDA (or joint venture company). NH2E will remain operator of the joint venture unless jointly agreed that operatorship can transfer to NIPL.

Table 5-1: NH2E lease summary

Legal Description	Total Leased Acres	Effective Date	Expiration Date	Primary Term Years
<b>Nebraska northwest</b>				
T7N-R4W Sec 23: NE4	160	10/03/2022	10/03/2025	3
T7N-R4W Sec 23: N2NW	80	8/03/2016	8/03/2022	6
T7N-R4W Sec 23: E2SE, SWSE	120	7/05/2018	7/05/2023	5
T7N-R4W Sec 23: S2NW	80	10/08/2018	10/08/2023	5
T7N-R4W Sec 23: NWSE	40	10/08/2018	10/08/2023	5
T7N-R4W Sec 14: SW4	160	10/08/2018	10/08/2023	5
T7N-R4W Sec 22: NW4, E2SW4, SE4	400	18/09/2018	18/09/2023	5
T7N-R4W Sec 13: S2SW4	80	18/09/2018	18/09/2023	5
T7N-R4W Sec 14: NW	160	18/09/2018	18/09/2023	5
T7N-R4W Sec 14: NE4	160	18/09/2018	18/09/2023	5
T7N-R4W Sec 13: S2NW4, N2SW4	80	18/09/2018	18/09/2023	5
T7N-R4W Sec 24: NW4	160	18/09/2018	18/09/2023	5
T7N-R4W Sec 22: E2NE	80	7/11/2018	7/11/2023	5
T7N-R4W Sec 22: W2NE4	80	7/11/2018	7/11/2023	5
T7N-R4W Sec 23: SW4	160	8/11/2018	8/11/2023	5
T7N-R4W Sec 15: NE4	160	8/11/2018	8/11/2023	5
T7N-R4W Sec 13: S2NW4, N2SW4	80	12/11/2018	12/11/2023	5
T7N-R4W Sec 13: N2NW	80	15/11/2018	15/11/2023	5
<b>Nebraska southeast</b>				
T6N-R1W Sec 30: NE & SW Sec 31: N2NW	400	15/08/2018	15/08/2023	5
<b>South Carolina east</b>				
TMS #6-001-01-008 Tract 3 on plat entitled "Survey of Property for Myrtle Beach Farms" in Cabinet A, Plat Slide 167, Page 2	654.24	1/04/2014	1/04/2024	10
<b>South Carolina west</b>				
Property Tax ID # 059-00-02-020; 059-00-02-021; 059-00-02-022; 059-00-02-026; 059-00-02-028.	517	1/04/2014	1/04/2024	10
Notes to the table:				
<ol style="list-style-type: none"> <li>1. T7N-R4W Sec 23: NE4 was recently renewed with an effective date of 10 March 2022.</li> <li>2. T7N-R4W Sec 23: N2NW containing the Hoarty NE-3 well has been suspended under shut-in royalty terms.</li> </ol>				

**Table 5-2: JDA work program summary**

Description	Estimated Cost (US\$)
<b>Phase 1</b>	
Testing the Initial Well for production. Extended testing if required.	\$300,000 (up to \$200,000 for extended testing)
Pilot gas separation unit	\$2,100,000
Acquiring additional mineral rights leases	\$250,000
Studies, operating costs including contingency	\$950,000
2D seismic acquisition and exploratory drilling	\$1,200,000
<b>Total Phase 1</b>	<b>\$5,000,000</b>
<b>Phase 2</b>	
Acquiring additional mineral rights leases	\$2,200,000
Studies, operating costs including contingency	\$1,800,000
2D seismic acquisition and exploratory drilling	\$9,000,000
Gas treatment plant	\$2,000,000
<b>Total Phase 2</b>	<b>\$15,000,000</b>

The aim of Phase 1 of the work program is to undertake a comprehensive test the Hoarty NE-3 well and establish pilot hydrogen gas production. RISC has not been provided details of the proposed test program.

RISC has not been provided any specific details regarding the remainder of the work program to be undertaken and cannot comment on the reasonableness of the activities.

### 5.3. Geological setting

The Nebraska northwest and southeast regions are located within the Salina Basin, a mid-continent basin in eastern Nebraska and Kansas. Sediments of Cambrian to Quaternary age are reported, however sediments of Ordovician to Pennsylvanian (Upper Carboniferous) age including Mississippian age (Lower Carboniferous) dominate. The Salina Basin overlies basement terranes of metasediments and crystalline rocks of Pre-Cambrian age<sup>14</sup>.

The South Carolina west and east regions are associated with bays which are extensively mapped on the Atlantic coastal plain from Florida to Jersey.<sup>15</sup> The JDA leases are located on the Atlantic coastal plain with a thin Cretaceous to Pliocene sedimentary section comprising the western edge of the Blake – Bahamas Basin.

<sup>14</sup> Prenskey, S. (1985) Federal Lands Assessment Project: Salina Basin Province (Phase 1), USGS open file report 87-450F

<sup>15</sup> South Carolina Geological Survey. <https://www.dnr.sc.gov/geology/carolina-bays.html>

Underlying the sediment cover of the South Carolina regions lies the Appalachian Piedmont terrain comprising complex Neoproterozoic to early Paleozoic aged rocks.<sup>16</sup>

The nature and origin of natural hydrogen gas is vigorously debated in scientific literature. The NH2E hydrogen exploration play is based on the theory that hydrogen gas is generated and sourced from within the Earth's crust, is present in matrix and fracture porosity of predominantly basement rocks, and seepage to the surface is evidenced by features at surface.

Natural hydrogen gas is reported in Kansas to the south of the Nebraska leases in several wells drilled into basement.<sup>17</sup>

## **5.4. Data**

No depth to basement, soil geochemistry analysis or other geological descriptions have been made available to RISC to review for the Nebraska or South Carolina leases. RISC is not aware of any seismic data or any other data such as geochemical studies or soil sampling pertinent to the evaluation of the Nebraska and South Carolina leases or the exploration of natural hydrogen.

The primary data available is that associated with the Hoarty NE-3 well drilled by NH2E in 2018/19 in the Nebraska northwest lease region.

### **5.4.1. Hoarty NE-3 well**

NH2E drilled the Hoarty NE-3 well in the Nebraska northwest T7N-R4W cluster of leases (Figure 3-4) to test for the presence of natural hydrogen gas in basement rocks. Drilled over the period November 2018 to February 2019, the well was drilled to a total depth of 11,287 ft (3,440 m) in basement metasediments. This is the deepest well in Nebraska.

The well intersected approximately 3,478 ft (1,060 m) of sediments of up to Mississippian age (Lower Carboniferous) before drilling a further 7,800 ft (2,377 m) in basement rocks. A mudlog, daily drilling reports, a geochemical gas analysis report, wireline logs and petrophysical analyses are available for the well.

#### **5.4.1.1. Hydrogen analysis**

As detailed in the geochemical gas analysis report, specialised hydrogen gas detection equipment was used alongside traditional mudlogging gas detection equipment whilst drilling the well. In addition, manual sampling of gas from the mud flow line was also undertaken.

Hydrogen concentrations in the well are shown in Figure 5-1. The concentration difference between the two measurements is speculated by NH2E to represent atmospheric contamination. Hydrogen gas was detected via manual sampling in excess of 30% concentration below 10,000 ft (3,050 m).

Swabbing operations were conducted in June 2021 to reduce the hydraulic head in the well. Gas that had been swabbed into the wellbore and recovered to surface was flared. The flare burnt with a transparent flame, interpreted to verify that hydrogen gas was predominant in the gas stream. However, RISC is not

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<sup>16</sup> Hibbard, J., Stoddard, E., Secor, D. and Dennis, A. (2002). The Carolina Zone: overview of Neoproterozoic to Early Paleozoic per-Gondwanan terranes along the eastern flank of the southern Appalachians. *Earth Science Reviews*, 57, pp299-339.

<sup>17</sup> Guelard, J., Beaumont, V., Rouchon, V., Guyot, F., Pillot, D., Jezequel, D., Ader, M., Newell K. D. and Deville, E. (2017) Natural H<sub>2</sub> in Kansas: Deep or shallow origin?. *Geochemistry, Geophysics, Geosystems* (18), pp1841-1865.

aware of any gas sampling or analysis to verify a substantial hydrogen concentration. Flared gas was depressurised from the wellhead annulus and does not constitute a formal flow test.

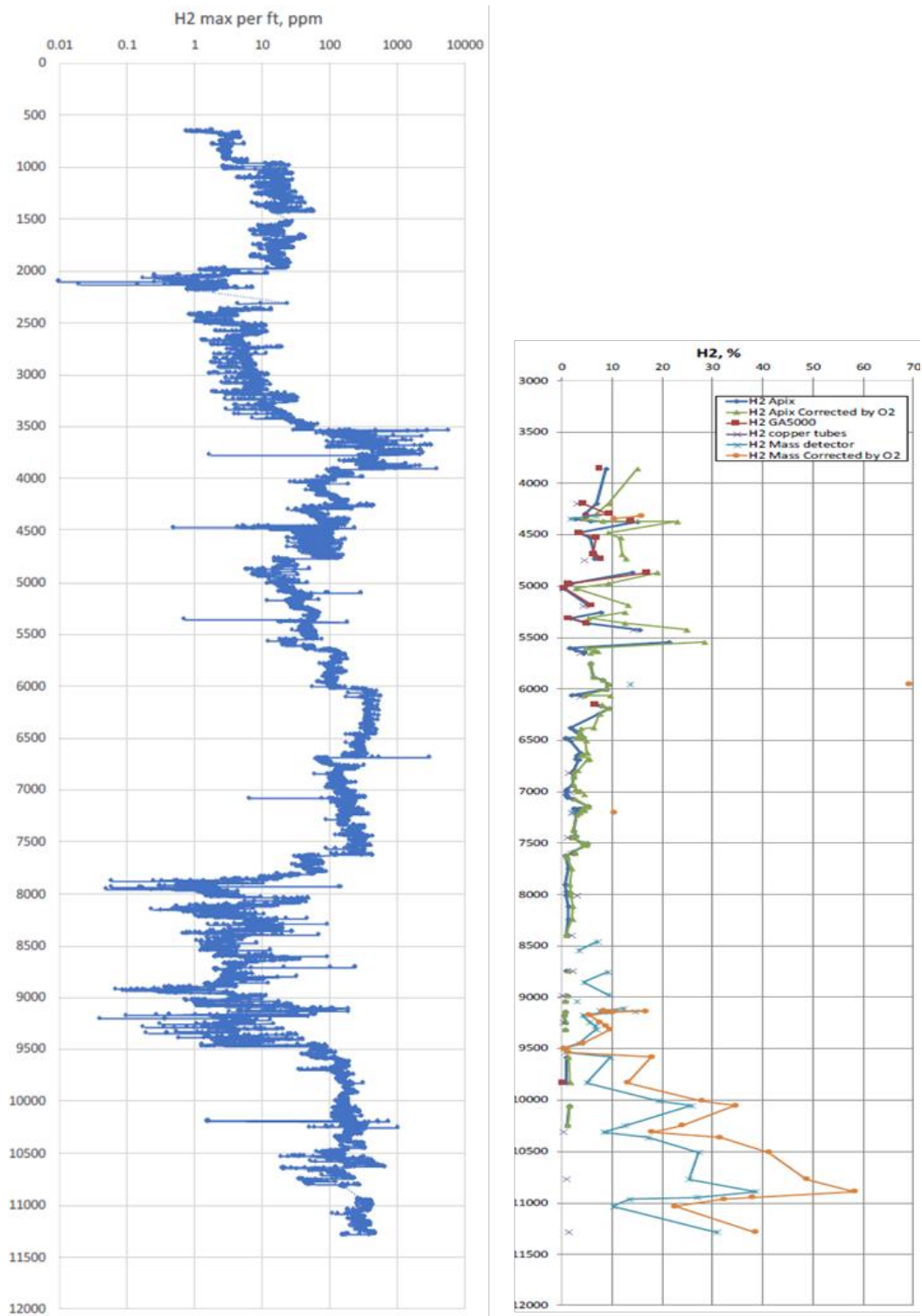


Figure 5-1: Hoarty NE-3 hydrogen gas profiles from gas detection equipment in the mud agitators (at left), and manual gas sampling of bubbles in the mud (at right)

During the swabbing operations, isotube gas samples were taken from the wellhead and casing annulus and analysed (Table 5-3). Hydrogen concentrations in these samples are low and markedly different to the hydrogen concentrations measured whilst drilling. NH2E postulate this is due to microbiological conversion of hydrogen in the borehole and atmospheric contamination since the well was suspended.

It is RISC's opinion that the manual hydrogen sampling undertaken whilst drilling is a more representative measurement of natural hydrogen gas in the well. However, RISC cannot verify the measurement and analysis and therefore considerable uncertainty in the hydrogen gas concentration in the well remains.

**Table 5-3: Hoarty NE-3 isotube analyses, collected prior to swabbing operations**

Sample #	796998	796999	797000	797001	797002	797003
Component	Chemical mol. %					
Carbon Monoxide	-	-	-	-	-	-
Helium	1.02	0.879	1.58	7.59	7.31	-
Hydrogen	0.178	0.304	0.0503		0.0183	0.17
Argon	0.388	0.464	0.167	0.34	0.408	1.24
Oxygen	2.61	2.22	1.39	0.11	1.44	0.036
Nitrogen	90.66	91.2	23.89	62.2	63.52	98.55
Carbon Dioxide	0.024	0.012	-	0.007	-	-
Methane	5.11	4.91	72.91	29.71	27.26	0.0029
Ethane	0.0048	0.0045	0.008	0.0396	0.0345	0.0003
Ethylene	0.0002	0.0002	0.0002	0.0002	0.0002	0.0004
Propane	0.0007	0.0008	0.0015	0.0048	0.0043	0.0001
Propylene	0.0002	0.0003	0.003	0.0012	0.0011	0.0003
Iso-butane			0.0001	0.0001		-
N-butane	0.0001	0.0002	0.0004	0.0007	0.0001	-
Iso-pentane	0.0004	-	-	-	-	-
N-pentane	-	-	0.0001	-	-	-
Hexanes	0.0005	0.0006	0.0012	0.0002	0.0001	0.0003
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

RISC notes the presence of helium gas in the isotube samples (Table 5-3). NH2E and NIPL have not presented any evaluation plan to investigate further.

Notwithstanding the uncertainties regarding the hydrogen concentrations, in RISC's opinion helium at these concentrations could potentially be commercially attractive and further evaluation is warranted.

#### **5.4.1.2.     *Petrophysical analysis***

Petrophysical analysis of the well was undertaken by NH2E and has been provided to RISC. An independent petrophysical evaluation was also undertaken by Upstream Digital Solutions on the basement section for HyTerra. This analysis is more comprehensive and identified two zones of interest with elevated hydrogen gas associated with matrix and fracture porosity (Figure 5-2). The petrophysical analysis sums and averages, including calculated minima and maxima is shown in Table 5-4.

