

## MRL PROJECT UPDATE AND HAZER FBR PILOT PLANT TO RELOCATE WITH MRL

- **Hazer FBR Pilot Plant to be relocated to MRL site to increase synergies and co-share costs.**
- **MRL project equipment ordered and construction commenced.**
- **First MRL PTR pilot plant graphite for testing targeted end Q4.**
- **Hazer Royalties to be estimated from financial model scenarios**

**PERTH, AUSTRALIA 29 AUGUST 2018:** Hazer Group Limited (ASX:HZR) plan to relocate its FBR Pilot Plant from Sydney to Kwinana in Perth next to the proposed Mineral Resources Limited (“MRL” (ASX: MIN)) Paddle Tube Reactor (PTR) Pilot Plant.

The relocation and scheduled first graphite production from the MRL PTR plant is planned for Q4 2018. “This is an important step in the commercialisation of the Hazer process because we see great synergies, cost savings and benefits in locating the two plants together at MRL’s site in Kwinana so they can both produce graphite and hydrogen for further testing but also showcase our technology to the world,” said Hazer Acting CEO Mark Edwards.

In December 2017, Hazer and MRL executed a binding Cooperation Agreement to work together for the purposes of developing and commercialising the Hazer Technology. Under the terms of the agreement, MRL is providing all capital required for a staged development project for graphite production and Hazer has given MRL access to the existing Hazer IP portfolio, as well as technical assistance and support. (refer to ASX announcement “Hazer signs binding agreement with Mineral Resources Ltd” released 20 December 2017).

“This pending agreement is an outstanding deal for Hazer because it allows the paddle tube technology which is ideal for graphite production to be developed using the larger capital resources of Mineral Resources while we provide the technical support and know-how of the Hazer process technology,” said Mr Edwards.

### **SCHEDULE UPDATE**

Further to the ASX announcement “Mineral resources project update” released 7th June, MRL have progressed the PTR pilot plant and committed to many long lead items and started construction.

“Plant first commissioning has shifted from end Q3 into Q4 2018 due to options being investigated in simplifying the reactor design using non-specialised materials and finding lower cost construction options to improve the Phase 2 commercial plant cost. Site approvals and infrastructure preparation continue to make way for the pilot plant with a target to still achieve first graphite product ready for testing by end Q4 2018,” said Mr Edwards.

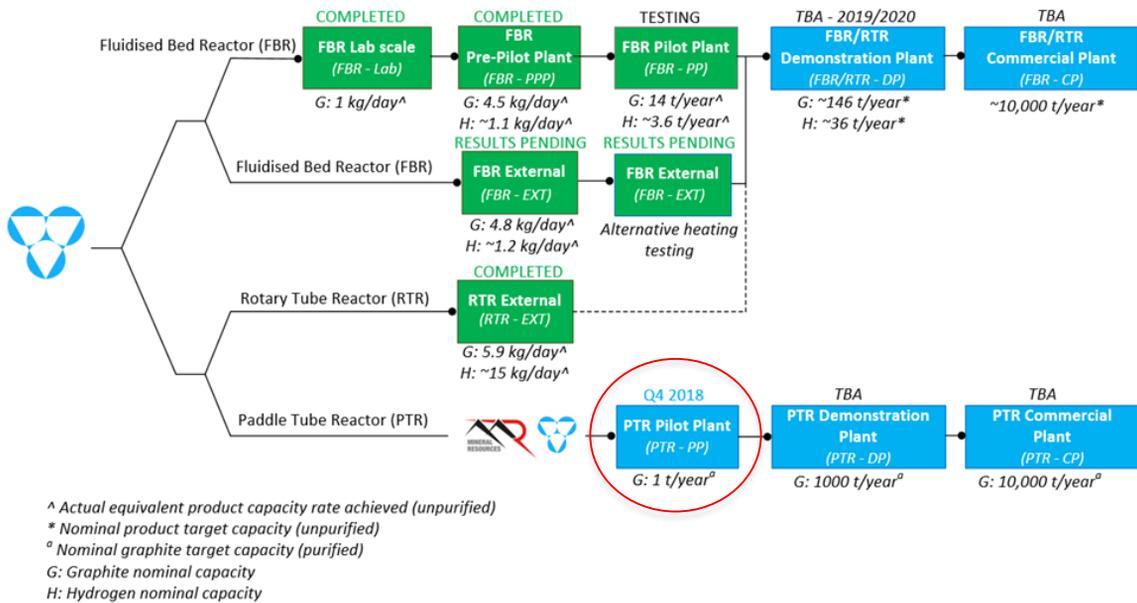


Figure 1: The MRL PTR Pilot Plant (circled in red) contributes to the overall development of a commercial pathway. Refer to ASX announcement “Corporate & Technical Development Update” released on 19th June 2018 for more details.

## HAZER FLUID BED REACTOR PILOT PLANT RELOCATION

Hazer and MRL are currently negotiating final terms for the Hazer Fluid Bed Reactor (FBR) in St Mary’s to be relocated to the MRL Kwinana site alongside the MRL PTR pilot plant. This combined facility has many benefits to both companies, including:

