Hazer Group Limited
Appendix 4E
Final report

1. Company details

Name of entity:	Hazer Group Limited
ABN:	40 144 044 600
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

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Revenues from ordinary activities	up	109%	to	1,669,368
Loss from ordinary activities after tax attributable to the owners of Hazer Group Limited	down	60%	to	4,396,377
Loss for the year attributable to the owners of Hazer Group Limited	down	60%	to	4,396,377

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2019	0.0	0.0
Interim dividend for the year ended 30 June 2019	0.0	0.0

No dividend has been declared.

Comments
The loss for the Company amounted to $4,396,377 (30 June 2018: $11,009,331).

Losses after income tax decreased by 60% on the prior year largely due to the Company incurring lower non-cash expenditure offset by a 116% increase in research and development tax rebate revenue. Cash-based operating expenses for administration, consulting and research and employees decreased by 14% to $4,354,439 (30 June 2018: $5,057,946) following steps taken to consolidate offices and employees in Perth, Western Australia.

Non-cash expenses in the year decreased by 75% to $1,708,942 (30 June 2018: $6,747,979) largely due to the reduction in the share-based payments expense. Share-based payments in the prior year included a $3,672,579 expense for the issue of 11,500,000 Series B Options upon exercise of the Series A Options. The Series A Options, issued prior to the Company's listing on the Australian Securities Exchange, were primary Options which upon exercise resulted in the issue of one ordinary share and one Series B Option (a secondary Option).

Research and development activities undertaken during the year included:
- operation and testing of the Hazer Process using the Hazer Fluidised Bed Reactor Pilot Plant;
- completion of Front-End Engineering and Design studies for an initial Commercial Demonstration Project and an initial Concept Study for a commercial-scale Hazer Plant; and
- supporting strategic partner Mineral Resources Limited (ASX: MIN) to construct and commission their owned and operated Paddle Tube Reactor Pilot Plant being developed under a Collaboration Agreement.

The Company's cash and cash-equivalent were $6,003,608 at 30 June 2019 (30 June 2018: $6,185,009) and net assets at 30 June 2019 were $5,834,306 (30 June 2018: $6,884,346).

The operating cash outflow for the year decreased by 42% to $2,570,069 (30 June 2018: $4,407,006) due to lower overall expenditure and a 90% increase in the research and development tax rebate received during the year to $1,639,241 (30 June 2018: $863,821). Investing cash outflows of $42,719 (30 June 2018: $462,582) related to plant and equipment purchases, with the prior year including parts and engineering services associated with the optimisation of the Hazer Fluidised Bed Reactor Pilot Plant.

Financing cash inflows decreased by 16% to $2,431,387 (30 June 2018: $2,910,146). Funds were generated during the year from the exercise of 4,237,183 listed options (ASX: HZRO) ($0.30 exercise price) and 4,721,428 unlisted Series C options ($0.25 exercise price) which raised a total of $2,451,512 before share issue costs. The principal capital raising activity during the prior year was the exercise of 11,500,000 Series A Options ($0.25 exercise price) which raised $2,875,000 before share issue costs.

As an early-stage company, the Company's business model highly depends on the achievement of continued technical development success, future funding, customer engagement and general financial and economic factors.

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.00	6.90

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4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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6. Details of associates and joint venture entities

Not applicable.

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7. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

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8. Attachments

The Annual Report of Hazer Group Limited for the year ended 30 June 2019 is attached.

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9. Signed

Signed ______________________________ Date: 27 August 2019

Geoff Ward
Managing Director

Hazer Group Limited

ABN 40 144 044 600

Annual Report – 30 June 2019

CORPORATE DIRECTORY

Directors	Tim Goldsmith (Non-Executive Chairman) Danielle Lee (Non-Executive Director) Andrew Harris (Non-Executive Director) Mike Grey (Non-Executive Director) – appointed 30 April 2019 Geoff Ward (Executive Director) - appointed 30 April 2019
Company secretary	Emma Waldon
Registered office	Level 9, 99 St Georges Terrace Perth WA 6000
Principal place of business	Level 9, 99 St Georges Terrace Perth WA 6000
Share register	Link Market Services Limited 178 St Georges Terrace Perth WA 6000
Auditor	RSM Australia Partners Level 32, Exchange Tower, 2 The Esplanade Perth WA 6000
Solicitors	Fairweather Corporate Lawyers 595 Stirling Highway Cottesloe WA 6011
Bankers	Commonwealth Bank of Australia 150 St Georges Terrace Perth WA 6000
Stock exchange listing	Hazer Group Limited shares are listed on the Australian Securities Exchange (ASX code: HZR)
Website	www.hazergroup.com.au
Corporate Governance Statement	http://www.hazergroup.com.au/about/corporate-governance

CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board, I am pleased to present the 2019 Annual Report to shareholders.