RISC has relied upon this analysis for parametrisation of volumetric inputs for estimation of gas in-place (refer Section 6).

This analysis has identified two zones of elevated hydrogen gas associated with matrix and fracture porosity, Zone 1 and Zone 4. Matrix porosity is low but significant fracture porosity has been estimated.

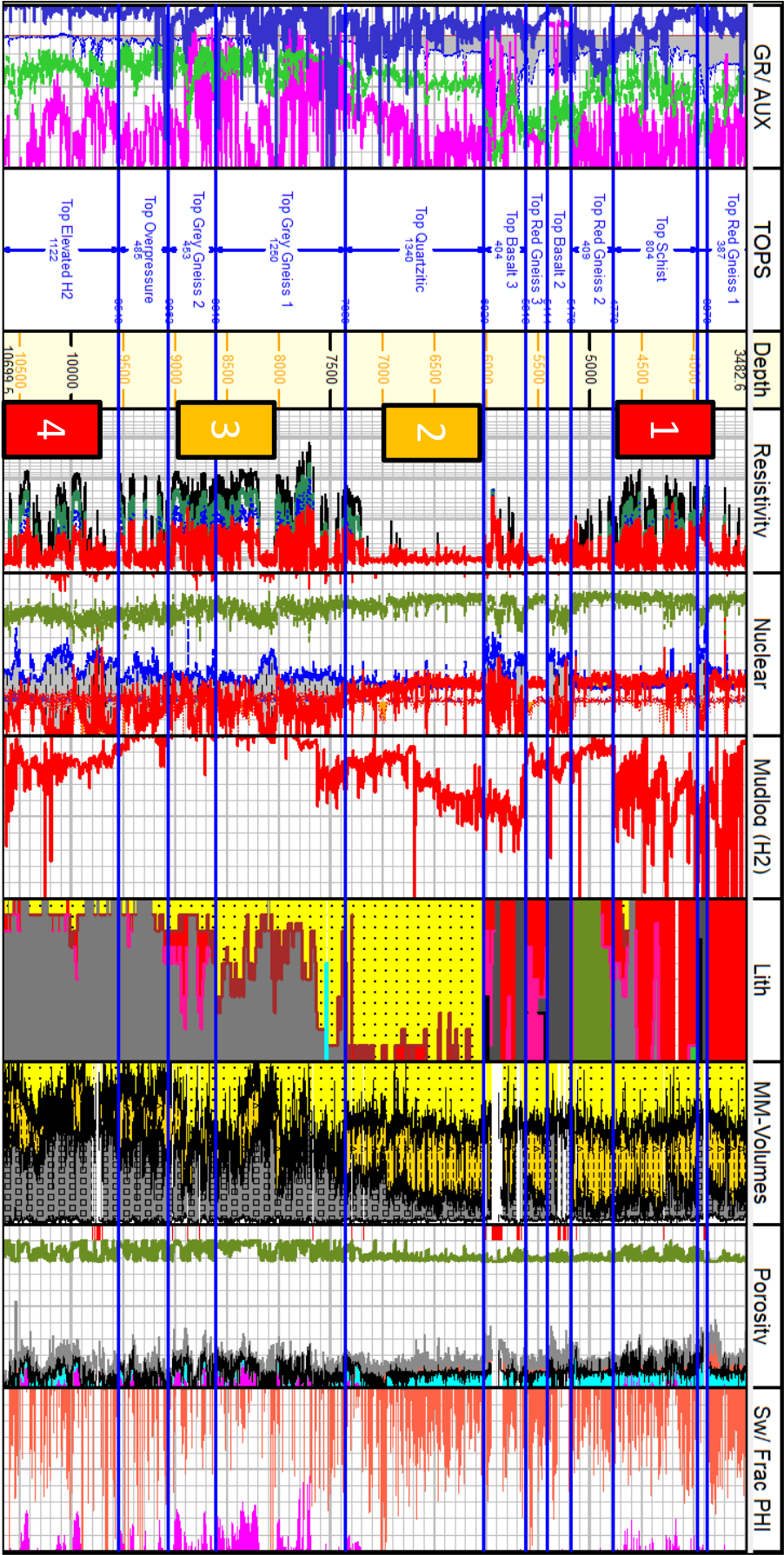


Figure 5-2: Hoarty NE-3 basement petrophysical analysis (HyTerra)

Table 5-4: Hoarty NE-3 petrophysical analysis sums and averages (HyTerra)

Interval	Top (ft)	Base (ft)	Net (ft)	Matrix porosity						Fracture porosity						Cutoff PHIT >= 0.01 & Swt <= 0.7			
				Ave	Std	P90	P50	P10	Ave	Std	Min	Max	Sw	Sw	Sw	Sw	Sw	Sw	Sw
				(%)	Dev.	(%)	(%)	(%)	(%)	Dev.	(%)	(%)	(%)	Std	P90	P50	P10	(%)	(%)
TOP RED GNEISS 1	3482.7	3870	301	4.60%	1.43%	3.14%	4.13%	6.69%	0.00%	0.02%	0.00%	0.29%	42.70%	12.50%	62.13%	44.98%	30.32%		
TOP BASALT 1	3870	3966	10	6.20%	0.73%	5.17%	6.22%	7.09%	0.00%	0.03%	0.00%	0.15%	55.40%	9.88%	66.90%	57.12%	40.10%		
<b>TOP SCHIST (zone 1)</b>	<b>3966</b>	<b>4770</b>	<b>408</b>	<b>3.80%</b>	<b>0.77%</b>	<b>2.94%</b>	<b>3.67%</b>	<b>4.85%</b>	<b>0.10%</b>	<b>0.27%</b>	<b>0.00%</b>	<b>1.92%</b>	<b>51.70%</b>	<b>13.55%</b>	<b>67.20%</b>	<b>55.36%</b>	<b>35.66%</b>		
TOP RED GNEISS 2	4770	5179	189	3.30%	0.54%	2.80%	3.17%	4.08%	0.00%	0.01%	0.00%	0.23%	56.20%	10.42%	67.89%	59.31%	43.76%		
TOP BASALT 2	5179	5414	108	4.30%	1.16%	2.86%	4.35%	5.72%	0.00%	0.01%	0.00%	0.13%	40.10%	18.54%	64.22%	43.75%	9.60%		
TOP RED GNEISS 3	5414	5616	149	3.30%	0.52%	2.64%	3.25%	3.97%	0.00%	0.00%	0.00%	0.00%	47.30%	16.00%	65.25%	50.95%	25.11%		
TOP BASALT 3	5616	6020	164	4.00%	1.04%	2.67%	4.06%	5.28%	0.00%	0.01%	0.00%	0.12%	44.20%	15.47%	62.23%	46.33%	24.57%		
TOP QUARTZITIC	6020	7360	769	3.00%	0.66%	2.18%	3.00%	3.85%	0.00%	0.05%	0.00%	0.76%	45.90%	18.88%	65.95%	50.20%	15.14%		
TOP GREY GNEISS 1	7360	8610	301	2.90%	1.09%	1.69%	2.80%	4.42%	0.30%	0.63%	0.00%	3.33%	43.40%	21.54%	66.48%	46.19%	1.38%		
TOP GREY GNEISS 2	8610	9063	110	4.30%	1.67%	1.82%	4.69%	6.36%	0.70%	0.70%	0.00%	2.39%	54.60%	16.65%	67.62%	54.81%	33.03%		
TOP OVERPRESSURE	9063	9548	153	2.60%	1.07%	1.28%	2.42%	3.97%	0.10%	0.27%	0.00%	1.52%	38.40%	24.91%	64.31%	38.00%	0.42%		
<b>TOP ELEVATED H2 (Zone 4)</b>	<b>9548</b>	<b>10670</b>	<b>406</b>	<b>3.10%</b>	<b>1.37%</b>	<b>1.56%</b>	<b>2.49%</b>	<b>4.82%</b>	<b>0.10%</b>	<b>0.36%</b>	<b>0.00%</b>	<b>2.48%</b>	<b>40.00%</b>	<b>22.76%</b>	<b>64.66%</b>	<b>41.46%</b>	<b>0.66%</b>		

## 6. Resources

RISC has not been provided any resource assessment to audit in the preparation of this ITSR for the Aolong joint venture project nor for the leases included in the NH2E -NIPL JDA.

In the absence of any technical data RISC has not undertaken an independent resource assessment of the Aolong joint venture project. However, for the NH2E -NIPL JDA assets RISC has conducted an independent gas in-place assessment based on the data provided which is detailed as follows.

### 6.1. In-place resource estimates

RISC has estimated the gas in-place for the Nebraska northwest region using prospective areas as defined below and parameters evaluated by RISC which are based on the Hoarty NE-3 petrophysical analysis in addition to our evaluation of hydrogen gas content.

RISC have assessed the in-place gas resource as a continuous resource play and that the prospective interval is gas saturated over the prospective areas with hydrogen gas being a proportion of that gas.

In the absence of subsurface information for the Nebraska southeast, South Carolina west and east regions, RISC has calculated a resource density range from the Nebraska northwest region gas in-place estimate to apply to these other JDA regions to estimate the gas in-place.

In RISC's opinion this approach is reasonable but cautions that significant uncertainty exists in these prospective regions.

#### 6.1.1. Prospective areas

RISC independently verified the lease areas as provided by NIPL and the calculated the net area of the leases within the mapped bays (prospective area). These areas are presented in Table 6-1. RISC notes that these areas include lease T7N-R4W Sec 23: NE4 which has been renewed and lease T7N-R4W Sec 23: N2NW containing the Hoarty NE-3 well location which has been suspended as permitted by the lease agreement with shut-in royalties.

Table 6-1: JDA lease area tabulation and prospective areas

Region	Permitted area		Permitted area within bay (prospective area)	
	Area (km <sup>2</sup> )	Area (acres)	Area (km <sup>2</sup> )	Area (acres)
Nebraska Northwest	9.40	2,320.0	4.74	1,171.3
Nebraska Southeast	1.60	400.0	1.65	407.7
South Carolina West	2.29	565.9	2.23	551.0
South Carolina East	2.82	696.8	2.76	682.0

The permitted lease area in some instances extends outside of the bay and the leased area within the bay is defined as the prospective area and is that used in the gas in-place resource estimation.

### 6.1.2. Volumetric parameters

Volumetric input parameters for the Nebraska northwest region based on the Hoarty NE-3 petrophysical analysis and used by RISC are shown in Table 6-2 for Zone 1 and Table 6-3 for Zone 4.

RISC has applied a +/- 20% factor to the thickness and net to gross as defined in the well to define the P90 to P10 range for these parameters. The gas expansion factor was estimated based on the pressure and temperature as observed in the well and adjusted for the gas composition (refer Section 6.1.3).

**Table 6-2: Nebraska northwest region Zone 1 volumetric input parameters (RISC)**

Name	Unit	Shape	P90	P50	P10
Area	Acres	Single	1,171.3		
Thickness	ft	Normal	643.2	804.0	964.8
Net to Gross (matrix)	%	Normal	40.8	51.0	61.2
Porosity (matrix)	%	Beta	2.9	3.7	4.9
Sw (matrix)	%	Beta	35.7	55.4	67.2
Net to Gross (fracture)	%	Single	100		
Porosity (fracture)	%	Beta	0.1	0.3	1.9
Sw (fracture)	%	Beta	35.7	55.4	67.2
GEF (1/Bg)	Scf/cf	Normal	108	106	104
Notes to the table:					
1. Probabilistic methods have been used.					

**Table 6-3: Nebraska northwest region Zone 4 volumetric input parameters (RISC)**

Name	Unit	Shape	P90	P50	P10
Area	Acres	Single	1,171.3		
Thickness	ft	Normal	896.8	1,121.0	1,345.2
Net to Gross (matrix)	%	Normal	28.8	36.0	43.2
Porosity (matrix)	%	Beta	1.6	2.5	4.8
Sw (matrix)	%	Beta	0.7	41.5	64.7
Net to Gross (fracture)	%	Single	100		
Porosity (fracture)	%	Beta	0.1	0.4	2.5
Sw (fracture)	%	Beta	0.7	41.5	64.7
GEF (1/Bg)	Scf/cf	Normal	259	253	239
Notes to the table:					
1. Probabilistic methods have been used.					

The matrix porosity is evaluated to be less than 5% (P10) in both zones. However, the fracture porosity is evaluated to be up to 1.9% (P10) for Zone 1 and 2.5% (P10) for Zone2. It is expected that reservoir of this nature will predominantly rely upon fracture porosity for deliverability and matrix porosity for gas in-place 'storage'.

### 6.1.3. Gas composition

Although some gas samples were captured during the Hoarty NE-3 drilling program the samples are considered to be contaminated, and the compositional analytical results are ambiguous.

During well swabbing operations gas evacuated from the annulus of the well burned with a clear flame in direct sunlight which is indicative of a hydrogen flame. Isotube gas samples collected prior to swabbing were contaminated by air and possibly altered due to microbial activity within the well, corrections for contamination have been used where possible.

Manual sampling of gas bubbles evolving from the mud in the mud returns line whilst drilling has yielded the highest measured hydrogen gas concentrations (refer Figure 5-1) but these too were contaminated by air.

A wide range of gas composition has therefore been adopted by RISC to address the compositional uncertainty which is confined by the available data.

There is a substantial difference between the pressure and temperature of Zones 1 and 4. Zone 1 is estimated to be at 1,400 psia and 96 °F, Zone 4 is estimated to be 4,075 psia and 149 °F. This combined with the variation in hydrogen estimates (P50 estimate of 8% for Zone 1 and 12% for Zone 4) results in Zone 4 being estimated as compositionally superior with respect to hydrogen.

The estimated gas compositions are shown in Table 6-4 and the estimated formation factors in Table 6-2 and Table 6-3..

**Table 6-4: Gas composition volumetric input parameters (RISC)**

Zone		Hydrogen (H <sub>2</sub> )	Methane (CH <sub>4</sub> )	Nitrogen (N <sub>2</sub> )
<b>Zone 1</b>	Low (%)	4.0	20.9	75.1
	Best (%)	8.0	18.9	73.1
	High (%)	12.0	15.0	73.0
<b>Zone 4</b>	Low (%)	4.0	20.9	75.1
	Best (%)	12.0	15.0	73.0
	High (%)	33.8	4.1	62.1

Notwithstanding the uncertainties regarding the analysis of hydrogen content, RISC notes that helium gas of up to 7.6% concentration was measured in the isotube samples (refer Table 5-3).

#### 6.1.4. Gas in-place estimate Nebraska northwest

RISC has undertaken a probabilistic assessment of total raw gas in-place for the Nebraska northwest region. The estimated gross raw gas in-place for which is shown below in Table 6-5.

**Table 6-5: Nebraska northwest raw gas in-place estimate (gross project)**

Gross raw GIIP (Bcf)	P90	P50	P10
Zone 1	27.7	44	70.3
Zone 4	59.7	114.0	214.0
<b>Arithmetic summation</b>	<b>87.4</b>	<b>158.0</b>	<b>284.3</b>
Notes to the table:			
1. Probabilistic methods have been used.			
2. Raw gas in-place estimate includes gases as presented in Table 6-4.			