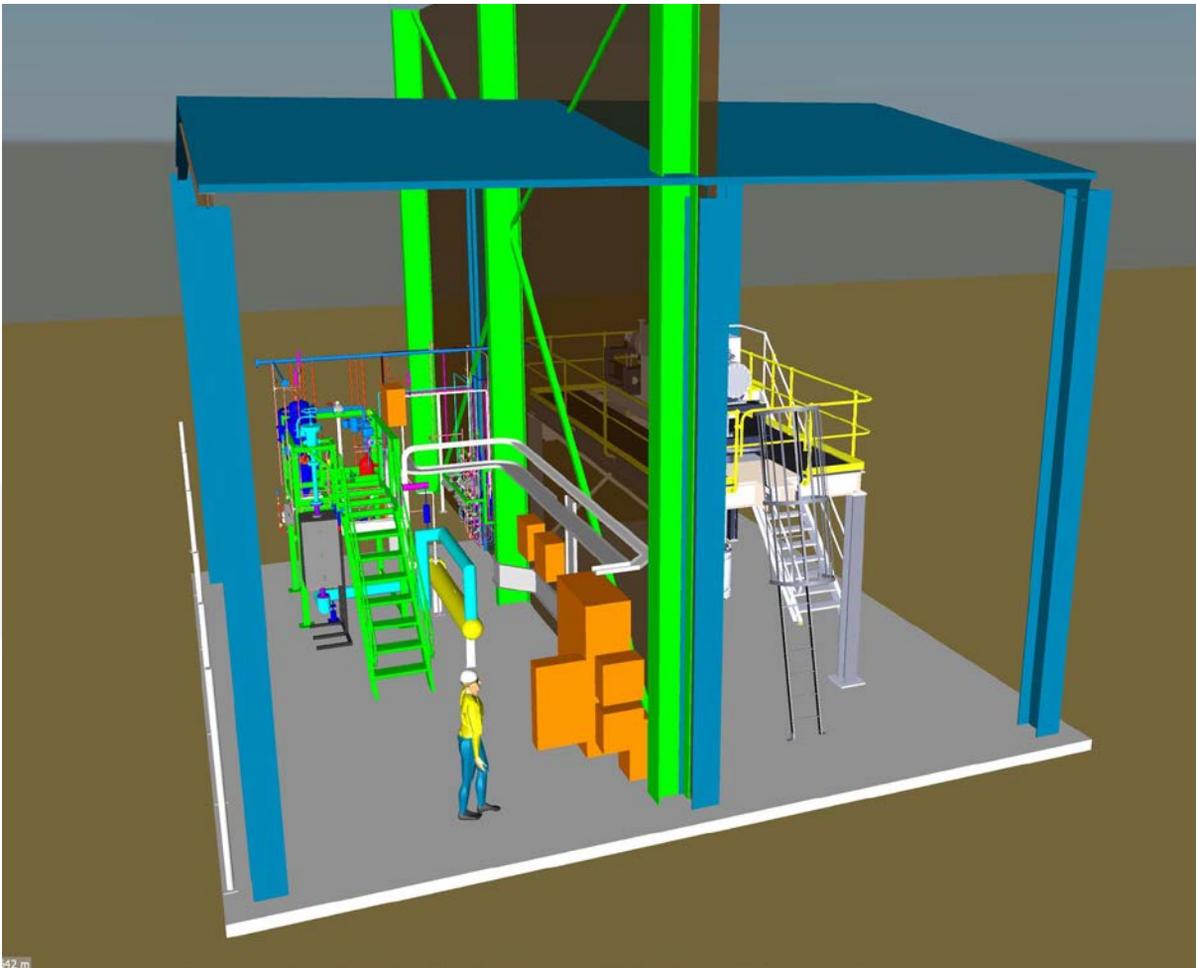
- Improved synergies and development between the two reactor technologies to accelerate commercial design improvements.
- Enhanced promotional impact for demonstration of the Hazer process technology to external parties.
- Enables shared facilities, providing reduced set up costs and reduced ongoing operating costs.
- Enables shared operators to reduce labour costs and accelerate operational improvements.

Once these terms are agreed and signed off, an announcement will be made to outline the conditions of the MRL site usage.

“Mineral Resources continue to be a proactive and supportive investor with this proposed arrangement, facilitating a smooth transition in consolidating the Hazer technical team and pilot plant from Sydney to Perth so we thank them for the opportunity presented,” said Mr Edwards.

## SITE PREPARATION

The planning and design of the co-located pilot plants has mostly been finalised at MRL’s Kwinana facilities in Western Australia in anticipation of construction of the MRL PTR Pilot Plant (Stage 1). Below is a working model of the combined facilities, that Hazer and MRL have been developing in parallel to the MRL project.



Drawing 1 – Developing model of the combined Pilot Plant layout at MRL’s Kwinana site showing Hazer’s FBR Pilot Plant (left) and MRL’s PTR Pilot Plant (right).

#### **MINERAL RESOURCES AGREEMENT ROYALTY RATE**

As previously announced, the binding Co-Operation Agreement with MRL includes an agreement requiring MRL to pay Hazer a revenue based royalty that achieves an agreed share of profits after tax generated from the sale of graphite. The profit share between MRL and Hazer has been agreed within a defined range linked to the end graphite sale price point(s) achieved by MRL for sale of Hazer graphite. The specific net profit share and therefore the associated revenue based royalty rate are subject to further negotiation as key variables are tested and validated during Stage 1 of the proposed development pathway.

Given the progress of the MRL PTR pilot plant, Hazer and MRL have now started the development of the draft financial model for the future commercial plant to allow Hazer and MRL to estimate the value of the royalties for different business case scenarios. When the draft financial model is completed, Hazer will be in a position to clarify the potential value of the royalties.

**ENDS**

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## **ABOUT HAZER GROUP LTD**

Hazer Group Limited (“Hazer” or “The Company”) is an ASX-listed technology development company undertaking the commercialisation of the Hazer Process, a low-emission hydrogen and graphite production process. The Hazer Process enables the effective conversion of natural gas and similar feedstocks, into hydrogen and high quality graphite, using iron ore as a process catalyst.

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