During the past year, the Company made significant progress towards the commercialisation of the Hazer Process and its stated objective of reaching a final investment decision on a Hazer Commercial Demonstration Plant (CDP) during the second half of calendar year 2019. The CDP will be the first fully integrated, operational production facility based on the Hazer Process and represents the key next step in fully commercialising the Hazer technology.

Pursuing the scale-up of the Hazer technology through a commercial demonstration site is a key platform of our strategy to commercialise the Hazer technology. It will allow us to demonstrate the safe and efficient scale-up of our technology, provide a reference site to future customers, and establish initial markets for graphite products. We believe this will position us well to capture opportunities in the emerging market for low mission hydrogen servicing the transport sector, clean heating and power services and, later, low carbon industrial processes.

In 2019 we also continued our collaboration with strategic partner Mineral Resources Limited (ASX: MIN) to develop a synthetic graphite plant based on the Hazer Process. We are also very pleased with the strong collaborative relationship established with Mineral Resources and congratulate them on the successfully commissioning their PTR Pilot Plant and the production of high-quality graphite from the initial production runs. Under our Binding Co-operation Agreement, Mineral Resources are developing a Mineral Resources owned-and-operated, commercial-scale, synthetic graphite production facility based on the Hazer Process in a staged process. Stage 1 comprises the development of a pilot facility. Hazer looks forward to continuing to work closely with Mineral Resources to deliver Stage 2 and Stage 3 of the development following completion of the test program.

During the year, Hazer appointed Geoff Ward as Chief Executive Officer and, subsequently, as Managing Director. Under Geoff's leadership, the Company has strong relationships with a number of leading potential partners, which positions Hazer well as it moves towards reaching a final investment decision on a CDP and to develop commercial opportunities in the emerging markets for low-emission hydrogen.

Finally, I would like to welcome Mike Grey, Chief Operating Officer – Mining Services, Mineral Resources Limited to the Board. Mike replaces Simon Rushton as Mineral Resources' nominated Director, following Simon's resignation from Mineral Resources Limited. I thank Simon for his significant contribution to Hazer during his time as a Non-Executive Director. We look forward to continuing our collaborative relationship with Mike Grey who is well known to the Hazer team through his role as the Mineral Resources executive responsible for their Pilot Plant project.

I look forward to your continued support as a shareholder as the Company continues its commercialisation activities.

Yours faithfully

Tim Goldsmith

Mr Tim Goldsmith
Non-Executive Chairman
Hazer Group Limited

MANAGING DIRECTOR'S REPORT

ABOUT HAZER GROUP

Hazer Group Limited ("Hazer" or the "Company") is the commercialisation entity for the Hazer Process – a potential low-cost, low-emission novel hydrogen-and-graphite production technology, originally developed at the University of Western Australia.

Low-emission hydrogen and graphite are both key products in a de-carbonising economy, and there is a significant global focus on developing a hydrogen economy as part of a transition to a low-carbon environment.

The Hazer Process enables the production of hydrogen from methane in an environmentally friendly process together with the production of high-purity graphite. The Hazer Process captures the full value of feedstock by producing two valuable products without creating CO2 in the process.

The Hazer Process has several distinguishing features from existing commercial hydrogen-production technologies that are either high in emissions or expensive. The features include the use of iron ore/iron oxide as a low-cost catalyst for the process; the co-production of high-purity graphite; and the avoidance of a significant proportion of the CO2 emissions associated with traditional hydrogen-production systems.

During the year, the Company made significant progress on its development pathways to commercialise the Hazer Process.

DEVELOPMENT PATHWAYS

Hazer undertook dual development pathways during the year, those being the operation of a Hazer-owned Pressurised Fluidised Bed Reactor (FBR) Pilot Plant and a collaboration with strategic partner Mineral Resources Limited (Mineral Resources) (ASX: MIN) on the development of their Paddle Tube Reactor (PTR) Pilot Plant focussed on higher-purity graphite production.

Hazer Development Pathway

Hazer had a productive year with respect to operations of the Hazer-owned FBR Pilot Plant and development of the engineering studies and planning required for a Hazer Commercial Demonstration Plant (CDP). The CDP will be the first fully integrated, operational production facility based on the Hazer Process and represents the key next step in fully commercialising the Hazer technology.

A Front-End Engineering and Design (FEED) study for the CDP was completed and identified an effective process design that supports the scale-up and rollout of a fully functional, integrated Hazer plant based on the positive pilot results. The CDP is designed for a capacity of ~100 tpa of hydrogen (~375 tpa of graphite). The CDP is estimated to have a capital cost of ~$15 million (+/- 30% level).

