HYTERRA LIMITED
ACN 116 829 675
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am (WST)

DATE: Wednesday, 4 December 2024

PLACE: QV1, Level 14, 250 St Georges Terrace, Perth WA 6000

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of 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 Resolution 1 to the non-associated Shareholders.

The Independent Expert has determined the transaction the subject of Resolution 1 is **NOT FAIR BUT REASONABLE** to the non-associated Shareholders.

BOARD RECOMMENDATION

The Directors believe the transaction the subject of Resolution 1 is in the best interests of Shareholders and accordingly, recommend that Shareholders vote in favour of this Resolution.

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 4:00pm (WST) on 2 December 2024.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF ISSUE OF SECURITIES TO FORTESCUE

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

"That, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to:

(a) 644,117,647 *Shares (**Subscription Shares**); and*

(b) 322,058,824 *Options (**Subscription Options**),*

to Fortescue on the terms and conditions set out in the Explanatory Statement, which will result in Fortescue's (and its associates) voting power increasing from 0% up to a maximum of 49.75%."

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

Expert's Report: Shareholders should carefully consider the report 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 transactions, being the subject of this Resolution, to the non-associated Shareholders in the Company.

The opinion of the Independent Expert is that the advantages of the issue of securities to Fortescue and the resulting increase in the voting power of Fortescue in the Company outweigh the disadvantages of the issue of securities.

2. RESOLUTION 2 – APPROVAL FOR THE APPOINTMENT OF CHRISTINE NICOLAU AS A DIRECTOR

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

"That, subject to the passing of Resolution 1, for the purpose of clause 15.3 of the Constitution, ASX Listing Rule 14.3, and for all other purposes, Christine Nicolau, having consented to act as a director of the Company, be appointed as a director of the Company."

3. RESOLUTION 3 – APPROVAL TO ISSUE RETAINER FEE SHARES TO RM CAPITAL

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, Shareholders approve the issue of that number of Retainer Fee Shares equal to $56,000 to RM Capital (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.

Voting Prohibition Statements

Resolution 1 - Approval of Issue of Securities to Fortescue	No votes may be cast in favour of this Resolution by: (a) the person proposing to make the acquisition and their associates; or (b) the persons (if any) from whom the acquisition is to be made and their associates. Accordingly, the Company will disregard any votes cast in favour on this Resolution by Fortescue and any of their associates.

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:

Resolution 3 – Approval to Issue Retainer Fee Shares to RM Capital	A person who participated in the issue or is a counterparty to the agreement being approved (namely, RM Corporate Finance Pty Ltd) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolutions 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

To vote by proxy, please complete the 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:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- 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:

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

Voting in person

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 on +61 8 6478 7730.

EXPLANATORY STATEMENT

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.

1. RESOLUTION 1 – APPROVAL OF ISSUE OF SECURITIES TO FORTESCUE

1.1 Background to the Subscription Agreement

On 29 August 2024, HyTerra Ltd (ACN 116 829 675) (**Hyterra** or the **Company**) announced that it had entered into a conditional subscription agreement with Fortescue Future Industries Technologies Pty Ltd (ACN 356 350 033) (**Fortescue**) (**Subscription Agreement**) pursuant to which Fortescue has conditionally agreed to subscribe for:

(a) 644,117,647 subscription shares in the Company (**Subscription Shares**) at a deemed issue price of $0.034 per Share for an amount of $21,900,000; and

(b) 322,058,824 free attaching subscription options exercisable at $0.051 per Option, with an expiry date of 3 years from the issue date and on the terms and conditions set out in Schedule 1 (**Subscription Options**),

(together, the **Subscription Securities**).

The material terms of the Subscription Agreement (as amended) are as follows:

Condition Precedent	Fortescue's obligation to subscribe for, and HyTerra's obligation to issue, the Subscription Securities under the Subscription Agreement is subject to and conditional upon: (a) HyTerra's shareholders approving by resolution the issue of the Subscription Securities to Fortescue (or its nominee) for the purposes of Item 7 of section 611 of the Corporations Act, and for all other purposes, by no later than 17 December 2024; and (b) no material adverse effect (as defined in the Subscription Agreement) occurring on or before the Business Day before satisfaction of the shareholder approval stated above, (together, the **Conditions Precedent**). If a Condition Precedent is not satisfied or waived on or before 5:00 pm (AWST) on the relevant date specified above (each being an **End Date**) (or such later date agreed in writing between the Parties, as that term is defined below), completion will not proceed, and the Subscription Agreement will automatically terminate.
Director Appointment	On and from the date of issue of the Subscription Securities (**Issue Date**), and unless and until Fortescue's relevant interest in Hyterra Shares fall below 10%, Fortescue will have the right but not the obligation to nominate a person as a Director.
Issue Date	The day that is five Business Days after the last of the Conditions Precedent have been satisfied or waived in accordance with the Subscription Agreement, or such other date as may be mutually agreed between the Hyterra and Fortescue (together, the **Parties**).
Strategic Alliance	The Parties agree to use best efforts to agree the terms of and enter into a strategic alliance agreement as soon as practicable following the Issue Date, which will contain provisions (amongst others) pertaining to: (a) the establishment of a technical committee comprising HyTerra and Fortescue personnel to jointly oversee technical aspects of the exploration and development of HyTerra's Nemaha Project;

	(b) Fortescue's potential provision of other support and assistance as agreed with HyTerra (including with respect to engineering, projects, offtake, environmental, social and governance) in connection with the exploration, development and commercialisation of HyTerra's Nemaha Project; (c) HyTerra's consultation with Fortescue on key issues and matters relating to the Nemaha Project; and (d) the Parties' ongoing joint assessment and (if warranted) pursuance of additional natural hydrogen projects.
Termination	If a Condition Precedent is not satisfied or waived on or before 5:00 pm (AWST) on the relevant End Date (or such later date agreed in writing between the Parties), completion will not proceed and the Subscription will automatically terminate.

Upon completion of the Subscription Agreement, subject to shareholder approval pursuant to Item 7 Section 611 of the Corporations Act, Fortescue will acquire;

(a) 39.76% relevant interest in the Company's Shares following receipt of the Subscription Shares; and

(b) 49.75% relevant interest in the Company's Shares following the exercise of the Subscription Options,

assuming no other Shares are issued and no other Options are exercised.

The Subscription Agreement is otherwise on reasonably standard terms and conditions for an agreement of this nature, including with respect to the provision of warranties by HyTerra and the warranty regime itself.

The Company notes that, as at the date of this Notice:

(a) the exercise price of each of the Company's existing classes of Options is below the prevailing Share price (being $0.044 on 25 October 2024) (**Share Price**); and

(b) the Subscription Options' exercise price of $0.051 is currently above the Share Price.

On this basis, the Company considers it unlikely that Fortescue's relevant interest in the Company's Shares will ever reach 49.75% as a result of the exercise of the Subscription Options.

1.2 Use of Funds

The Company will use the funds raised under the Subscription Agreement to increase the lease acreage, execute geophysical surveying, and drill exploration wells in the Nemaha Project.

1.3 General

Resolution 1 seeks Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act to allow Hyterra to issue 644,117,647 Subscription Shares to Fortescue in accordance with the Subscription Agreement. The issue of the Shares will result in Fortescue's voting power in the Company increasing from 0% up to 39.76% (as at the date of this Notice), effective on the completion of the Subscription Agreement.

Resolution 1 also seeks Shareholder to issue 322,058,824 Subscription Options to Fortescue on the terms outlined in Schedule 1 and for the future issue of up to 322,058,824 Shares upon the exercise of all Subscription Options.

If all of the Subscription Options are issued and exercised, it will result in Fortescue's voting power in the Company increasing to 49.75%, assuming no other Shares are issued and no other Options are exercised.

Pursuant to ASX Listing Rule 7.2 (Exception 8), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of Item 7 of section 611 of the Corporations Act. Accordingly, if Shareholders approve the issue of securities pursuant to Resolution 1, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% annual capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

Independent Expert Report

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, 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 at **https://hyterra.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.

1.4 Effect of the Subscription Agreement on the Company's Capital structure

The capital structure of the Company, on completion of the Subscription Agreement is set out below:

	SHARES[1]	OPTIONS	PERFORMANCE RIGHTS
Current issued capital	975,850,433	430,049,584	44,000,000
Subscription Securities	644,117,647	322,058,824	-
Total	**1,619,968,080**	**752,108,408**	**44,000,000**

Notes:

1. Comprising:
   (a) 931,846,233 fully paid ordinary shares in the capital of the Company; and
   (b) 44,004,200 restricted fully paid ordinary shares in the capital of the Company.
2. Comprising:
   (a) 191,950,000 quoted options (exercisable at $0.025, on or before 30 June 2025);
   (b) 45,008,334 quoted options (exercisable at $0.03, on or before 31 October 2025);
   (c) 32,150,000 unquoted restricted options (exercisable at $0.025, on or before 30 June 2025);
   (d) 95,941,250 unquoted options (exercisable at $0.04, on or before 30 November 2027);
   (e) 46,000,000 unquoted options (with a nil exercise price, exercisable on or before 25 October 2026);
   (f) 5,000,000 unquoted options (with a nil exercise price, exercisable on or before 30 May 2028); and
   (g) 14,000,000 unquoted options (with a nil exercise price, exercisable on or before 6 September 2027).
3. Comprising restricted performance rights vesting into Shares subject to the acheivement of various milestones prior to the applicable expiry dates. It is not expected that any of the performance rights will vest as a result of the Proposed Transaction.

1.5 Board Recommendation

The Subscription by Fortescue will fully-fund an expanded initial exploration phase of the Nemaha Project, facilitating a significant increase in pre-drill acreage, resulting in increased drilling of prospects in several identified geological play areas. Such a rigorous exploration program enhances the Company's potential to unlock commercial opportunities in the mid-West, USA. The Company and Fortescue will also enter into a strategic alliance agreement, which will be to facilitate collaboration on the Nemaha Project and progress global opportunities. The Company will use the funds and additional value, provided by Fortescue as a shareholder, to increase its acreage, execute geophysical surveying and drill six exploration wells in the Nemaha Project.

The Board believes that the completion of the Subscription Agreement is consistent with the stated objectives of the Company.

Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 1 set out in this Notice of Meeting to enable completion of the Subscription Agreement to occur.

1.6 Item 7 of Section 611 of the Corporations Act

(a) **Section 606 of the Corporations Act – Statutory Prohibition**

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:

(i) from 20% or below to more than 20%; or

(ii) from a starting point that is above 20% and below 90%,

(**Prohibition**).

(b) **Voting Power**

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.

(c) **Fortescue's existing holdings in the Company**

Fortescue, either directly or through its associated entities, does not currently hold any Shares or Options in the Company.

(d) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

(i) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:

(A) a body corporate the first person controls;

(B) a body corporate that controls the first person; or

(C) a body corporate that is controlled by an entity that controls the person;

(ii) 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

(iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(e) **Relevant Interests**

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

(i) are the holder of the securities;

(ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) 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.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(i) a body corporate in which the person's voting power is above 20%; and

(ii) a body corporate that the person controls.

(f) **Associates of Fortescue**

No associates of Fortescue currently have or will have a relevant interest in the Company.

(g) **Control**

The Corporations Act defines "control" and "relevant agreement" very broadly as follows:

(i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.

(ii) Under section 9 of the Corporations Act, a relevant agreement includes an agreement, arrangement or understanding whether written or oral, formal or informal and whether or not having legal or equitable force.

(h) **Agreements and options in relation to shares**

Section 608(8) of the Corporations Act states that if at a particular time all the following conditions are satisfied:

(i) a person has a relevant interest in issued securities;

(ii) the person (whether before or after acquiring the relevant interest);

(A) has entered or enters into an agreement with another person with respect to the securities; or

(B) has given or gives another person an enforceable right, or has been or is given an enforceable right by another person, in relation to the securities (whether the right is enforceable presently or in the future and whether or not on the fulfilment of a condition); or

(C) has granted or grants an option to, or has been or is granted an option by, another person with respect to the securities;

(iii) the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised,

the other person is taken to already have a relevant interest in the securities.

1.7 Effect of section 608(8) on the issue of the Subscription Securities

The effect of section 608(8) on the issue of the Subscription Securities is that Fortescue will acquire a relevant interest in all the Subscription Securities when Shareholder approval to Resolution 1 is granted.

1.8 Reason section 611 Approval is Required

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

Following the issue of the Subscription Shares, Fortescue will have a relevant interest in 644,117,647 Shares in the Company, representing 39.76% voting power in the Company. This assumes that no other Shares are issued, or Options are exercised.

Further, following the issue of the Subscription Options, Fortescue will be entitled to exercise the Subscription Options and be issued up to 322,058,824 additional Shares. This would increase Fortescue's voting power to 49.75%. This also assumes that no other Shares are issued, or Options are exercised.

Accordingly, Resolution 1 seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Subscription Shares to Fortescue and to enable Fortescue to exercise the Subscription Options.

1.9 Specific Information required by section 611 Item 7 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 for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Stantons International Securities (ACN 144 581 519) (**Stantons**) annexed to this Explanatory Statement.

(a) **Identity of the Acquirer and its Associates**

It is proposed that Fortescue will be issued the Subscription Shares and Subscription Options in accordance with the terms of the Subscription Agreement as set out in Section 1.1 of this Explanatory Statement.

No associates of Fortescue currently have or will have a relevant interest in the Company.

(b) **Relevant Interest and Voting Power**

(i) **Relevant Interest**

The relevant interests of Fortescue in voting shares in the capital of the Company (both current, and following the issue of the Subscription Securities to Fortescue as contemplated by this Notice) are set out in the table below:

PARTY	RELEVANT INTEREST AS AT THE DATE OF THIS NOTICE OF MEETING	RELEVANT INTEREST AFTER THE ISSUE OF THE SUBSCRIPTION SHARES AND SUBSCRIPTION OPTIONS	RELEVANT INTEREST AFTER EXERCISE OF THE SUBSCRIPTION OPTIONS
Fortescue	0	39.76%	49.75%

The Subscription Agreement is the only relevant agreement between the Company and Fortescue in relation to the Company and this does not affect or relate to the control or influence of the Company's board or the Company's affairs.

(ii) **Voting Power**

The voting power of Fortescue both current and following the issue of the Subscription Securities to Fortescue as contemplated by this Notice) is set out in the table at Section 1.9(b)(i).

Further details on the voting power of Fortescue are set out in the Independent Expert's Report prepared by Stantons.

(iii) **Summary of increases**

Pursuant to the above table, set out in Section 1.9(b)(i), it can be seen that:

(A) The maximum relevant interest that Fortescue will hold after completion of the Issue (and after the exercise of all of the Subscription Options) is 966,176,471 Shares, and the maximum voting power that Fortescue will hold is 49.75%. This represents a maximum increase in voting power of 49.75% (being the difference between 0% and 49.75%).

(iv) **Assumptions**

Note that the following assumptions have been made in calculating the above:

(A) the Company has 975,850,433 Shares on issue as at the date of this Notice;

(B) the Company does not issue any additional Shares other than pursuant to the Subscription Options;

(C) no other Options are exercised; and

(D) Fortescue does not acquire any additional Shares other than under the Subscription Options exercise.

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

As set out in Section 1.2 of this Explanatory Statement, the reason for the issue of securities to Fortescue is to raise $21,900,000 to enable the Company to increase the lease acreage, execute geophysical surveying, and drill exploration wells in the Nemaha Project.

(d) **Date of proposed issue of securities**

The Subscription Shares and Subscription Options the subject of Resolution 1 will be issued on a date after the Meeting to be determined by the Company and Fortescue.

(e) **Material terms of proposed issue of securities**

As set out in Section 1.1 of this Explanatory Statement the Company is proposing to issue:

(i) 644,117,647 Subscription Shares at a price of $0.034 per Share; and

(ii) 322,058,824 Subscription Options at an exercise price of $0.051 per option, with an expiry date of 3 years from the issue date, and on the terms set out in Schedule 1.

(f) **Fortescue's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Fortescue:

(i) has no present intention of making any significant changes to the business of the Company;

(ii) has no present intention to inject further capital into the Company other than the exercise of the Subscription Options. Should the Company wish to take any additional capital raisings in the future, Fortescue shall make a decision with respect to their participation in that capital raising at the relevant time;

(iii) has no present intention of making changes regarding the future employment of the present employees of the Company;

(iv) does not intend to redeploy any fixed assets of the Company;

(v) does not intend to transfer any property between the Company and Fortescue;

(vi) has no intention to change the Company's existing policies in relation to financial matters or dividends; and

(vii) intends to appoint Christine Nicolau to the Board as outlined in Section 1.9(g) below.

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

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.

(g) **Identity, associations and qualifications of Nominee Director**

In accordance with the terms of the Subscription Agreement, subject to the passing of Resolution 1 the Company will appoint Christine Nicolau as a non-executive director with effect from the date of the Meeting (**Nominee Director**).

The Nominee Director is currently an employee of Fortescue and a director of TSX-listed Alta Copper Corp. The Nominee Director's biography is set out in Section 2.2.

Neither Christine nor any of her associates currently holds or has a relevant interest in any Shares or Options in the Company.

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

None of the current Board members have a material personal interest in the outcome of Resolution 1.

All of the Directors are of the opinion that the Subscription Agreement is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1. The Director's recommendations are based on the reasons outlined in Section 3.5 above.

The 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 Resolution 1.

(i) **Capital Structure**

Below is a table showing the Company's current capital structure and the possible capital structure on completion of the Issue, and upon exercise of all of the Subscription Options.

	SHARES	OPTIONS
Balance at the date of this Notice	975,850,433	430,049,584
Balance after Issue of the Subscription Shares and Subscription Options	1,619,968,080	752,108,408
Balance following exercise of the Subscription Options	1,942,026,904	430,049,584

Assumptions:

- no additional Shares are issued by the Company;
- none of the Company's existing Options (other than the Subscription Options) expire, or are converted, prior to the date that all of the Subscription Options have been exercised; and
- all of the Subscription Options are exercised prior to the expiry date.

1.10 Advantages of the Issue - Resolution 1

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 proposed Resolution 1:

(a) the issue of the Subscription Shares to Fortescue, would provide the Company with additional funds of $21.9 million;

(b) with these additional funds the Company's cash position will increase to approximately $24,266,020;

(c) the funds raised will enable the Company to increase the lease acreage, execute geophysical surveying, and drill exploration wells in the Nemaha Project;

(d) Fortescue is a strong institutional shareholder partner who will add value to the Company's strategic goals;

(e) if the Subscription Options are issued to and exercised by Fortescue, additional funds of $16,425,000 will be raised from the exercise price of the Subscription Options;

(f) the issue of the Subscription Shares to Fortescue will complete the Company's obligations under the Subscription Agreement and will not require renegotiation of its terms; and

(g) Stantons has concluded that the issue of the Subscription Shares is not fair, but reasonable to the non-associated shareholders.

