

ASX / MEDIA RELEASE: 28 JULY 2023

## JUNE 2023 QUARTERLY ACTIVITIES REPORT

HyTerra Ltd (ASX: HYT) (**HyTerra** or the **Company**) is pleased to provide the following update on the Company's activities during the quarter to 30 June 2023.

### **Executive Director, Avon McIntyre commented:**

*“During the quarter, considerable progress was made to further strengthen our portfolio, which is testimony to the proficiency and resilience of our team. The addition of leases across the Nemaha Ridge further enhances our strategic position as an early mover in the natural hydrogen industry. The overwhelming support from industry and peers was evident when attending key industry events in Washington D.C. and London recently. We look forward to a busy Q3 and continuing to grow the business.”*



### **QUARTERLY EVENTS | ASX RELEASES**

- Natural hydrogen testing update | 3 April
- Appointment of Executive Director for strategy & growth | 19 April
- HyTerra acquires operated leases on Nemaha Ridge | 29 May
- Investor Presentation – An introduction to Nemaha Ridge | 29 May
- Annual General Meeting | 30 May
- Resignation of Non-Executive Director | 30 May
- Geophysical survey completed at Nemaha Ridge | 7 June
- Nemaha Ridge operations update | 19 July (subsequent event to the quarter)

### **PROJECT GENEVA | NON-OPERATED, 16% WORKING INTEREST**

#### **NATURAL HYDROGEN TESTING UPDATE | 3 April 2023**

Flow testing commenced in mid-March with a submersible pump successfully lowering the hydrostatic pressure on prospective zones and Natural Hydrogen Energy LLC (the Operator) acquired gas samples during this period which were sent to a laboratory for independent analyses. During the dewatering process, the pumps normal operating parameters could not be sustained without overheating. The manufacturer confirmed this is likely a mechanical issue and would require a workover rig to remove and assess.

#### **CURRENT STATUS**

The Company is awaiting key data from the Operator to make a joint decision on future flow testing operations and the forward program.

### **NEMAHA RIDGE | 100% OWNED AND OPERATED**

#### **HYTERRA ACQUIRES OPERATED LEASES ON NEMAHA RIDGE | 29 May 2023**

Through its wholly owned US Subsidiary, HYT Operating LLC, the Company acquired 100% working interest leases spanning 7,526 acres on the Nemaha Ridge in Kansas, USA. The Nemaha Ridge is an emerging natural hydrogen fairway with a history of at least 10 natural hydrogen occurrences and is strategically located with proximity to industries, infrastructure, and end-users.



The leases are in Riley, Geary, and Morris counties and contain several well sites with published hydrogen occurrences, based on gas analysis recovered from the wellbores. Two of the most significant occurrences are Scott-1 (up to 56% H<sub>2</sub>) drilled to 677m in 1982 and Sue Duroche-2 (up to 92% H<sub>2</sub>) drilled to 424m in 2008. A focussed exploration program has commenced with the objective of maturing a portfolio of prospects through to permitted well sites by the end of the 2023.

### **INVESTOR PRESENTATION – AN INTRODUCTION TO NEMAHA RIDGE | 29 May 2023**

HyTerra released a new Investor Presentation for the purpose of highlighting the key levers which underpin the Company's corporate strategy and providing investors with additional technical information on the prospectivity of the Nemaha Ridge leases.

### **GEOPHYSICAL SURVEY COMPLETED AT NEMAHA RIDGE | 7 June 2023**

Xcalibur (Xcalibur MPH Canada Ltd) was commissioned by the Company to undertake an airborne gravity gradiometry and magnetic survey. Xcalibur is a global leader in its field and has recently completed surveys for other natural hydrogen explorers. The surveyed area focussed on HyTerra's Nemaha Ridge leases and the surrounding area.

The operation was conducted safely and efficiently, and the processed data will be delivered to the Company in July 2023. The interpreted data and resultant subsurface imaging will further calibrate HyTerra's geological model to mature leads and prospects within the emerging hydrogen play fairway that is supported by numerous natural hydrogen occurrences.