The positive results from the FEED study enabled the Company to commence discussions with potential offtake and funding partners for the CDP. In May 2019, Hazer agreed a Memorandum of Understanding (MOU) with Water Corporation to collaborate on the development of a 100 ton per annum, low-emission hydrogen production facility based on Hazer's proprietary production technology at the Woodman Point Wastewater Treatment Plant in Western Australia. Wastewater treatment plants are significant producers of biogas as they manage the reduction and safe disposal of organic wastes. The potential to use biogas as the feedstock to produce two high-value products (hydrogen and graphite) represents a significant opportunity to reduce emissions. It also increases the value of waste-to-resource recovery and provides a valuable local source of renewable hydrogen as a transport fuel, industrial feedstock or source of renewable energy.

Hazer appointed Primero Group Limited in July 2019 as its preferred engineering partner for the CDP under an Early Contractor Involvement (ECI) scope of work. This is a very positive step for the project and indicates our confidence in being able to secure further project agreements in the near term. Discussions with potential hydrogen offtake partners and project funders are continuing. The Company remains focussed on securing the necessary agreements to commit to full project development in the second half of calendar year 2019 and commencement of CDP operations by the end of calendar year 2020.

A further test program is underway for the Hazer FBR Pilot Plant which is now co-located at the Mineral Resources site at Kwinana, Western Australian. The results of the test program will support ongoing CDP and commercial-scale Hazer Plant development studies.

MANAGING DIRECTOR'S REPORT

Mineral Resources Limited Collaboration

In December 2017, Hazer and Mineral Resources executed a binding Co-Operation Agreement to work together for the purposes of developing and commercialising the Hazer Process. Under the terms of the agreement, Mineral Resources is providing all capital required for a staged development project for graphite production. Hazer has provided Mineral Resources with access to the existing Hazer IP portfolio, technical assistance and support.

Commissioning of the Stage 1 Mineral Resources Paddle Tube Reactor (PTR) Pilot Plant was completed during the year. Initial production runs have successfully produced high-quality graphite with a purity of >95% (Total Graphitic Carbon).

Mineral Resources will now undertake a detailed pilot plant test program to determine the capability of the PTR design and derive the engineering and performance data needed to establish the design and performance parameters of the commercial-scale plant envisaged in Stage 2 and Stage 3 of the Binding Co-Operation Agreement.

Looking ahead, the key focus of the Company's collaboration with Mineral Resources will be on the delivery and analysis of this pilot plant test program, and supporting Mineral Resources as required in taking their decision to continue to Stage 2 of the strategic partnership. Under Stage 2, Mineral Resources will design, construct and own an initial small-scale graphite plant (based on the Hazer Process) to supply graphite to initial commercial customers.

Subject to securing sufficient customer support, the plant will expand to a nominal target capacity of 10,000 tpa of graphite under Stage 3 of the Co-Operation Agreement. As we progress to Stage 2, Hazer and Mineral Resources will agree the full commercial terms of the licensing agreement to use the Hazer Process, including details of the proposed royalty agreement.

INTELLECTUAL PROPERTY

Hazer has implemented a sound strategy to progress existing patent applications and identify additional intellectual property. During the year, Hazer was granted its first two Australian Patents covering elements of the Hazer Process: "A process for producing hydrogen and graphitic carbon from hydrocarbons", and "A process of controlling the morphology of graphite". Hazer also received acceptance of its first international patent in South Africa: "A process of controlling the morphology of graphite".

The Australian Patents, in conjunction with two previous Australian Innovation Patents, provide broad, enforceable protection for Hazer's core technologies in Australia. Remaining patent applications remain ongoing, pursuant to the normal procedures and timelines of the relevant patent organisations.

CORPORATE

The Company made significant progress on its development pathways during the year whilst maintaining cash reserves at $6 million. Operations during the year were broadly funded via a $1.6 million R&D Tax Incentive rebate and $2.45 million from the exercise of options held by listed option holders, including strategic partner Mineral Resources, and unlisted options held by current and former Directors and management. The Australian Federal Government's R&D Tax Incentive program provides a cash refund on eligible research and development activities performed by Australian companies and is an important program that strongly supports Australian innovation. The Company remains well funded to execute its key strategic objectives for the coming year and progress towards a final investment decision on the CDP in the second half of calendar year 2019.

Finally, I was personally pleased to be appointed to the position of Managing Director in April 2019, after commencing as the Company's Chief Executive Officer in October 2018. I continue to see significant opportunity for Hazer in the growing hydrogen economy and graphite markets and look forward to providing updates on our progress over the course of the year.