1.11 Disadvantages of the Issue – Resolution 1

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 proposed Resolution 1:

(a) the issue of the Subscription Shares to Fortescue will increase the voting power of Fortescue from 0% to 39.76%, reducing the voting power of non-associated Shareholders in aggregate from 100% to 60.24%; and

(b) the issue of the Subscription Options will not increase the voting power of Fortescue, however if all the Subscription Options are issued to Fortescue and exercised by Fortescue, the issue of Shares upon the exercise of the Subscription Options will further increase the voting power of Fortescue from 39.76% to 49.75% reducing the voting power of non-associated Shareholders in aggregate from 60.24% to 50.25% (assuming no other Shares are issued and no other Options exercised);

(c) there is no guarantee that the Company's Shares will not fall in value as a result of the Issue.

1.12 Independent Expert's Report – Resolution 1

The Independent Expert's Report prepared by Stantons (a copy of which is attached as Annexure A) concludes that the transactions contemplated by Resolution 1 are not fair but reasonable to the non-associated Shareholders of the Company.

The Independent Expert notes that the key advantages of the proposal raised in Resolution 1 to the Company and existing Shareholders are as follows:

(a) the Company receives cash to fund projects;

(b) the addition of an experienced strategic partner;

(c) non-associated Shareholders retain exposure to upside from the Company's existing projects and potential new projects funded by the cash raised;

(d) there was positive market sentiment to the announcement of the transaction;

(e) if the Subscription Options are exercised, the Company will receive further cash;

(f) alternative fundraising options may be on inferior terms; and

(g) may help facilitate future capital raisings.

The key disadvantages noted by the Independent Expert are that the transaction contemplated by this Resolution are that the transaction:

(a) is, in the opinion of the Independent Expert, not fair;

(b) dilution of the non-associated Shareholders; and

(c) removes the probability of potential superior takeover.

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

1.13 Control

Following completion of the issue of the Subscription Securities, Fortescue's voting power in the Company could be as high as 49.75%.

Fortescue's significant interest in the capital of the Company could mean that it will be in a position to potentially influence the election of Directors and the financial decisions of the Company, and its interests may not align with those of all other Shareholders.

The Company advises Shareholders that if Fortescue holds a relevant interest in more than 25% of the Shares on issue, Fortescue will have the potential to prevent a special resolution from being passed by the Company (being, a resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution). Special resolutions are required in relation to approving certain matters, including potentially seeking the delisting of the Company, amending the Constitution of the Company, approving the voluntary winding up of the Company and, if at any time the share capital of the Company is divided into different classes of shares, approving the variation of the rights attached to any such class.

1.14 ASX Listing Rule 7.1

Approval under ASX Listing Rule 7.1 is not required for the issue of Subscription Shares and Subscription Options as approval is being obtained for the purposes of Item 7 of section 611 of the Corporations Act, which is an exception to ASX Listing Rule 7.1. Accordingly, the issue of the Subscription Shares and Subscription Options to Fortescue will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

1.15 Pro forma balance sheet

A pro forma balance sheet of the Company post the completion of the issue is set out in Schedule 2.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – CHRISTINE NICOLAU

2.1 General

Pursuant to clause 15.3 of the Company's Constitution, the Company may elect a person as a Director at a general meeting on the basis that a nomination has been received in accordance with the Constitution. The Company received Christine Nicolau's nomination for election and consent to act as a Director within the required time prescribed under the Constitution.

The purpose of Resolution 2 is, subject to Shareholders approving Resolution 1, is to seek Shareholder approval for the election of Ms Christine Nicolau to the Board.

2.2 Qualifications and other material directorships

Ms Nicolau is General Manager Critical Minerals at Fortescue and is responsible for critical minerals growth across the South America region, including regional integration with Fortescue's Energy business. In her previous role of Metals General Manager LATAM she was responsible for Fortescue's minerals business in Latin America including exploration, project development and other growth activities. Ms Nicolau has been with Fortescue since 2010 and during this time has held a range of management positions across Australia and South America including Manager Corporate Development from September 2015 to 2018. Ms Nicolau has been a Director of TSX-listed Alta Copper Corp since 2021.

2.3 Independence

As is disclosed in Section 1.9(g), Christine Nicolau is being nominated by Fortescue under the terms of the Subscription Agreement to be appointed to the Company's Board. Subject to Resolution 1, Fortescue may hold up to a 49.75% relevant interest in the Company.

Accordingly, if elected, the Board does not consider Christine Nicolau will be an independent Director.

2.4 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 prior to the appointment of Ms Nicolau.

Ms Nicolau has confirmed that she considers that she will have sufficient time to fulfil her responsibilities as a Non-Executive Director of the Company, and does not consider that any other commitment will interfere with her availability to perform her duties as a Non-Executive Director of the Company.

2.5 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, Christine Nicolau will be elected to the Board as a non- executive Director.

In the event that Resolution 1 is not passed, Christine Nicolau will not join the Board as a non-executive Director.

2.6 Board recommendation

The Board has considered that the skills and experience of Christine Nicolau will enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Christine Nicolau and recommends that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – APPROVAL TO ISSUE RETAINER FEE SHARES TO RM CAPITAL

3.1 General

The Company engaged RM Corporate Finance (ABN 50 108 084 386) (**RM Capital** or **Lead Manager**) to act as lead manager to the April 2024 Placement announcement on the ASX platform on 28 March 2024.

The Company has agreed to issue that number of Shares equal to $56,000 in consideration for corporate advisory services provided by RM Capital for a period of 12 months (effective from 19 February 2024) (**Retainer Fee Shares**), as part of the mandate agreement entered into with RM Capital (**Lead Manager Mandate**).

The corporate advisory fee is payable for a period of 7 months and is calculated in monthly instalments of $4,000 for the first three months and $8,000 for the balance of the 12 month period.

The number of Retainer Fee Shares issued will be calculated on a 20% discount to the 10 day volume weighted average price (**VWAP**) for Shares on the 10 final trading days of each calendar month.

The Company previously obtained Shareholder approval to issue $92,400 worth of Retainer Fee Shares to RM Capital on 24 May 2024. The Company is seeking Shareholder approval under Resolution 3 to issue the remaining Retainer Fee Shares owed to RM Capital pursuant to the Lead Manager Mandate.

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 securities it had on issue at the start of that 12-month period.

The proposed issue of the Retainer Fee Shares 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, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

3.3 Technical information required by Listing Rule 14.1A

The issue of the Retainer Fee Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and whilst the number of Retainer Fee Shares may not exceed the 15% limit in Listing Rule 7.1, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue of the Retainer Fee Shares under Listing Rule 7.1 so that it does not use up any of the 15% limit on issue equity securities without Shareholder approval set out in Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Retainer Fee Shares. In addition, the issue of the Retainer Fee 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 3 is not passed, the Company will proceed with the issue of the Retainer Fee Shares, however the issue of the Retainer Fee Shares will reduce the Company's placement capacity out in Listing Rule 7.1.

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 Resolution 3:

(a) the Retainer Fee Shares will be issued to RM Capital (or its nominee);

(b) the maximum number of Retainer Fee Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals $56,000. The Retainer 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;

(c) the Retainer Fee 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 Retainer Fee Shares will occur on the same date;

(d) the issue price of the Retainer Fee Shares will be equal to a 20% discount to the 10 day VWAP for Shares on the 10 final trading days of each calendar month.;

(e) the Company will not receive any other consideration for the issue of the Retainer Fee Shares;

(f) the purpose of the issue of the Retainer Fee Shares is to satisfy the Company's obligations under the Lead Manager Mandate, as outlined in Section 3.1 above; and

(g) the Retainer Fee Shares are not being issued under, or to fund, a reverse takeover.

3.5 Dilution

Set out below is a worked example of the number of Retainer Fee Shares that may be issued under Resolution 3 based on assumed issue prices of $0.022, $0.043, $0.065 per Retainer Fee Share. The assumed issue price of $0.043 was the closing price of Shares on 22 October 2024 ($0.043). The closing price of $0.022 and $0.065 are 50% higher and 50% lower than the closing price of Shares on 22 October 2024.

ASSUMED ISSUE PRICE	MAXIMUM NUMBER OF RETAINER FEE SHARES WHICH MAY BE ISSUED[1]	CURRENT SHARES ON ISSUE[2]	NUMBER OF SHARES ON ISSUE FOLLOWING ISSUE OF RETAINER FEE SHARES[3]	DILUTION EFFECT ON EXISTING SHAREHOLDERS
$0.022	2,604,651	1,619,968,080	1,622,572,731	0.16
$0.043	1,302,326	1,619,968,080	1,621,270,406	0.08
$0.065	868,217	1,619,968,080	1,620,836,297	0.05

Notes:

1. Rounded to the nearest whole number.
2. There are currently 1,619,968,080 Shares on issue comprising:
   (a) 975,850,433 Shares that are currently on issue as of the date of this Notice; and
   (b) 644,117,647 Subscription Shares, the issue of which are subject to Resolution 1.
3. This table assumes no Options are exercised, no convertible securities converted or additional Shares issued, other than the maximum number of Shares which may be issued pursuant to Resolution 3 (based on the assumed issue prices set out in the table).
4. The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

GLOSSARY

$ means Australian dollars.

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.

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.

Chair means the chair of the Meeting.

Company means Hyterra Ltd (ACN 116 829 675).

Conditions Precedent has the meaning given in Section 1.1.

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

End Date has the meaning given in Section 1.1.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Independent Expert Report means the Independent Experts Report prepared by Stantons International Audit and Consulting Pty Ltd (ACN 144 581 519) (trading as Stantons International Securities) which is attached to this Notice as Annexure A.

Issue Date has the meaning given in Section 1.1.

Lead Manager means RM Capital (ABN 50 108 084 386).

Lead Manager Mandate has the meaning given at Section 3.1.

Listing Rules means the Listing Rules of ASX.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Subscription Agreement is defined in Section 1.1.

Subscription Option has the meaning given in Section 1.1 and on the terms and conditions set out in Schedule 1.

Subscription Securities means the Subscription Shares and the Subscription Options.

Subscription Share means a Share being issued by the Company pursuant to the Issue outlined in Section 1.1 of the Explanatory Statement.

Nominee Director has the meaning given in Section 1.9(g).

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Parties has the meaning given in Section 1.1.

Prohibition is defined in Section 1.6(a) of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

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

Retainer Fee Share has the meaning given in Section 3.1.

VWAP means volume weighted average price.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF SUBSCRIPTION OPTIONS

1. **Entitlement**

   Each Option entitles the holder (**Optionholder**) to subscribe for one Share upon exercise of the Option.

2. **Exercise Price**

   Subject to paragraph (j), the amount payable upon exercise of each Option will be A$0.051 (**Exercise Price**).

3. **Expiry Date**

   Each Option will expire at 5:00 pm (WST) on the date that is three years from the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. **Exercise Period**

   The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. **Notice of Exercise**

   The Options may be exercised during the Exercise Period by notice in writing to HyTerra 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 HyTerra.

6. **Exercise Date**

   A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. **Timing of issue of Shares on exercise**

   Within five Business Days after the Exercise Date, HyTerra 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 HyTerra;

   (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if HyTerra 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 paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, HyTerra 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.

8. **Shares issued on exercise**

   Shares issued on exercise of the Options rank equally with the then issued shares of HyTerra.

9. **Quotation of Shares issued on exercise**

   Application will be made by HyTerra to ASX for quotation of the Shares issued upon exercise of the Options.

10. **Reconstruction of capital**

If at any time the issued capital of HyTerra is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

11. **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.

12. **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.

13. **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – PRO FORMA BALANCE SHEET OF COMPANY

Consolidated Statement of Financial Position
As at 30 June 2024

	Audit reviewed 30-Jun-24 $	Proforma adjustments 1	2	3	PROFORMA 30-Jun-24 $
ASSETS					
Current Assets					
Cash and cash equivalents	5,528,950	21,900,000	-$118,976		27,309,974
Other current assets	146,177				146,177
Total Current Assets	**5,675,127**				**27,456,151**
Non-current Assets					
Property, plant and equipment	2,389				2,389
Capitalised exploration and evaluation assets	9,695,774				9,695,774
Right-of-use assets	76,057				76,057
Total Non-Current Assets	**9,774,220**				**9,774,220**
TOTAL ASSETS	**15,449,347**				**37,230,371**
LIABILITIES					
Current Liabilities					
Trade and other payables	403,720				403,720
Lease liability	39,704				39,704
Provisions	44,209				44,209
Total Current Liabilities	**487,633**				**487,633**
Non-Current Liabilities					
Lease liability	38,061				38,061
Total Non-Current Liabilities	**38,061**				**38,061**
TOTAL LIABILITIES	**525,694**				**525,694**
NET ASSETS	**14,923,653**				**36,704,677**
EQUITY					
Contributed equity	52,526,899	21,900,000	-$118,976		74,307,923
Reserves	5,593,525				5,593,525
Accumulated losses	-43,196,771				-43,196,771
TOTAL EQUITY	**14,923,653**				**36,704,677**

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 42 128 908 289
AFS Licence No: 448697
www.stantons.com.au

25 October 2024

The Directors
Hyterra Limited
PO Box 807
Subiaco WA 6904

Dear Directors,

Independent Expert's Report Relating to Issue of Securities

1 Executive Summary

Opinion

1.1 In our opinion, the proposed transaction outlined in Resolution 1 of the Notice of Meeting ("**NoM**") relating to the issue of 644,117,647 ordinary shares and 322,058,824 options by Hyterra Limited ("**Hyterra**" or the "**Company**") to Fortescue Future Industries Technologies Pty Ltd ("**Fortescue**") is considered **NOT FAIR** but **REASONABLE** to the shareholders of Hyterra who are not restricted from voting on the resolution (the "**Non-Associated Shareholders**") as at the date of this report.

Introduction

1.2 Stantons Corporate Finance Pty Ltd ("**Stantons**") was engaged by the directors of Hyterra to prepare an Independent Expert's Report ("**IER**") on the fairness and reasonableness of a proposal involving the issue of ordinary shares and options to Fortescue.

1.3 Hyterra is an Australian public company listed on the Australian Securities Exchange ("**ASX**") with hydrogen and helium exploration operations. The Company's assets include a 100% interest in tenements comprising the Nemaha Project in Kansas, USA (the "**Nemaha Project**"), and a 16.03% interest (with the right to earn up to 51%) pursuant to a Joint Development Agreement (the "**JDA**") with Natural Hydrogen Energy LLC for the Geneva Project in Nebraska, USA (the "**Geneva Project**").

1.4 Hyterra entered into a conditional subscription agreement with Fortescue announced on 29 August 2024 (the "**Subscription Agreement**"), pursuant to which Fortescue has agreed to subscribe for:

- 644,117,647 ordinary shares in the Company at a deemed issue price of A$0.034 per share, for a total of A$21,900,000 (the "**Subscription Shares**"); and
- 322,058,824 free attaching options each exercisable at A$0.051 per share expiring 3 years from the issue date (the "**Subscription Options**");

collectively, the "**Subscription Securities**".

1.5 The issue of the Subscription Securities to Fortescue for initial compensation of A$21,900,000 is referred to as the "**Transaction**".

1.6 The Transaction is conditional on Hyterra obtaining shareholder approval for the issue of the Subscription Securities pursuant to Item 7 of section 611 ("**s611**") of the Corporations Act 2001 (the "**Corporations Act**") by no later than 17 December 2024.

Purpose

1.7 As a result of the Transaction, Fortescue will obtain an interest in Hyterra of approximately 39.76% of the Company's ordinary shares on receipt of the Subscription Shares and up to a 49.75% interest upon exercise of the Subscription Options[1].

1.8 Except in certain circumstances, Section 606 ("**s606**") of the 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%.

1.9 One of the exceptions to s606 is where the acquisition is approved by the members under s611 of the Corporations Act at a general meeting of the company. Accordingly, Hyterra intends to seek approval from the Non-Associated Shareholders for Resolution 1 pursuant to Item 7 of s611 of the Corporations Act.

1.10 The proposed Transaction is described in the NoM and Explanatory Statement ("**ES**") to be forwarded to shareholders ahead of a general meeting of shareholders. This IER provides an opinion on the fairness and reasonableness of the Transaction for Non-Associated Shareholders.

Basis of Evaluation

1.11 With regard to the Australian Securities and Investments Commission ("**ASIC**") 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.

Hyterra Pre-Transaction Share Value

1.12 We engaged an independent specialist, RISC Advisory Pty Ltd ("**RISC**"), to provide a valuation of Hyterra's hydrogen and helium exploration assets. The valuation is contained in the report titled *"Independent Technical Specialist Report on certain assets of Hyterra Limited"* prepared by RISC and dated 25 October 2024 (the "**RISC Report**"), which is attached as Appendix E of this report. We relied on the RISC Report valuations to form our opinion.

1.13 We assessed the pre-Transaction fair market value of a Hyterra ordinary share as at 18 October 2024, using a net assets approach as our primary methodology, as follows.

[1] Assuming no other ordinary shares are issued

Table 1. Pre-Transaction Net Asset Valuation of Hyterra Shares

	Ref	Low value	Preferred value	High value
Exploration interests (A$)	Table 14	4,600,000	44,800,000	104,100,000
Other net assets (A$)	Table 12	2,076,486	2,076,486	2,076,486
Pre-Transaction net assets (A$)		**6,676,486**	**46,876,486**	**106,176,486**
Less: existing options and performance rights value (A$)	Table 18	(707,993)	(10,532,245)	(29,056,155)
Value attributable to ordinary shareholders		**5,968,493**	**36,344,241**	**77,120,331**
Number of ordinary shares on issue	Table 5	975,850,433	975,850,433	975,850,433
Value per ordinary share (A$) (control basis)		**0.0061**	**0.0372**	**0.0790**

Source: Stantons analysis

1.14 Accordingly, we assessed the fair value of a pre-Transaction Hyterra ordinary share on a control basis to be between A$0.0061 and A$0.0790, with a preferred value of A$0.0372.