The gross hydrogen gas in-place (net of other gases as per Table 6-4) has also been estimated by probabilistic methods and is shown below in Table 6-6. In the derivation of this estimate gases other than hydrogen were considered as inerts.

**Table 6-6: Nebraska northwest gross hydrogen gas in-place estimate (gross project)**

Gross hydrogen GIIP (Bcf)	P90	P50	P10
Zone 1	1.5	3.4	6.5
Zone 4	4.1	16.9	47.8
<b>Arithmetic summation</b>	<b>5.6</b>	<b>20.3</b>	<b>54.3</b>
Notes to the table:			
1. Probabilistic methods have been used.			
2. Hydrogen gas in-place estimate net of gases as presented in Table 6-4.			

#### 6.1.5. Gas in-place estimate other regions

RISC has estimated the gross raw gas and gross hydrogen gas (net of other gases) for the Nebraska northwest region. This estimate is based on the data and analyses of the recently drilled Hoarty NE-3 well. A resource density range has consequently been calculated for natural hydrogen gas based on this estimate range and the prospective area and this is presented in Table 6-7. A resource density range for natural hydrogen gas for the Nebraska northwest region has been calculated to be between 0.005 Bcf/acre (P90) and 0.05 Bcf/acre (P10).

**Table 6-7: Nebraska northwest hydrogen gas in-place and resource density (gross project)**

Region	Hydrogen GIIP (Bcf)			Hydrogen Bcf/acre		
	P90	P50	P10	P90	P50	P10
Nebraska northwest	5.6	20.3	54.3	0.005	0.02	0.05

RISC has applied this hydrogen gas in-place resource density range to estimate the hydrogen gas in-place for the Nebraska southeast, South Carolina west and South Carolina east areas of the JDA (Table 6-8).

**Table 6-8: Hydrogen gas in-place estimate using resource density from Nebraska northwest region (gross project)**

Region	Area (ac)	Hydrogen GIIP (Bcf)		
		P90	P50	P10
Nebraska southeast	407.7	2.0	7.1	18.9
South Carolina west	551.0	2.6	9.5	25.5
South Carolina east	682.0	3.3	11.8	31.6

The Nebraska southeast region is 25 km to the southeast of the Hoarty NE-3 well and associated leases in the Nebraska northwest region. RISC has reviewed the available regional basement geological information including gravity data publicly available from the United States Geological Survey ('USGS') and finds it reasonable to extrapolate the resource density estimate to the Nebraska southeast region.

However, given the uncertainties in the subsurface for the South Carolina west and east regions it is highly speculative to apply this resource density to these regions. In the absence of any data RISC has not applied any discount factor to the resource density as applied to the South Carolina regions. The gross hydrogen gas in-place estimate for all regions is presented in Table 6-9.

## 6.2. Reservoir development plan

RISC has not been provided a conceptual plan to develop and produce gas from the assets nor to process and extract the hydrogen from the well stream. In the absence of a development concept RISC is unable to estimate recoverable resources for the NIPL assets.

Factors to consider in the formulation of a development concept include reservoir performance, well count, artificial stimulation, well deliverability and surface processing equipment. An appraisal campaign with appropriate testing and sampling will address these issues.

RISC notes that the USA has a well-developed articulated network of natural gas pipelines infrastructure. It is reasonable to assume that any produced hydrogen gas could be evacuated via this network. Hydrogen gas can be introduced to existing natural gas infrastructure up to approximately 10% by volume.

**Table 6-9: JDA gross hydrogen gas in-place estimates**

Region	Hydrogen GIIP (Bcf)		
	P90	P50	P10
Nebraska northwest	5.6	20.3	54.3
Nebraska southeast	2.0	7.1	18.9
South Carolina west	2.6	9.5	25.5
South Carolina east	3.3	11.8	31.6
<b>Arithmetic sum</b>	<b>13.5</b>	<b>48.7</b>	<b>130.4</b>
Notes to the table: 1. Probabilistic methods have been used. 2. Raw gas in-place estimate			

In RISC opinion, the NIPL assets are currently immature and require further exploration and appraisal before an estimate of recovery and therefore resources can be made.

### 6.3. Discovery test

In RISC opinion, the Hoarty NE-3 well has not proven an accumulation of natural hydrogen gas. There remains significant uncertainty in the hydrogen gas concentrations and producibility has not yet been demonstrated.

### 6.4. Geological risk

NH2E and NIPL have not provided an estimate of geological risk for a natural hydrogen exploration play in any of the JDA lease areas.

The petroleum industry concepts of geological play risk and prospect specific risk however can be applied in this instance. For the Nebraska northwest region, as tested by the Hoarty NE-3 well, the natural hydrogen gas exploration play has been tested and appears to be present. However, the concentration of natural hydrogen gas in the subsurface has some significant uncertainty. RISC therefore assess the geological play risk at 70% for this region.

For the Nebraska southeast area an extension of this play (25 km to the southeast) is required and therefore consequently becomes riskier. For the South Carolina regions the play has not been shown to be present and is therefore considered high risk.

For a prospect specific risk of the Nebraska northwest region, as tested by the Hoarty NE-3 well, RISC estimate the chance of recovering natural hydrogen on a production test at 40%. This is based on the natural hydrogen gas as measured whilst drilling and the chance of establishing a commercially productive reservoir interval in the well. The resultant geological risk of the Nebraska northwest region is assessed at 28% (70% x 40%).

RISC cannot assign a geological risk to the Nebraska southeast or South Carolina regions.

## 7. Valuation

RISC has considered oil and gas industry accepted practices to determine Value, including comparable transactions, farm-in promotion factors, sunk costs / work program and EMV. Please refer to Section 2.3 for a description of the valuation approaches.

Alternative valuation approaches have been investigated to support the valuation and these are presented and discussed herein.

### 7.1. HyTerra Ltd assets

RISC has assessed a fair market value of HyTerra's net interest in the Aolong joint venture to be between - AU\$0.5 million and AU\$0 million with a best estimate of AU\$0 million (Table 7-1).

**Table 7-1: Aolong joint venture valuation summary**

	Valuation (AU\$ million)		
	Low	Best	High
Aolong joint venture 100% project	0	0	0
Net HyTerra	-0.5	0	0
Valuation rationale	Potential liabilities for past drilling cost reconciliation	Prospectivity of the joint venture project area, work program and incorporated joint venture contract revision.	

Notes to the table:

1.

Net HyTerra low estimate assumes that HyTerra is liable for claim of AU\$0.5 million in past drilling costs.

2.

Best and high estimates reflect the prospectivity of the project areas, the current status of the project with no work program post-2015 and the likelihood of revised Sino-Foreign articles of incorporation being agreed between the joint venture parties.

3.

Conversion rate of AU\$1.4 to US\$1 used.

#### 7.1.1. Valuation assumptions and summary

RISC has considered the following in its estimation of Value:

- Sunk costs (capitalised exploration expenditure) as advised to RISC are AU\$8.175 million net to HyTerra.
- HyTerra has advised that the incorporated joint venture has not undertaken any work program since the completion of the drilling of Yixin-1 in 2015.
- RISC understands that there are currently no plans to undertake any future work program in the project area.
- HyTerra have advised RISC that they plan to write-down the full asset value.
- HyTerra have advised RISC that an outstanding claim of AU\$0.5 million associated with the prior drilling costs. RISC understands that this claim has been disputed, but HyTerra recognise the claim as a potential liability.

## 7.2. Neutralysis Industries Pty Ltd assets

RISC has assessed a fair market value of NIPL's net interest in the NH2E JDA to be between AU-\$7.0 million and AU\$38.9 million with a best estimate of AU\$4.9 million (Table 7-2).

Table 7-2: NIPL valuation summary

	Valuation (AU\$ million)		
	Low	Best	High
<b>NH2E JDA 100% Project</b>	-11.7	16.3	76.3
<b>Net NIPL</b>	-7.0	4.9	38.9
<b>Valuation rationale</b>	Sunk costs	Farm-in promote (Joint Venture terms)	\$/acre
Notes to the table: 1. Costs are in US\$. Conversion rate of AU\$1.4 to US\$1 used. 2. Net NIPL for the low and best estimate of Value determined based on an earned 30% beneficial interest at the completion of Phase 1. For the high estimate, 51% beneficial interest at the completion of Phase 2 is applied.			

### 7.2.1. Valuation assumptions and summary

RISC has considered the following in its estimation of Value:

- Sunk costs incurred by NH2E for the drilling of the Hoarty NE-3 well amount to US\$3,362,000. These costs are past expenditures incurred by NH2E alone and NIPL is not considered to be contributing towards these costs as part of the JDA. As such, these costs are not considered by RISC in the determination of Value.
- NIPL sunk costs to date (contributions towards Phase 1 of the JDA) as advised to RISC are the amount of US\$1,671,042 comprising funding of the 2021 swabbing operations of the Hoarty NE-3 well, the purchase of gas detection equipment and general expenses.
- The JDA specified work program to be funded by NIPL for Phase 1 is US\$5 million and US\$15 million for Phase 2, to a total of US\$20 million.
- The JDA describes the establishment of a joint venture company to reflect the beneficial ownership of each party during the earn-in. The NIPL beneficial interest in the joint venture company at the end of Phase 1 will be 30%, and 51% at the end of Phase 2.
- RISC have assumed that Phase 1 of the JDA work program and its funding is a firm obligation borne by NIPL and non-negotiable.
- It is assumed by RISC in the low and best estimate of Value that NIPL elect to seek to defer or renegotiate the JDA terms at the end of Phase 1 and remain at the earned 30% beneficial interest level ('stand-still').
- Transaction metrics of 384 petroleum transactions within the GlobalData intelligence database of asset transactions in the USA since 1/1/2017 have been analysed in the determination of high case valuation.
- Natural hydrogen gas content, deliverability and recovery is largely unconstrained.
- The range in the valuation is reflective of the availability of data and that the technical data and its evaluation is in the early stages of exploration.

The valuation method and analysis are detailed in Table 7-3. The projects sunk costs and the JDA's agreed work program and expenditure (to be funded by NIPL) provide a direct method for determining Value (appraised value method or cost method, and joint venture terms or farmin method). RISC has used the obligated firm Phase 1 costs for determining the low estimate of Value, the JDA Phase 1 work program for the best estimate and for the high estimate of Value, a nominal value per acre has been adopted (comparable or benchmark method), as described below.

**The low estimate of Value** was determined based on the assumption that the Phase 1 work program, specifically the well testing, fails to demonstrate recoverable natural hydrogen gas from the Hoarty NE-3 well. In effect the obligated Phase 1 expenditures borne by NIPL effectively downgrade the prospectivity of the assets. No discount or uplift has been applied as these costs. It is assumed that the JDA is terminated or that the parties agree to 'stand-still' with NIPL retaining a 30% beneficial interest. Net NIPL Value reflects the firm obligated Phase 1 costs as funded by NIPL 100%.

**The best estimate of Value** is based on the JDA work program at the completion of Phase 1 of the NIPL earn-in. It is assumed that the Phase 1 work program has yielded inconclusive but encouraging results and intrinsic project Value has been created. The implied 'farm-in promote factor' for Phase 1 is 3.3:1 where NIPL funds 100% of the Phase 1 work program (US\$5 million) to earn a 30% beneficial interest. RISC assume that at the completion of Phase 1 NIPL would seek to defer Phase 2 activities or renegotiate the terms of the JDA. At this point in time, the new joint venture company established under the JDA would reflect the 30% beneficial interest earned by NIPL.

RISC cannot provide an estimate of the chance of these low or best estimate outcomes. Therefore, no risking, uplift or discount has been applied in the valuation.

**In the determination of a high estimate of Value**, RISC has analysed transaction metrics of 384 petroleum transactions of assets in the USA since 1/1/2017 within the GlobalData intelligence database, extracted on 8/3/2022. The transactions include all petroleum prospective and productive regions of the onshore basins of the USA. Of these transactions, 69 have \$/acre metrics which were analysed by RISC (Table 7-4).

The transactions as extracted from GlobalData contain only two transactions in Nebraska and no transactions in South Carolina. The transactions in Nebraska do not have a \$/acre metric and are of inconsequential value. RISC do not consider these as comparable transactions in this instance.

As shown in Table 7-4, there is a significant range in \$/acre metrics. This is reflective of the relative prospectivity, productivity and commercial terms of the various transactions. Within the analysis one transaction with a metric of US\$83,750/acre has skewed the analysis and has been selectively removed in some of the analysis. Transactions on shale assets, being a resource play, has been analysed as a potential proxy for a natural hydrogen gas play.

High case or P10 US\$/acre metrics for all transactions can be seen to range from US\$13,797 to US\$19,280 per acre. For the states of Kansas and Wyoming a P10 range of US\$707 to US\$27,902 per acre is evident.

For the determination of a high estimate of Value, RISC has adopted a US\$14,000/acre metric which is supported by the analysis, including the shale gas transactions alone (US\$14,285/acre).

Table 7-3: NIPL valuation analysis

Valuation Method & Analysis	Factor or Cost	
	US\$	AU\$
<b>Low Estimate – Undiscounted sunk costs</b>		
Hoarty NE-3 drilling costs net NH2E (undiscounted)	US\$3.4 million	AU\$4.8 million
Phase 1 costs to date net NIPL (undiscounted)	US\$1.7 million	AU\$2.4 million
Project gross sunk costs to date (undiscounted)	US\$5.1 million	AU\$7.2 million
Phase 1 work program net NIPL (undiscounted)	US\$5.0 million	AU\$7.0 million
<b>Valuation net NIPL</b>	<b>US-\$5.0 million</b>	<b>AU-\$7.0 million</b>
<b>Best Estimate – Phase 1 of JDA</b>		
Transaction costs/expenditure (Phase 1)	US\$5.0 million	AU\$7.0 million
Equity share of Phase 1 work program (30% equity)	US\$1.5 million	AU\$2.1 million
Farm-in promote factor (implied)	3.3 : 1	
Farm-in premium (net NIPL)	US\$3.5 million	AU\$4.9 million
Project value (gross)	US\$11.7 million	AU\$16.3 million
<b>Valuation net NIPL (30 %)</b>	<b>US\$3.5 million</b>	<b>AU\$4.9 million</b>
<b>High Estimate – \$/acre</b>		
Total leased acres included in JDA	3,891 acres	
Comparable transactions analysis \$/acre (P90)	US\$311	AU\$435
Comparable transactions analysis \$/acre (P50)	US\$2,446	AU\$3,424
Comparable transactions analysis \$/acre (P10)	US\$14,751	AU\$20,651
\$/acre selected for high case valuation	US\$14,000	AU\$19,600
Project value (gross)	US\$54.5 million	AU\$76.3 million
<b>Valuation net NIPL (51 %)</b>	<b>US\$27.8 million</b>	<b>AU\$38.9 million</b>
<p>Notes to the table:</p> <ol style="list-style-type: none"> <li>1. Costs are in US\$. Conversion rate of AU\$1.4 to US\$1 used.</li> <li>2. Low estimate assumes that well testing is inconclusive or fails to demonstrate recoverable natural hydrogen gas. Project gross costs to date includes drilling costs plus Phase 1 expenditure to date. Past costs associated with the drilling of the Hoarty NE-3 well are not considered in the valuation. Gross and net Value reflects NIPL obligated funding for Phase 1 only, excluding sunk well costs.</li> <li>3. Best estimate assumes that the JDA parties agree to pause the JDA or 'stand-still' at the completion of Phase 1 expenditure and NIPL earn-in.</li> <li>4. High estimate based on transaction analysis from 384 petroleum transactions on assets located in the USA, 69 of which have \$/acre metric as reported in GlobalData transaction database (extracted 8 March 2022). Refer to text for more information.</li> </ol>		

**Table 7-4: GlobalData \$/acre transaction metrics analysis**

Transactions (with US\$/acre metric)	US\$/acre		
	P90	P50	P10
All states, all transactions (n=69)	316	2,585	18,808
All states excluding largest transaction (n=68)	311	2,446	14,751
All states excluding 5 largest, 5 smallest transactions (n=58)	350	2,585	13,797
All states, shale transactions only (n=33)	353	3,009	19,280
All states, shale transactions only, excluding largest transaction (n=32)	344	2,797	14,285
Kansas only (n=7)	82	371	707
Wyoming (n=21)	333	2,616	27,902
Notes to the table: 1. GlobalData onshore USA petroleum transactions since 1/1/2017 as extracted on 8/3/2022			

### 7.2.2. Valuation alternatives

RISC is not aware of any natural hydrogen gas play related transactions globally that could be used in this instance as a comparable transaction, nor of any publicly listed hydrogen exploration and production companies for market capitalisation benchmarking.