Mr Geoff Ward
Managing Director and Chief Executive Officer

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on Hazer Group Limited (referred to hereafter as 'the Company') for the year ended 30 June 2019.

Directors
The following persons were Directors of Hazer Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Tim Goldsmith
Danielle Lee
Andrew Harris
Simon Rushton - resigned 30 April 2019
Mike Grey - appointed 30 April 2019
Geoff Ward - appointed 30 April 2019

Principal activities
During the financial year, the principal continuing activities of the Company consisted of research and development of novel graphite-and-hydrogen-production technology.

The Company has intellectual property rights to a technology (the 'Hazer Process') which enables the production of hydrogen gas from the thermo-catalytic decomposition of methane (natural gas) with negligible carbon dioxide emissions and the co-production of a high-purity graphite product.

Dividends
There were no dividends paid during the year.

Review of operations
The loss for the Company amounted to $4,396,377 (30 June 2018: $11,009,331).

Losses after income tax decreased by 60% on the prior year largely due to the Company incurring lower non-cash expenditure offset by a 116% increase in research and development tax rebate revenue. Cash-based operating expenses for administration, consulting and research and employees decreased by 14% to $4,354,439 (30 June 2018: $5,057,946) following steps taken to consolidate offices and employees in Perth, Western Australia.

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As an early-stage company, the Company's business model is highly dependent on the achievement of continued technical development success, future funding, customer engagement and general financial and economic factors.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Tim Goldsmith
Title:	Non-Executive Chairman (Independent Director)
Qualifications:	Bachelor of Commerce from the Polytechnic of North London (now North London University). Member of the Institute of Chartered Accountants Australia and New Zealand.
Experience and expertise:	Tim was previously a partner at global professional services firm PricewaterhouseCoopers (PwC) for over 20 years. Tim held multiple roles during his PwC career and is best known for leading PwC's global mining team, with more than 2,000 partners and staff in more than 100 mining countries. During his tenure as Global Mining Leader, Tim was also responsible for PwC's thought leadership on the future of the mining industry and was a well-known presenter at mining conferences around the globe. Tim was an early participator in the China growth story and initiated a China focus in 2002 that lead to PwC's Australia China desk, which is known throughout China today. As National China Desk Leader, Tim worked extremely closely with many state-owned and private Chinese investors and companies to facilitate Chinese foreign investment in Australian mining and other assets.
Length of service:	Director since 24 July 2017
Other current directorships:	Chairman of Angel Seafood Holdings Limited (ASX: AS1) and Non-Executive Director of Costa Group Holdings Ltd (ASX: CGC).
Former directorships (last 3 years):	Chairman of Kopore Metals Limited (ASX: KMT)
Special responsibilities:	Member of the Audit and Risk Committee and Member of Remuneration and Nomination Committee
Interests in shares:	970,922
Interests in options:	3,750,000 (Unlisted options)
Contractual rights to shares:	None

Name:	Danielle Lee
Title:	Non-Executive Director (Independent Director)
Qualifications:	Bachelor of Economics from the University of Western Australia, Bachelor of Laws from the University of Western Australia (first class honours)
Experience and expertise:	Danielle is an experienced corporate lawyer more than 23 years' experience shared between private law firms and the Australian Securities Exchange. She has a broad range of skills and legal experience in the areas of corporate advisory, governance and equity capital markets. She has advised a range of Australian public and private companies in a range of industries on corporate transactions including capital raisings, ASX listings, business and share acquisitions, shareholder agreements and joint venture arrangements.
Length of service:	Director since 16 September 2015
Other current directorships:	Non-Executive Director of Ocean Grown Abalone Ltd (ASX: OGA)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee and Member of Remuneration and Nomination Committee
Interests in shares:	550,000
Interests in options:	550,000 (Unlisted options)
Contractual rights to shares:	None