Hyterra Post-Transaction Share Value

1.15 We have assessed the post-Transaction value of a Hyterra ordinary share under 3 scenarios, where scenario 1 is our primary scenario for assessing the fairness of the Transaction and scenarios 2 and 3 are alternative scenarios presented in Section 8 for information purposes.

i) the case where Fortescue obtains its maximum possible interest in Hyterra of 49.75%. In this scenario we assumed that all Subscription Options are converted into ordinary shares and that the Company receives the exercise price in cash ("**Scenario 1**"). We note Scenario 1 is a hypothetical under the assumptions in which Fortescue would acquire the maximum possible interest outlined in Resolution 1 of the NoM. Since the existing options have a lower exercise price that the Subscription Options, it is likely that, these would also be exercised if the Subscription Options were exercised.

i) The scenario immediately after completion of the Transaction where Fortescue has an interest of 39.76% with the potential to increase its holding up to 49.75% by exercising the Subscription Options. The value of the Subscription Options was determined using the Black Scholes model assuming that the spot price of a Hyterra ordinary share is the post-Transaction control value of an ordinary share ("**Scenario 2**").

ii) The undiluted case that considers Fortescue acquires an interest of 39.76% in Hyterra and the Subscription Options are assumed to expire unexercised ("**Scenario 3**").

1.16 We have considered Scenario 1 as our primary cases for assessing the fairness of the Transaction since this aligns to the situation presented in Resolution 1 of the NoM, whereby Fortescue may acquire up to a 49.75% interest in the Company.

1.17 The post-Transaction value of a Hyterra ordinary share under Scenario 1 is as follows.

Table 2. Post-Transaction Hyterra Ordinary Share Value – Scenario 1

	Ref	Low	Preferred	High
Pre-Transaction ordinary equity value (A$)	Table 13	5,968,493	36,344,241	77,120,331
Cash received for Subscription Shares (A$)	8.3	21,900,000	21,900,000	21,900,000
Cash received on exercise of Subscription Options (A$)	8.3	16,425,000	16,425,000	16,425,000
Post-Transaction net assets (A$)		**44,293,493**	**74,669,241**	**115,445,331**
Number of ordinary shares on issue	Table 5	1,942,026,904	1,942,026,904	1,942,026,904
Value per ordinary share (A$) (control basis)		**0.0228**	**0.0384**	**0.0594**
Discount for minority interest (%)	8.15	23.1%	23.1%	23.1%
Value per ordinary share (A$) (minority interest)		**0.0175**	**0.0296**	**0.0457**

Source: Stantons analysis

1.18 Under Scenario 1, our assessed value of a Hyterra ordinary share post-Transaction, on a minority interest basis, is between $0.0175 and $0.0457, with a preferred valuation of $0.0296.

Fairness Assessment

Fairness assessment

1.19 Our fairness assessment of the Transaction is set out below.

Table 3. Fairness Assessment

	Ref	Low	Preferred	High
Pre-Transaction value (A$)	Table 23	0.0061	0.0372	0.0790
Post-Transaction value - Scenario 1 (A$)	Table 24	0.0175	0.0296	0.0457
Fairness assessment		**Fair**	**Not Fair**	**Not Fair**

Source: Stantons analysis

1.20 As the post-Transaction value of a Hyterra share is less than the pre-Transaction value in the preferred and high cases, we consider Resolution 1 of the NoM to be **NOT FAIR** to the Non-Associated Shareholders for the purpose of s611 of the Corporations Act.

Reasonableness Assessment

1.21 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
▪ Company receives cash to fund projects	▪ The Transaction is not fair
▪ Addition of an experienced strategic partner	▪ Dilution of Non-Associated Shareholders
▪ Non-Associated Shareholders retain exposure to upside from the Company's existing projects and potential new projects funded by the cash raised	▪ Removes probability of potential superior takeover offer
▪ Positive market sentiment to Transaction announcement	
▪ If the Subscription Options are exercised the Company will receive further cash	
▪ Alternative fundraising options may be on inferior terms	
▪ May help facilitate future capital raisings	

Source: Stantons analysis

1.22 Whilst the Transaction is **NOT FAIR,** we consider on balance there are sufficient reasons for Non-Associated Shareholders to vote for the Transaction proposal and accordingly, consider the Transaction to be **REASONABLE**.

Conclusion

1.23 In our opinion, the Transaction proposal subject to Resolutions 1 is **NOT FAIR** but **REASONABLE** to the Non-Associated Shareholders of Hyterra for the purpose of s611 of the Corporations Act.

1.24 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 25 October 2024

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 on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A$25,000 exclusive of GST.

You have a right to request for 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 complaint 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 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 TCA 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 at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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2 Summary of Transaction

Background

2.1 Hyterra announced it had entered into the Subscription Agreement with Fortescue on 29 August 2024, pursuant to which Fortescue has agreed to subscribe for:

- 644,117,647 Subscription Shares at an issue price of A$0.034 per share; and
- 322,058,824 free-attaching Subscription Options, each exercisable into one ordinary share at A$0.051 per option and expiring 3 years from the date of issue.

2.2 As a result of the Transaction, Hyterra will initially receive a total of A$21,900,000 in cash from Fortescue and up to A$38,325,000 in total if all the Subscription Options are exercised.

2.3 Conditions precedent to the Transaction include that approval from Hyterra's shareholders to issue the Subscription Securities pursuant to s611 of the Corporations Act, and for all other purposes, is obtained by no later than 17 December 2024 and no material adverse effect occurs on or before the business day before shareholder approval is obtained.

2.4 Other conditions of the Subscription Agreement include:

i) Fortescue will have the right to nominate one director;

ii) Hyterra and Fortescue agree to enter into a Strategic Alliance Agreement as soon as practicable, which will include provisions regarding:

a. establishment of a technical committee comprising Hyterra and Fortescue personnel to jointly oversee the technical aspects of the exploration and development of the Nemaha Project;

b. Fortescue's potential provision of other support and assistance in connection with the exploration, development and commercialisation of the Nemaha Project;

c. Hyterra's consultation with Fortescue on key issues and matters relating to the Nemaha Project; and

d. the parties' ongoing joint assessment and pursuance of additional natural hydrogen projects.

2.5 The impact of the Transaction on Hyterra's ordinary share structure is as follows.

Table 5. Transaction Impact on Hyterra's Ordinary Shares

	Number	Undiluted percentage (%)	Diluted percentage[2] (%)
Existing ordinary shares	975,850,433	60.24%	50.25%
Subscription Shares	644,117,647	39.76%	33.17%
Post-Transaction ordinary shares	**1,619,968,080**	**100.00%**	
Subscription Options	322,058,824		16.58%
Post-Transaction diluted ordinary shares	**1,942,026,904**		**100.00%**
Subscription Securities	**966,176,471**		**49.75%**
Existing options			
Listed options HYTOA	191,950,000		
Listed options HYTO	45,008,334		
Unlisted options 1	32,150,000		
Unlisted options 2	95,941,250		
Unlisted options 3	46,000,000		
Unlisted options 4	14,000,000		
Unlisted options 5	5,000,000		
Total existing options on issue	**430,049,584**		
Total existing performance rights on issue	44,000,000		
Total post-Transaction fully diluted ordinary shares	**2,416,076,488**		

Source: NoM, Stantons analysis

[2] We note the Company has existing options and performance rights on issue. The diluted percentage represents dilution only for the Subscription Options and assumes none of the existing options and performance rights are exercised.

3 Scope

Purpose of the Report

3.1 If Resolution 1 is approved, Fortescue may acquire an initial interest of 39.76% in the ordinary shares of Hyterra and will potentially acquire up to a 49.75% interest if the Subscription Options are exercised (assuming no other new ordinary shares are issued).

3.2 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.

3.3 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.

3.4 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.

Basis of Evaluation

3.5 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.

3.6 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".

3.7 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

3.8 As per RG111, the Transaction is not considered to be a control transaction.

3.9 The proposed Transaction is considered to be fair in accordance with RG111 if :

- the post-Transaction value of a Hyterra ordinary share on a minority interest basis; is greater than
- the pre-Transaction value of a Hyterra ordinary shares on a control basis.

3.10 The values of a Hyterra ordinary share and Subscription Option are 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."*

3.11 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

3.12 In accordance with RG111.12, we may define 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.

3.13 To determine whether there are sufficient reasons for Non-Associated Shareholders to accept the proposal despite it not being fair, we compared the advantages and disadvantages to Non-Associated Shareholders of approving the proposed Transaction.

Individual Circumstances

3.14 We have evaluated the proposed Transaction for Non-Associated Shareholders generically. We have not considered the effect on the circumstances of individual investors. Due to their 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

History and Principal Activities

4.1 Hyterra is an Australian public company listed on the ASX that historically operated as an oil and gas explorer in mainland China. The Company recommenced trading on ASX on 2 December 2022 after disposing of its Chinese assets, acquiring the Geneva Project in Nebraska, USA and completing a capital raising of approximately A$5,800,000 under a public offer, as part of a re-compliance with ASX Listing Rules 1 and 2.

4.2 The Company's current projects comprise the Nemaha Project and the Geneva Project.

Nemaha Project

4.3 The Nemaha Project is Hyterra's primary focus and comprises approximately 55,003 gross acres of subsurface mineral rights leases in Kansas, USA. The project is 100% owned and operated by Hyterra and is prospective for hydrogen and helium.

Geneva Project

4.4 The Geneva Project consists of approximately 80 acres of hydrogen and helium exploration licences located in Nebraska, USA. The Company acquired the project from Neutralysis Industries Pty Ltd in 2022. The Company initially had a beneficial interest of 10.03% in the JDA with Natural Hydrogen Energy LLC, a private US company. Hyterra has continued to earn into the Geneva Project by funding approximately $2,600,000 of the work program, including well testing, and currently holds a beneficial interest of 16.03% in the JDA, with the ability to earn in up to a maximum of 51%. The project is currently on hold pending the provision of data.

Recent Corporate Activity

4.5 The Company completed a placement and entitlement offer in April 2024 to raise approximately A$6,000,000. Institutional and sophisticated investors subscribed for 48,800,000 ordinary shares at A$0.018 per share, raising A$878,400. A fully underwritten pro-rata, non-renounceable rights offer to existing shareholders on a 4 for 9 basis was completed on 29 April 2024, raising A$5,242,423 via the issue of 291,245,725 ordinary shares at A$0.018 per share.

Board of Directors

4.6 The current board of directors of Hyterra, as at 25 October 2024, is as follows.

Table 6. Hyterra Board of Directors

Director	Position	Date appointed	Details
Russell Brimage	Non-Executive Chairman	21 November 2022	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 served in the capacity of Operations Manager and CEO of several ASX listed entities since 1997. Currently he is a Non-Executive Director of Lion Energy (ASX:LIO).
Avon McIntyre	Executive Director and Chief Technical Officer	24 February 2022	Mr McIntyre has over 20 years' experience in the minerals and oil & gas exploration industries, with roles in government, service and operating companies. He worked for Shell in Australia and internationally in new ventures and new energies from 2008 to 2021, during which time he developed an interest in natural hydrogen and helium occurrences.
Benjamin Mee	Executive Director	18 April 2023	Mr Mee has over 20 years' experience in international oil and gas with a track record in project delivery from exploration through to appraisal, development and production both onshore and offshore in various global locations. Most recently he held the title of Exploration Manager Deepwater Africa for Shell, during which time significant petroleum discoveries were made.

Source: ASX announcements

Financial Performance

4.7 Hyterra's audited consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 31 December 2022 and 31 December 2023 and reviewed for the half-year ended 30 June 2024 are set out below.

Table 7. Hyterra Statement of Profit or Loss and Other Comprehensive Income

	Audited 12 months to 31 December 2022 (A$)	Audited 12 months to 31 December 2023 (A$)	Reviewed half year to 30 June 2024 (A$)
Revenue from continuing operations			
Other income	7,806	27,974	12,170
Expenses			
Administrative expenses	(531,867)	(629,521)	(356,195)
Advertising and marketing	-	(49,508)	(51,478)
Compliance and regulatory expenses	(156,009)	(80,130)	(58,357)
Depreciation expense	(19,992)	(31,881)	(19,986)
Employee benefits expenses	(292,200)	(725,511)	(402,766)
Exploration expenses	(22,000)	-	-
Finance costs	(68,153)	(1,550)	(1,404)
Occupancy expenses	(17,321)	(34,361)	(1,136)
Share based payment expenses	(161,314)	(315,562)	(283,647)
Other expenses	(16,443)	(20,439)	(7,927)
Loss before income tax expense	**(1,277,493)**	**(1,860,489)**	**(1,170,726)**
Income tax expense	-	-	-
Loss for the period	**(1,277,493)**	**(1,860,489)**	**(1,170,726)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	-	(64,636)	40,542
Total comprehensive loss	**(1,277,493)**	**(1,925,125)**	**(1,130,184)**

Source: Hyterra Annual Report for the year ended 31 December 2023 and Half Year Report for the period ended 30 June 2024

Financial Position

4.8 Set out below is the reviewed consolidated Statement of Financial Position of Hyterra as at 30 June 2024. We have updated the Company's financial position to reflect the cash balance as at 18 October 2024 of A$2,484,825 and committed expenditure relating to Transaction costs of A$108,976. The total cash movement between 30 June 2024 and 18 October 2024 of $3,044,125 has been apportioned between capitalised exploration expenditure and accumulated losses based on the approximate breakdown for the period. We have been advised that no other subsequent events have occurred since 30 June 2024 that would have a material impact on the Company's financial position as at the date of this report.

Table 8. Hyterra Statement of Financial Position

	Reviewed as at 30 June 2024 (A$)	Adjustments (A$)	Adjusted as at 18 October 2024 (A$)
Assets			
Current assets			
Cash and cash equivalents	5,528,950	(3,153,101)	2,375,849
Trade and other receivables	146,177	-	146,177
Total current assets	**5,675,127**	**(3,153,101)**	**2,522,026**
Non-current assets			
Property plant and equipment	2,389	-	2,389
Capitalised exploration and evaluation assets	9,695,774	2,577,616	12,273,390
Right of use assets	76,057	-	76,057
Total non-current assets	**9,774,220**	**2,577,616**	**12,351,836**
Total assets	**15,449,347**	**(575,485)**	**14,873,862**
Liabilities			
Current liabilities			
Trade and other payables	(403,720)	-	(403,720)
Lease liability	(39,704)	-	(39,704)
Provisions	(44,209)	-	(44,209)
Total current liabilities	**(487,633)**	**-**	**(487,633)**
Non-current liabilities			
Lease liability	(38,061)	-	(38,061)
Total non-current liabilities	**(38,061)**	**-**	**(38,061)**
Total liabilities	**(525,694)**	**-**	**(525,694)**
Total net assets	**14,923,653**	**(575,485)**	**14,348,168**
Equity			
Contributed equity	52,526,899	-	52,526,899
Reserves	5,593,525	-	5,593,525
Accumulated losses	(43,196,771)	(575,485)	(43,772,256)
Total equity	**14,923,653**	**(575,485)**	**14,348,168**

Source: Hyterra Half-Year Report for the period ended 30 June 2024 and subsequent information provided by Hyterra management

Capital Structure

Ordinary Shares

4.9 As at 18 October 2024, Hyterra had 975,850,433[3] ordinary shares on issue, with the top 20 shareholders being as follows.

Table 9. Hyterra Top 20 Shareholders

Shareholder	Number held	Percentage (%)
Citicorp Nominees Pty Ltd	64,641,576	6.62%
BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient>	37,529,124	3.85%
Sunshore Holdings Pty Ltd	35,388,889	3.63%
Adrian Paul and Noelene Paul <ZME Superannuation Fund A/C>	28,527,778	2.92%
AS Gull Holdings Pty Ltd <AS Gull Holdings A/C>	25,998,227	2.66%
Pouvoir Pty Ltd	19,900,000	2.04%
Juneday Pty Ltd	19,305,556	1.98%
Cintra Holdings Pty Ltd <The Cintra A/C>	17,305,879	1.77%
Peter Russell	17,000,000	1.74%
Ping Lau	14,061,112	1.44%
Ahmad Ali	14,055,555	1.44%
Timriki Pty Ltd <Timriki A/C>	11,653,038	1.19%
Brendan Egan	10,290,456	1.05%
Michael Marnewick	10,000,000	1.02%
Melvin Peebles Pty Ltd <Nerd Family Super Fund A/C>	10,000,000	1.02%
Moutier Pty Ltd	10,000,000	1.02%
Stefan Todoroski	10,000,000	1.02%
Comsec Nominees Pty Limited	9,767,083	1.00%
LJM Capital Corporation Pty Ltd	8,734,629	0.90%
HSBC Custody Nominees (Australia) Limited - A/C 2	8,507,658	0.87%
Total Top 20 shareholders	**382,666,560**	**39.21%**
Non-top 20 shareholders	593,183,873	60.79%
Total ordinary shares	**975,850,433**	**100.00%**

Source: Hyterra shareholder register

[3] This figure includes 44,004,200 ordinary shares subject to escrow until 2 December 2024

Options

4.10 As at 25 October 2024, the Company had the following listed and unlisted options on issue.

Table 10. Hyterra Option Details

Option	Number	Exercise price (A$)	Vesting condition	Expiry date
Listed options HYTOA	191,950,000	0.025	n/a	30 June 2025
Listed options HYTO	45,008,334	0.025	n/a	30 June 2025
Unlisted options 1	32,150,000	0.025	n/a	30 June 2025
Unlisted options 2	95,941,250	0.040	n/a	30 November 2027
Unlisted options 3a	41,000,000	nil	Various non-market conditions	25 October 2026
Unlisted options 3b	5,000,000	nil	The 30-day Volume Weighted Average Price ("**VWAP**") of the Company's shares being equal to or exceeding A$0.05 per share	25 October 2026
Unlisted options 4	14,000,000	nil	Various non-market conditions	6 September 2027
Unlisted options 5	5,000,000	nil	Vested on 30 May 2024	30 May 2028
Total options	**430,049,584**			

Source: ASX announcements

Performance Rights

4.11 As at 25 October 2024, the Company had 44,000,000 performance rights on issue, which are each convertible into one ordinary share in the Company at any time between meeting the vesting condition and the expiry date.

