

ASX / MEDIA RELEASE: 18 October 2023

SEPTEMBER 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 September 2023.

Executive Director, Avon McIntyre commented:

"During the quarter, HyTerra focused on deepening our understanding of the Nemaha Ridge area through the acquisition and delivery of an airborne gravity gradiometry and magnetic survey over the areas in which our leases are located. This has given us a much-improved view of the subsurface and puts many of the historic wells with hydrogen occurrences in our leases into a geological context. The insights from this dataset area drive our lease acquisition and de-risking strategy to the point where we can identify notional drill sites. We look forward to the independent Prospective Resource assessment, which will high-grade our portfolio and inform our next steps."



QUARTERLY EVENTS | ASX RELEASES

- Nemaha Ridge operations update | 19 July
- Natural Hydrogen Project updates | 18 August
- Prospective Resource Assessment Underway | 29 August
- Drilling update at Nemaha Ridge | 19 September

PROJECT GENEVA | NON-OPERATED, 16% WORKING INTEREST

NATURAL HYDROGEN PROJECT UPDATES | 18 August 2023

The Company and Natural Hydrogen Energy LLC (the Operator) are assessing options for future plans of the Joint Development and Earn-In Agreement (JDA) which includes HyTerra's non-operated interest in the Hoarty well at Project Geneva.

CURRENT STATUS

As noted in the June Quarterly report, the Company is awaiting the provision of key data from the Operator to make a joint decision on flow testing operations, the work program going forward and the future of this Project for the Company. Despite several follow ups, the Company is yet to receive the key data from the Operator and upon receipt, HyTerra will update the market accordingly.

NEMAHA RIDGE | 100% OWNED AND OPERATED

NEMAHA RIDGE OPERATIONS UPDATE | 19 July 2023

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.

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% H₂) drilled to 677m in 1982 and Sue Duroche-2 (up to 92% H₂) 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.

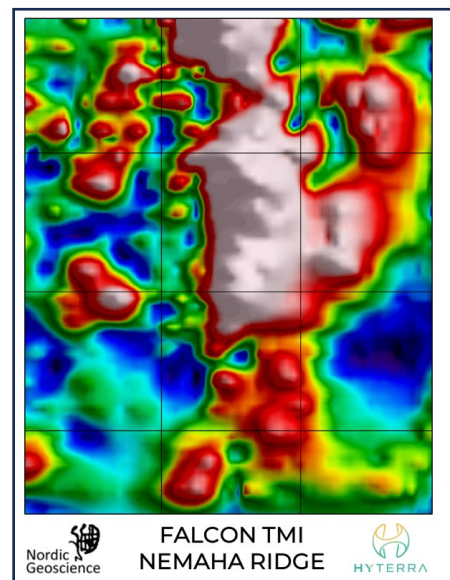
NATURAL HYDROGEN PROJECT UPDATES | 18 August 2023

Nordic Geoscience, a specialist geophysical consultancy completed its interpretation of the airborne gravity gradiometry and magnetic data over HyTerra's Nemaha Ridge leases and the surrounding area.

An excerpt of the Total Magnetic Intensity (TMI) data is pictured. The interpreted subsurface imaging will serve as a key input for an independent assessment of prospective resources and is also guiding the Company's lease acquisition strategy.

As a result, HyTerra increased its 100% owned and operated lease holdings on the Nemaha Ridge in August to 9,486 acres. The Company continued to grow its mineral lease position through a targeted approach calibrated by a geological model and historical wells with occurrences of natural hydrogen.

Leases are held by its USA subsidiary HYT Operating LLC and grant exclusive rights for all minerals, including hydrogen and helium, without mandatory work commitments.



PROSPECTIVE RESOURCE ASSESSMENT UNDERWAY | 29 August

HyTerra announced that an independent prospective resource assessment of the Company's Nemaha Ridge leases is underway with the appointment of Sproule Incorporated (Sproule), a top-tier energy consultancy. Sproule has a strong understanding of the geology of the Mid-West, USA and has also completed resource assessments for several ASX-listed helium explorers, demonstrating their familiarity with non-hydrocarbon gases.

The framework for reporting natural hydrogen resources is underpinned by industry-established guidelines that provide standardised definitions and a comprehensive classification system, known as Petroleum Resources Management System (PRMS) which includes natural hydrogen.