Using \$/acre metrics for the basis of a valuation alternative is shown below in Table 7-5. The low case estimate of Value on this basis is not directly comparable to the valuation as presented in Table 7-2 as the \$/acre basis assumes that the acreage would have some intrinsic Value which has yet to be demonstrated.

However, for a best estimate of Value using a \$/acre metric approximates the best estimate of Value using the joint venture terms (or farmin) method used in our valuation. For comparison, the NH2E – NIPL JDA at the completion of Phase 1 would amount to US\$2,998/acre (gross) whereas RISC has determined that a best estimate metric of US\$3,000/acre is reasonable based on the analysis of the aforementioned GlobalData transactional database.

**Table 7-5: Alternative valuation using \$/acre metrics**

	Value		
	Low	Best	High
\$/acre	US\$300 (AU\$420)	US\$3,000 (AU\$4,200)	US\$14,000 (AU\$19,600)
Acres	3,891		
Gross valuation	US\$1.2 million (AU\$1.6 million)	US\$11.7 million (AU\$16.3 million)	US\$54.5 million (AU\$76.3 million)
Valuation net NIPL	US\$0.4 million (AU\$0.5 million)	US\$3.5 million (AU\$4.9 million)	US\$27.8 million (AU\$38.9 million)
Notes to the table: <ol style="list-style-type: none"> <li>1. Conversion rate of AU\$1.4 to US\$1 used.</li> <li>2. Net NIPL calculation assumes 30% beneficial interest in the low and best case, and 51% in the high case.</li> </ol>			

## **8. Declarations**

### **8.1. Terms of engagement**

This report, any advice, opinions or other deliverables are provided pursuant to the Engagement Contract agreed to and executed by the Client and RISC.

### **8.2. Qualifications**

RISC is an independent oil and gas advisory firm. All of the RISC staff engaged in this assignment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 20 years.

RISC was founded in 1994 to provide independent advice to companies associated with the oil and gas industry. Today the company has approximately 40 highly experienced professional staff at offices in Perth, Brisbane, Jakarta and London. We have completed over 2,000 assignments in 70+ countries for nearly 500 clients. Our services cover the entire range of the oil and gas business lifecycle and include:

- Oil and gas asset valuations, expert advice to banks for debt or equity finance;
- Exploration/portfolio management;
- Field development studies and operations planning;
- Reserves assessment and certification, peer reviews;
- Gas market advice;
- Independent Expert/Expert Witness;
- Strategy and corporate planning.

The preparation of this report has been managed by Mr Adam Craig who is an employee of RISC. Mr Craig is a highly experienced Geoscientist and Manager, with over 30 years' experience in the upstream oil & gas sector working for small and mid-size independents, as well as NOC related entities. He is a member and Certified Practising Geologist (#6446) of the AAPG. Adam is also a member of PESA (2021-22 WA Branch President) and a Fellow of the Geological Society. He holds BSc in Geology from Curtin University, Western Australia and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX listing rules.

### **8.3. Standard**

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

This Report has been prepared in accordance with the Australian Securities and Investment Commission (ASIC) Regulatory Guides 111 and 112.

## 8.4. Limitations

The assessment of petroleum assets is subject to uncertainty because it involves judgments on many variables that cannot be precisely assessed, including reserves/resources, future oil and gas production rates, the costs associated with producing these volumes, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

The statements and opinions attributable to RISC are given in good faith and in the belief that such statements are neither false nor misleading. While every effort has been made to verify data and resolve apparent inconsistencies, neither RISC nor its servants accept any liability, except any liability which cannot be excluded by law, for its accuracy, nor do we warrant that our enquiries have revealed all of the matters, which an extensive examination may disclose. In particular, we have not independently verified property title, encumbrances or regulations that apply to these assets.

Our review was carried out only for the purpose referred to above and may not have relevance in other contexts.

## 8.5. Independence

RISC makes the following disclosures:

- RISC is independent with respect to HyTerra and confirms that there is no conflict of interest with any party involved in the assignment.
- Under the terms of engagement between RISC and HyTerra, RISC will receive a time-based fee, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, RISC has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report.
- Neither RISC Directors nor any staff involved in the preparation of this report have any material interest in HyTerra or in any of the properties described herein.

## 8.6. Copyright

This document is protected by copyright laws. Any unauthorised reproduction or distribution of the document or any portion of it may entitle a claim for damages. Neither the whole nor any part of this report nor any reference to it may be included in or attached to any prospectus, document, circular, resolution, letter or statement without the prior consent of RISC.

## 8.7. Consent

RISC has consented to this report, in the form and context in which it appears, being included, in its entirety, in the Notice of Meeting. Neither the whole nor any part of this report nor any reference to it may be included or attached to any other document, circular, resolution, letter or statement without the prior consent of RISC.

## 9. List of terms

The following lists, along with a brief definition, abbreviated terms that are commonly used in the oil and gas industry and which may be used in this report.

Term	Definition
1P	Equivalent to Proved reserves or Proved in-place quantities, depending on the context.
1Q	1st Quarter
2P	The sum of Proved and Probable reserves or in-place quantities, depending on the context.
2Q	2nd Quarter
2D	Two Dimensional
3D	Three Dimensional
4D	Four Dimensional – time lapsed 3D in relation to seismic
3P	The sum of Proved, Probable and Possible Reserves or in-place quantities, depending on the context.
3Q	3rd Quarter
4Q	4th Quarter
AFE	Authority for Expenditure
Bbl	US Barrel
BBL/D	US Barrels per day
BCF	Billion (10 <sup>9</sup> ) cubic feet
BCM	Billion (10 <sup>9</sup> ) cubic metres
BFPD	Barrels of fluid per day
BOPD	Barrels of oil per day
BTU	British Thermal Units
BOEPD	US barrels of oil equivalent per day
BWPD	Barrels of water per day
°C	Degrees Celsius
Capex	Capital expenditure
CAPM	Capital asset pricing model
CGR	Condensate Gas Ratio – usually expressed as bbl/MMscf
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources as defined in the SPE-PRMS.
CO <sub>2</sub>	Carbon dioxide
CP	Centipoise (measure of viscosity)
CPI	Consumer Price Index
DEG	Degrees
DHI	Direct hydrocarbon indicator
Discount Rate	The interest rate used to discount future cash flows into a dollars of a reference date
DST	Drill stem test
E&P	Exploration and Production
EG	Gas expansion factor. Gas volume at standard (surface) conditions/gas volume at reservoir conditions (pressure and temperature)
EIA	US Energy Information Administration

Term	Definition
EMV	Expected Monetary Value
EOR	Enhanced Oil Recovery
ESMA	European Securities and Markets Authority
ESP	Electric submersible pump
EUR	Economic ultimate recovery
Expectation	The mean of a probability distribution
F	Degrees Fahrenheit
FDP	Field Development Plan
FEED	Front End Engineering and design
FID	Final investment decision
FM	Formation
FPSO	Floating Production Storage and offtake unit
FWL	Free Water Level
FVF	Formation volume factor
GIIP	Gas Initially In Place
GJ	Giga (10 <sup>9</sup> ) joules
GOC	Gas-oil contact
GOR	Gas oil ratio
GRV	Gross rock volume
GSA	Gas sales agreement
GTL	Gas To Liquid(s)
GWC	Gas water contact
H <sub>2</sub> S	Hydrogen sulphide
HHV	Higher heating value
ID	Internal diameter
IRR	Internal Rate of Return is the discount rate that results in the NPV being equal to zero.
JV(P)	Joint Venture (Partners)
Kh	Horizontal permeability
km <sup>2</sup>	Square kilometres
K <sub>rw</sub>	Relative permeability to water
K <sub>v</sub>	Vertical permeability
kPa	Kilo (thousand) Pascals (measurement of pressure)
Mstb/d	Thousand Stock tank barrels per day
LIBOR	London inter-bank offered rate
LNG	Liquefied Natural Gas
LTBR	Long-Term Bond Rate
m	Metres
MDT	Modular dynamic (formation) tester
mD	Millidarcies (permeability)
MJ	Mega (10 <sup>6</sup> ) Joules
MMbbl	Million US barrels
MMscf(d)	Million standard cubic feet (per day)

Term	Definition
MMstb	Million US stock tank barrels
MOD	Money of the Day (nominal dollars) as opposed to money in real terms
MOU	Memorandum of Understanding
Mscf	Thousand standard cubic feet
Mstb	Thousand US stock tank barrels
MPa	Mega ( $10^6$ ) pascal (measurement of pressure)
mss	Metres subsea
MSV	Mean Success Volume
mTVDss	Metres true vertical depth subsea
MW	Megawatt
NPV	Net Present Value (of a series of cash flows)
NTG	Net to Gross (ratio)
ODT	Oil down to
OGIP	Original Gas In Place
OOIP	Original Oil in Place
Opex	Operating expenditure
OWC	Oil-water contact
P90, P50, P10	90%, 50% & 10% probabilities respectively that the stated quantities will be equalled or exceeded. The P90, P50 and P10 quantities correspond to the Proved (1P), Proved + Probable (2P) and Proved + Probable + Possible (3P) confidence levels respectively.
PBU	Pressure build-up
PJ	Peta ( $10^{15}$ ) Joules
POS	Probability of Success
Possible Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
Probable Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations as defined in the SPE-PRMS.
Proved Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as 1P, also as "Proven".
PSC	Production Sharing Contract
PSDM	Pre-stack depth migration
PSTM	Pre-stack time migration

Term	Definition
psia	Pounds per square inch pressure absolute
p.u.	Porosity unit e.g. porosity of 20% +/- 2 p.u. equals a porosity range of 18% to 22%
PVT	Pressure, volume & temperature
QA/QC	Quality Assurance/ Control
rb/stb	Reservoir barrels per stock tank barrel under standard conditions
RFT	Repeat Formation Test
Real Terms (RT)	Real Terms (in the reference date dollars) as opposed to Nominal Terms of Money of the Day
Reserves	RESERVES are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.
RT	Measured from Rotary Table or Real Terms, depending on context
SC	Service Contract
scf	Standard cubic feet (measured at 60 degrees F and 14.7 psia)
Sg	Gas saturation
Sgr	Residual gas saturation
SRD	Seismic reference datum lake level
SPE	Society of Petroleum Engineers
SPE-PRMS	Petroleum Resources Management System, prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.
s.u.	Fluid saturation unit. e.g. saturation of 80% +/- 10 s.u. equals a saturation range of 70% to 90%
stb	Stock tank barrels
STOIIP	Stock Tank Oil Initially In Place
Sw	Water saturation
TCM	Technical committee meeting
Tcf	Trillion (10 <sup>12</sup> ) cubic feet
TJ	Tera (10 <sup>12</sup> ) Joules
TLP	Tension Leg Platform
TRSSV	Tubing retrievable subsurface safety valve
TVD	True vertical depth
US\$	United States dollar
US\$ million	Million United States dollars
WACC	Weighted average cost of capital
WHFP	Well Head Flowing Pressure
Working interest	A company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.
WPC	World Petroleum Council
WTI	West Texas Intermediate Crude Oil

## SCHEDULE 1 – MATERIAL TERMS AND CONDITIONS OF ACQUISITION AGREEMENTS

### 1. Share Sale and Purchase Agreement

The Company (**Purchaser**), Neutralysis and 8 key Neutralysis Shareholders (collectively the **Vendors**), propose to enter into a Share Sale and Purchase Agreement to affect the Acquisition. Refer to Section 1.2 for further information with respect to the Share Sale and Purchase Agreement and the Acquisition. The material terms and conditions of the Share Sale and Purchase Agreement are summarised below:

<b>Vendors</b>	<ul style="list-style-type: none"> <li>(a) Pouvoir Pty Ltd ACN 009 074 088 ATF Brimage Super Fund A/C;</li> <li>(b) Robert Francis Davies;</li> <li>(c) Brendan Egan;</li> <li>(d) Ferdinand Azis ATF FC Blessing Family A/C;</li> <li>(e) Kenneth John Bull;</li> <li>(f) KKSH Holdings Pty Ltd;</li> <li>(g) Ms Maya Pranoto &amp; Mr Norman Ka-Meng Lip &lt;Manor Ventures A/C&gt;; and</li> <li>(h) Kyle Stuart Passmore,</li> </ul> <p>(together, the <b>Vendors</b>).</p>
<b>Conditions Precedent</b>	<p>Completion of the Acquisition (<b>Completion</b>) is conditional upon the satisfaction (or waiver by the Company) of the following conditions precedent on or before 31 December 2022:</p> <ul style="list-style-type: none"> <li>(a) <b>(Purchaser Due Diligence)</b>: the Purchaser confirming in writing to the Vendors that it is satisfied, in its sole discretion, with its due diligence on Neutralysis and its business, including, without limitation, the Neutralysis' assets, operations, financial position and financial performance;</li> <li>(b) <b>(Majority Shareholders Due Diligence)</b>: the Vendors confirming in writing to the Purchaser that they are satisfied in their sole discretion with their due diligence review of the business, assets, operations, financial position and financial performance of the Purchaser;</li> <li>(c) <b>(Shareholder Approvals)</b>: the Purchaser obtaining the following unobtained shareholder approvals: <ul style="list-style-type: none"> <li>(i) approval of the change in nature and scale of the Purchaser's activities;</li> <li>(ii) approval for the appointment of Mr Russell Brimage as a director of the Purchaser;</li> <li>(iii) approval for the issue of the Public Offer Shares;</li> <li>(iv) approval for the issue of the IOS Shares and IOS Options;</li> <li>(v) approval for the issue of the Consideration Securities under item 7 of section 611 of the Corporations Act; and</li> <li>(vi) approval of any ancillary corporate matters required, or desirable to the Purchaser, to facilitate the Acquisition,</li> </ul> </li> </ul>

	<p>(d) <b>(Conditional approval)</b>: the ASX conditionally approving the Re-instatement, on conditions satisfactory to the Purchaser, acting reasonably;</p> <p>(e) <b>(Public Offer)</b>: the Purchaser raising the Minimum Subscription under the Public Offer;</p> <p>(f) <b>(Extinguishment of Existing Company Loans)</b>: the Vendors taking all actions necessary to ensure that the Existing Company Loans have been extinguished in full (including any capitalisation of the Existing Company Loans into Neutralysis Shares) to the Purchaser's satisfaction; and</p> <p>(g) <b>(Minority Shareholder Sale Agreement)</b>: each Minority Shareholder having executed a Minority Shareholder Sale Agreement.</p> <p>For the purposes of this clause, <b>Existing Company Loans</b> means all loans and borrowings between the Company and any third party.</p>
<b>Re-composition of the Board</b>	Subject to Shareholder approval, on Completion the Purchaser's board will be re-composed such that Mr Murray D'Almeida will resign and Mr Russell Brimage will be appointed as Non-Executive Chairman.