Table 11. Performance Rights Details

Tranche	Number	Vesting condition	Expiry date
Tranche 1	11,000,000	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	30 June 2027
Tranche 2	11,000,000	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	30 June 2027
Tranche 3	22,000,000	The 30-day VWAP of the Company's shares being equal to or exceeding $0.05 per share	30 June 2027

Source: ASX announcements

5 Profile of Fortescue Future Industries

5.1 Fortescue is a wholly owned subsidiary of ASX listed green technology, energy and metals group, Fortescue Limited, that is focused on leading the global energy transition. The group are building a global portfolio of renewable green hydrogen and green ammonia projects and developing green technology solutions. Fortescue has committed US$6.2 billion to its decarbonisation plan to achieve Real Zero Scope 1 and 2 terrestrial emissions across its Australian iron ore operation by 2030. The forecast capital expenditure for decarbonisation initiatives for FY25 is US$700-US$900 million.

5.2 Key energy projects that the Fortescue is involved in include the following.

- Arizona Hydrogen Project, USA: a fast-to-market project that is set to commence construction in late 2024 and is expected to achieve first production of liquid hydrogen in 2026. The 80MW stage 1 plans produce up to 30t of green hydrogen per day.
- Gladstone PEM50 Project: a two- stage 50MW green hydrogen project will operate alongside Fortescue's Gladstone Electrolyser Manufacturing Centre and will use the Company's own Proton Exchange Membrane technology to produce up to 22t of green hydrogen per day when operational.
- Holmaneset Project, Norway: currently in the feasibility stage, the project is moving quickly towards a Final Investment Decision on a 300MW green ammonia facility.
- Pecém Project, Brazil: a green hydrogen project that has advanced to the feasibility phase and commenced the front-end engineering design process. The project will have an estimated production capacity of 837t of green hydrogen per day.
- Christmas Creek Green Energy Hub: located at the company's Green Energy Hub at Christmas Creek this project will use renewable energy and green hydrogen reduction technology, together with an electric smelting furnace, to produce high purity green metal.

5.3 Fortescue has recently established a green energy investment accelerator platform, Fortescue Capital, which aims to raise third-party capital for projects and companies that are originated by Fortescue Limited.

6 Valuation Methodology

Available Methodologies

6.1 In assessing the value of a Hyterra ordinary share, 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 Methodology

Valuation methodology

6.3 Our primary valuation methodology to value Hyterra's shares is a Net Assets on a going concern based approach. We have applied traded prices as a secondary cross-check methodology.

6.4 In selecting an appropriate valuation methodology to value the shares of Hyterra, we considered the following factors:

- Hyterra is currently loss-making and has negligible revenue-generating activities. As such the FME methodology is not considered appropriate.
- Reliable cash flow forecasts are not available and therefore DCF methodology is not appropriate.
- Trading in Hyterra's shares represents a moderate level of liquidity. Therefore, we have considered traded prices as a secondary cross-check methodology.
- Hyterra's assets are comprised predominantly of early-stage exploration projects. Accordingly, a Net Assets based approach incorporating a technical specialist valuation of exploration assets is the most suitable for a valuation assessment.

7 Pre-Transaction Valuation of Hyterra Shares

Net Assets Valuation of Hyterra Shares

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% control interest in the company.
- The valuation date is 18 October 2024.
- The exploration assets of Hyterra have been valued by an independent specialist, RISC. A summary of RISC's valuation is provided below from paragraph 7.6, and the RISC Report is attached as Appendix E. We note the RISC Report considers a valuation date of 3 October 2024, though we have been advised there have been no events up to 18 October 2024 that would materially impact the valuation.
- The value of all other assets and liabilities are assumed to be the adjusted book values presented in Table 8 and set out below. We have excluded right-of-use-assets and lease liabilities, though note that net balance is immaterial.

Table 12. Hyterra Non-Project Net Assets

	Value (A$)
Cash and cash equivalents	2,375,849
Trade and other receivables	146,177
Property plant and equipment	2,389
Trade and other payables	(403,720)
Provisions	(44,209)
Other net assets	**2,076,486**

Source: Hyterra Half-Year Report for the period ended 30 June 2024, Stantons analysis

- The existing options and performance rights that are not subject to market based vesting conditions were valued using a Black Scholes model methodology as described from paragraph 7.8. We have assumed that all non-market vesting conditions will be met and have therefore adopted the full undiscounted values for those options and performance rights. We note that, under the accounting standard AASB 2: Share Based Payments, the Company recognised an expense for each tranche of options and performance rights based on management expectations that each vesting condition would be met. The unlisted options 3b and tranche 3 performance rights are subject market based vesting conditions and which we valued with a Monte Carlo simulation methodology as detailed at paragraph 7.13.

7.3 Our pre-Transaction Net Assets based valuation of a Hyterra share on a control basis is set out below.

Table 13. Valuation of Hyterra Shares Pre-Transaction

	Ref	Low	Preferred	High
Exploration interests (A$)	Table 14	4,600,000	44,800,000	104,100,000
Other net assets (A$)	Table 12	2,076,486	2,076,486	2,076,486
Pre-Transaction net assets / (liabilities) (A$)		**6,676,486**	**46,876,486**	**106,176,486**
Less: existing options value (A$)	Table 18	(707,993)	(10,532,245)	(29,056,155)
Value attributable to ordinary shareholders		**5,968,493**	**36,344,241**	**77,120,331**
Number of ordinary shares on issue	Table 5	975,850,433	975,850,433	975,850,433
Value per ordinary share (A$) (control basis)		**0.0061**	**0.0372**	**0.0790**

Source: Stantons analysis

7.4 Accordingly, we assessed the fair value of a pre-Transaction Hyterra ordinary share on a control basis to be between $0.0061 and $0.0790, with a preferred value of A$0.0372.

RISC Report

Engagement of RISC

7.5 Stantons engaged RISC as a technical specialist to undertake a market valuation of the Company's exploration assets. We have used and relied on the RISC Report and note that RISC has declared that:

- RISC is a suitably qualified consulting firm and has relevant experience in assessing the merits and preparing asset valuations 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 Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015 ("**VALMIN Code**") and the Petroleum Resources Management System 2018 ("**PRMS**") prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers.

RISC Report Valuation Summary

7.6 The RISC Report provides a valuation of the exploration interests held by Hyterra as at a valuation date of 3 October 2024. RISC considered several valuation methodologies including sunk costs, forward work programs and comparable transactions.

7.7 The valuation of Hyterra's projects determined by RISC is as set out below. Full details of the valuation assumptions and methodology are in Section 6 of the RISC Report.

Table 14. RISC Report Valuation Summary of Hyterra's Exploration Assets

	Low value	Preferred value	High value
Geneva Project (US$)	-[2]	2,200,000[3]	3,200,000[4]
Nemaha Project (US$)	3,200,000[5]	29,200,000[6]	69,700,000[7]
Total (US$)	**3,200,000**	**31,400,000**	**72,900,000**
Total[1] (A$)	**4,600,000**	**44,800,000**	**104,100,000**

Source: RISC Report

[1] A$/US$ = 0.7

[2] Considers continuation of the current situation which would result in lapse of the lease or Hyterra exit

[3] Considers sunk costs accrued under the JDA to earn their current 16.03% interest

[4] Considers sunk costs and forward work program

[5] Considers the total leasing cost to 3 October 2024

[6] Considers a US$812 per acre estimate based on a comparable transaction for the 'core' area and a discounted US$480 per acre for the remaining area.

[7] Considers a prospectivity multiplier applied to the comparable transaction metric, based on an uplift in perceived prospectivity due to historical hydrogen analyses from wells within the Nemaha Ridge and planned exploration programs by Hyterra and third-party ventures

Options and Performance Rights Valuations

7.8 We derived a value for the existing options and performance rights with regard to *AASB 2: Share Based Payments*.

7.9 Under AASB 2, non-market conditions should not be taken into account in the determination of the fair value. Instead, a non-market vesting condition should be taken into account by adjusting the number of performance rights or options included in the measurement of the transaction amount so that, ultimately, the amount recognised for the goods and services received as consideration for the equity instruments granted shall be based on the number of performance rights or options that eventually vest.

7.10 For the options and performance rights with no vesting conditions or non-market vesting conditions only[4], we used the Black Scholes option methodology. The input assumptions for our Black Scholes model valuations were as follows:

- Valuation date of 18 October 2024.
- Exercise prices and expiry dates as detailed in Table 10 and Table 11.
- An underlying spot price consistent with the adopted Net Asset based value of a control interest Hyterra share in Table 13, though we 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. We used the 2-year and 3-year rates as appropriate (on a continuously compounded basis), as at 18 October 2024, which were 3.826% and 3.778%, respectively.
- An expected volatility factor of 90% based on the average historical annualised volatility of Hyterra (refer to Table 21).
- No dividends are to be paid or announced during the term.
- We note that some of the existing options are listed, however, we have followed a

[4] This includes all options and performance rights besides the unlisted 3a options and tranche 3 performance rights.

fundamental Black Scholes approach rather than listed prices due to the low liquidity of the listed options.

- With reference to AASB 2, the impact of the non-market vesting conditions is not incorporated into the fair values of the option and performance rights. We assumed the full undiscounted value to be applicable based on management expectations as at 30 June 2024 that each vesting condition would be met prior to expiry.

7.11 Set out below is a summary of the Black Scholes valuations of the existing options[5] calculated using the above inputs.

Table 15. Existing Options Black Scholes Values

	Low case value (A$)	Preferred case value (A$)	High case value (A$)	Number	Total low case value (A$)	Total preferred case value (A$)	Total high case value (A$)
Listed options HYTOA	0.0001	0.0168	0.0555	191,950,000	21,767	3,216,280	10,645,270
Listed options HYTO	0.0001	0.0168	0.0555	45,008,334	5,104	754,152	2,496,097
Unlisted options 1	0.0001	0.0168	0.0555	32,150,000	3,646	538,700	1,782,993
Unlisted options 2	0.0013	0.0217	0.0576	95,941,250	123,888	2,079,582	5,528,954
Unlisted options 3a	0.0061	0.0372	0.0790	41,000,000	250,833	1,525,042	3,239,377
Unlisted options 4	0.0061	0.0372	0.0790	14,000,000	85,650	520,746	1,106,129
Unlisted options 5	0.0061	0.0372	0.0790	5,000,000	30,589	185,981	395,046
Total				**425,049,584**	**521,476**	**8,820,481**	**25,193,866**

Source: Stantons analysis

7.12 The Black Scholes values of the existing performance rights[6] based on the inputs listed at paragraph 7.10 are as follows.

Table 16. Existing Performance Rights Values

	Low case value (A$)	Preferred case value (A$)	High case value (A$)	Number	Total low case value (A$)	Total preferred case value (A$)	Total high case value (A$)
Tranche 1 performance rights	0.0061	0.0372	0.0788	11,000,000	67,297	409,158	867,256
Tranche 2 performance rights	0.0061	0.0372	0.0788	11,000,000	67,297	409,158	867,256
Total				**22,000,000**	**134,593**	**818,315**	**1,734,511**

Source: Stantons analysis

[5] Excluding the unlisted options 3b, which were valued using the Monte Carlo methodology below.
[6] Excluding the Tranche 3 Performance Rights which were valued using the Monte Carlo methodology below.

7.13 The Unlisted Options 3b and Tranche 3 Performance Rights are subject to a market-based vesting condition (refer to Table 10 and Table 11). Under AASB 2 the impact of a market condition should be incorporated into the fair value. We derived a value for the Unlisted Options 3b and Tranche 3 Performance Rights with reference to *AASB 2: Share Based Payments*, using Monte Carlo simulation-based option valuation methodology. Our methodology involved running 100,000 simulations of future share prices up to the expiry date. For each iteration we tested 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 18 October 2024.
- Nil exercise price.
- Expiry dates of 25 October 2026 (Unlisted Options 3b) and 30 June 2027 (Tranche 3 Performance Rights).
- 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 pre-Transaction control basis HyTerra share, 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 remaining term of the options was used as a proxy for the risk-free rate. We used the 2-year and 3-year rates as appropriate (on a continuously compounded basis), as at 18 October 2024, which were 3.826% and 3.778%, respectively.
- A volatility factor of 90%, 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.

Table 17. Unlisted Options 3b and Tranche 3 Performance Rights Monte Carlo Valuations

	Low case value (A$)	Preferred case value (A$)	High case value (A$)	Number	Total low case value (A$)	Total preferred case value (A$)	Total high case value (A$)
Unlisted options 3b	0.0013	0.0318	0.0787	5,000,000	6,595	159,215	393,369
Tranche 3 performance rights	0.0021	0.0334	0.0788	22,000,000	45,329	734,608	1,734,511
Total				**27,000,000**	**51,924**	**893,823**	**2,127,880**

Source: Stantons analysis

7.14 Accordingly, the values of the existing Options and Performance Rights adopted for our valuation are as follows.

Table 18. Options and Performance Rights Valuation Summary

	Number	Total low case value (A$)	Total preferred case value (A$)	Total high case value (A$)
Listed options HYTOA	191,950,000	21,767	3,216,280	10,645,270
Listed options HYTO	45,008,334	5,104	754,152	2,496,097
Unlisted options 1	32,150,000	3,646	538,700	1,782,993
Unlisted options 2	95,941,250	123,888	2,079,582	5,528,954
Unlisted options 3a	41,000,000	250,833	1,525,042	3,239,377
Unlisted options 4	14,000,000	85,650	520,746	1,106,129
Unlisted options 5	5,000,000	30,589	185,981	395,046
Tranche 1 Performance Rights	11,000,000	67,297	409,158	867,256
Tranche 2 Performance Rights	11,000,000	67,297	409,158	867,256
Unlisted options 3b	5,000,000	6,595	160,916	393,540
Tranche 3 Performance Rights	22,000,000	45,329	732,533	1,734,238
Total	**474,049,584**	**707,993**	**10,532,245**	**29,056,155**

Source: Stantons analysis

Trading History

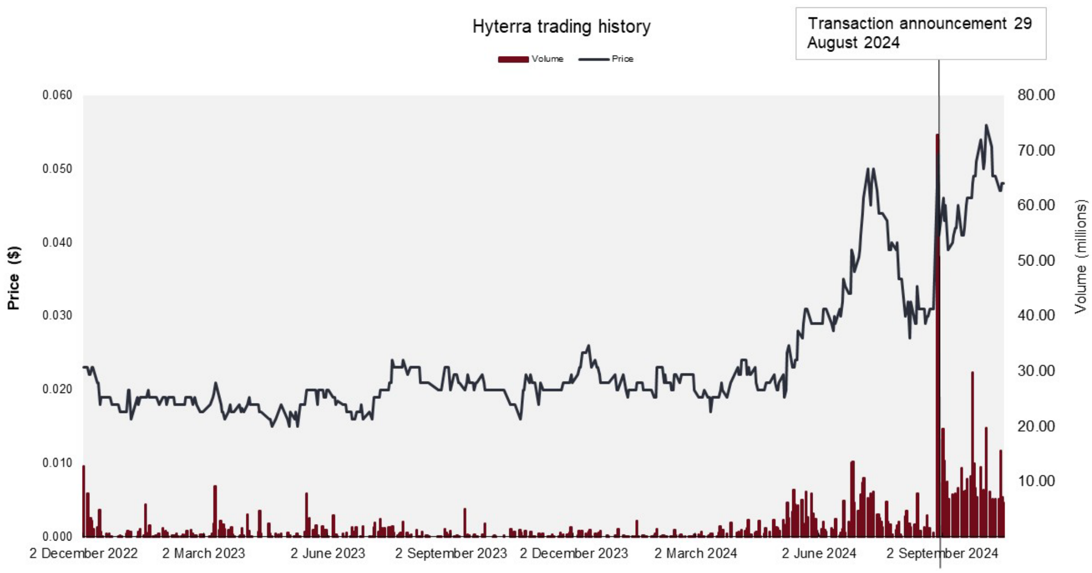
Analysis of Trading History

7.15 As a secondary cross-check methodology, we considered the recent trading history of Hyterra shares on ASX before the announcement of the Transaction, as traded prices following the announcement may incorporate the impact of the Transaction.

7.16 Quoted market prices reflect a minority interest in the Company.

7.17 Hyterra announced the Transaction via ASX on 29 August 2024. The trading history of Hyterra on ASX for the period from recommencement of trading on 2 December 2022 to 18 October 2024 is set out below.

Figure 1. Hyterra ASX Trading History



Source: S&P Capital IQ

7.18 As at 26 August 2024 (the last trading day prior to the Transaction announcement), the Company had an undiluted market capitalisation of $30,251,363 (including escrowed shares) based on a closing price of $0.031. We note that the closing price of Hyterra shares as at 18 October 2024 was $0.046.

7.19 The key ASX announcements made by Hyterra over the 12-months to 18 October 2024 are summarised below.

Table 19. Hyterra Key ASX Announcements

Date	Announcement details
11 October 2024	Hyterra reaches a lease position of 52,000 acres
12 September 2024	Half year report released
9 September 2024	Hyterra acquires 26,200 acres at the Nemaha Project, bringing total up to approximately 39,000 acres
29 August 2024	Announcement of Transaction for Fortescue to acquire strategic interest in Hyterra
27 August 2024	Trading halt pending an announcement
31 July 2024	Quarterly activities report released
24 July 2024	Hyterra signs Murfin Drilling Company as the drilling contractor for the Nemaha Project
15 July 2024	Second drilling permit approved for Nemaha Project
10 July 2024	Drilling permit approved for Nemaha Project
20 June 2024	Response to ASX price query – the Company was not aware of any information that had not been announced that could explain the recent increase in price and volume of trading in Hyterra shares
6 May 2024	Completion of entitlement offer and notice of shortfall shares
30 April 2024	Quarterly activities report released
8 April 2024	Prospectus for 4 for 9 entitlement offer released
28 March 2024	Company to raise $6.1m through a placement and fully underwritten non-renounceable entitlement offer at $0.018 per share to fund Nemaha Project drilling program and pursue growth activities
26 March 2024	Trading halt pending an announcement
31 January 2024	Quarterly activities report released
13 December 2023	Independent Resource Report completed by Sproule delivering maiden independent Prospective Resource estimates at the Nemaha Project
12 December 2023	Trading halt pending an announcement
16 October 2023	Company to undertake placement to raise $1,000,000 via the issue of 50,000,000 ordinary shares at $0.02 per share, with 2 free-attaching options for each 3 shares with a 2-year term and exercisable at $0.03

Source: ASX announcements

7.20 Further details of Hyterra's trading history to 26 August 2024 (the last day of trading before the announcement of the Transaction via ASX) are set out below.