Name:	Andrew Harris
Title:	Non-Executive Director (Independent Director)
Qualifications:	PhD in engineering from the University of Cambridge and undergraduate degrees in engineering and science from the University of Queensland. A Fellow of the Institution of Chemical Engineers and Engineers Australia and a member of the Australian Institute of Company Directors
Experience and expertise:	Dr Andrew Harris is highly experienced in renewable energy, sustainability, biomimicry, nanotechnology, process engineering and the hydrogen energy economy. He is the lead Director of the Engineering Excellence Group within Laing O'Rourke's internal engineering and innovation team. Laing O'Rourke is one of the world's largest privately owned engineering and construction companies, with annual revenues of $8 billion, 15,000 staff and operations in Europe, North America, the Middle East, Asia and Australia. The Engineering Excellence Group was established to be a global centre of excellence, to transform Laing O'Rourke's capabilities through strategic innovation, research and development, and enhanced technical performance. Dr Harris is also Professor of Chemical and Bimolecular Engineering at the University of Sydney and Co-Director of the Laboratory for Sustainable Technology, the state of art laboratory where Hazer has established its core development activities for the Hazer Process. Dr Harris was the youngest ever professor of Chemical Engineering appointed at the University of Sydney. Dr Harris was also previously the Chief Technology Officer of Zenogen Pty Ltd, a Sydney-based hydrogen production technology company, and was a co-founder of Oak Nano, a University of Sydney start-up commercialising novel carbon nanotube technology. Oak Nano designed and built the largest carbon nanotube production facility in the southern hemisphere.
Length of service:	Director since 21 June 2016
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration and Nomination Committee and Member of the Audit and Risk Committee
Interests in shares:	50,000
Interests in options:	575,000 (Unlisted options)
Contractual rights to shares:	None

Name:	Mike Grey
Title:	Non-Executive Director
Qualifications:	Mechanical qualifications combined with an Advanced Diploma in Metalliferous Mining
Experience and expertise:	Mike has over 35 years' experience in the mining sector in Gold, Manganese, Lithium and Iron Ore commodities. Possessing mechanical qualifications combined with an Advanced Diploma in Metalliferous Mining Mike brings an in-depth knowledge to all aspects of Mining and Processing. Mike joined Mineral Resources Limited (ASX: MIN) in 2009 and is currently their Chief Operating Officer, Mining Services. Mike is responsible for growing Mineral Resources Limited's internal commodity business including contract mining, crushing and processing business along with developing the Company's innovation projects including synthetic graphite production through the Hazer project.
Length of service:	Director since 30 April 2019
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	None

Name:	Geoff Ward
Title:	Managing Director and Chief Executive Officer
Qualifications:	Master of Business Administration and Bachelor of Engineering
Experience and expertise:	Geoff has over 20 years' experience in the oil and gas, resources and renewable energy sectors, Geoff's experience covers strategy, commercial management, financial management, mergers and acquisitions, capital project development, and operations. In addition to his executive experience, Geoff has served as a Director of a leading corporate advisory firm, Azure Capital. Geoff's advisory experience covers mergers and acquisitions, joint ventures, strategic reviews and turnarounds, debt and equity capital raisings. Geoff has advised Boards and led transactions in engineering services, clean technology and resources sectors. Geoff holds a Master of Business Administration from University of Western Australia, receiving a Director's Letter of Commendation, and Bachelor of Engineering (Chemical) (Honours) from the University of Melbourne.
Length of service:	Managing Director since 30 April 2019, and Chief Executive Officer since 8 October 2018
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	600,000
Interests in options:	6,000,000 (Unlisted options)
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Emma Waldon has held the role of Company Secretary since 10 August 2015. Emma has diverse global corporate advisory, capital markets and corporate governance experience, having held roles in accounting and debt and equity capital markets in Australia and the United Kingdom.

Emma Waldon qualified as a Chartered Accountant with Ernst & Young in Perth, worked as an Equities Analyst with Euroz Securities and spent nine years in London with Bank of Scotland and Lloyds Bank originating and re-structuring debt finance for private equity leveraged buy-outs of businesses across Europe. On returning to Perth in 2012, Emma was a Director within Deloitte's financial advisory services division and is also currently Company Secretary of Parkd Ltd (ASX: PKD), EMVision Medical Devices Limited (ASX: EMV) and a number of unlisted companies.

Emma Waldon completed a Bachelor of Commerce at UWA, is a member of the Institute of Chartered Accountants of Australia and New Zealand and a Certificated Member of the Governance Institute of Australia.

Meetings of Directors
The number of meetings of Directors (including meetings of committees of directors) held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Tim Goldsmith	6	6	2	2	-	-
Danielle Lee	6	6	2	2	-	-
Andrew Harris	5	6	1	2	-	-
Mike Grey	1	2	-	-	-	-
Geoff Ward	2	2	-	-	-	-
Simon Rushton	3	4	-	-	-	-

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Company depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel and is based on the following factors

Alignment to shareholders' interests:
- focuses on sustained growth in shareholder wealth, including growth in the share price, as well as focusing the executive on key non-financial drivers of value
- attracts and retains high-calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Directors and executive remunerations are separate.

Non-Executive Directors' remuneration
Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Non-Executive Directors do not receive any retirement benefits, other than statutory superannuation.