The Share Sale and Purchase Agreement otherwise contains provisions considered standard for an agreement of its nature.

## 2. Minority Share Sale Agreement

The remaining 42 Neutralysis Shareholders (each, a **Minority Shareholder**) propose to enter into a Minority Shareholder Sale Agreement with the Company to affect the Acquisition. Refer to Section 1.2 for further information with respect to the Minority Shareholder Sale Agreement and the Acquisition. The material terms and conditions of the Minority Shareholder Sale Agreement are summarised below:

<b>Condition Precedent</b>	Completion under each Minority Shareholder Sale Agreement is conditional on completion becoming unconditional under the Share Sale and Purchase Agreement ( <b>Condition Precedent</b> ).
<b>Completion</b>	<p>Subject to the terms of the Minority Shareholder Sale Agreement, the Minority Shareholder must on, or prior to, the Completion, deliver to the Company:</p> <p>(a) an executed but undated registration form transferring their Neutralysis Shares to the Company;</p> <p>(b) a copy of the Minority Shareholder Sale Agreement executed by the Minority Shareholder;</p> <p>(c) the Minority Shareholder's share certificate in respect of their Neutralysis Shares, and</p> <p>(d) any other documents that are necessary to vest full legal and equitable title in Neutralysis in the Company.</p>

The Minority Shareholder Sale Agreement otherwise contains provisions considered standard for an agreement of its nature.

## SCHEDULE 2 – MATERIAL TERMS AND CONDITIONS OF JDA

<b>Parties</b>	Neutralysis Industries Pty Ltd ( <b>Neutralysis</b> ) Natural Hydrogen Energy LLC, a company incorporated in the United States ( <b>NH2E</b> )
<b>Summary of the Contract</b>	Neutralysis and NH2E have entered into a joint venture agreement pursuant to which the parties have agreed to incorporate a joint venture company ( <b>JVCO</b> ) to carry out the development and exploration of Hydrogen and other products ( <b>Joint Venture Agreement</b> ).
<b>Execution</b>	1 April 2022
<b>Term</b>	The Joint Venture Agreement will remain in effect until the earliest of the following: (a) mutual agreement in writing; (b) the execution and effectiveness of the form company agreement and operating agreement for JVCO ( <b>JVCO LLCA</b> ) and the operating agreement; (c) termination by Neutralysis; or (d) at the non-defaulting party's sole election, during the pendency of a default period.
<b>Exploration and Development Plan</b>	The parties agree to jointly develop the development assets which comprises of the following: (a) <b>Initial Well:</b> Hoarty NE3 well which has been drilled and cased by NH2E; (b) <b>Leases:</b> the leases for hydrogen owned by NH2E; (c) <b>Joint Surface Facilities:</b> the surface facilities that are necessary or appropriate for the production of hydrogen from the Initial Well; and (d) <b>Excluded Assets:</b> being the existing intellectual property of NH2E, (together, the <b>Development Assets</b> ) in accordance with the development plan and budget set out in the Joint Venture Agreement and any agreed upon modifications ( <b>Exploration and Development Plan</b> ).
<b>Development Costs</b>	All costs and expenses to be expended to progress and operate the Development Assets. Neutralysis shall contribute to the JVCO or Management Committee all Development Costs up until it earns its 51% ownership interest in the Development Assets.
<b>Management Committee and Decision Making</b>	The parties agree to form a management committee to direct and authorise the expenditure of the Development Costs and Development Assets in accordance with the Development Plan ( <b>Management Committee</b> ).  The Management Committee is constituted by one member each from NH2E and Neutralysis.  Decisions of the Management Committee must be unanimous, subject to Neutralysis having the deciding vote and power to control and direct expenditure of Development Costs.
<b>Operator</b>	The Management Committee shall at all times during the term of this Agreement serve as operator of the Development Assets and direct expenditure of the Development Costs on the Development Assets.
<b>Existing Contribution</b>	Neutralysis has contributed US\$1,671,042 towards the Development Costs, and to develop and progress the Development Assets ( <b>Existing Contribution</b> ).  Accordingly, Neutralysis currently holds an approximate 10.03% beneficial interest in the Development Assets.
<b>Formation of JVCO</b>	Within 90 days of execution the parties agree to:

	<p>(a) form the JVCO in interests of the parties as per the earn-in at that time;</p> <p>(b) draft and complete the JVCO LLCA; and</p> <p>(c) draft and complete a licence agreement between JVCO and NH2E, granting JVCO and Neutralysis a non-exclusive license to use the Excluded Assets on the terms agreed in the Agreement.</p>
<b>Initial Interest and Earn-in on Execution</b>	<p>At execution, and in consideration for the Existing Contribution, the beneficial ownership of the Development Assets was:</p> <p>(a) NH2E= 90.94 %; and</p> <p>(b) Neutralysis = 9.06 %.</p> <p>As has been acknowledged above, Neutralysis currently holds a 10.03% beneficial interest in the Development Assets.</p> <p><b>Phase I:</b> upon further expenditure of a total of US\$5,000,000 (inclusive of the Existing Contribution) on Development Costs beneficial ownership of the Development Assets will be:</p> <p>(a) NH2E = 70%; and</p> <p>(b) Neutralysis = 30%.</p> <p>Upon further expenditure of a total of US\$15,000,000 (inclusive of the Existing Contribution) on Development Costs beneficial ownership of the Development Assets will be:</p> <p>(a) NH2E = 49%; and</p> <p>(b) Neutralysis = 51%.</p> <p>Following the earning of the 51% interest, each party is to contribute pro-rata to further Development Costs otherwise the JVCO operating agreement will provide for dilution on non-contribution.</p>
<b>Phase I</b>	<p>During Phase I, Neutralysis shall sole fund the sum of US\$5 million for the parties to jointly, through JVCO and the Management Committee undertake the following:</p> <p>(a) the Initial Well being completed;</p> <p>(b) performing low testing of zones accessible from the Initial Well, and an analysis of the resulting test results and fluid samples shall have been conducted to identify optimal producing zones;</p> <p>(c) a commercialisation plan prepared regarding the marketing of the projected volumes of hydrogen and other products;</p> <p>(d) a design and preparation of necessary surface facilities for the production of hydrogen from the Initial Well (Joint Surface Facilities) and selection of a contractor to construct the Joint Surface Facilities;</p> <p>(e) the commission of the Joint Surface Facilities; and</p> <p>(f) production of hydrogen from the Initial Well and the first arm's length sale of the hydrogen to a third party,</p> <p>(together, the <b>Phase I Milestones</b>)</p>
<b>Phase II</b>	<p>On completion of Phase I, Phase II shall commence in which Neutralysis commits US\$15 million (<b>Phase II Commitment</b>) in consideration for its further 21% ownership.</p> <p>During Phase II:</p> <p>(a) Neutralysis will continue to fund 100% of the Development Costs and the JVCO through the Management Committee, which shall continue to apply the funds towards the completion of the Phase I Milestones in accordance with the Joint Venture Agreement up to the amount of US\$15 million; and</p>

	<p>(b) to the extent not already completed, assign the Development Assets and all Development Costs and other costs, liabilities or obligations arising from or related to the ownership or operation of the Development Assets to JVCO and cause JVCO to execute the JVCO LLCA and the licence agreement which will govern the development of the assets.</p> <p>In exchange for the contribution of US\$15 million, Neutralysis will own 51% of JVCO.</p> <p>In the event Neutralysis only contributes part of the Phase II Commitment, Neutralysis' interest will increase proportionally to the amount contributed.</p>
<b>Funding Post Phase II</b>	After Phase II is completed, the Development Costs will be funded in proportion to each party's ownership interest.
<b>Joint Development Operation</b>	<p>At execution the operator is the Management Committee.</p> <p>During Phase I and Phase II, NH2E will serve as operator of the assets.</p> <p>At the conclusion of Phase II, the operator shall be determined by the Parties.</p> <p>If the Joint Venture Agreement is terminated, the terms of the JVCO LLC Agreement will set out the identity of the operator of the Development Assets and any procedure for replacing the operator upon the occurrence of specified events.</p>
<b>Termination by Neutralysis</b>	Neutralysis may terminate at any stage during Phase I or Phase II by giving notice to NH2E. Neutralysis shall not be entitled to any recovery of expenditures made under the Joint Venture Agreement but will be liable for all expenses Neutralysis committed to up to the date of Termination.
<b>Default and remedies</b>	<p>In the event that either party fails to pay its share of any costs and expenses pursuant to this Joint Venture Agreement, on or before the date such payment is due or either Party fails to perform any of its material obligations under the Agreement (<b>Defaulting Party</b>), then the other party (<b>Non-Defaulting Party</b>) may provide written notice to the Defaulting Party including a statement of the outstanding payment to be paid or the obligation to be performed.</p> <p>On receipt of the statement from the Non-Defaulting Party, the Defaulting Party will have 5 business days to pay any outstanding payment or 30 business days to perform any outstanding obligation (<b>Curing Period</b>) under the Joint Venture Agreement.</p> <p>If the Defaulting Party cures the applicable default on or prior to the expiration of the applicable date, the Non-Defaulting Party shall not be entitled to exercise any of the remedies set out within the Agreement, being:</p> <p>(a) the right to proceeds of production; or</p> <p>(b) specific performance of an outstanding obligation.</p>
<b>Reporting Requirement</b>	<p>The Management Committee shall provide the parties with access to the following data and reports within the time frames set out below:</p> <p>(a) daily drilling, completion, production and flowback reports;</p> <p>(b) no less than within 15 days following the end of a quarter, a report reflecting the production volumes, proceeds and Development Costs for the preceding calendar quarter; and</p> <p>(c) copies of all material correspondence concerning the Development Assets received by the any of the parties from any governmental authority, along with any material correspondence concerning the Development Assets from any Party to any such governmental authority.</p>
<b>Assignment</b>	Neither party may assign any interest without the prior written consent of the other party.

	<p>However, under the Joint Venture Agreement, NH2E acknowledges and agrees to the change in control of Neutralysis to cover its acquisition by the Company.</p> <p>Nonetheless, either party may assign to a wholly owned affiliate, but the assignment will not relieve the assigning party from any of its obligations under the Joint Venture Agreement.</p> <p>Furthermore, NH2E shall not assign any interest in the Development Assets to any third party without the prior consent of Neutralysis.</p>
<b>Confidentiality</b>	<p>The parties shall be bound by the terms of the confidentiality agreement between the parties dated 28 April 2020 (<b>Confidentiality Agreement</b>) incorporated into the Joint Venture Agreement.</p> <p>The terms of the Confidentiality Agreement shall remain in full force and effect for a period of five years following the termination of this Joint Venture Agreement. Appropriate carve-outs are included to ensure Neutralysis can meet any continuous disclosure obligations.</p>
<b>Royalties and Production Proceeds</b>	<p>JVCO receive and collect all revenue and proceeds attributable to hydrogen and other products produced from the Development Assets.</p> <p>JVCO shall cause all royalties, production payments, net profits interests and other burdens attributable to the production of hydrogen or any other products from the Development Assets to be paid to the owners in accordance with their beneficial ownership of the Development Assets.</p>

### SCHEDULE 3 – NEUTRALYSIS SHAREHOLDERS, RELEVANT INTEREST AND VOTING POWER ON COMPLETION

The table below sets out the shareholdings of the Neutralysis Shareholders and their interests in the Company on Completion:

Neutralysis Shareholder	Current Neutralysis Shareholding	Brillage Performance Rights	Neutralysis Existing Securityholders Options	Neutralysis Existing Securityholders Shares	Consideration Shares	Consideration Options	Undiluted Minimum Raising percent (%)	Undiluted Maximum Raising percent (%)	Fully diluted Minimum Raising percent (%)	Fully diluted Maximum Raising percent (%)
123 Home Loans Pty Ltd	50		1,500,000	1,500,000	2,500,000	2,500,000	0.78%	0.65%	1.01%	0.89%
Adrian & Noelene Paul	150				7,500,000	7,500,000	1.45%	1.22%	1.89%	1.67%
Ahmad Fuad Ali	100				5,000,000	5,000,000	0.97%	0.81%	1.26%	1.11%
Allgreen Holdings Pty Ltd	100				5,000,000	5,000,000	0.97%	0.81%	1.26%	1.11%
Celery Pty Ltd	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Chancery Holdings Pty Ltd	60				3,000,000	3,000,000	0.58%	0.49%	0.76%	0.67%
Christian Willett	20				1,000,000	1,000,000	0.19%	0.16%	0.25%	0.22%
Christopher Galvin Pty Ltd	15				750,000	750,000	0.15%	0.12%	0.19%	0.17%
Colosseum Securities Pty Ltd	10		1,500,000	500,000	500,000	500,000	0.19%	0.16%	0.38%	0.33%
Cumani Investments Pty Ltd	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Darryl Wi-Qoc Yeo	15				750,000	750,000	0.15%	0.12%	0.19%	0.17%