Table 20. Hyterra ASX Trading History

Trading days	Low price (A$)	High price (A$)	VWAP (A$)	Cumulative volume traded	Percentage of total ordinary shares[7] (%)	Annual equivalent percentage[7] (%)
1 Day	0.031	0.032	0.0314	751,180	0.08%	20.41%
10 Days	0.028	0.037	0.0314	21,678,030	2.33%	58.93%
30 Days	0.027	0.049	0.0357	70,712,600	7.60%	64.11%
60 Days	0.027	0.052	0.0391	204,051,690	21.99%	92.72%
90 Days	0.019	0.052	0.0349	299,835,150	34.15%	96.00%
180 Days	0.017	0.052	0.0330	349,368,090	48.32%	67.92%
1 Year[8]	0.016	0.052	0.0319	380,078,230	56.84%	56.84%

Source: S&P Capital IQ, Stantons analysis

[7] Excluding 44,004,200 ordinary share in escrow
[8] 253 trading days

7.21 Generally, the market is a fair indicator of what a share is worth, however for a quoted market price to be a reliable indicator of a company's value, the company's share must trade in a "liquid and active" market. We consider that a liquid and active market would typically be characterised by:

- regular trading in the company's securities;
- trading of at least 1% of a company's securities on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of the company; and
- no significant but unexplained movements in the share price.

7.22 Hyterra's shares have historically demonstrated trading volumes slightly above 1% per week, with 56.84% of the outstanding ordinary shares (excluding shares in escrow) being traded in the twelve months before the announcement of the Transaction.

7.23 With reference to RG111.58/111.32, we have also considered the volatility of the market price of Hyterra shares. The historical volatility of Hyterra shares to for the year to 28 August 2024 and the period from recommencement of trading on 2 December 2022 to 28 August 2024 is set out below.

Table 21. Hyterra Historical Volatility

Period	Low ($)	High ($)	Volatility (%)
1 year	0.016	0.052	90.66
2 Dec 2022 – 26 Aug 2024	0.015	0.052	88.30

Source: S&P Capital IQ, Stantons analysis

7.24 We note that these volatilities are relatively high for an ASX-listed company, though are not unusual for a junior exploration company.

7.25 Other key considerations for assessing traded prices of Hyterra shares include:

- Hyterra shares typically demonstrate a relatively high bid-ask spread, due to the ASX minimum tick size of $0.001 representing a large percentage of the current market price
- Early-stage exploration company valuations are typically highly subjective and therefore investors may hold a wide range of opinions on the value of the shares
- Trading in early-stage exploration company shares such as Hyterra may be driven by technical chartist traders, market sentiment, the involvement of key individuals and/or expectation/speculation of corporate activity
- Hyterra is not covered by any major research analysts
- Hyterra is not included in any indices
- There was a period of unexplained significant movements in the Company's share price and high daily volumes traded approximately between 20 June 2024 and 14 August 2024

Control premium

7.26 We note a traded prices-based valuation is based on a minority interest in the Company. As the Transaction is considered a control transaction with regard to RG 111, we have applied a control premium to our traded prices valuation.

7.27 Generally, historical evidence of control premiums offered on takeovers for small-cap companies are in the range of 20% to 40%[9] (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 control premium of 30% to the traded price valuation of a Hyterra ordinary share.

Traded prices valuation

7.28 Based on the above, including the trading history at Table 20, we consider the value of a Hyterra share using a quoted market prices methodology as set out below.

Table 22. Traded Prices Valuation

	Low value (A$)	Preferred value (A$)	High value (A$)
Traded price value (minority)	0.0190	0.0357	0.0490
Control premium	30%	30%	30%
Traded price value (control)	**0.0247**	**0.0464**	**0.0637**

Source: Stantons analysis

Valuation Summary

7.29 Based on the above analysis, our valuation of a Hyterra share on a control basis is as follows.

Table 23. Valuation Summary

	Low value (A$)	Preferred value (A$)	High value (A$)
Net Assets valuation	0.0061	0.0372	0.0790
Traded prices valuation	0.0247	0.0464	0.0637
Adopted value	**0.0061**	**0.0372**	**0.0790**

Source: Stantons analysis

7.30 We consider that traded prices provide a reasonable cross check of the preferred value of the Net Assets approach driven by RISC's fundamental valuation of the Company's projects assets.

7.31 Our preferred methodology is a fundamental Net Assets approach, and accordingly our adopted control value of a Hyterra share, pre-Transaction, is between $0.0061 and $0.0372, with a preferred value of $0.0790.

[9] "*Control Premium Study 2021*", RSM

8 Post-Transaction Valuation of Hyterra Shares

Net Assets Valuation

8.1 We have assessed the post-Transaction value of a Hyterra ordinary share under 3 scenarios subject to different assumptions relating to the Subscription Options:

i) Scenario 1, the case where Fortescue obtains its maximum possible interest in Hyterra of 49.75%. In this scenario we assume that all Subscription Options are converted into ordinary shares and that the Company receives the exercise price in cash. We note Scenario 1 is a hypothetical under the assumptions in which Fortescue would acquire the maximum possible interest as outlined in Resolution 1 of the NoM. Since the existing options have a lower exercise price that the Subscription Options, it is likely that, these would also be exercised if the Subscription Options were exercised.

ii) Scenario 2, the case immediately after completion of the Transaction where Fortescue has an interest of 39.76% with the potential to increase its holding up to 49.75% by exercising the Subscription Options. In this scenario we subtracted the value of the Subscription Options from the total value of ordinary shareholders' equity. The value of the Subscription Options was determined using the Black Scholes model assuming that the spot price of a Hyterra ordinary share is the post-Transaction control basis value of an ordinary share.

iii) Scenario 3, which considers an undiluted case where Fortescue acquires an interest of 39.76% in Hyterra and the Subscription Options are assumed to remain unexercised.

8.2 For our fairness assessment, we consider Scenario 1 to be the primary case since it aligns with the maximum possible interest that Fortescue could obtain as detailed in Resolution 1 of the Notice of Meeting. Scenario 2 and Scenario 3 have been provided as possible alternative cases for informative purposes.

Post-Transaction Hyterra Ordinary Share Value – Scenario 1

8.3 Our assessed Net Assets on a going concern-based value of a Hyterra ordinary share following the Transaction under the assumptions described in Scenario 1 above is set out below. Key assumptions include:

- 644,117,647 Subscription Shares are issued at A$0.034 per share, raising A$21,900,000.
- 322,058,824 Subscription Options are converted into ordinary shares at an exercise price of A$0.051, raising A$16,425,000.
- no new ordinary shares are issued besides the Subscription Shares and converted Subscription Options.

Table 24. Post-Transaction Hyterra Ordinary Share Value – Scenario 1

	Ref	Low	Preferred	High
Pre-Transaction ordinary equity value (A$)	Table 13	5,968,493	36,344,241	77,120,331
Cash received for Subscription Shares (A$)	8.3	21,900,000	21,900,000	21,900,000
Cash received on exercise of Subscription Options (A$)	8.3	16,425,000	16,425,000	16,425,000
Post-Transaction net assets (A$)		**44,293,493**	**74,669,241**	**115,445,331**
Number of ordinary shares on issue	Table 5	1,942,026,904	1,942,026,904	1,942,026,904
Value per ordinary share (A$) (control basis)		**0.0228**	**0.0384**	**0.0594**
Discount for minority interest (%)	8.15	23.1%	23.1%	23.1%
Value per ordinary share (A$) (minority interest)		**0.0175**	**0.0296**	**0.0457**

Source: Stantons analysis

8.4 Under Scenario 1, our assessed value of a Hyterra ordinary share post-Transaction, on a minority interest basis, is between $0.0175 and $0.0457, with a preferred valuation of $0.0296.

Post-Transaction Hyterra Ordinary Share Value – Scenario 2

8.5 Our assessed Net Assets on a going concern-based value of a Hyterra ordinary share following the Transaction under the assumptions described in Scenario 2 above is set out below. Key assumptions include:

- 644,117,647 Subscription Shares are issued at $0.034 per share, raising $21,900,000.
- no new ordinary shares are issued besides the Subscription Shares.
- the value of the Subscription Options is determined using the Black Scholes model as detailed in Table 26.

Table 25. Post-Transaction Hyterra Ordinary Share Value – Scenario 2

	Ref	Low	Preferred	High
Pre-Transaction ordinary equity value (A$)	Table 13	5,968,493	36,344,241	77,120,331
Cash received for Subscription Securities (A$)	8.5	21,900,000	21,900,000	21,900,000
Adjusted ordinary equity value (A$)		**27,868,493**	**58,244,241**	**99,020,331**
Less: Subscription Options value (A$)	Table 26	(1,743,840)	(5,182,906)	(10,603,145)
Post transaction value attributable to ordinary shareholders (A$)		**26,124,652**	**53,061,335**	**88,417,186**
Number of ordinary shares on issue	Table 5	1,619,968,080	1,619,968,080	1,619,968,080
Value per ordinary share (A$) (control basis)		**0.0161**	**0.0328**	**0.0546**
Discount for minority interest (%)	8.15	23.1%	23.1%	23.1%
Value per ordinary share (A$) (minority interest)		**0.0124**	**0.0252**	**0.0420**

Source: Stantons analysis

8.6 Under Scenario 2, our assessed value of a Hyterra ordinary share post-Transaction, on a minority interest basis, is between $0.0124 and $0.0420, with a preferred valuation of $0.0252.

8.7 We assessed the fair market value of a Subscription Option for the above valuation with regard to *AASB 2: Share Based Payments*, using the Black Scholes option methodology. The input assumptions for our Black Scholes model valuations were as follows:

- Valuation date of 18 October 2024.
- Exercise price of $0.051 and term of 3 years.
- An underlying spot price consistent with the adopted Net Asset based value of a control interest[10] post-Transaction value of a Hyterra share in Table 25, though we 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. We used the 3-year rate (on a continuously compounded basis), as at 18 October 2024, which was 3.778%.
- An expected volatility factor of 90% based on the average historical annualised volatility of Hyterra (refer to Table 21).
- No dividends are to be paid or announced during the term of the options or performance rights.

[10] We considered the control interest value since the Subscription Options are to be issued to Fortescue, who will acquire a control interest

8.8 Accordingly, the Black Scholes valuation of a Subscription Options in Scenario 2 was calculated as follows.

Table 26. Hyterra Subscription Option Value

	Low value	Preferred value	High value
Methodology	Black Scholes	Black Scholes	Black Scholes
Valuation date	3 October 2024	3 October 2024	3 October 2024
Term	3 years	3 years	3 years
Spot price (A$)	0.0161	0.0328	0.0546
Exercise price (A$)	0.051	0.051	0.051
Risk-free rate (%)	3.778	3.778	3.778
Volatility (%)	90	90	90
Dividend yield (%)	nil	nil	nil
Fair value per security (A$)	**0.0054**	**0.0161**	**0.0329**
Number	322,058,824	322,058,824	322,058,824
Total fair value ($)	**1,743,840**	**5,182,906**	**10,603,145**

Source: Stantons analysis

8.9 Accordingly, we assessed the fair value of the Hyterra Subscription Options under Scenario 2 to be between A$1,743,840 and A$10,603,145, with a preferred value of A$5,182,906.

Post-Transaction Hyterra Ordinary Share Value – Scenario 3

8.10 Our assessed Net Assets on a going concern-based value of a Hyterra ordinary share following the Transaction under the assumptions described in Scenario 3 above is set out below. Key assumptions include:

- 644,117,647 Subscription Shares are issued at A$0.034 per share, raising A$21,900,000.
- the Subscription Options are not exercised and expire worthless.
- no new ordinary shares are issued besides the Subscription Shares.

Table 27. Post-Transaction Hyterra Ordinary Share Value – Scenario 3

	Ref	Low	Preferred	High
Pre-Transaction net assets (A$)	Table 13	5,968,493	36,344,241	77,120,331
Cash received for Subscription Shares (A$)	8.10	21,900,000	21,900,000	21,900,000
Post-Transaction net assets (A$)		**27,868,493**	**58,244,241**	**99,020,331**
Number of ordinary shares on issue	Table 5	1,619,968,080	1,619,968,080	1,619,968,080
Value per ordinary share (A$) (control basis)		**0.0172**	**0.0360**	**0.0611**
Discount for minority interest (%)	8.15	23.1%	23.1%	23.1%
Value per ordinary share (A$) (minority interest)		**0.0132**	**0.0277**	**0.0470**

Source: Stantons analysis

8.11 Under Scenario 3, our assessed value of a Hyterra ordinary share post-Transaction, on a minority interest basis, is between $0.0132 and $0.0470, with a preferred valuation of $0.0277.

Other Key Assumptions

8.12 The following key assumptions apply to all three of the above post-Transaction valuation scenarios.

Pre-Transaction Ordinary Shareholders' Equity

8.13 The value of ordinary shareholders' equity was as set out in Table 13.

Discount for Minority Interest

8.14 We note a Net Asset valuation assumes a 100% interest in the company. As the interest of the existing Hyterra shareholders in the post-Transaction entity will represent a minority interest, we applied a discount to the control value.

8.15 Generally, historical evidence of control premiums offered on takeovers for small-cap companies are in the range of 20% to 40%[11] (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 share.

[11] "*Control Premium Study 2021*", RSM

9 Fairness Evaluation

Fairness Assessment

9.1 In determining the fairness of the Transaction including Resolution 1, we have had regard to the guidelines set out by ASIC's RG111.

9.2 With regard to RG111, we consider the Transaction (including the proposal outlined in Resolution 1 of the NoM) to be fair if:

- the post-Transaction value of a Hyterra ordinary share on a minority interest basis; is greater than
- the pre-Transaction value of a Hyterra ordinary shares on a control basis.

9.3 Our fairness assessment of the Transaction under Scenario 1 as detailed in Section 9 is set our below. We have also presented the alternative Scenarios 2 and 3 for information purposes.

Table 28. Fairness Assessment

	Ref	Low	Preferred	High
Pre-Transaction value (A$)	Table 23	0.0061	0.0372	0.0790
Post-Transaction value - Scenario 1 (A$)	Table 24	0.0175	0.0296	0.0457
Fairness assessment		**Fair**	**Not Fair**	**Not Fair**
Post-Transaction value - Scenario 2 (A$)	Table 25	0.0124	0.0252	0.0420
Post-Transaction value - Scenario 3 (A$)	Table 27	0.0132	0.0277	0.0470

9.4 As Resolution 1 of the NoM relates to Fortescue obtaining up to a 49.75% interest, we consider that Scenario 1 is the most appropriate for the purpose of our fairness assessment.

9.5 As the post-Transaction value of a Hyterra share is less than the pre-Transaction value under Scenario 1 in the preferred and high cases, we consider Resolution 1 of the NoM to be **NOT FAIR** to the Non-Associated Shareholders for the purpose of s611 of the Corporations Act. We note that in Scenario 2 and Scenario 3 the post-Transaction value is also below the pre-Transaction value in the preferred and high cases.

10 Reasonableness Evaluation

10.1 Under RG111, a transaction is considered "reasonable" if it is "fair", or if despite not being "fair" there are sufficient reasons to accept the proposal.

10.2 We have considered the following advantages, disadvantages and other factors in assessing the reasonableness of the Transaction.

Advantages

The Company receives cash to fund projects

10.3 The Company will receive a cash injection of A$21,900,000, which will fund further development and expansion of the Nemaha Project. Based on the Company's adjusted cash balance as at 18 October 2024 of $2,375,849, on receipt of the cash for the Subscription Shares the Company would increase its cash reserves to $24,275,849. The funds raised are intended to be used to acquire additional leases in the Nemaha Project area and expand the current 2-well drilling campaign to a 6-well drilling campaign.

Addition of an experienced strategic partner

10.4 By entering into a strategic partnership with Fortescue, the Company will gain access to significant experience and expertise. Fortescue is a significant player in the global green energy industry including experience in hydrogen in the US. Details of the major projects in which Fortescue is developing are listed at paragraph 5.2.

10.5 Advantages of adding Fortescue as a strategic partner include (but are not limited to):

- access technical expertise and strategic advice;
- ability to share resources including personnel;
- potential access to funding networks; and
- access to potential offtake partners if the project is developed.

Non-Associated Shareholders retain exposure to upside from the Company's projects

10.6 Whilst our fairness assessment implies that Fortescue is not paying a sufficient control premium, we note Fortescue will hold a significant stake, albeit less than 50%.

10.7 Non-Associated Shareholders will retain their interest in the Company, albeit diluted by the new security issues to Fortescue. Therefore, Non-Associated Shareholders will retain exposure to the upside of the development of the Nemaha and Geneva's projects, which will supported by the new funding and strategic partnership with Fortescue.

Positive market sentiment to the Transaction announcement

10.8 The market has shown positive sentiment towards the Transaction, with the share price rising substantially on 29 August 2024 following the announcement of the proposed Transaction on ASX. The trading history of Hyterra shares on ASX is shown below.

10.9 The closing price of Hyterra shares on ASX on 26 August 2024 (the most recent trading day prior to the announcement of the Transaction) was $0.031 and rose as high as $0.055 on the day of the announcement. The shares of Hyterra have continued to trade at prices well above the pre-announcement price, with the current price as at the date of this report being $0.044 per share.

10.10 With reference to the above, if the Transaction is not approved, the market price of Hyterra shares on ASX may fall.

If the Subscription Options are exercised the Company will receive further cash

10.11 Whilst the Subscription Options would be issued on a free-attaching basis, the exercise price is $0.051 per option. Accordingly, if the Subscription Options are exercised in the future the Company will receive an additional cash injection of $16,425,000. This may reduce the need for future capital raisings.

10.12 We note that the exercise price of the Subscription Options represents a premium of approximately 36.9% to our assessed preferred fair value pre-Transaction.

Alternative fundraising options may be on inferior terms

10.13 If the Company does not enter into this Transaction with Fortescue, alternative options for future fund raising may be on inferior terms to this Transaction, for example by undertaking a placement of new shares at a discount to the traded price. We note the most recent prior capital raising in April 2024 was at a price of $0.018 per share.

May help facilitate future capital raisings

10.14 Completion of the Transaction may assist the Company with future capital raisings. Fortescue may be willing to contribute further funding to help develop the Company's projects. Additionally, investors may be more willing to participate in a future capital raising with the addition of a large strategic partner.

Disadvantages

The Transaction is not fair

10.15 As detailed in section 9 of this report, the Transaction is considered to be not fair to the Non-Associated Shareholders of Hyterra.

Dilution of Non-Associated Shareholders

10.16 As a result of the Transaction, Non-Associated Shareholders would initially have their interest in the ordinary shares of Hyterra diluted to 60.24% and may be diluted to 50.25% if the Subscription Options are exercised.