ASX listing rules require the aggregate Non-Executive Director's remuneration be determined periodically by a general meeting. Aggregate fixed remuneration for all Non-Executive Directors as determined by the Board is not to exceed $300,000 per annum. Directors' fees cover all main board and committee activities.

The level of Non-Executive Director fixed fees as at the reporting date are as follows:

Tim Goldsmith	$60,000 plus statutory superannuation per annum
Danielle Lee	$40,000 plus statutory superannuation per annum
Andrew Harris	$40,000 plus statutory superannuation per annum
Mike Grey	$Nil

Non-Executive Directors may also receive performance-related compensation via options following receipt of shareholder approval. The issue of share-based payments as part of Non-Executive Director remuneration ensures that Director remuneration is competitive with market standards and provides an incentive to pursue longer-term success for the Company. It also reduces the demand on the cash resources of the Company and assists in ensuring the continuity of service of Directors who have extensive knowledge of the Company, its business activities and assets and the industry in which it operates. Details of share-based compensation is contained in this report.

Executive remuneration
The Company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example, motor vehicle benefits) where it does not create any additional costs to the Company and provides additional value to the executive.

Performance-based short-term incentives ('STI') may be provided to executives to align the targets of the business with the targets of those executives responsible for meeting those targets.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options may be awarded to executives based on long-term incentive measures, including increasing shareholder value. Share-based LTIs issued to the Managing Director are subject to shareholder approval. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2019.

Use of remuneration consultants
During the financial year ended 30 June 2019, the Company did not engage the services of an independent remuneration consultant to review its remuneration for Directors, key management personnel and other senior executives.

Voting and comments made at the company's Annual General Meeting ('AGM')
The Company received 94.91% "for" votes on its Remuneration Report for the year ended 30 June 2018.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Company are set out in the following tables.

The key management personnel of the company consisted of the following directors of Hazer Group Limited:

- Tim Goldsmith – Non-Executive Chairman
- Danielle Lee - Non- Executive Director
- Andrew Harris – Non- Executive Director
- Mike Grey – Non-Executive Director - appointed 30 April 2019
- Geoff Ward – Executive Director - appointed 30 April 2019

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	**Cash salary and fees $**	**Termination benefits $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Tim Goldsmith	60,000	-	-	5,700	-	140,647	206,347
Danielle Lee	40,000	-	-	3,800	-	-	43,800
Andrew Harris	40,000	-	-	3,800	-	-	43,800
Mike Grey	-	-	-	-	-	-	-
Executive Directors:							
Geoff Ward[1]	219,565	-	-	20,859	-	491,786	732,210
	359,565	-	-	34,159	-	632,433	1,026,157

1 Represents remuneration from 8 October 2018 to 30 June 2019

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	**Cash salary and fees $**	**Termination benefits $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Tim Goldsmith[1]	56,296	-	-	5,348	-	749,616	811,260
Rick Hopkins[2]	2,917	-	-	-	-	-	2,917
Danielle Lee	25,000	-	-	2,375	-	47,903	75,278
Andrew Harris	25,000	-	-	2,375	-	115,210	142,585
Terry Walsh[3]	147,732	-	-	-	-	100,619	248,351
Simon Rushton[4]	-	-	-	-	-	-	-
Executive Directors:							
Geoff Pocock	231,692	120,000	-	30,400	-	1,348,086	1,730,178
Other Key Management Personnel:							
Mark Edwards	100,010	-	-	9,501	-	147,933	257,444
	588,647	120,000	-	49,999	-	2,509,367	3,268,013

1 Represents remuneration from 24 July 2017 to 30 June 2018
2 Represents remuneration from 1 July 2017 to 24 July 2017
3 Represents remuneration from 1 July 2017 to 6 April 2018 as a Director and 13 May 2018 as a consultant
4 Represents remuneration from 20 April 2018 to 30 June 2018

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-Executive Directors:						
Tim Goldsmith	32%	8%	-	-	68%	92%
Rick Hopkins	-	100%	-	-	-	-
Danielle Lee	100%	36%	-	-	-	64%
Andrew Harris	100%	19%	-	-	-	81%
Terry Walsh	-	59%	-	-	-	41%
Simon Rushton	-	-	-	-	-	-
Mike Grey	-	-	-	-	-	-
Executive Directors:						
Geoff Pocock	-	22%	-	-	-	78%
Geoff Ward	33%	-	-	-	67%	-
Other Key Management Personnel:						
Mark Edwards	-	43%	-	-	-	57%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Geoff Ward
Title:	Executive Director and Chief Executive Officer
Agreement commenced:	8 October 2018
Term of agreement:	Open
Details:	Base salary of $300,000 plus statutory superannuation, to be reviewed annually by the Nomination and Remuneration Committee. For period ending 30 December 2019 – a cash bonus of up to $100,000 if KPIs set by the Board are met. Achievement of set KPIs is at the discretion of the Nomination and Remuneration Committee. Three-month termination notice by either party. Twelve-month non-solicitation clause after termination.