Neutrals Shareholder	Current Neutrals Shareholding	Brinmage Performance Rights	Neutrals Existing Securityholders Options	Neutrals Existing Securityholders Shares	Consideration Shares	Consideration Options	Undiluted Minimum Raising percent (%)	Undiluted Maximum Raising percent (%)	Fully diluted Minimum Raising percent (%)	Fully diluted Maximum Raising percent (%)
Ferdinand Azis ATF FC Blessing Family A/C	100				5,000,000	5,000,000	0.97%	0.81%	1.26%	1.11%
Glenn Alan Dalgleish	50				2,500,000	2,500,000	0.48%	0.41%	0.63%	0.56%
Janet Tunjic Pty Ltd	15				750,000	750,000	0.15%	0.12%	0.19%	0.17%
Juneday Pty Ltd	150				7,500,000	7,500,000	1.45%	1.22%	1.89%	1.67%
Kenneth Bull	155				7,750,000	7,750,000	1.50%	1.26%	1.96%	1.72%
KKSH Holdings Ltd	180				9,000,000	9,000,000	1.75%	1.46%	2.27%	2.00%
KMC Automation Pty Ltd	50		1,000,000	1,000,000	2,500,000	2,500,000	0.68%	0.57%	0.88%	0.78%
Kyle Stuart Passmore	150				7,500,000	7,500,000	1.45%	1.22%	1.89%	1.67%
Lau Ping Hung	130		2,500,000	2,500,000	6,500,000	6,500,000	1.75%	1.46%	2.27%	2.00%
Lim Capital Pty Ltd	60		750,000	750,000	3,000,000	3,000,000	0.73%	0.61%	0.95%	0.83%
M. B. M. Investments Pty Ltd	46				2,300,000	2,300,000	0.45%	0.37%	0.58%	0.51%
Minpax Resources Limited	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%

Neutrals Shareholder	Current Neutrals Shareholding	Brinage Performance Rights	Neutrals Existing Securityholders Options	Neutrals Existing Securityholders Shares	Consideration Shares	Consideration Options	Undiluted Minimum Raising percent (%)	Undiluted Maximum Raising percent (%)	Fully diluted Minimum Raising percent (%)	Fully diluted Maximum Raising percent (%)
Mr Anthony Christian Mirabile	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Mr Brendan Bartholemew Egan	249				12,450,000	12,450,000	2.41%	2.02%	3.15%	2.76%
Mr David John Crook &	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Mr Harshvardhan Sukhtme	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Mr John O'gorman	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Mr Lachlan Mckeen	2				100,000	100,000	0.02%	0.02%	0.03%	0.02%
Mr Lawrence Davis	50				2,500,000	2,500,000	0.48%	0.41%	0.63%	0.56%
Mr Mario Mattiaccio &	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Mr Michael Vincent Mazella	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Mr Morgan Mckeen	2				100,000	100,000	0.02%	0.02%	0.03%	0.02%
Mr Renaud Jean Philippe	15				750,000	750,000	0.15%	0.12%	0.19%	0.17%

Neutrals Shareholder	Current Neutrals Shareholding	Brimage Performance Rights	Neutrals Existing Securityholders Options	Neutrals Existing Securityholders Shares	Consideration Shares	Consideration Options	Undiluted Minimum Raising percent (%)	Undiluted Maximum Raising percent (%)	Fully diluted Minimum Raising percent (%)	Fully diluted Maximum Raising percent (%)
Mr Rowan Philip Mcdonald	45				2,250,000	2,250,000	0.44%	0.37%	0.57%	0.50%
Mr Stefan George Todoroski	50				2,500,000	2,500,000	0.48%	0.41%	0.63%	0.56%
Mrs Dorothy June Kitto	50		500,000	500,000	2,500,000	2,500,000	0.58%	0.49%	0.76%	0.67%
Ms Maya Pranoto & Mr Norman Ka-Meng Lip <Manor Ventures A/C>	180		500,000	500,000	9,000,000	9,000,000	1.84%	1.54%	2.40%	2.11%
Nyg Pty Ltd	80				4,000,000	4,000,000	0.78%	0.65%	1.01%	0.89%
Pouvoir Pty Ltd ACN 009 074 088 ATF Brimage Super Fund A/C	398	8,000,000			19,900,000	19,900,000	3.86%	3.23%	6.04%	5.31%
Richard Grigg	30		500,000	500,000	1,500,000	1,500,000	0.39%	0.32%	0.51%	0.44%
Richard Peter Colbran	50				2,500,000	2,500,000	0.48%	0.41%	0.63%	0.56%
Robert Francis Davies	398				19,900,000	19,900,000	3.86%	3.23%	5.03%	4.42%
Sasha Rogers	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%
Seth Yeo Pty Ltd	10				500,000	500,000	0.10%	0.08%	0.13%	0.11%

Neutrals Shareholder	Current Neutrals Shareholding	Brinage Performance Rights	Neutrals Existing Securityholders Options	Neutrals Existing Securityholders Shares	Consideration Shares	Consideration Options	Undiluted Minimum Raising percent (%)	Undiluted Maximum Raising percent (%)	Fully diluted Minimum Raising percent (%)	Fully diluted Maximum Raising percent (%)
Sunshore Holdings Pty Ltd	200				10,000,000	10,000,000	1.94%	1.62%	2.53%	2.22%
Technitemp Australia Pty Ltd	50				2,500,000	2,500,000	0.48%	0.41%	0.63%	0.56%
Wicenzina Passmore	25				1,250,000	1,250,000	0.24%	0.20%	0.32%	0.28%
Waterbeach Investments Pty Ltd	60				3,000,000	3,000,000	0.58%	0.49%	0.76%	0.67%
Zeedam Enterprises Pty Ltd	10		500,000	500,000	500,000	500,000	0.19%	0.16%	0.25%	0.22%
<b>Total</b>	<b>3,660</b>	<b>8,000,000</b>	<b>8,250,000</b>	<b>9,250,000</b>	<b>183,000,000</b>	<b>183,000,000</b>	<b>37.09%</b>	<b>31.06%</b>	<b>49.45%</b>	<b>43.47%</b>

**Note:** The fully diluted voting power percentages that are expressed in the above table have been calculated on the basis that all of the Company's Options and Performance have been converted.

**SCHEDULE 4 – JDA PROJECT SCHEDULE**

Lessee	Lease	Status	Total Leased Acres	Filing County and State
<b>Nebraska Northwest Project</b>				
Natural Hydrogen Energy, LLC	T7N-R4W Sec 23: NE4	The primary term for this lease was 8 March 2022, however the current status of the shut in well perpetuates the lease according to the shut in provision in paragraph 4 of the lease.	160	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 23: N2NW	Live	80	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 23: E2SE, SWSE	Live	120	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 23: S2NW	Live	80	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 23: NWSE	Live	40	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 14: SW4	Live	160	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 22: NW4, E2SW4, SE4	Live	400	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 13: S2SW4	Live	80	Fillmore County, Nebraska

Lessee	Lease	Status	Total Leased Acres	Filing County and State
Natural Hydrogen Energy, LLC	T7N-R4W Sec 14: NW	Live	160	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 14: NE4	Live	160	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 13: S2NW4, N2SW4	Live	80	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 24: NW4	Live	160	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 22: E2NE	Live	80	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-4W Sec 22: W2NE4	Live	80	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 23: SW4	Live	160	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 15: NE4	Live	160	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 13: S2NW4, N2SW4	Live	80	Fillmore County, Nebraska
Natural Hydrogen Energy, LLC	T7N-R4W Sec 13: N2NW	Live	80	Fillmore County, Nebraska

Lessee	Lease	Status	Total Leased Acres	Filing County and State
<b>Nebraska Southeast Project</b>				
Natural Hydrogen Energy, LLC	T6N-R1W Sec 30: NE & SW Sec 31: N2NW	Live	400	Fillmore County, Nebraska
<b>South Carolina East Project</b>				
Natural Hydrogen Energy, Ltd	TMS #6-001-01-008 Tract 3 on plat entitled "Survey of Property for Myrtle Beach Farms" in Cabinet A, Plat Slide 167, Page 2	Live	654.24	Marlboro County, South Carolina
<b>South Carolina West Project</b>				
Natural Hydrogen Energy, Ltd	Property Tax ID # 059-00-02-020; 059-00-02-021; 059-00-02-022; 059-00-02-026; 059-00-02-028.	Live	517	Marlboro County, South Carolina

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## SCHEDULE 5 – IOS MANDATE

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The Company has signed a mandate letter to engage IOS to act as lead manager to the Company in respect of the Public Offer (**IOS Mandate**). The material terms and conditions of which are summarised below:

<b>Fees</b>	<p>In consideration for the provision of the Services, the Company has agreed to pay/issue to IOS the following fees subject to the Company satisfying all ASX requirements and receiving necessary Shareholder approvals:</p> <ul style="list-style-type: none"><li>(a) a lead manager's fee issue management fee of 1% of the gross proceeds raised under the Public Offer;</li><li>(b) a capital raising fee of 5% on funds raised by IOS from its own contacts, clients or wholesale investors, IOS or its affiliated groups, for equity or debt capital raisings facilities;</li><li>(c) that number of Shares equal to the value of \$180,000 at a deemed issue price of \$0.02 per Share (equivalent to 9,000,000 Shares); and</li><li>(d) 9,000,000 Options subject to and conditional on the Company achieving Maximum Subscription under the Public Offer,</li></ul> <p>(together, the <b>Fees</b>).</p> <p>All Fees payable are exclusive of GST.</p>
<b>Expenses</b>	<p>The Company agrees to reimburse IOS for any reasonable out of pocket and travel expenses incurred by IOS (including any applicable GST), incurred in connection with the Public Offer.</p>

The IOS Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

## SCHEDULE 6 – STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 FOR THE COMPANY

	Notes	Audited as at 31 March 2022	Pro-Forma Adjustments							Proforma
			Acquisition	Public Offer	Convertible Note Conversion	IOS Shares	Director Shares	Director Options	Performance Rights	
<b>Assets</b>										
<b>Current Assets</b>										
Cash and cash equivalents	1	327,441		4,747,163						5,074,604
Other current assets		40,219								40,219
<b>Total Current Assets</b>		367,660	-	4,747,163	-	-	-	-	-	5,114,823
<b>Non-current Assets</b>										
Capitalised Exploration and Evaluation Assets	2	-	5,910,900			180,000				6,090,900
<b>Total Non-current Assets</b>		-	5,910,900	-	-	180,000	-	-	-	6,090,900
<b>Total Assets</b>		367,660	5,910,900	4,747,163	-	180,000	-	-	-	11,205,723
<b>Liabilities</b>										
<b>Current Liabilities</b>										
Trade and other payables		(368,549)					16,042			(352,507)

	Notes	Audited as at 31 March 2022	Pro-Forma Adjustments								Proforma
Borrowings		(667,703)			667,703						-
<b>Total Current Liabilities</b>		(1,036,252)	-	-	667,703	-	16,042	-	-	-	(352,507)
<b>Non-Current Liabilities</b>											
Trade and other payables		(16,042)					16,042				-
<b>Total Non-Current Liabilities</b>		(16,042)	-	-	-	-	16,042	-	-	-	-
<b>Total Liabilities</b>		(1,052,294)	-	-	667,703	-	32,084	-	-	-	(352,507)
<b>Net Liabilities</b>		(684,634)	5,910,900	4,747,163	667,703	180,000	32,084	-	-	-	10,853,216
<b>Equity</b>											
Issued capital	3	37,279,292	3,660,000	4,747,163	157,253		32,084				45,875,792
Reserves		859,970	2,250,900		510,450	180,000		50,000	1,375,979		5,227,299
Accumulated losses		(38,823,896)						(50,000)	(1,375,979)		(40,249,875)
<b>Total equity (deficiency)</b>		(684,634)	5,910,900	4,747,163	667,703	180,000	32,084	-	-	-	10,853,216

See the next page for the pro forma's notes.

### Note 1 – Cash and cash equivalents

	Minimum Subscription	Maximum Subscription
As at 31 March 2022	327,441	327,441
Loan Proceeds	300,000	300,000
IPO Proceeds	5,000,000	7,000,000
Costs of Issue	(552,837)	(675,033)
<b>Proforma</b>	<b>5,074,604</b>	<b>6,952,408</b>

### Note 2 – Capitalised Exploration and Evaluation Assets

	Minimum Subscription	Maximum Subscription
As at 31 March 2022	-	-
Consideration Shares	3,660,000	3,660,000
Consideration Options	2,250,900	2,250,900
<b>Proforma</b>	<b>5,910,900</b>	<b>5,910,900</b>

### Note 3 – Share Capital

	Minimum Subscription		Maximum Subscription	
	No.	\$	No.	\$
As at 31 March 2022	71,996,054	37,279,292	71,996,054	37,279,292
Note conversion (net of issue costs)	114,166,682	157,253	114,166,682	157,253
Share Consolidation	(130,258,277)	-	7,000,000	-
Loan Shares	15,000,000	300,000	15,000,000	300,000

	Minimum Subscription		Maximum Subscription	
	No.	\$	No.	\$
Consideration Shares	183,000,000	3,660,000	183,000,000	3,660,000
Director Shares	1,604,200	32,084	1,604,200	32,084
IPO Proceeds	250,000,000	5,000,000	350,000,000	7,000,000
Costs of Issue	-	(552,837)	-	(675,033)
<b>Proforma</b>	<b>505,508,659</b>	<b>45,875,792</b>	<b>742,766,936</b>	<b>47,753,596</b>

**SCHEDULE 7 – STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2021 FOR NEUTRALYSIS**

	Unaudited as at 31 December 2021	Adjustments (\$)	REF	Adjusted value (\$)
	(\$)			
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	638,924	-638,924	1	-
<b>Total current assets</b>	<b>638,924</b>	<b>-638,924</b>		<b>-</b>
<b>Non-current assets</b>				
Capitalised exploration costs	1,480,797	-		1,480,797
<b>Total non-current assets</b>	<b>1,480,797</b>	<b>-</b>		<b>1,480,797</b>
<b>Total assets</b>	<b>2,119,721</b>	<b>-638,924</b>		<b>1,480,797</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	-1,670,000	1,670,000	2	-
<b>Total current liabilities</b>	<b>-1,670,000</b>	<b>1,670,000</b>		<b>-</b>
<b>Total liabilities</b>	<b>-1,670,000</b>	<b>1,670,000</b>		<b>-</b>
<b>Net assets/(liabilities)</b>	<b>449,721</b>	<b>1,031,076</b>		<b>1,480,797</b>
<b>Equity</b>				
Issued capital	449,891	1,670,000	2	2,119,891
Accumulated losses	-39	-638,924	1	-638,963
Current year losses	-132	0		-132
<b>Total equity attributable to owners of the company</b>	<b>449,720</b>			<b>1,480,797</b>

**Notes:**

1. Estimated cash spent on project or corporate expenses prior to acquisition
2. Shares issues post 30/6/21

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## SCHEDULE 8 – TERMS AND CONDITIONS OF OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be 2.5 cents (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30th June 2025 (**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

The notice of exercise of Options may be deemed by the Company to be received at the end of the calendar month in which it is actually received and the Company shall comply with the Listing Rules with respect to the issue of resultant Shares and the issue of a statement of shareholding (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

If at any time the Options are quoted on the ASX then the Options are transferable at such time. If at any time the Options are not quoted on the ASX and they have been issued for less than 12 months, then the Options are not transferable at such time. If at any time the Options have been issued for 12 months or more, then the Options are transferrable at such time.

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## **SCHEDULE 9 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS**

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### **1. The terms and conditions of the Performance Rights**

#### **(a) Milestones**

The Performance Rights shall convert to Shares upon the Company achieving the applicable Milestone for that Class of Rights, prior to the applicable expiry date of that Class of Rights.