Reduces probability of a superior takeover offer

10.17 By completing the Transaction, the probability of the Company receiving a superior takeover proposal is reduced. If a takeover offer was to occur, Non-Associated Shareholders may receive a control premium for their shares. However, we note that no alternative offers are currently available.

Conclusion

10.18 On balance, we consider that the advantages of the Transaction outweigh the disadvantages and therefore there are sufficient reasons for Non-Associated Shareholders to approve the Transaction. Accordingly, we consider the Transaction to be **REASONABLE** to the Non-Associated Shareholders of Hyterra.

11 Conclusion

Opinions

11.1 The proposed Transaction, including the proposal outlined in Resolution 1 of the NoM that allows for the issue of 644,117,647 ordinary shares and 322,058,824 options to Fortescue is considered **NOT FAIR** but **REASONABLE** to the Non-Associated Shareholders of Hyterra as at the date of this report for the purpose of s611 of the Corporations Act.

Shareholders Decision

11.2 Stantons was engaged to prepare an IER setting out whether in its opinion the proposed Transaction is fair and reasonable to Non-Associated Shareholders 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.

11.3 The decision whether to approve Resolution 1 pertaining to the issue of the Subscription Securities 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 1, shareholders should consult their professional advisor.

11.4 Similarly, it is a matter for individual shareholders as the 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 1. Shareholders should consult their own professional advisor in this regard.

Source Information

11.5 In making our assessment as to whether the proposed Transaction, including Resolution 1, is fair and reasonable to Non-Associated Shareholders of Hyterra, we reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. 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.

11.6 Information we have received includes, but is not limited to:

- Drafts of the NoM and ES to shareholders of Hyterra to 25 October 2024
- ASX announcements of Hyterra to 25 October 2024
- The Subscription Agreement dated 26 August 2024
- Hyterra's Annual Report for the financial year ended 31 December 2023
- Hyterra's Half-Year Report for the period ended 30 June 2024
- The RISC Report, dated 25 October 2024
- Hyterra's top 20 shareholder register as at 18 October 2024
- Correspondence from the Company outlining key fact briefs

11.7 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

	Definition
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Company	Hyterra Limited
Corporations Act	The Corporations Act 2001
DCF	Discounted future cash flows valuation methodology
ES	Explanatory Statement
FME	Capitalisation of future maintainable earnings valuation methodology
Fortescue	Fortescue Future Industries Technologies Pty Ltd
FSG	Financial Services Guide
Geneva Project	The Company's Geneva project located in Nebraska, USA, in which it has a 16.03% interest
Hyterra	Hyterra Limited
IER	Independent Expert's Report
JDA	The Joint Development Agreement between Hyterra and Natural Hydrogen Energy LLC for the Geneva Project
Nemaha Project	The Company's Nemaha project located in Kansas, USA
Net Assets	Asset-based valuation methodologies
NoM	Notice of Meeting
Non-Associated Shareholders	Shareholders not restricted from voting on Resolution 1
PRMS	Petroleum Resources Management System 2018
RG74	ASIC Regulatory Guide 74: Acquisitions Approved by Members
RG111	ASIC Regulatory Guide 111: Content of Expert Reports
RG170	ASIC Regulatory Guide 170: Prospective Financial Information
RISC	RISC Advisory Pty Ltd
RISC Report	The Independent Technical Specialist Report on certain assets of Hyterra Limited prepared by RISC, dated 25 October 2024
s606	Section 606 of the Corporations Act
s611	Item 7 of Section 611 of the Corporations Act
Scenario 1	The post-Transaction Scenario where Fortescue exercises the Subscription Options into ordinary shares
Scenario 2	The post-Transaction scenario immediately after completion of the Transaction where Fortescue has an interest of 39.76% with the potential to increase up to 49.75%. and the value of the Subscription Options the Black Scholes value
Scenario 3	The post-Transaction Scenario where Fortescue exercises the Subscription Options are not exercised and have nil value
Stantons	Stantons Corporate Finance Pty Ltd
Subscription Agreement	The Subscription Agreement between Hyterra and Fortescue executed on 26 August 2024
Subscription Options	322,058,824 free-attaching options over Hyterra shares, each exercisable at $0.051 per option and expiring 3 years from the issue date
Subscription Securities	The Subscription Shares and Subscription Options, collectively
Subscription Shares	644,117,647 ordinary shares to be issued to Fortescue at $0.034 per share
Transaction	The issue of the Subscription Securities to Fortescue for consideration of A$21,900,000
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015
VWAP	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

Indicates 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

Indicates 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 a number of 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 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 a number of 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 the 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 the 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% - 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 25 October 2024, 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 or Fortescue other than Stantons Corporate Finance acting as an independent expert for the purposes of this report. Stantons Corporate Finance previously completed an Independent Expert Report for Hyterra dated 17 September 2022. 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$25,000 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. 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 SPECIALIST REPORT ON CERTAIN ASSETS OF HYTERRA LIMITED PREPARED BY RISC ADVISORY PTY LTD

RISC

decisions with confidence

Independent Technical Specialist Report

On certain assets of HyTerra Limited

25 October 2024

Private and Confidential

decisions with confidence

Avon McIntyre
Executive Director
HyTerra Limited
Unit 6, 335 Hay Street
Subiaco, Perth, 6008
Western Australia

James Turnbull
Authorised Representative
Stantons Corporate Finance Pty Ltd
Level 2, 40 Kings Park Road,
West Perth, Perth, 6005
Western Australia

25 October 2024

Dear Sirs,

Independent Technical Specialist Report – HyTerra Limited.

HyTerra Limited ('Hyterra') has engaged Stantons Corporate Finance Pty 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 subscription and funding transaction with Fortescue Future Industries Technologies Pty Ltd ('Fortescue') requiring shareholder approval as per s.606 of the Corporations Act 2001.

Stantons has engaged RISC Advisory Pty Ltd ('RISC') to provide an Independent Technical Specialist Report ('ITSR') to be included as an addendum in their IER.

As per the instruction letter received from Stantons dated 6 September 2024, RISC was to provide a technical report and valuation of Hyterra assets:

- Exploration tenements prospective for naturally occurring hydrogen and helium in Kansas, USA which are 100% owned and operated by Hyterra ('Project Nemaha'), and
- Exploration tenements prospective for naturally occurring hydrogen and helium in Nebraska, USA in which Hyterra has a 16.03% beneficial interest ('Project Geneva') in a Joint Venture ('JV') with Natural Hydrogen Energy LLC ('NH2E').

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 and Fortescue 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 Limited (‘Hyterra’) is an Australian Securities Exchange (‘ASX’) listed company, domiciled in Australia but engaged in the exploration of naturally occurring hydrogen and helium in subsurface mineral rights leases held in Nebraska and Kansas, United States of America. The Hyterra exploration leases comprise ‘Project Geneva’ an acreage holding in Nebraska originally acquired in 2022 and ‘Project Nemaha’ comprising acreage recently acquired in Kansas.

Project Geneva was acquired in 2022 from Neutralysis Industries Pty Ltd (‘NIPL’) which held a 10.03% beneficial interest in 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 with Natural Hydrogen Energy LLC (‘NH2E’), a private company registered in the United States of America and domiciled in Denver, Colorado.

NH2E drilled the Hoarty NE-3 well in 2018-2019 and pursuant to the JDA, the joint venture commenced a testing program of the well to confirm (or otherwise) the presence of commercial quantities of hydrogen. The partners are awaiting the provision of key data and metrics to make a joint decision on flow testing operations and the work program going forward.

Project Nemaha consists of 51,981 net acres in Kansas which Hyterra has acquired on the Nemaha Ridge, an extensive regional basement involved structural high trend. Historical reports of hydrogen and helium have been reported from numerous wells drilled on the Nemaha Ridge. Hyterra has acquired the Project Nemaha lease-holdings 100% and is planning to drill up to 6-exploration wells to test for the presence of natural hydrogen and helium.

Hyterra has entered into a subscription and funding agreement with Fortescue Future Industries Technologies Pty Ltd (‘Fortescue’) which requires shareholder approval. The funding is to be used for additional leasing and the forward work program of Project Nemaha.

In preparing a valuation of the assets of Hyterra, RISC has considered oil and gas industry accepted practices to determine Value, including sunk costs, forward work program and comparable transactions.

RISC has considered the sunk costs, warranted work program and comparable transactions methods for determining the fair market value of the assets. These alternative valuation approaches have been investigated to support the valuation and are presented and discussed herein.

RISC has assessed a fair market value of Hyterra’s net interest in lease holdings in Kansas and Nebraska as at 3 October 2024 to be between US$3.2 million (A$4.6 million) and US$72.9 million (A$104.1 million) with a best estimate of US$31.4 million (A$44.8 million) (Table 1-1).

Table 1-1: Valuation of HyTerra assets (net HyTerra) as at 3 October 2024

	Valuation ($ million)		
	Low	Best	High
Valuation (US$)	3.2	31.4	72.9
Valuation (A$)	4.6	44.8	104.1
Notes to the table: 1. A$ to US$ FX = 0.7			

2. Introduction

2.1. Asset description

Hyterra's assets consist of subsurface mineral rights leases situated in the states of Nebraska and Kansas in the United States of America (Table 2-1). A summary of key terms for the lease-holdings is shown in Table 2-2.

Figure 2-1 is a location map showing the leases. Also annotated in Figure 2-1 is the offset wells with reported occurrences of natural hydrogen. Annotated on this figure is the location of the leases owned by Longhorn Exploration (Project Lily Rock) from a recent comparable transaction which is considered in our valuation (Section 6).

Table 2-1: Hyterra assets overview

State	Operator	Working Interest	Status	Area (acres)	Comments
Nebraska (Project Geneva)	Natural Hydrogen Energy LLC	16.03 %	Well testing (suspended)	80 gross	The joint venture is awaiting results of the Hoarty NE-3 well testing program before deciding on future work program.
Kansas (Project Nemaha)	Hyterra (or subsidiary HYT Operating LLC)	100 %	Exploration	51,981 net	Hyterra continues to acquire additional lease-holdings. Planning for a drilling campaign.

Notes to the table:
1. Project Genesis area is 80 acres gross, in which Hyterra holds a 16.03% beneficial interest.
2. Project Nemaha area is approx. 55,003 acres gross (51,981 net acres) in which Hyterra have 100% interest.
3. Net area is considered the area of the gross acreage in which Hyterra has full entitlement.

Table 2-2: Summary of key terms

Initial term	Up to 6-years in Nebraska, 5-years in Kansas
Commencement date	Nebraska – August 2016 Kansas – various (January 2023 to August 2024)
Entitlement	Lease-holding with subsurface mineral rights, including petroleum, hydrogen and helium.
Signature bonus	Nil
Royalty	Nebraska - 16% overriding royalty Kansas – Various 12.5% - 14% overriding royalty
Taxes	United States of America
Minimum work program commitments	Nil [1]

Further details on the assets and a discussion on tenure rights is included in Section 4.1 and Section 4.2.

[1] Leases do not have an associated work program. Project Geneva JDA specifies work program commitment.

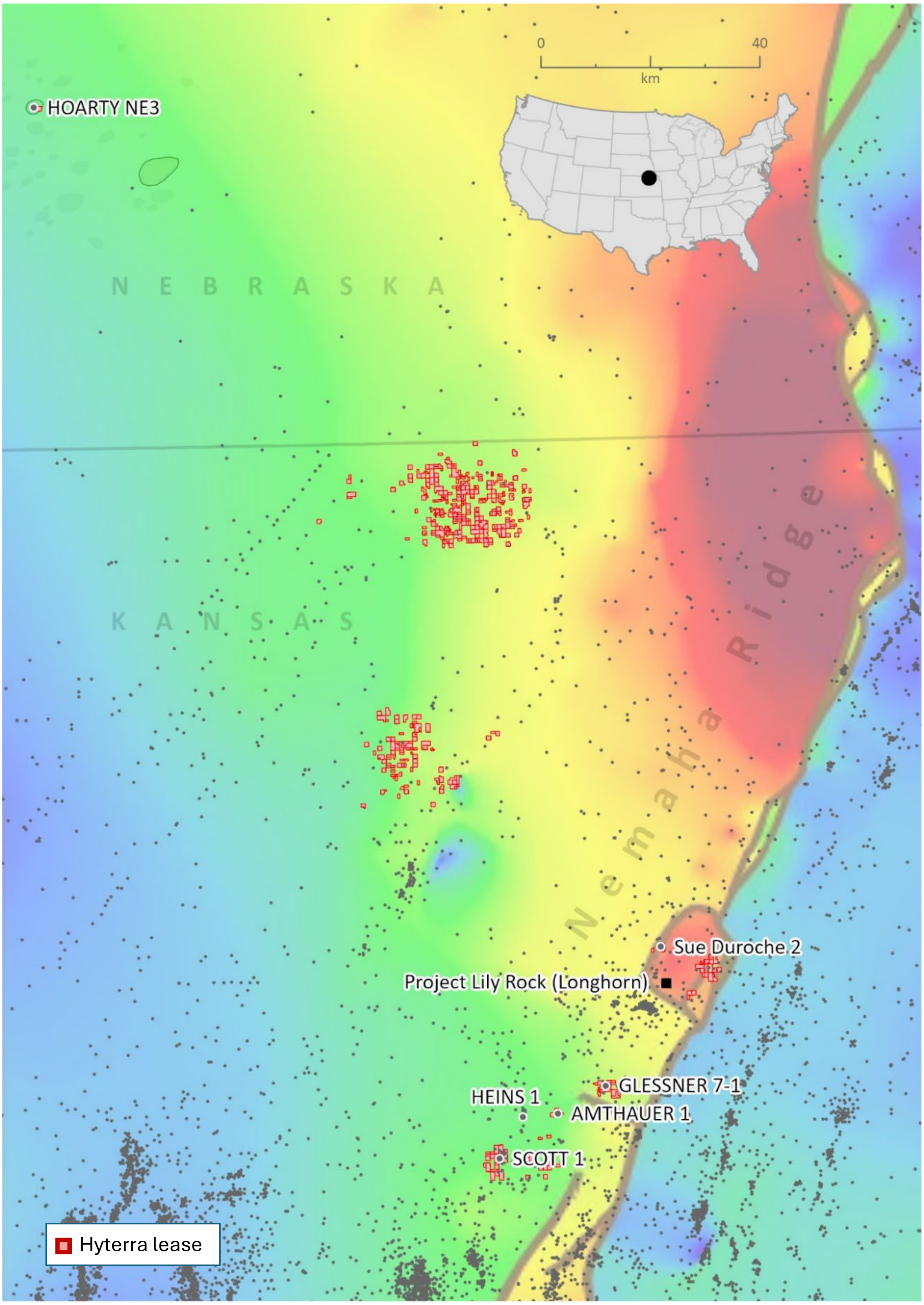

Figure 2-1: Location map of Hyterra acreage, Nebraska and Kansas overlain on basement structure

2.2. Terms of reference

This Independent Technical Specialist Report (‘ITSR’) was prepared in response to an instruction letter from Stantons Corporate Finance Pty Ltd (‘Stantons’) received by RISC dated 6 September 2024. Stantons was engaged by Hyterra to prepare an Independent Expert Report (‘IER’) for inclusion in a Notice of Meeting regarding the proposed subscription and funding agreement with Fortescue Future Industries Technologies Pty Ltd (‘Fortescue’) requiring shareholder approval as per s.606 of the Corporations Act 2001.

RISC was to provide a valuation of Hyterra assets:

- Exploration tenements prospective for hydrogen and helium in Kansas, USA which are 100% owned and operated by Hyterra (‘Project Nemaha’), and
- Exploration tenements prospective for hydrogen and helium in Nebraska, USA in which Hyterra has a 16% participating interest (‘Project Geneva’) in a Joint Venture (‘JV’) with Natural Hydrogen Energy LLC (‘NH2E’).

As per the instruction from Stantons, 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.

2.3. Basis of assessment

The data and information used in the preparation of this report were provided by Hyterra supplemented by public domain information. 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.

Information and data provided by Hyterra:

- Prospective resource reports for Project Nemaha undertaken by Sproule,
- Hyterra review of offset well hydrogen occurrences,
- Mapping information for leases and geological structure,
- Title report and summary of leasehold assets, and
- Expenditure statements and summary.

A title report was prepared by Morris Laing Law Firm of Wichita, Kansas which RISC has relied upon in our review of entitlement.

RISC’s methodology was to review the information provided regarding the prospectivity of the lease-holdings for the exploration of naturally occurring hydrogen and helium and to review the prospective resource evaluation carried out by Sproule on Project Nemaha. Details of the findings of our review and the resource estimations are presented in this report.

We have not conducted a site visit of the exploration rights and do not consider one necessary.

The effective date of this report is 3 October 2024.

2.4. Valuation

The valuation is based on the principles of the VALMIN Code[2] 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 as follows.

2.4.1. 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.

2.4.2. Sunk costs and work program

The sunk costs and costs of a future work program may also be used to estimate Value. Sunk costs are required to be considered relevant and can be related to the acquisition of the assets, are also to be within a reasonable time period prior to the effective date and considered 'effective' delivering material positive changes to the perceived prospectivity or value of the assets. Long-dated expenditures may be discounted accordingly.

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 government as a condition of holding the permit. There may need to be an adjustment for risk and the time value of money.

Results as the work program progresses, will alter the perceived value. Therefore, the original work program agreed may no longer represent today's Value.

2.4.3. Farm-in promotion factors

Alternatively, 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.

2 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

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 cost of the activity divided by the equity interest being earned.

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 farminor 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.

2.4.4. 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. Natural hydrogen

Naturally occurring hydrogen, often referred to as “white” or “gold” hydrogen in the commonly adopted hydrogen reference colour spectrum, is poorly understood in respect to its occurrence particularly when compared to the industry’s state of knowledge of subsurface petroleum systems.

However, given the interest in hydrogen as an energy transition fuel, significant research (and exploration) is being undertaken globally and is increasing. There is but one naturally occurring hydrogen (rich) gas discovery that has been exploited to date, which is the Bourakebougou gas pool in Mali.[3]

Discharges of hydrogen are noted globally from hydrothermal vents at mid-oceanic ridges, in ophialites (such as the eternal flame at Mount Chimera in Turkey), intracratonic settings and sedimentary basins. Circular topographic expressions at ground level which are referred to as ‘Carolina Bays’ or ‘fairy circles’ are often cited as expressions of natural hydrogen leakage from the subsurface, particularly in sedimentary basins. Soil sampling for hydrogen associated with these features has been widely undertaken to support this hypothesis. [4] [5] [6]

Exploration for and the study of naturally occurring hydrogen is reported globally, from the United Arab Emirates[7], to the United States of America[8], the Pyrenees[9], Russia[10] and Australia[11].

