



ASX ANNOUNCEMENT 27 OCTOBER 2022

## SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT

HyTerra Ltd (ASX: HYT) (**HyTerra** or the **Company**) is pleased to provide the following update on the Company's activities during and since the quarter to 30 September 2022.

### HIGHLIGHTS

- HyTerra entered into binding Share Sale & Purchase Agreements with shareholders of Neutralysis Industries.
- The acquisition marks the beginning of the Company's focus on pioneering the exploration and production of natural hydrogen.
- Completed a capital raising of \$300,000 under a new loan agreement
- Lodged a prospectus for an offer of up to 350,000,000 Shares at an issue price of \$0.02 per Share, to raise up to \$7,000,000

### HYTERRA TO FOCUS ON NATURAL HYDROGEN

The Company entered into binding Share Sale and Purchase Agreements with the shareholders of Neutralysis Industries Pty Ltd (Neutralysis). HyTerra shareholders voted overwhelmingly in favour of the proposed acquisition of Neutralysis at a General Meeting in October 2022.

Neutralysis is an Australian based company that has entered into a Joint Development and Earn-in Agreement with Natural Hydrogen Energy LLC (NH2E), a Colorado based limited liability company. NH2E is a recognised authority in the science of natural hydrogen with ownership of an already drilled hydrogen exploration well in Nebraska, USA and leases across Nebraska and South Carolina.

As joint venture partners, HyTerra and NH2E aim to commercialise Natural Hydrogen. Natural hydrogen is generated through naturally occurring reactions within the earth. Its presence has been encountered at hundreds of locations globally, however the potential for natural hydrogen to exist as an economic resource is a recent development, supported by the global demand for low carbon hydrogen. This has presented an opportunity for HyTerra to pioneer the exploration and production of an inexpensive and sustainable source of hydrogen.

The Acquisition amounts to a significant change in the nature and scale of the Company's current activities and as such, subsequent to the quarter the Company held a general meeting to obtain approval from its shareholders and to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

**Further information can be found in Prospectus and Supplementary Prospectus released on 14 September and 6 October respectively.**

### CORPORATE & FINANCIAL

During the quarter the Company lodged a recompliance prospectus for an offer of up to 350,000,000 Shares at an issue price of \$0.02 per Share, to raise up to \$7,000,000 (Prospectus). The Prospectus (and Supplementary Prospectus) is expected to enable the Company to satisfy Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for the re-admission to the Official List following a change in the nature and scale of the Company's activities. Indian Ocean Securities Pty Ltd was appointed Lead Manager.



The Company completed the second tranche of a capital raising of \$300,000 under a new loan agreement to fund working capital requirements. The loans will convert to HYT shares at \$0.02 and will attract an interest payment of 6% which has been paid in cash.

Of the total loan funds, funding of \$85,000 was received during the June quarter from entities associated to Directors of the Company and during the September quarter an additional \$215,000 was made available from clients of Indian Ocean Group.

During the quarter 650,000 Convertible Notes were converted to 32,500,000 shares and 40,250,000 options (on a post consolidation basis).

The Company currently has 55,848,682 shares on issue and 40,250,000 options on issue expiring on the 30 June 2025 at an exercise price of \$0.025.

As of 30 September 2022, the Company's cash balance was \$112,152 (excluding funds held by legal subsidiaries no longer controlled by HyTerra).

Trading in the Company's securities remains suspended.

**An ASX Appendix 5B for the quarter to 30 September 2022 accompanies this activities report.**

**This ASX announcement has been authorised by the Board of HyTerra Ltd.**

**For further information please visit the Company's website at [www.hytterra.com](http://www.hytterra.com) or contact:**

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#### **ABOUT HYTERRA LTD | ASX: HYT**

The first ASX listed company with a focus on pioneering the exploration and production of natural hydrogen. HyTerra has an interest in a US-based joint venture that includes the world's first wildcat well targeting natural hydrogen and exploration leases across Nebraska and South Carolina.

 @HyTerra\_ASX  HyTerra Ltd





## **ADDITIONAL ASX LISTING RULE INFORMATION**

### **Listing Rule 5.4.3**

#### **1. Petroleum tenements held at the end of each quarter and their location.**

N/A – The Company does not directly hold any petroleum tenements.

HyTerra legally holds an 80% legal interest in a Cooperative Joint Venture (CJV, known as Aolong Energy) with LongMay Coal Mining Company (LongMay), one of China's largest State-owned coal mining companies. As disclosed in the quarterly activities report, however the Company's Directors have formed the view that HyTerra no longer controls its subsidiaries in China and have reached a conditional agreement for their sale.

#### **2. Petroleum tenements acquired and disposed of during the quarter and their location.**

As noted – The Company no longer controls the subsidiaries which hold its interests in the LongMay joint venture and has reached a conditional agreement for their sale.

The Joint Development and Earn-in Agreement with Natural Hydrogen Energy LLC covers assets including mineral leases in Nebraska and South Carolina as detailed in Annexure B: US Solicitors Report on Title in the Company's prospectus.

#### **3. Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter.**

None.

#### **4. The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.**

None.

### **Listing Rules 5.3.1 & 5.3.5**

There was no exploration expenditure during the quarter, pending completion of the proposed acquisition of Neturalysis.

Payments to related parties of \$47,807 comprise payment of directors' fees, consulting fees and include \$5,100 in interest payments on \$85,000 of pre-IPO loans advanced to the Company by directors.



## Appendix 5B

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

Name of entity

HyTerra Ltd

ABN

38 116 829 675

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(45)	(155)
	(e) administration and corporate costs	(211)	(310)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(18)	(18)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(274)</b>	<b>(483)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(2)	(6)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Rental Deposit	-	(11)
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(17)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	215	300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(15)	(15)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>200</b>	<b>285</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	188	327
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(274)	(483)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(17)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	285
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>112</b>	<b>112</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	112	188
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>112</b>	<b>188</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	63
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'ooo</b>	<b>Amount drawn at quarter end \$A'ooo</b>
7.1	Loan facilities	300	300
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	<b>Total financing facilities</b>	<b>300</b>	<b>300</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	The Company has arranged to borrow a total of \$300,000 (unsecured) from a number of private investors (including \$85,000 from parties related to Directors of the Company) at an interest rate of 6% (interest payable in cash), proposed to be repaid through the issue of ordinary securities upon relisting (subject to approvals). As at 30 September 2022 the amount had been drawn in full. Note – excludes convertible notes.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'ooo</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(274)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	-
8.4	Cash and cash equivalents at quarter end (item 4.6)	112
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	112
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.4
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Operating cashflows have been minimised and deferred where possible, pending the completion of new material financing and investment transactions recently approved by Shareholders. The Company is in the process of raising additional equity under its relisting prospectus ( <b>Prospectus</b> ) and as announced by the Company on 12 October 2022 has already raised the minimum subscription amount of A\$5M.	

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Refer 8.8.1.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

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

Date: 27 October 2022

Authorised by: Alex Neuling, Company Secretary  
(Name of body or officer authorising release – see note 4)

## Notes

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