The Milestones and Expiry Dates for each Class of Rights is set out in section 2 below.

#### **(b) Notification to holder**

The Company shall notify the holder in writing when the Milestone has been satisfied.

#### **(c) Conversion**

Subject to paragraph (m) upon vesting, each Class A and Class C Performance Right will, within three (3) months from vesting, convert into one (1) Share.

Subject to paragraph (m) upon vesting, each Class B Performance Right will, immediately at vesting, convert into one (1) Share.

#### **(d) Share ranking**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

#### **(e) Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

#### **(f) Transfer of Performance Rights**

The Performance Rights are not transferable.

#### **(g) Lapse of a Performance Right**

If the Milestone attached to the relevant Performance Right has not been satisfied within the time period set out in paragraph (a), the relevant Performance Rights will automatically lapse.

#### **(h) Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(j) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(k) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(l) **Change in Control**

Subject to paragraph (m) upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and;
- (ii) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
- (iii) having been declared unconditional by the bidder.

a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (c) or (l) would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in

any person being in contravention of the General Prohibition;  
and

- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **Plan**

The Performance Rights were issued under and are subject to the terms and conditions of the ESIP.

(q) **Amendments required by ASX**

Subject to express restrictions set out in the Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Performance Rights granted under the Plan including giving any amendment retrospective effect.

## 2. **Conversion of the Performance Rights**

(a) **Milestones**

Subject to sub-paragraph (m) a Performance Right will vest and be convertible into one (1) Share on the achievement of the following milestones:

(i) **Class A Performance Rights**

The Class A Performance Rights shall be subject to the following milestones and shall have the following expiry dates:

Tranche	Milestones	Expiry Date
1	The completion of 30 days of well testing and recovery to surface of a gas sample with a concentration of at least 20% by volume hydrogen + helium from any well within the Joint Development Agreement.	30 June 2027

Tranche	Milestones	Expiry Date
2	A well test being completed by a suitably qualified independent expert exceeding 10000 standard cubic feet per day for any well within the Joint Development Agreement.	30 June 2027

(ii) **Class B Performance Rights**

Each Class B Performance Right will vest and immediately convert into one Share upon the Company's Share price equalling or becoming greater than a 30 day Volume Weighted Average Price (**VWAP**) of \$0.05 per Share at any time subsequent to the date of the grant of that Class B Performance Right on or before 30 June 2027.

(iii) **Class C Performance Rights**

The Class C Performance Rights will:

- (A) vest and will each be convertible into one (1) Share upon the holder serving 12 months of continuous service with the Company from the date that the holder commences employment with the Company as either a director, consultant or employee of the Company; and
- (B) expire on 30 June 2027.

(b) **Delivery of Shares on conversion**

As soon as practicable after the valid conversion of a Performance Right by a holder in accordance with the Plan, the Company will:

- (i) issue, allocate or cause to be transferred to that holder the number of Shares to which the holder is entitled; and
- (ii) issue a substitute certificate for any remaining unconverted Performance Rights held by that Participant.

(c) **After Conversion**

The Shares issued on conversion of the Performance Rights will, as and from 5:00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

## SCHEDULE 10 – VALUATION OF CLASS A PERFORMANCE RIGHTS

The Class A Performance Rights to be issued to the Related Parties pursuant to Resolutions 7 to 10 have been independently valued.

Using the binomial tree option pricing model and based on the assumptions set out below, the Class A Performance Rights were ascribed the following value range:

<b>Assumptions:</b>	
Valuation date	12 May 2022
Underlying price of Shares	\$0.02
Exercise price	Nil
Expiry date (length of time from issue)	30 June 2027
Risk free interest rate	3.105%
Volatility	110%
<b>Indicative value per Class A Performance Right</b>	<b>\$0.02</b>
<b>Total Value of Class A Performance Rights</b>	<b>\$380,000</b>
Mr Russell Brimage (Resolution 7)	\$80,000
Mr Paul Garner (Resolution 8)	\$80,000
Mr Po Chan (Resolution 9)	\$60,000
Mr Avon McIntyre (Resolution 10)	\$160,000

**Note:** The valuation ranges noted above are not necessarily the market prices that the Class A Performance Rights could be traded at and they are not automatically the market prices for taxation purpose.

## SCHEDULE 11 – VALUATION OF CLASS B PERFORMANCE RIGHTS

The Class B Performance Rights to be issued to the Related Parties pursuant to Resolutions 11 to 14 have been independently valued.

Using the binomial tree option pricing model and based on the assumptions set out below, the Class B Performance Rights were ascribed the following value range:

<b>Assumptions:</b>	
Valuation date	12 May 2022
Market price of Shares	\$0.02
Exercise price	Nil
Expiry date (length of time from issue)	30 June 2027
Risk free interest rate	3.105%
Volatility	110%
<b>Indicative value per Class B Performance Right</b>	<b>\$0.0182</b>
<b>Total Value of Class B Performance Rights</b>	<b>\$345,800</b>
Mr Russell Brimage (Resolution 11)	\$72,800
Mr Paul Garner (Resolution 12)	\$72,800
Mr Po Chan (Resolution 13)	\$54,600
Mr Avon McIntyre (Resolution 14)	\$145,600

**Note:** The valuation ranges noted above are not necessarily the market prices that the Class B Performance Rights could be traded at and they are not automatically the market prices for taxation purpose.

## SCHEDULE 12 – MATERIAL TERMS AND CONDITIONS OF MR AVON MCINTYRE’S EMPLOYMENT AGREEMENT

The material terms and conditions of Mr McIntyre’s (**Executive**) employment agreement is set out below and otherwise contain terms and conditions which are considered standard for an agreement of its type such as confidentiality clauses and leave provisions (**Agreement**):

<b>Role</b>	The Executive has been appointed by the Company to act as Chief Technical Officer and Executive Director.
<b>Term</b>	The appointment of the Executive took effect from 1 July 2022 and shall continue until 30 June 2024 unless terminated earlier in accordance with the Agreement.
<b>Base Salary</b>	<p>The Executive will receive a base salary of A\$180,000 per annum, less income tax (<b>Base Salary</b>). The Executive will be paid statutory superannuation contribution in accordance with applicable laws.</p> <p>The Base Salary will be reviewed by the Company on or about 1 January in each year.</p>
<b>Performance Based Bonuses</b>	<p>The Company will pay the Executive the following performance-based bonuses, subject to Shareholder approval being obtained:</p> <p>(a) 8,000,000 Class A Performance Rights as follows:</p> <p>(i) 4,000,000 Tranche 1 Class A Performance Rights; and</p> <p>(ii) 4,000,000 Tranche 2 Class A Performance Rights;</p> <p>(b) 8,000,000 Class B Performance Rights; and</p> <p>(c) 5,000,000 Class C Performance Rights.</p>
<b>Additional work related benefits</b>	<p>The Executive shall be provided with the following:</p> <p>(a) an office or suitable workstation in the Company’s office, located in Perth; and</p> <p>(b) a car parking bay at the Company’s office address or, if a car parking bay is not available, an undercover car parking allowance capped at \$300.00 per month, subject to the Employee providing to the Company taxable supply receipts for the actual car parking cost and the allowance being claimed. The allowance will be paid monthly in arrears.</p>
<b>Expenses</b>	<p>The Company will pay or reimburse the Executive for all reasonable out-of-pocket expenses properly incurred by him in the provision of the services in accordance with the applicable rules and policies of the Company from time to time (e.g. Air travel, mobile phone and email, computer and any other facilities agreed between the parties).</p> <p>The Company has also agreed to pay the cost of effecting and maintaining the Executive’s necessary insurance policies and has agreed to pay for expenses incurred by the Executive in the event the Executive is required to relocate outside of Perth to conduct the services.</p>
<b>Termination by the Company</b>	<p>The Company may terminate the Agreement by giving the Executive 1 month’s prior notice if the Executive becomes incapacitated by severe illness or disability.</p> <p>The Company may terminate the contract immediately if the Executive commits a serious act of fraud, criminal behaviour, gross negligence, dishonesty, willful disobedience, misconduct or breach of duty or becomes bankrupt or other events of a similar nature.</p> <p>The Company may also terminate the contract immediately if the Executive materially breaches the terms of the Agreement or any of the Company’s policies or procedures and does not remedy the breach within</p>

	<p>14 days of receipt of notice in writing from the Company specifying the breach.</p> <p>The Company may terminate the Agreement for any reason (other than as described above) upon giving to the Executive not less than 3 months' prior written notice.</p>
<b>Termination by the Executive</b>	<p>The Executive may terminate the Agreement at any time upon giving not less than 3 months' prior written notice of termination to the Company.</p> <p>The Executive may terminate the Agreement immediately if the Company materially breaches the Agreement and does not remedy the breach within 14 days of receipt of notice in writing from the Executive specifying the breach.</p> <p>In the event of termination under this clause, the Company will pay to the Executive, within 14 days of the date of termination, an amount equivalent to the lesser of:</p> <ul style="list-style-type: none"> <li>(a) 3 months; and</li> <li>(b) the remaining duration of the Agreement; of the Base Salary, less income tax and statutory superannuation contributions, immediately prior to the date of termination.</li> </ul> <p>The payment under this clause will be in addition to all other entitlements due to the Executive as at the date of termination.</p>

## SCHEDULE 13 – SUMMARIES OF DIRECTOR AGREEMENTS

Messrs Po Chan, Paul Garner and Russell Brimage have each entered into appointment letters with the company to act in the capacity of Non-Executive Directors and Non-Executive Chairman respectively.

The material terms and conditions of the current and proposed Directors' appointment letters are set out below and otherwise contain terms and conditions which are considered standard for an agreement of its nature (such as confidentiality clauses):

### (a) Paul Garner

<b>Term</b>	Mr Garner's appointment commenced on 21 September 2021 and will cease at the end of any meeting at which Mr Garner is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Company's constitution.
<b>Director's Fees</b>	The Company has agreed to pay Mr Garner \$60,000 per annum (gross) inclusive of superannuation.
<b>Performance Incentives</b>	The Company will issue Mr Garner the following performance incentives, subject to Shareholder approval being obtained: (a) 2,000,000 Tranche 1 Class A Performance Rights; (b) 2,000,000 Tranche 2 Class A Performance Rights; and (c) 4,000,000 Class B Performance Rights.
<b>Prior Service</b>	The Company acknowledges that Mr Garner has been employed by the Company since 21 September 2021. The Company will recognise Mr Garner's prior service with the Company when calculating Mr Garner's period of service and any service related entitlements.
<b>Expenses</b>	The Company agrees to reimburse Mr Garner for all reasonable expenses incurred in performing his duties as a Director, including the cost of attending Board meetings, travel and accommodation where agreed to in writing by the Board.
<b>Termination</b>	Mr Garner may resign from the office of Director by notice in writing to the Company.  Termination in respect of Mr Garner's appointment as a Director of the Company is otherwise governed by the Company's Constitution, Corporations Act, and Listing Rules.

### (b) Po Chan

<b>Term</b>	Mr Chan's appointment commenced on 27 January 2021 and will cease at the end of any meeting at which Mr Chan is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Company's constitution.
<b>Director's Fees</b>	The Company has agreed to pay Mr Chan \$60,000 per annum (gross) inclusive of superannuation.
<b>Performance Incentives</b>	The Company will issue Mr Chan the following performance incentives, subject to Shareholder approval being obtained: (a) 1,500,000 Tranche 1 Class A Performance Rights; (b) 1,500,000 Tranche 2 Class A Performance Rights; and (c) 3,000,000 Class B Performance Right.

<b>Prior Service</b>	The Company acknowledges that Mr Chan has been employed by the Company since 27 January 2021. The Company will recognise Mr Chan's prior service with the Company when calculating Mr Chan's period of service and any service related entitlements.
<b>Expenses</b>	The Company agrees to reimburse Mr Chan for all reasonable expenses incurred in performing his duties as a Director, including the cost of attending Board meetings, travel and accommodation where agreed to in writing by the Board.
<b>Termination</b>	Mr Chan may resign from the office of Director by notice in writing to the Company.  Termination in respect of Mr Chan's appointment as a Director of the Company is otherwise governed by the Company's Constitution, Corporations Act and Listing Rules.

(c) **Russell Brimage**

<b>Term</b>	Mr Brimage's appointment commences on the date on which the Company is re-admitted to the Official List of the ASX and will cease at the end of any meeting at which Mr Brimage is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Company's constitution.
<b>Director's Fees</b>	The Company has agreed to pay Mr Brimage \$90,000 per annum (gross) inclusive of superannuation.
<b>Performance Incentives</b>	The Company will issue Mr Brimage the following performance incentives, subject to Shareholder approval being obtained: (a) 2,000,000 Tranche 1 Class A Performance Rights; (b) 2,000,000 Tranche 2 Class A Performance Rights; and (c) 4,000,000 Class B Performance Rights
<b>Expenses</b>	The Company agrees to reimburse Mr Brimage for all reasonable expenses incurred in performing his duties as a Director, including the cost of attending Board meetings, travel and accommodation where agreed to in writing by the Board.
<b>Termination</b>	Mr Brimage may resign from the office of Director by notice in writing to the Company.  Termination in respect of Mr Brimage's appointment as a Director of the Company is otherwise governed by the Company's Constitution, Corporations Act and Listing Rules.