3.1. Source

There are potentially multiple sources of natural hydrogen in the subsurface. These include the process of serpentinisation of iron rich mafic (basement) rocks and radiolysis of ground water from radioactive element rich (basement) rocks. As such, it is widely thought that basement terrains (granitic or metamorphic) are the likely source of naturally occurring hydrogen in the subsurface.

It must be noted that there are also biogenic and anthropogenic sources of hydrogen. Anaerobic breakdown of organic matter can generate hydrogen, associate with other gases of CO_2, CH_4 and O_2. Cataclasis, the mechanical breakdown of silica rich minerals and rocks by drilling or percussion in the presence of water can

[3] Prinzhofer, A., Tahara Cisse, C., S. and Diallo, A. B. (2018) Discovery of a large accumulation of natural hydrogen in Bourakebougou (Mali). International Journal of Hydrogen Energy, 43, 19315-19326.

[4] 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. 46(61) 31158-31173

[5] Zgonnik, V., Beaumont, V., Deville, E., Larin, N., Pillot, D. and Farrell, K. M. (2015) Evidence for natural molecular hydrogen seepage associated with Carolina bays (surficial, ovoid depressions on the Atlanstic Coastal Plain, Province of the USA. Progress in Earth and Planetary Science, 2:31

[6] Prinzhofer, A., Moretti, I. Francolin, J. Pacheco, C., d'Agostino,A. Werly, J. and Rupin, F. (2019) Natural hydrogen continuous emission from sedimentary basins: the example of a Brazilian H2-emitting structure. Int J Hydrogen Energy, 44 (12), pp. 5676-5685

[7] https://rakpa.ae/rak-petroleum-authority-and-decahydron-collaborate-on-natural-hydrogen-and-carbon-capture-initiatives/

[8] Source https://hyterra.com/

[9] Lefeuvre, N., Truche, L., Donze, F. V., Gal, F., Tremosa, J., Fakoury, R. A., Calassou, S. and Gaucher, E. C. (2022) Natural hydrogen migration along thrust faults in foothill basisn: The northern Pyrenean Frontal Thrust case study. Applied Geochemistry, 145, 105396.

[10] Larin, N. Zgonnik, V., Rodina, S. Deville, E., Prinzhofer, A. and Larin, V. N. (2014) Natural molecular hydrogen seepage associated with surficial, rounded depressions on the European Craton, Russia. Natural Resources Research. 24(3), 369-383

[11] Gold Hydrogen Ltd prospectus (https://www.goldhydrogen.com.au/docs/Final-GH-Replacement-Prospectus_No_Application_Form_41065594-1.pdf)

also generate hydrogen. This is particularly relevant for soil sampling and potential drilling operations in the search for naturally occurring hydrogen where traces of hydrogen may be detected but have been generated by the drilling operations and are incorrectly identified as naturally occurring accumulations.

Isotopic signatures of hydrogen can be used to discern the source of that hydrogen and distinguish abiogenic sourced hydrogen from biogenic or anthropogenic sources.

Rates of generation of naturally occurring hydrogen in the subsurface are also poorly known. Whether this is comparable to the generation of hydrocarbons from kerogen is not known. This means there is a large uncertainty in the generation and migration of hydrogen into the assets owned by Hyterra.

It must be noted that several sources of natural hydrogen may act collectively to generate a hydrogen rich accumulation.

3.2. Natural hydrogen exploration play

The exploration play in the Hyterra lease-holdings is naturally occurring, buoyant hydrogen (rich) gas in a greater regional high (Nemaha Ridge) or discrete structural traps, similar to that of hydrocarbons.

This type of exploration play ensures that potentially commercial volumes of hydrogen can be exploited rather than exploring for a hydrogen flux system which would potentially yield low rates (non-commercial) of hydrogen.

Migration of hydrogen in the subsurface to valid traps is expected (but not proven) to be similar to that of petroleum systems, but likely to involve deep seated faults or migration pathways to access basement terrains which are expected to the 'source rock' for the hydrogen.

It must be noted that hydrogen is highly mobile and effusive requiring extremely competent traps, or traps that are actively replenishing to compensate for leakage, chemical and biogenic losses.

3.3. Application of Petroleum Resources Management System

RISC has reviewed the hydrogen prospective resources in accordance with the principles of the Society of Petroleum Engineers ('SPE') internationally recognised Petroleum Resources Management System ('PRMS'), 2018[12].

The PRMS is a system developed for consistent and reliable definition, classification and estimation of hydrocarbon (petroleum) resources. The PRMS was originally published in 2007 and was subsequently updated in 2018 with application guidelines published in 2011 and most recently in November 2022.

According to the PRMS, substances such as naturally occurring hydrogen and helium are considered non-hydrocarbon components. It is stated in the PRMS that such substances cannot be included in Reserves or Resources assessments and statements.

However, given the global interest in the exploration for and exploitation of such naturally occurring substances, the SPE Oil and Gas Reserves Committee ('OGRC') advised in August 2022 that the principles of

[12] Petroleum Resources Management System ('PRMS'), prepared by the Oil and Gas Reserves Committee ('OGRC') 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.

the PRMS can be extended to naturally occurring substances other than hydrocarbons, including the gaseous extraction of carbon dioxide, helium and hydrogen[13].

The OGRC advised that there is a reasonable foundation for the application of PRMS principles to situations such as the gaseous extraction of naturally occurring substances considering the similarities in exploration, evaluation, and exploitation processes throughout the life-cycle of a project.

The OGRC endorsed the application of the PRMS to these situations that result in the extraction of non-hydrocarbon resources, as long as it is made clear that while such application is outside the scope of the PRMS, PRMS principles have been followed, while involving other subject matter expert parties as appropriate, and applied as though the extracted resources were considered as petroleum.

[13] https://www.spe.org/en/industry/reserves/non-hydrocarbons/

4. Hyterra assets

4.1. Project Geneva, Nebraska

Project Geneva consists of the original assets of Hyterra acquired in 2022 for the exploration and exploitation of natural hydrogen. Triple Energy Ltd ('Triple'), which at the time was suspended on the Australian Securities Exchange ('ASX') acquired Neutralysis Industries Pty Ltd ('NIPL'), a private gas exploration company registered in Australia in December 2022. Following reinstatement, Triple changed its company name to Hyterra.

At the time, NIPL had 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 had 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.

Since this time Hyterra has continued funding the work program consisting of well testing to earn a further 6% beneficial interest, resulting in a net 16.03% beneficial interest in the JDA. The South Carolina leases are no longer in-force.

4.1.1. 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 Ordovian 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[14].

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.[15]

4.1.2. Database

No depth to basement, soil geochemistry analysis or other geological descriptions have been made available to RISC to review. 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 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.

[14] Prensky. S. (1985) Federal Lands Assessment Project: Salina Basin Province (Phase 1), USGS open file report 87-450F
[15] Guelard. J., Beaumont, V., Rouchon, V., Guyot, F., Pillot, D., Jezequel, D., Ader, M., Newell K. D. and Deville, E. (2017) Natural H2 in Kansas: Deep or shallow origin?. Geochemistry, Geophysics, Geosystems (18), pp1841-1865.

4.1.2.1. *Hoarty NE-3 well*

NH2E drilled the Hoarty NE-3 well in Nebraska 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.

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 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 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.

During the swabbing operations, isotube gas samples were taken from the wellhead and casing anulus and analysed. Hydrogen concentrations in these samples were markedly different to the hydrogen concentrations measured whilst drilling. NH2E postulated that this was due to microbiological conversion of hydrogen in the borehole and atmospheric contamination since the well was suspended. Subsequent attempts to dewater the well with a submersible pump were unsuccessful as the pump failed and the well test was suspended.

4.1.3. Tenure

The JDA originally included leases in Nebraska and Carolina. RISC has been advised that the leases located in Carolina have been surrendered and that the lease-holding currently constitutes 240 acres in Nebraska. Hyterra has provided to RISC title report documentation confirming title to 80 gross acres which includes the Hoarty NE-3 well. Title over an adjacent 160 acres (gross) cannot be confirmed, and this has been excluded from our valuation.

The original lease documentation indicates an expiry date in August 2019. However, RISC understands that extensions have been negotiated and lodged but as of the date of the title report were currently unrecorded with the relevant regulator and jurisdiction.

4.1.4. Work program, commitments, and sunk costs

The JDA specified a work program to be conducted by the parties and funded by NIPL (Hyterra) to earn equity. To date NIPL (Hyterra) has funded A$2.67 million in work program to earn a 16.03% beneficial interest.

This work program has consisted primarily of sampling and well testing to confirm the presence of reservoired gaseous hydrogen in the Hoarty NE-3 well. The partners are waiting on the provision of data to take a decision on the next steps for the venture.

Given the current status of the venture, a forward work program under the JDA cannot be confirmed. However, Hyterra advise that this is likely to consist of remediation of the well and the resumption of well testing and sampling.

4.2. Project Nemaha, Kansas

Project Nemaha consists of subsurface mineral rights leases in Kansas located on the Nemaha Ridge, or Nemaha uplift. The occurrence of elevated levels of hydrogen has been reported in several wells in the region.[16]

Hyterra has been acquiring leases and as of the effective date of this report has accumulated approximately 55,003 gross acres (51.981 net acres) of leases.

4.2.1. Geological setting

The Nemaha Ridge, also known as the Nemaha Uplift or Nemaha Anticline, is located in the central United States extending from Nebraska, through Kansas and into Oklahama[17]. It is located along the Humboldt Fault Zone and consists of a complex zone of thrust faulting and inversion separating the Salina Basin in the west and the Forest City Basin in the east (Figure 4-1).

The stratigraphic succession of the Nemaha Ridge consists of pre-Cambrian granites and Proterozoic sequences of the Midcontinent Rift, a buried failed rift that extends from Oklahoma to Lake Superior and has a southwest – northeast orientation that appears to influence the orientation of the Namaha Ridge. These basement rocks are overlain by sediments of Cambrian to Ordovician age, which are in turn overlain by Silurian to Devonian aged deposits. Several unconformities are recognised within these sequences and this early Paleozoic sequence is unconformably overlain by Mississippian sequences of the early Carboniferous (Figure 4-1). Mississippian sequences are conformably overlain by Pennsylvanian sequences and a thick Permian aged section which outcrops on the Nemaha Ridge.

Reservoirs have been identified through petroleum exploration and production in the region and consist predominantly of limestones and dolomites of the Ordovician Viola Group, Silurian Hunton Group and Pennsylvanian Lansing Group. Petroleum has been produced from these reservoirs from the central Kansas uplift and Anadarko Basin to the west of the Nemaha Ridge, and from the Forest City Basin.

Minor oil and gas production has occurred from the Nemaha Ridge region. The lack of petroleum occurrences is postulated to be related to the limit of oil and gas migration from proven mature and generative source rock regions. However, a complex burial history including inversion and tectonic activity cannot be discounted.

[16] Guelard J., Beaumont V. Rouchon V, Guyot F, Pillot D, Jezequel D Ader M, Newell K. D. and Deville E. (2017) Natural H2 in Kansas: Deep or shallow origin? *Geochem. Geophys. Geosyst.* 18, 1841–1865, doi:10.1002/ 2016GC006544.
[17] Dolton, G. L. and Finn, T. M. (1989) Petroleum Geology of the Nemaha Uplift, Central Mid-Continent. USGS open file report 88-450D.

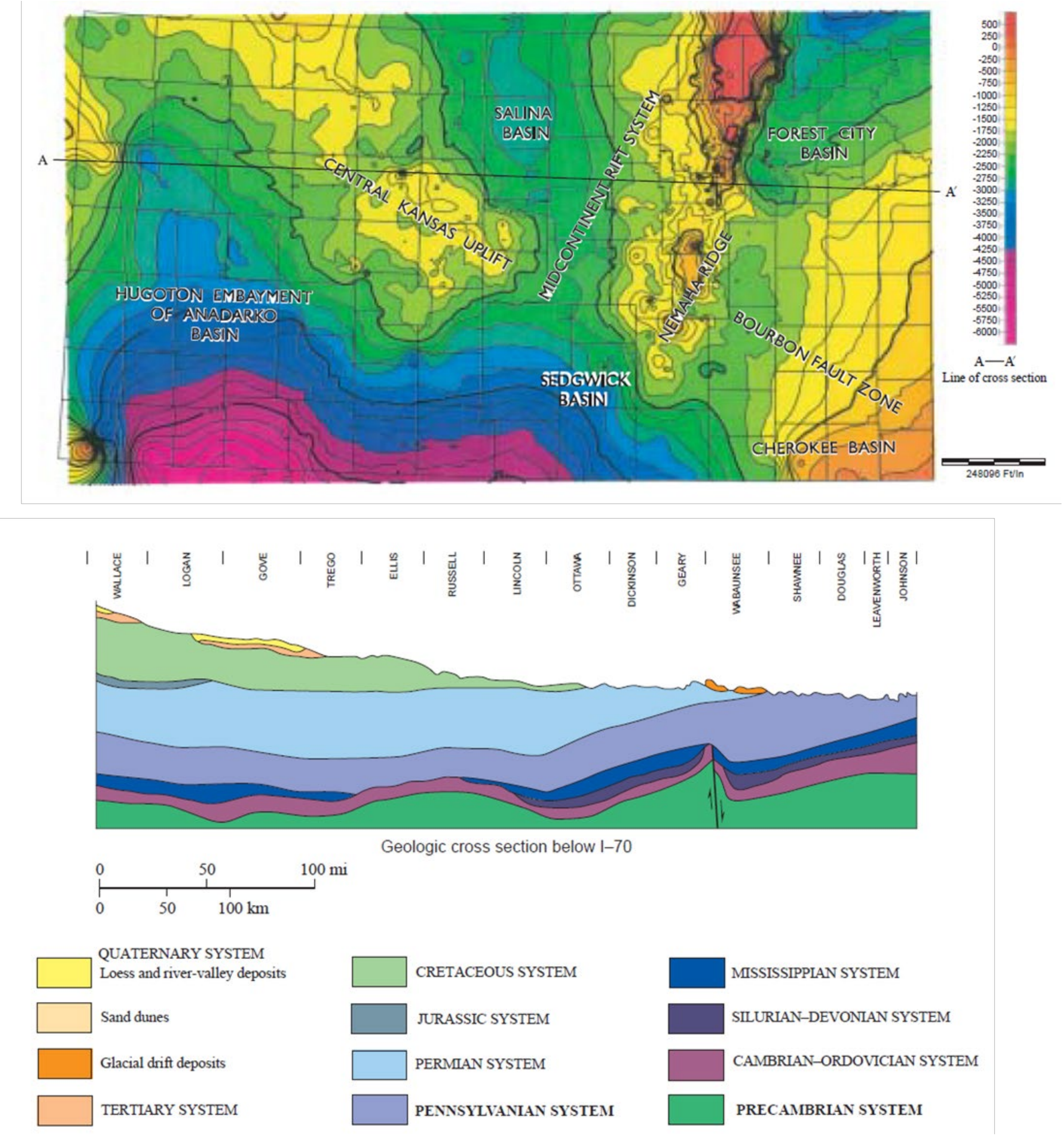

Figure 4-1: Basement structure map (top) and geological cross section (bottom), Nemaha Ridge (modified from Gerhard (2004)[18])

[18] Gerhard, L. C. (2004) A new Look at an Old Petroleum Province. Current Research in Earth Sciences: Kansas Geological Survey, Bulletin 250.

4.2.2. Database

Hyterra have compiled regional data including well formation tops, published scientific papers, publicly available seismic, gravity, magnetic data and geological maps to construct a basement or pre-Pennsylvanian structure map of the Nemaha Ridge which is shown in Figure 2-1.

Well data, field production data and other geological data are publicly available from the Kansas Geological Survey which Hyterra has accessed.

4.2.3. Tenure

Hyterra has advised RISC of its approximate leasing as being approximately 55,003 gross acres. Hyterra has provided RISC title documentation confirming title to 51,981 net acres over the Nemaha Ridge. RISC has relied upon this documentation for proof of title. The net position is considered in our valuation.

Commencement (effective) dates of the leases range from January 2023 to August 2024 with primary terms of 3 to 5-years. Extension options exist on most leases.

4.2.4. Natural hydrogen prospectivity

Naturally occurring hydrogen has been reported from a number of wells on the Nemaha Ridge (Figure 2-1). The occurrences are discussed in a published scientific paper (Guelard et al 2017) and are summarised as below:

- Heins-1 well which was drilled in 1981 to a depth of 770 m. Historical H_2 concentrations of 24 – 80 mole % in the well were measured in gases from the headspace of the well above the water level over the period 1983-1985. Guelard et al (2017) report concentrations of up to 27.9 mole %.
- Scott-1 well which was drilled in 1982 to a depth of 677 m in Mississippian shales. H_2 concentrations of 25 – 56 mole % in the well were measured from gases in 1982 to 1983. H_2 concentrations then decreased from 1984 reportedly due to petroleum production tests. Sampling in 2008 revealed concentrations of 18.3 mole %.
- Sue Duroche-2 well which was drilled in 2008 to a depth of 424 m penetrating Paleozoic strata and 90 m of basement rocks below the Pennsylvanian unconformity. At the time of drilling in 2008 H_2 concentrations of 91.8 mole % were reported. Guelard et al (2017) sampled gas collected in the wellhead and associated gas from produced artesian water. It was found that H_2 concentrations decreased from a measurement of 19.7 mole % to near nil.

The initial high H_2 concentrations in Sue Duroche-2 are attributed by Guelard et al (2017) to be associated with free gas in basement rocks and fractures intersected whilst drilling. This H_2 is believed to be sourced from serpentinisation of iron rick minerals in basement rocks. The decrease in concentrations over time in Sue Duroche-2 is attributed to isolation of the aquifer from the basement by a plug in the well. Minor H_2 concentrations measured after this are related to free gas in the aquifer waters sourced from the basement or reactions with iron rich water in the aquifer or in the well tubing.

H_2 concentrations in Heins-1 and Scott-1 are believed to be due to gases accumulating in the headspace of the well above the water level (Guelard et al 2017).

4.2.5. Helium prospectivity

Helium is sourced from the radiogenic decay of Uranium and Thorium, most likely in basement terranes of granitic rocks rich in these elements. Therefore, the source of Helium is similar to that postulated to be the dominant source for naturally occurring hydrogen.