A key input to the prospective resource assessment is the interpretation products from the recently acquired geophysical data suite as well as a petrophysical database that HyTerra has compiled over the past 6 months. The Company will share the key outcomes of the resource assessment when complete. Sproule have advised that it will be delivered in October.

DRILLING UPDATE AT NEMAHA RIDGE| 19 September

HyTerra announced that it is nearing operational readiness to drill on its leases on the Nemaha Ridge in Kansas, USA.

The Company is looking to spud its first well in the coming months, subject to securing funding. General approval of a site for drilling has been received, and the well drilling plans are nearing completion. Vendor bids for the main operational services, including well cost estimates, have been provided. A company representative is on location and meeting with stakeholders, consultants, and contractors to finalise operational readiness. The Company will continue to provide updates on operational timing.

CORPORATE & FINANCIAL

RESIGNATION OF CHIEF OPERATING OFFICER

Chief Operating Officer Luke Velterop resigned from the Company in September. The Board thanks Luke for taking a leading role in delivering Project Nemaha in Kansas and wishes him all the best.

CAPITAL RAISING

Subsequent to the quarter, on 16 October 2023, the Company announced that it received firm commitments to raise A\$1 million before costs via the issue of 50,000,000 fully paid ordinary shares in the capital of the Company (**Placement Shares**) at an issue price of A\$0.02 per Share, together with 2 free-attaching options to acquire Shares (**Placement Options**) for 3 Shares subscribed for and issued (**Placement**). The funds raised from the Placement will be used to progress its natural hydrogen exploration projects in the Mid-West USA.

CASH BALANCE

As of 30 September 2023, the Company's cash balance was ~A\$697,000.

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\$354,000 related to payments to technical consultants, leasing costs and an airborne geophysical survey across the Nemaha Ridge area.

Payments to related parties of ~A\$135,000 comprise payment of executive and non-executive directors' fees.

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 maintained its beneficial interest at 16.03%. 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	16.03%	16.03%

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 9,566 acres of lease holdings in Riley, Geary and Morris Counties, Kansas, USA. Leases have been assigned to the Company's wholly owned USA subsidiary HYT Operating LLC which holds the sole and exclusive right to explore for and produce minerals, oil and gases (including hydrogen and helium).

Lease Area	County / State	Net acres and interest at the beginning of the quarter	Net acres and interest at the end of the quarter
Nemaha Ridge	Riley, Kansas	341 acres 100%	341 acres 100%
Nemaha Ridge	Geary, Kansas	2560 acres 100%	2560 acres 100%
Nemaha Ridge	Morris, Kansas	4625 acres 100%	6665 acres 100%

LISTING RULE 5.4.4 | Use of Funds

HyTerra's securities were re-admitted to trading on the ASX on 2 December 2022. The 30 September 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 September 2023 \$'000	Variance \$'000
Hoarty NE3 Well Test	750	1,593	(843)
Seismic Survey	750	-	750
Gravity survey	69	288	(219)
Operational expenses	417	408	9
Additional leases	694	559	135
Geochemical survey	278	-	278
Contingency	556	-	556
Expenses of the Offer	679	694	(15)
Corporate and administration	1,713	1,666	47
Total	5,905	5,208	697

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.hytterra.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.

Amended 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 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	(125)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(244)	(508)
	(e) administration and corporate costs	(148)	(623)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	24
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)	-	-
1.9	Net cash from / (used in) operating activities	(388)	(1,232)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(150)	(516)
	(c) property, plant and equipment	-	(7)
	(d) exploration & evaluation	(204)	(2,112)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(354)	(2,635)

3.	Cash flows from financing activities		
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	(6)	(6)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(6)	(6)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,443	4,590
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(388)	(1,232)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(354)	(2,635)

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 (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	(6)
4.5	Effect of movement in exchange rates on cash held	2	(20)
4.6	Cash and cash equivalents at end of period	697	697

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	697	1,443
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	697	1,443

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	(135)
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.

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(388)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(204)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(592)
8.4	Cash and cash equivalents at quarter end (item 4.6)	697
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	697
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.18
	<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?	
	Yes.	
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?	
	The Company announced on 16 October 2023, that it has received firm commitments to raise A\$1 million before costs via the issue of 50,000,000 fully paid ordinary shares at an issue price of \$0.02 per share.	

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 and the capital raising per 8.8.2 above.

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: 18 October 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.