## SCHEDULE 14 – MATERIAL TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE PLAN

The material terms and conditions of the ESIP are as follows:

<b>Eligibility</b>	<p>Participants in the ESIP may be:</p> <ul style="list-style-type: none"> <li>(a) an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an associated body corporate; and</li> <li>(b) has been determined by the Board to be eligible to participate in the ESIP from time to time,</li> </ul> <p>who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options, Performance Rights and Shares (<b>Securities</b>) under the ESIP (<b>Eligible Participant</b>).</p>
<b>Invitation</b>	<p>The Company may, at the sole and absolute discretion of the Board, offer and issue to an Eligible Participant any (or any combination) of the different types of Securities provided under the ESIP.</p> <p>The terms and conditions of Securities offered or granted under the ESIP to each Eligible Participant will be determined by the Board in its sole and absolute discretion.</p>
<b>Convertible Security</b>	<p>Each Option and/or Performance Right (<b>Convertible Security</b>) represents a right to acquire one or more Shares, subject to the terms and conditions of the ESIP. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.</p>
<b>Vesting of a Convertible Security</b>	<p>Any vesting conditions applicable to the grant of Convertible Securities will be described in the Invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied by the due date and/or otherwise waived by the Board, that Convertible Security will lapse.</p>
<b>Exercise of Convertible Securities and cashless exercise</b>	<p>To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Options (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the Invitation or vesting notice.</p> <p>The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment of the exercise price of Options, but that on exercise of the Options, the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the exercise price otherwise payable in relation to the Options and the then Market Value of the ESIP Shares as at the time of the exercise (with the number of Plan Shares rounded down).</p> <p>A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the ESIP rules, or such earlier date as set out in the ESIP rules.</p>
<b>Shares</b>	<p>The Board may from time to time make an invitation to an Eligible Participant to acquire Shares under the ESIP. The Board will determine in its sole and absolute discretion the acquisition price (if any) for each Share which may be</p>

	<p>nil. The Shares may be subject to performance hurdles and/or vesting conditions as determined by the Board.</p> <p>Where Shares granted to a Participant are subject to performance hurdles and/or vesting conditions, the Participant's Shares will be subject to certain restrictions until the applicable performance hurdles and/or vesting conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under these Rules.</p>
<b>Forfeiture</b>	<p>In respect of each offer of Securities, the Board may determine, criteria, requirements or conditions which if met (notwithstanding the satisfaction or waiver of any performance hurdles and vesting conditions) will result in the lapsing of Convertible Securities or a Participant surrendering Shares (<b>Forfeiture Conditions</b>).</p> <p>Where such Forfeiture Conditions are met, unless the Board in its sole discretion determines otherwise, all unvested and vested Convertible Securities will automatically lapse and all unvested and vested Shares will automatically be surrendered.</p> <p>In addition, where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breaches his or her duties to the Group, the Board may in its discretion deem all Securities to be forfeited.</p>
<b>Rights attaching to Shares</b>	<p>Any Shares allotted, issued or transferred by the Company to a Participant under the ESIP (including on exercise or conversion of Convertible Securities) will rank equally with all existing Shares on and from the date of allotment, issue or transfer, including in respect of all rights and bonus issues.</p>
<b>Disposal Restrictions</b>	<p>If the invitation provides that any Shares held by any Participants are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p> <p>For so long as Shares held by any Participants are subject to any disposal restrictions under the ESIP, the Participant must not transfer, encumber or otherwise dispose of, or have a security interest granted over that Share or take any action if to do so would contravene applicable laws.</p>
<b>Change of Control</b>	<p>If a change of control event occurs in relation to the Company, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.</p>
<b>Employee Share Trust</b>	<p>The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Securities for Participants under the ESIP and delivering Shares on behalf of Participants upon exercise of Options and/or Performance Rights (as the case may be).</p>
<b>Participation Rights</b>	<p>During the currency of any Convertible Securities and prior to their vesting, Participants are not entitled to participate in any new issue of Securities of the Company as a result of their holding Convertible Securities.</p>
<b>Leaver</b>	<p>Where a Participant who holds Securities becomes a leaver, Securities will automatically be forfeited by the Participant unless the Board in its absolute discretion, resolves to allow the Participant to continue to hold the Securities after the Participant becomes a leaver due to:</p> <ul style="list-style-type: none"> <li>(a) death or total and permanent disability;</li> <li>(b) retirement or redundancy;</li> <li>(c) the suffering of severe financial hardship; or</li> <li>(d) any other circumstances determined by mutual agreement of the Board and the Participant at any time (whether before or after the Invitation).</li> </ul>
<b>Reorganisation</b>	<p>Subject to all applicable laws, following any variation to the issued capital of the Company arising from:</p>

	<p>(a) a reduction, subdivision or consolidation of the issued capital of the Company;</p> <p>(b) a reorganisation of the issued capital of the Company;</p> <p>(c) a distribution of assets in specie;</p> <p>(d) the payment of a dividend, otherwise than in the ordinary course, of an amount substantially in excess of the Company's normal distribution policy; or</p> <p>(e) any issue of Shares or other equity securities or instruments which convert into Shares by way of capitalisation of profits or reserves,</p> <p>the number of Securities to which each Participant holds under the ESIP, and the exercise price of Options (if any) held by each Participant, will be adjusted in accordance with the Listing Rules.</p>
<b>Amendment of ESIP</b>	<p>Subject to the following paragraph, the Listing Rules and the Company's constitution, the Board may at any time amend any provisions of the ESIP rules, including (without limitation) the terms and conditions upon which any Securities that have been granted under the ESIP and determine that any amendments to the ESIP rules be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of the ESIP rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by the relevant Participant.</p>

## SCHEDULE 15 – VALUATION OF CLASS C PERFORMANCE RIGHTS

The Class C Performance Rights to be issued to Mr Avon McIntyre pursuant to Resolution 15 have been independently valued.

Using the binomial pricing model and based on the assumptions set out below, the Class C Performance Rights were ascribed the following value:

Assumptions:	
Valuation date	12 May 2022
Underlying Share price	\$0.02
Exercise price	Nil
Expiry date (length of time from issue)	30 June 2027
Risk free interest rate	2.025%
Volatility (discount)	110%
<b>Indicative value per Class C Performance Right</b>	<b>\$0.02</b>
<b>Total Value of Class C Performance Rights to be issued to Mr McIntyre</b>	<b>\$100,000</b>

**Note:** The valuation noted above is not necessarily the market price that the Class C Performance Rights could be traded at and is not automatically the market price for taxation purposes.

## SCHEDULE 16 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to Mr Paul Garner pursuant to Resolution 18 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed the following value:

Assumptions:	
Valuation date	31 May 2022
Market price of Shares	0.02 cents
Exercise price	0.025 cents
Expiry date (length of time from issue)	30 June 2025
Risk free interest rate	2.80%
Volatility (discount)	116%
<b>Indicative value per Director Option</b>	0.0134 cents
<b>Total Value of Director Options to be issued to Mr Garner</b>	\$33,500

**Note:** The valuation noted above is not necessarily the market price that the Director Options could be traded at and is not automatically the market price for taxation purposes.

## SCHEDULE 17 – MATERIAL TERMS AND CONDITIONS OF OHIO CONVERTIBLE NOTES

The material terms and conditions of the Convertible Note Deed between the Company and Ohio Investments (**Noteholder**) are set out below and otherwise contain terms and conditions which are considered standard for an agreement of its type:

<b>Face Value of each Convertible Note</b>	A\$1.00
<b>Number of Convertible Notes subscribed for</b>	25,000
<b>Principal Amount</b>	A\$25,000
<b>Conversion</b>	<p>The Ohio Convertible Notes shall be converted or otherwise redeemed (as the case may be) on the earlier of:</p> <p>(a) 31 December 2022 (<b>Maturity Date</b>), which if not converted by the Maturity Date must be redeemed in cash; or</p> <p>(b) no later than 3 Business Days after the date that the Company gives written notice to the Noteholder that it has received approval from Shareholders in accordance with the clause below (<b>Conversion Notice</b>).</p>
<b>Shareholder approval required for Conversion</b>	The conversion of the Ohio Convertible Notes is expressly subject to the Company obtaining Shareholder approval for the conversion in accordance with Listing Rule 7.1, and where applicable Listing Rule 10.11 and the Corporations Act.
<b>Conversion Price</b>	Subject to the Ohio Convertible Notes converting in accordance with the clause above, the Shares will be issued at a deemed issue price of \$0.02. The Shares will have free attaching Options issued on the basis of 1 Option for each Share subscribed. The attaching Options will be issued on the terms set out in Schedule 8. The issue price of the Options will be nil on the basis that the Options are free attaching to the Shares.
<b>Interest</b>	The Ohio Convertible Notes do not accrue interest until the Maturity Date, at which date interest will accrue from the Maturity Date until either redemption to conversion at a rate at 10% per annum and payable on conversion or redemption.
<b>Events of Default</b>	The Ohio Convertible Note Deeds include various events of default which are considered standard for an agreement of its nature, including default where the Company fails to pay or repay any amount due and payable as and when required. If an event of default occurs which has not been remedied within the prescribed time, the Company will be required to redeem the outstanding Ohio Convertible Notes for their face value within 10 Business Days of a demand by a Noteholder.
<b>Use of Funds</b>	the proceeds of the Ohio Convertible Notes will be applied by the Company toward the costs and expenses to be incurred by the Company in undertaking a re-compliance in accordance with chapter 11 of the Listing Rules and otherwise for general working capital.
<b>Ordinary Shares Ranking</b>	Shares issued on conversion of the Ohio Convertible Notes will be fully paid, will be unencumbered and will rank <i>pari passu</i> in all respects with the fully paid ordinary shares in the Company on issue.
<b>Reconstruction</b>	If there is a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, then the number of Shares into which each Ohio Convertible Note is convertible will be adjusted in a manner consistent with the Corporations Act and, if applicable, the Listing Rules at the time of such reconstruction.

**Voting rights and  
Participation Rights**

The Noteholders will be able to attend general meetings of the Company but is not entitled to vote prior to conversion of the Ohio Convertible Notes into Shares.

Before conversion, the Noteholders is not entitled to participate in rights issues, returns of capital, bonus issues or capital reconstructions of the Company.

## SCHEDULE 18 – MATERIAL TERMS AND CONDITIONS OF THE LOAN AGREEMENT

The Company proposes to enter into unsecured loan agreements with professional and sophisticated third party lenders, and Directors Mr McIntyre and Mr Garner (each a **Lender**) to raise an aggregate of \$300,000 for general working capital purposes (each, a **Loan Agreement**).

The material terms of the Loan Agreement is summarised below:

<b>Loan</b>	The Lenders agrees to make available to the Borrower an aggregate unsecured loan amount of \$300,000, subject to the terms and conditions set out in this Loan Agreement ( <b>Loan</b> ).
<b>Security</b>	The Loan is unsecured.
<b>Maturity Date</b>	The Loan will mature on the date that the Company's Securities are re-instated to Official Quotation on the ASX ( <b>Maturity Date</b> ).
<b>Repayment</b>	<p>(a) <b>At the Maturity Date</b></p> <p>In the event the Loan has not been repaid in accordance with the terms of this Loan Agreement prior to the Maturity Date, the Borrower must repay to the Lender all outstanding Loan amounts (<b>Outstanding Monies</b>) in cash on the Maturity Date.</p> <p>(b) <b>Conversion prior to Maturity Date</b></p> <p>The Borrower and the Lender mutually agree that, prior to the Maturity Date, the Loan will be converted into Loan Conversion Shares, at a deemed issue price of \$0.02.</p> <p>(c) <b>Immediately available funds</b></p> <p>All amounts payable to the Lender under this Loan Agreement must be paid in immediately available funds or by way of issued capital in the Borrower.</p>
<b>Interest</b>	<p>The Loan attracts a fixed interest rate of 6% across a period of three (3) months.</p> <p>Interest is payable upfront and is required to be paid by cash to the Lender.</p>
<b>Default</b>	If the Company fails to pay all of the Outstanding Monies by the Maturity Date, the Loans will become immediately due and payable to the lender.
<b>Assignment</b>	None of the parties may assign any of the rights or obligations without the consent of the other parties.

The Loan Agreement otherwise contains provisions considered standard for an agreement of its nature.

## SCHEDULE 19 – VALUATION OF IOS OPTIONS

The IOS Options to be issued to IOS pursuant to Resolution 5 have been valued by internal management.

Using the binomial model and based on the assumptions set out below, the IOS Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	31 May 2022
Market price of Shares	0.02 cents
Exercise price	0.025 cents
Expiry date (length of time from issue)	25 June 2025
Risk free interest rate	3.00%
Volatility (discount)	50%
<b>Indicative value per IOS Option</b>	0.00591 cents
<b>Total Value of IOS Options to be issued to IOS</b>	<b>\$53,199.47</b>

**Note:** The valuation noted above is not necessarily the market price that the IOS Options could be traded at and is not automatically the market price for taxation purposes.

## LODGE YOUR PROXY APPOINTMENT ONLINE



### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



### MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

## GENERAL MEETING PROXY FORM

I/We being shareholder(s) of HyTerra Ltd and entitled to attend and vote hereby:

### APPOINT A PROXY

☐ The Chair of the Meeting

OR

☐



**PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held at **Advanced Share Registry Limited, 110 Stirling Highway, Nedlands 6009 WA on 10 October 2022 at 2:30pm (WST)** and at any adjournment or postponement of that Meeting.

**Chair's voting intentions in relation to undirected proxies:** The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

**Chair authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 7-18 & 23 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

### VOTING DIRECTIONS

#### Resolutions

	For	Against	Abstain*
1 Approval to Change Nature and Scale Of Activities – Acquisition of Neutralysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval to issue Public Offer Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to issue Consideration Securities to the Neutralysis Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to issue Shares to Indian Ocean Securities Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval to issue Options to Indian Ocean Securities Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Election of Director – Mr Russell Brimage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to issue Class A Performance Rights to proposed Director – Mr Russell Brimage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval to issue Class A Performance Rights to Director – Mr Paul Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval to issue Class A Performance Rights to Director – Mr Po Chan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval to issue Class A Performance Rights to Director – Mr Avon McIntyre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Approval to issue Class B Performance Rights to proposed Director – Mr Russell Brimage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Approval to issue Class B Performance Rights to Director – Mr Paul Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Approval to issue Class B Performance Rights to Director – Mr Po Chan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Approval to issue Class B Performance Rights to Director – Mr Avon McIntyre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Approval to issue Class C Performance Rights to Director – Mr Avon McIntyre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Approval to issue Shares to Mr Po Chan in lieu of outstanding Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 Approval to issue Shares and Attaching Options on conversion of Ohio Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Approval to issue Director Options to Director – Mr Paul Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Approval to issue Loan Conversion Shares to Director Mr Paul Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20 Approval to issue Loan Conversion Shares to Director Mr Avon McIntyre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21 Approval to issue Pre-Raising Loan Conversion Shares to third party investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22 Approval to issue of Performance Rights to Vestigo Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23 Increase in total aggregate remuneration for Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

☐

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

### PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolution 1, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 1.

**PLEASE NOTE:** If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 2:30pm (WST) on 8 October 2022, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



#### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 6370 4203



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033



8 September 2022

Dear Shareholder,

**General Meeting – Notice and Proxy Form**

HyTerra Ltd (ASX: HYT) (**HYT** or **the Company**) is convening a General Meeting (**Meeting**) to be held at 2:30pm (WST) on 10 October 2022 at Advanced Share Registry, 110 Stirling Highway, Nedlands WA 6009.

In accordance with the Corporations Amendments (Meetings and Documents) Act 2022 which came into effect on 1 April 2022, the Company will not be dispatching physical copies of the Notice of Meeting (**Notice**). Instead, the Notice is being made available to shareholders electronically and can be viewed and downloaded online at the following link: <https://www.hytterra.com/#investors>. The Notice will also be posted on the Company's ASX market announcements page. Shareholders are encouraged to complete and lodge their proxies online or otherwise in accordance with the instructions set out in the proxy form and the Notice.

A copy of your personalised proxy form is enclosed for your convenience. Your proxy voting instructions must be received by 2:30pm (WST) on 8 October 2022, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting. The Company strongly encourages shareholders to lodge a directed proxy form.

Circumstances relating to COVID-19 can change rapidly and shareholders are urged to monitor applicable government guidance. The Company will update shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at <https://www.hytterra.com/#investors>.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser or other professional adviser. If you have any difficulties obtaining a copy of the Notice, please contact Advanced Share Registry on 1300 113 258 (within Australia) or +61 8 9389 8033 (overseas) or the Company Secretary, Alex Neuling, on +61 8 6153 1861 between 9am to 5pm (AWST), Monday to Friday.

Yours faithfully

Alex Neuling  
Company Secretary  
**HyTerra Ltd**