Helium concentrations of up to 3% are reported by Guelard et al (2017) in the Sue Duroche-2 well. Heins-1 and Scott-1 have reported minor concentrations, up to 0.9% in Heins-1.

4.2.6. Work program, commitments, and sunk costs

Sunk costs to date relate to the leasing costs of the 51,981 net acres. Costs as advised by Hyterra are US$3.2 million to the effective date of this report. These comprise leasing bonus payments of US$2.5 million and own costs of US$0.7 million associated with negotiation/landmen and legal costs.

Hyterra as part of the Fortescue funding transaction are considering a 6-well exploration program over the lease-holding. Locations for these wells have not been advised, nor the target depths. Well costs as advised by Hyterra are anticipated to be A$1 - 2 million per well dependent on drilled depth.

5. Resource summary

Sproule prepared an independent evaluation of natural hydrogen and helium prospectivity for Project Nemaha in December 2023. The evaluation was based on 9,607 net acres leased by Hyterra at the time. The results of the evaluation were released to the ASX on 13 December 2023 by Hyterra. Hyterra provided the report in full to RISC to review for this report. No resources have been estimated for Project Geneva.

The gross unrisked prospective results for naturally occurring hydrogen and helium are shown in Table 5-1 and Table 5-2.

Table 5-1: Project Nemaha gross unrisked naturally occurring hydrogen prospective resources (Sproule)

Project Nemaha	Gross Unrisked Hydrogen Prospective Resources		
	1U	2U	3U
Hydrogen (Bscf)	47.1	100.2	238.4
Hydrogen (tonnes)	111.7	237.5	565.4

Table 5-2: Project Nemaha gross unrisked helium prospective resources (Sproule)

Project Nemaha	Gross Unrisked Helium Prospective Resources		
	1U	2U	3U
Helium (Bscf)	0.04	0.47	1.63

RISC has reviewed the Sproule report, its assumptions, inputs and findings and has the following comments:

- Probabilistic methods have been used and totals are by arithmetic summation.
- Hyterra define four prospect areas; Zeandale, Eastern Geary, Central Geary and Morris North.
- Sproule assess the prospect areas as defined by Hyterra as 'leads' as per the PRMS. RISC concurs with this view. Each lead requires additional subsurface data acquisition and assessment before exploration drilling can commence.
- In December 2023, the effective date of the Sproule resource report, the lease-hold area amounted to 11,382 gross acres (9,607 net acres). Hyterra have continued to lease areas to the current position of approximately 55,003 gross (51,981 net acres) acres at the effective date of this report.
- Hyterra defined prospective areas exceed the lease areas. The lease area was therefore used in the volumetric estimates. It is therefore inferred that the Nemaha Ridge structure as defined by the gravity data and interpreted by Hyterra (Figure 2-1) as the trap and full lead closure area.
- RISC has not been provided sufficient information to undertake an update to the prospective resource assessment to include the additional acreage and cautions that applying a yield per acre calculation to the additional acreage may not be representative due to the unknown distributions of hydrogen and helium charge, saturation/concentration and reservoir quality.

- Sproule have not included an assessment of geological risk. No risked prospective resources have been reported. RISC assess the geological chance of success as < 10%. This is comparable to the risk reported globally for hydrogen exploration and in particular by Longhorn in the adjacent and analogous Lily Rock Project area[19].
- Net pay estimates used in the volumetric estimate are based on petrophysical evaluation undertaken by Hyterra on 11 wells. These evaluations have not been provided to RISC for review. No details have been provided on sums and averages and net pay cutoffs used.
- Porosity estimates likewise are based on the petrophysical evaluations of Hyterra. Sproule have apparently only assumed primary matrix porosity in a range of 6 % up to 24% dependent on reservoir. RISC understands that the majority of the reservoirs are carbonates and that secondary porosity has not been included in the estimates. In RISC opinion a dual-porosity system of low matrix porosity enhanced by secondary porosity constituting fracture and diagenetic enhancement should be considered.
- A hydrogen mass conversion of approximately 2,370 tonnes per Bscf of hydrogen has been used. A mass conversion of 2,321.98 tonnes per Bscf is considered more appropriate by RISC. However, the difference is <10% and the estimates are acceptable to RISC.
- RISC has checked the formation volume factors used by Sproule as non-hydrocarbon gases such as hydrogen and helium are not treated appropriately in standard petroleum industry methods. RISC has used GERG 2008[20] equation of state equations to verify the Sproule estimates.
- Hydrogen concentrations for all leads and all reservoirs of 25% (P90), 50% (P50) and 75% (P10) have been used in the hydrogen prospective resources estimates. The range is adequately broad and supported by published sample analyses. However, no spatial variation or variation by reservoir has been included. In addition, no variation of concentration over time is included as discussed in the Guelard et al (2017) paper. However, in RISC opinion variations outside of the range used in the estimates should be considered as failure cases and treated accordingly in the application of geological risking.
- Helium concentrations for all leads and all reservoirs of 1 – 2 – 3% (P90 to P10) have been used in the helium prospective resources estimates, which RISC finds reasonable and in line with global analogues.

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[19] https://cdn.prod.website-files.com/663a9580e0f03c44d5d8f8cc/667396b1f3818bb0c0f72683_Longhorn._51_101_Report_-_Lily_Rock_Kansas.pdf

[20] Kunz, O. and Wagner, W. (2012) The GERG-2008 Wide Range Equation of State for Natural Gases and Other Mixtures: An Expansion of GERG-2004. J. Chem. Eng. Data, 57(11), 2032-3091.

6. Valuation

RISC has considered oil and gas industry accepted practices to determine Value, including sunk costs, forward work program and comparable transactions.

RISC has considered the sunk costs, warranted work program and comparable transactions methods for determining the fair market value of the assets. These alternative valuation approaches have been investigated to support the valuation and these are presented and discussed herein.

RISC has assessed a fair market value of Hyterra's net interest in lease holdings in Kansas and Nebraska as at 3 October 2024 to be between US$3.2 million (A$4.6 million) and US$72.9 million (A$104.1 million) with a best estimate of US$31.4 million (A$44.8 million) (Table 6-1).

Table 6-1: Hyterra valuation summary as at 3 October 2024

	Low	Best	High
Project Geneva			
Valuation (US$ million)	0	2.2	3.2
Valuation rationale	Lease expiry or Hyterra exit	Sunk costs	Sunk costs and estimated forward work program
Project Nemaha			
Valuation (US$ million)	3.2	29.2	69.7
Valuation rationale	Sunk costs (acquisition costs)	Comparable transaction metric of US$812/ac for prospective core area and discount applied to other leases	Prospectivity multiples to best estimate US$/ac
Total valuation US$	3.2	31.4	72.9
Total valuation A$	**4.6**	**44.8**	**104.1**

Notes to the table:
1. A$ to US$ FX = 0.7
2. Totals are by arithmetic summation

6.1. Sunk costs

Hyterra have provided exploration expenditure reports as at 3 October 2024 to RISC and we have reviewed these for use in the estimation of Value.

For Project Geneva in Nebraska, Hyterra have spent A$2.6 million to earn 16.03% in the JDA. In addition to this, Hyterra have spent A$0.48 million in own costs. This total amount of A$3.1 million (US$2.2 million) is considered the net sunk expenditure in the JDA.

For Project Nemaha in Kansas, Hyterra have accrued leasing costs of US$3.2 million to build its acreage position within the Nemaha Ridge natural hydrogen play.

6.2. Forward work program

For Project Geneva, given the current situation with the joint venture, RISC has assumed a forward work program as follows:

- Recompletion of the Hoarty NE-3 well including pulling and re-running completion equipment, and
- Recommencing a long-term production test.

RISC has estimated that this work program would cost approximately US$1 million net to Hyterra.

For Project Nemaha, Hyterra has announced plans to drill a 2-well exploration program. With the announced Fortescue transaction Hyterra are considering an expanded exploration well campaign of up to 6-wells. These wells are expected to cost US$1 – 3 million each dependent on location and total depth.

6.3. Comparable transactions

RISC has analysed transaction metrics of 690 petroleum transactions of assets in the USA since 1/1/2017 within the GlobalData intelligence database, extracted on 30 September 2024. The transactions include all petroleum prospective and productive regions of the onshore basins of the USA.

Of these transactions, 166 have $/acre metrics which were analysed by RISC (Table 6-2). These transactions include both conventional and unconventional (shale oil or gas) transactions. It was found that unconventional transactions attracted higher $/acre metrics which skewed the analysis. Further analysis identified 37 transactions for conventional petroleum properties with $/acre metrics. Of these transactions, three were identified in Kansas with $/acre metrics.

RISC analysed the transactions which were specific to, or included, helium. A total of 41 transactions were found, 3 of which has US$/acre metrics (Table 6-2).

A comparable transaction which RISC consider as relevant to Hyterra's Project Nemaha acreage in Kansas was the acquisition of acreage from PureWave Hydrogen Corporation ('PureWave') considered prospective for naturally occurring hydrogen in Kansas ('Lily Rock Hydrogen Project') by Longhorn Exploration ('Longhorn')[21]. This acreage position like Hyterra's acreage in Kansas is also located on the Nemaha Ridge. RISC analysis of the transaction results in a US$812/acre estimate (Table 6-2). This transaction which was announced on 18 April 2024 was approved by the TSX exchange on 27 June 2024. Subsequent to this

[21] https://www.longhornexploration.com/news/longhorn-exploration-corp-receives-final-tsx-venture-exchange-approval-for-natural-hydrogen-lease-acquisition-and-closes-private-placement

Longhorn has announced the full acquisition of PureWave on 27 September 2024, which is yet to gain shareholder and venture exchange approval.

Table 6-2: Comparable transactions $/acre metrics analysis (RISC)

$/acre metrics	P90	P50	P10	Average
All petroleum transactions US$/acre (166 transactions)	430.6	5,839.2	43,364.9	13,766.5
Conventional petroleum transactions US$/acre (37 transactions)	251.7	1,107.4	14,258.7	5,570.7
Kansas conventional transactions (3 transactions)	133.6 – 689.7			
Helium specific transactions (3 transactions)	453.0 – 12,890.2			
Longhorn – PureWave transaction (27 June 2024 announcement)	Net acres = 519.7 Longhorn shares issued (value) = US$200,000 Cash = US$222,000 **US$/acre = 812.00**			
Notes to the table: 1. Metrics extracted from GlobalData database on 30 September 2024. 2. CAN$ to US$ FX = 0.74				

6.4. Valuation assumptions and summary

The valuation method and analysis for Project Geneva and Project Nemaha are detailed in Table 6-3 and Table 6-4.

RISC has considered the following in its estimation of Value:

- Sunk costs (capitalised exploration expenditure) as advised to RISC.
- In the absence of an approved JDA work program, RISC has made an assumption of a reasonable work program for the resumption of well test operations at Hoarty NE-3 for Project Geneva.
- A review of the Project Nemaha lease-holding and consideration of a ‘core hydrogen play area’.
- Comparable transaction metrics.

6.4.1. Project Geneva

The valuation method and analysis are detailed in Table 6-3.

The low estimate of Value considers the current situation with the lease extension, venture and the JDA as announced by Hyterra. The venture is awaiting critical data and metrics to make informed decisions on flow testing and future operations. Should this situation continue, it is contemplated that the lease will either lapse or that Hyterra elect to exit the JDA. In this unlikely scenario, no Value is ascribed to the project.

The best estimate of Value considers the sunk costs as accrued by Hyterra under the terms of the JDA to earn their current 16.03% equity position.

The high estimate of Value is an assumption by RISC that the venture agrees to continue well testing operations at the Hoarty NE-3 well. This well testing program include pulling the current completion string and pumps, recompleting the well and commencing a long term production test. RISC has assumed that this cost is US$1 million and under the terms of the JDA is fully funded by Hyterra.

Alternative high case estimates of Value can be ascribed to completion of Phase 1 of the JDA whereby Hyterra funds activities to the value of US$5 million to earn 30% equity in the JDA.

Table 6-3: Project Geneva valuation analysis as at 3 October 2024

Project Geneva - Valuation Method & Analysis	**Factor or Cost**
Low estimate	
Lease holding expiry or Hyterra exit	US$0 million
Valuation net Hyterra	**US$0 million**
Best estimate	
Relevant exploration expenditure to 3 October 2024 (undiscounted) to earn 10.3%	A$1.67 million
Relevant exploration expenditure to 3 October 2024 (undiscounted) to earn 16.03%	A$2.67 million
Hyterra own costs	A$0.48 million
Total relevant exploration expenditure to 3 October 2024	A$3.15 million
Total relevant exploration expenditure to 3 October 2024	US$2.2 million
Valuation net Hyterra	**US$2.2 million**
High estimate	
Total relevant exploration expenditure to 3 October 2024	US$2.2 million
Estimated forward work program – recompletion & long-term production testing Hoarty NE-3 well	US$1 million
Valuation net Hyterra	**US$3.2 million**
Notes to the table: 1. Totals and values may differ due to rounding. 2. AU$ to US$ FX = 0.7	

6.4.2. Project Nemaha

The valuation method and analysis are detailed in Table 6-4.

The low estimate of Value considers the total leasing costs to build the Hyterra net acreage position on the Nemaha Ridge. These costs to 3 October 2024 amount to US$3.2 million.

The best estimate of Value considers the Longhorn transaction to acquire 519.7 net acres on the Nemaha Ridge in Kansas from PureWave. Given that this acreage is situated nearby to some of the Hyterra acreage position it is considered a relevant and the most comparable transaction for the purposes of estimating Value.

RISC analysis of the transaction results in a US$812/acre estimate (Table 6-2). This transaction which was announced on 18 April 2024 was approved by the TSX exchange on 27 June 2024.

RISC notes that the comparable $/acre metric for this transaction is a discount to the P50 and average of all conventional petroleum transactions analysed by RISC. This is considered reasonable as the natural hydrogen play has not been successfully tested and proven.

RISC has applied this transaction metric to 12,652 acres considered to be in the ‘core’ hydrogen exploration play area, as defined by the offset wells with reported hydrogen concentrations and in close proximity to the Longhorn project area (Project Lily Rock) constituting the transaction.

The remainder of the lease-holding is considered peripheral to the main hydrogen play and RISC has applied a discount to the transaction metric. A US$480/acre has been applied which represents a 40% discount to the transaction metric and is approximately 50% of the P50 conventional oil and gas transaction metric.

The high estimate of Value considers that as a result of historical hydrogen analyses from wells within the Nemaha Ridge natural hydrogen play region and planned exploration programs by Hyterra and/or third-party ventures, such as Longhorn, results in an uplift in perceived prospectivity and hence value of the acreage.

RISC have assumed that as at the effective date a multiple of the Longhorn transaction metric is realised. RISC have assumed a 300% multiplier and assumed therefore that acreage would transact at approximately US$2,400/acre. This equates to approximately a 60% discount of the average conventional petroleum transaction $/acre metric. This metric has been applied to the 12,652 acres considered to be in the ‘core’ hydrogen exploration play area.

In RISC opinion this is reasonable given the unproven nature of the natural hydrogen play and that this would also represent an average of the acreage position, with some acreage being considered prospective and attracting a premium and other acreage considered less prospective and attracting a discount.

A US$1,000/acre metric has been applied to the remainder of the acreage outside of the ‘core’ play area which is comparable to the P50 conventional oil and gas transaction metric.

Table 6-4: Project Nemaha valuation analysis as at 3 October 2024

Project Nemaha - Valuation Method & Analysis	**Factor or Cost**
Low estimate	
Sunk costs – leasing costs (to 3 October 2024)	US$3.2 million
Valuation net Hyterra	**US$3.2 million**
Best estimate	
Comparable transaction metric – US$812/acre applied to core play area	US$10.3 million
Discount to Comparable transaction metric – US$480/acre applied to remainder of lease area	US$18.9 million
Valuation net Hyterra	**US$29.2 million**
High estimate	
Discount applied to average conventional petroleum comparable transaction metric (US$2,400/acre assumed) – applied to core play area	US$30.4 million
Discount applied to average conventional petroleum comparable transaction metric (US$1,000/acre assumed) – applied to remainder of lease area	US$39.3 million
Valuation net Hyterra	**US$69.7 million**
Notes to the table: 1. Totals and values may differ due to rounding. 2. AU$ to US$ FX = 0.7	

7. Declarations

7.1. 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.

7.2. 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 Certified Practising Geologist and member of AAPG, a member of PESA (2021 – 2024 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.

7.3. 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.

7.4. 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.

We believe our review and conclusions are sound but no warranty of accuracy or reliability is given to our conclusions.

Our review was carried out only for the purpose referred to above and may not have relevance in other contexts.

7.5. 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.

7.6. 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.

7.7. 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 not 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.

8. 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 (10^9) cubic feet
BCM	Billion (10^9) 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_2	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 (10^9) 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_2S	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^2	Square kilometres
Krw	Relative permeability to water
Kv	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 (10^6) 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^{12}) cubic feet
TJ	Tera (10^{12}) 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

Proxy Voting Form

If you are attending the Meeting in person, please bring this with you for Securityholder registration.

HYTERRA LTD | ABN 68 116 829 675

Your proxy voting instruction must be received by **11.00am (AWST) on Monday, 02 December 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: **https://investor.automic.com.au/#/home** Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item 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 item 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 the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.
Joint holding: Where the holding is in more than one name, all Shareholders should sign.
Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.
Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.
Email Address: Please provide your email address in the space provided.
By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automicgroup.com.au.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at https://investor.automic.com.au/#/loginsah or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.

BY MAIL:
Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:
meetings@automicgroup.com.au

BY FACSIMILE:
+61 2 8583 3040

All enquiries to Automic:
WEBSITE:
https://automicgroup.com.au

PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1 - How to vote

APPOINT A PROXY:

I/We being a Shareholder entitled to attend and vote at the General Meeting of HYTERRA LTD, to be held at **11.00am (AWST) on Wednesday, 04 December 2024 at QV1, Level 14, 250 St Georges Terrace, Perth WA 6000** hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2 - Your voting direction

Resolutions		For	Against	Abstain
1	APPROVAL OF ISSUE OF SECURITIES TO FORTESCUE			
2	APPROVAL FOR THE APPOINTMENT OF CHRISTINE NICOLAU AS A DIRECTOR			
3	APPROVAL TO ISSUE RETAINER FEE SHARES TO RM CAPITAL			

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 – Signatures and contact details

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY)

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By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

AUTOMIC

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