### **NEMAHA RIDGE OPERATIONS UPDATE | 19 July 2023 (subsequent event to the quarter)**

Xcalibur delivered the processed geophysical data to the Company which is already assisting HyTerra in visualising the subsurface geology of the area, with the combined gravity and magnetic data aiding in the detection of faults, depth to basement and the composition of basement rocks. This includes those linked to the generation of hydrogen in the area.

**With key data now available to mature prospects and leads, the Company is progressing discussions with several advisors to commence an independent resource assessment.**

HYT Operating LLC was granted a license to operate within the State of Kansas, by Kansas Corporation Commission (KCC). KCC is the regulatory authority for energy and oversees all exploration and production activities in the state. The Company is preparing the required regulatory filings for well designs to reach well permitting stage. HyTerra has also engaged several US-based drilling and operational consultants for notional exploration well costs.

## **CORPORATE & FINANCIAL**

### **APPOINTMENT OF EXECUTIVE DIRECTOR FOR STRATEGY & GROWTH | 19 April 2023**

The Board welcomed the appointment of Benjamin Mee as Executive Director. Benjamin has 23 years of international oil and gas experience with a successful track record in project delivery from exploration, through to appraisal, development, and production both onshore and offshore in various global locations. His extensive geoscience knowledge and leadership experience has also complemented his corporate-focused positions in strategy and portfolio development.

In the capacity of Executive Director, Benjamin will be responsible for implementing strategies that can drive growth and support the Company’s mission of becoming a leading producer in the natural hydrogen sector. His decision to join HyTerra can be attributed to his career focus on developing solutions to mature complex energy resources and his passion for sustainable and affordable energy.

**ANNUAL GENERAL MEETING | 29 May 2023**

The Company held its AGM for December 2022 (due to financial year end change from 31 March to 31 December). All resolutions were passed on a poll.

**RESIGNATION OF NON-EXECUTIVE DIRECTOR | 30 May 2023**

The Company advised Paul Garner would resign from the Board effective 31 May. The Board expressed its sincere gratitude to Paul for taking a leading role in executing HyTerra’s reinstatement in 2022 and wished him all the best in his future endeavours.

**CASH BALANCE**

As of 30 June 2023, the Company’s cash balance was \$1,443,000. The Company currently has 560,702,882 fully paid ordinary shares on issue and 229,500,000 options on issue expiring on the 30 June 2025 at an exercise price of \$0.025.

**ADDITIONAL ASX LISTING RULE INFORMATION**

**LISTING RULES 5.4.1 & 5.4.5 | Exploration expenditure & related parties payments**

Exploration expenditure during the quarter of A\$975,000 related to payments to technical consultants, testing activities at Project Geneva, leasing costs at Nemaha Ridge and an airborne geophysical survey across the Nemaha Ridge area.

Payments to related parties of \$96,000 comprise payment of executive and non-executive directors’ fees.

**LISTING RULE 5.4.3 | Tenements held and acquired during the quarter**

**Joint Development and Earn-In Agreement (JDA) with Natural Hydrogen Energy LLC**

The JDA covers assets including mineral leases in Nebraska and South Carolina as detailed in Annexure B in the Company’s prospectus. The Company does not directly hold any of these leases.

**Kansas, USA**

During the quarter, the Company increased its 100% working interest to 7,526 acres of lease holdings in Riley, Geary and Morris Counties, Kansas, USA. The leases will be assigned to the Company’s wholly owned USA subsidiary HYT Operating LLC which will hold the sole and exclusive right to explore for and produce minerals, oil and gases (including hydrogen and helium).

Lease Area	County / State	Gross / Net acres and interest at the beginning of the quarter	Net acres and interest at the end of the quarter
Nemaha Ridge	Riley, Kansas	401 / 341 acres   100%	341 acres   100%
Nemaha Ridge	Geary, Kansas	nil	2560 acres   100%
Nemaha Ridge	Morris, Kansas	1840 / 1840 acres   100%	4625 acres   100%

**LISTING RULE 5.4.3 | Beneficial percentage in farm-in agreements acquired during the quarter**

Pursuant to the terms of the JDA with NH2E, the Company increased its beneficial interest from 14.36% to 16.03% during the quarter by spending US \$277,900. The JDA covers assets including mineral leases in Nebraska and South Carolina as detailed in Annexure B in the Company's prospectus. The Company does not directly hold any of these leases.