Share-based compensation

Options

The terms and conditions of each grant of options over ordinary shares during this financial year affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Option series	Number of options issued	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Series L	2,000,000[1]	14 November 2018	14 April 2019	30 June 2022	$0.50	0.14
Series M	2,000,000[1]	14 November 2018	14 April 2020	30 June 2023	$0.70	0.14
Series N	2,000,000[1]	14 November 2018	14 April 2021	30 June 2024	$0.90	0.14
Total	6,000,000					

[1] The Company agreed to grant these options to Geoff Ward on 29 August 2018 subject to shareholder approval. Shareholder approval was obtained at the 2018 AGM.

The options vest if the holder has continued to be engaged as an employee, contractor, consultant or Board member of the company prior to the vesting date.

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
Tim Goldsmith	-	3,750,000	2,750,000	1,000,000
Danielle Lee	-	150,000	-	150,000
Andrew Harris	-	-	-	575,000
Mike Grey	-	-	-	-
Geoff Ward	6,000,000	-	2,000,000	-
Total	6,000,000	3,900,000	4,750,000	1,725,000

Values of options over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Tim Goldsmith	-	-	-	-
Danielle Lee	-	-	-	-
Andrew Harris	-	-	189,485	-
Mike Grey	-	-	-	-
Geoff Ward	837,210	-	-	67%
	837,210	-	189,485	

Additional information

The earnings of the company for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2015 $	2014 $
Revenues from ordinary activities	1,669,368	798,877	337,785	83,552	6,632
Loss after income tax	4,396,377	11,009,331	3,877,507	1,844,358	522,493
Net Assets	5,834,306	6,884,346	8,880,690	4,420,770	545,091

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2015	2014
Share price at financial year end ($) [1]	0.26	0.25	0.49	0.45	n/a
Total dividends declared (cents per share)	0.00	0.00	0.00	0.00	0.00
Basic loss per share (cents per share)	4.71	13.37	5.74	3.57	2.24

[1] The Company was admitted to the official list of the ASX on 30 November 2015 hence N/A for periods before admission.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each Director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
Ordinary shares					
Tim Goldsmith	558,422	-	412,500[1]	-	970,922
Danielle Lee	150,000	-	400,000[2]	-	550,000
Andrew Harris	-	-	50,000[2]	-	50,000
Mike Grey	-	-	-	-	-
Geoff Ward	-	-	600,000	-	600,000
	708,422	-	1,462,500	-	2,170,922

[1] Exercise of series C unlisted options and exercise of listed options

[2] Exercise of series C unlisted options

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Additions	Expired Forfeited/ exercised	Balance at the end of the year
Options over ordinary shares					
Tim Goldsmith	3,812,500	-	350,000[1]	(412,500)[3]	3,750,000
Danielle Lee	950,000	-	-	(400,000)[3]	550,000
Andrew Harris	1,150,000	-	50,000[2]	(625,000)[3]	575,000
Mike Grey	-	-	-	-	-
Geoff Ward	-	6,000,000	-	-	6,000,000
	5,912,500	6,000,000	400,000	(1,437,500)	10,875,000

[1] Off market purchase of Series C unlisted options

[2] Off market purchase of Series C unlisted options

[3] Exercise of Series C unlisted options, exercise of listed options and expiry of Series F options

Other transactions with key management personnel and their related parties

There were no other transactions with related parties during the year.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Hazer Group Limited under option at the date of this report are as follows:

Option series	Grant date	Expiry date	Exercise price	Number under option
Series D	16/09/2015	31/12/2019	$0.40	4,850,000
Series G	01/06/2017	30/06/2020	$0.75	575,000
Series G	22/08/2016	30/06/2020	$0.75	100,000
Series G	31/10/2016	30/06/2020	$0.75	600,000
Series H	20/03/2017	31/12/2019	$0.70	4,166,667
Series G	20/03/2017	30/06/2020	$0.75	350,000
Series G	15/11/2016	30/06/2020	$0.75	575,000
Series J	06/04/2017	31/12/2020	$0.95	750,000
Series K	06/04/2017	31/12/2021	$1.20	1,000,000
Series G	13/06/2017	30/06/2020	$0.75	1,300,000
Series G	06/09/2017	30/06/2020	$0.75	300,000
Series G	04/12/2017	30/06/2020	$0.75	3,200,000
Series J	04/12/2017	31/12/2020	$0.95	3,000,000
Series K	04/12/2017	31/12/2021	$1.20	2,500,000
Series B	29/12/2017	31/12/2020	$0.40	11,500,000
Series M	29/08/2018	30/06/2023	$0.70	500,000
Series L	14/11/2018	30/06/2022	$0.50	2,000,000
Series M	14/11/2018	30/06/2023	$0.70	2,000,000
Series N	14/11/2018	30/06/2024	$0.90	2,000,000
				41,266,667