Agreement	Project Location(s)	Working interest at the beginning of the quarter	Working interest at the end of the quarter
JDA with NH2E	Nebraska & South Carolina	14.36%	16.03%

**LISTING RULE 5.4.4 | Use of Funds**

HyTerra's securities were re-admitted to trading on the ASX on 2 December 2022. The 31 March 2023 quarter is included in a period covered by a Use of Funds statement in a prospectus lodged with ASX under Listing Rule 1.a, condition 3. A comparison of the Company's expenditure against the estimated Use of Funds statement is set out below as required under Listing Rule 5.4.4.

Expenditure Item	Use of Funds (2 years) \$'000	Actual to 30 June 2023 \$'000	Variance \$'000
Hoarty NE3 Well Test	750	1,580	(830)
Seismic Survey	750	-	750
Gravity survey	69	259	(189)
Operational expenses	417	237	179
Additional leases	694	409	284
Geochemical survey	278	-	278
Contingency	556	-	556
Expenses of the Offer	679	694	(15)
Corporate and administration	1,713	1,282	431
<b>Total</b>	<b>5,905</b>	<b>4,462</b>	<b>1,443</b>

**Notes:**

- Use of Funds covers a 2-year period whereas current actual expenditure principally covers the period since reinstatement (December 2022).
- Material variance for expenditure related to the 'Hoarty NE3 Well Test' are due to:
  - an unfavourable Australian dollar/US dollar exchange rate
  - the complexity of operating and testing a deep wellbore
  - the necessity for further data that has strengthened the Company's understanding of hydrogen testing and resource development
- Material variances for expenditure related to the 'Gravity Survey' are due to:
  - Survey area expanded to acquire data supporting 'Additional leases' acquired during the quarter

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

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

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### ABOUT HYTERRA LTD

The first ASX listed company with a focus on pioneering the exploration and production of natural hydrogen. HyTerra has an earn-in interest in a Joint Development with Natural Hydrogen Energy LLC which includes the world's first wildcat well targeting natural hydrogen in Nebraska, USA. HyTerra also holds 100% owned and operated leases on the Nemaha Ridge, Kansas, USA.

## Appendix 5B

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

Name of entity

HyTerra Ltd

ABN

68 116 829 675

Quarter ended ("current quarter")

30 June 2023

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	-	(125)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(169)	(264)
	(e) administration and corporate costs	(192)	(475)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	20
1.5	Interest and other costs of finance paid	-	-
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>(352)</b>	<b>(844)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(126)	(366)
	(c) property, plant and equipment	-	(7)
	(d) exploration & evaluation	(849)	(1,908)
	(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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(975)</b>	<b>(2,281)</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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</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	2,779	4,590
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(352)	(844)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(975)	(2,281)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(9)	(22)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,443</b>	<b>1,443</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,443	2,779
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>1,443</b>	<b>2,779</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(96)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	<b>Total financing facilities</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.		
	N/A		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(352)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(849)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,201)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,443
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,443
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>1.20</b>
	<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?	
	The Company does not have work program commitments on any of its lease holdings or operations. The exploration & evaluation expenditure related to geophysical surveying and well testing that was incurred during the June quarter is not expected in the upcoming quarters.	
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?	
	As noted above, the exploration & evaluation expenditure in the next two quarters are expected to be significantly lower than the June quarter, therefore, the Company believes that there are sufficient funds to continue its operations and meet its business objectives. As announced on 29 May 2023, the Company intends to undertake a placement of up to A\$2.5 million.	

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

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?

Yes, the Company expects to be able to continue its operations and meet its business objectives based on the current cashflow forecast prepared for internal purposes.

*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: 28 July 2023

Authorised by: The Board of HyTerra Ltd  
(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.