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Hazer Group Limited were issued during the year ended 30 June 2019 and up to the date of this report on the exercise of options granted:

Option series	Grant date	Expiry date	Exercise price	Number of shares issued
Listed options	28/04/2016	31/12/2018	$0.25	4,237,183
Series C	16/09/2015	31/12/2018	$0.25	4,721,428
				8,958,611

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
There were no amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of RSM Australia Partners
There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Geoff Ward
Managing Director

27 August 2019
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hazer Group Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 August 2019

TUTU PHONG
Partner

CONTENTS

Contents

General information

The financial statements cover Hazer Group Limited as a single entity. The financial statements are presented in Australian dollars, which is Hazer Group Limited's functional and presentation currency.

Hazer Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Level 9, 99 St Georges Terrace Perth WA 6000	Level 9, 99 St Georges Terrace Perth WA 6000

A description of the nature of the Company's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2019. The Directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2019 $	2018 $
Revenue			
Interest received		30,127	40,376
R&D rebate		1,639,241	758,501
Expenses			
Administration expenses		(1,079,647)	(1,215,780)
Consulting and research expenses		(1,202,200)	(1,535,813)
Share-based payments	22	(914,950)	(6,102,841)
Finance costs		(2,364)	(2,283)
Employee benefits expense		(2,072,592)	(2,306,353)
Depreciation expense		(754)	-
Amortisation expense		(793,238)	(645,138)
Loss before income tax expense		(4,396,377)	(11,009,331)
Income tax expense	11	-	-
Loss after income tax expense for the year		(4,396,377)	(11,009,331)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(4,396,377)	(11,009,331)
		Cents	**Cents**
Basic loss per share	23	4.71	13.37
Diluted loss per share	23	4.71	13.37

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	6,003,068	6,185,009
Other current assets	6	65,761	136,713
Total current assets		6,068,829	6,321,722
Non-current assets			
Capitalised development costs for pilot plant	7	-	793,238
Plant and equipment	8	41,965	-
Total non-current assets		41,965	793,238
Total assets		6,110,794	7,114,960
Liabilities			
Current liabilities			
Trade and other payables	9	187,925	165,462
Provisions	10	88,563	65,152
Total current liabilities		276,488	230,614
Total liabilities		276,488	230,614
Net assets		5,834,306	6,884,346
Equity			
Issued capital	12	18,541,771	16,030,724
Reserves	13	9,224,488	8,752,066
Accumulated losses	14	(21,931,953)	(17,898,444)
Total equity		5,834,306	6,884,346

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

2018	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	13,120,578	2,649,225	(6,889,113)	8,880,690
Loss after income tax expense for the year	-	-	(11,009,331)	(11,009,331)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(11,009,331)	(11,009,331)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,910,146	-	-	2,910,146
Share-based payments	-	6,102,841	-	6,102,841
Balance at 30 June 2018	16,030,724	8,752,066	(17,898,444)	6,884,346

2019	Issued capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2018	16,030,724	8,752,066	(17,898,444)	6,884,346
Loss after income tax expense for the year	-	-	(4,396,377)	(4,396,377)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,396,377)	(4,396,377)
Transactions with owners in their capacity as owners:				
Shares issued pursuant to the exercise of options	2,511,047	(79,660)	-	2,431,387
Share-based payments	-	914,950	-	914,950
Transfer expired options to accumulated losses	-	(362,868)	362,868	-
Balance at 30 June 2019	18,541,771	9,224,488	(21,931,953)	5,834,306

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	-
Payments to suppliers and employees (inclusive of GST)		(4,237,073)	(5,308,920)
		(4,237,073)	(5,308,920)
Interest received		30,127	40,376
Interest and other finance costs paid		(2,364)	(2,283)
Research and development tax rebate received		1,639,241	863,821
Net cash used in operating activities	21	(2,570,609)	(4,407,006)
Cash flows from investing activities			
Payments for pilot plant		-	(462,582)
Payments for property, plant and equipment		(42,719)	-
Net cash used in investing activities		(42,719)	(462,582)
Cash flows from financing activities			
Proceeds from exercise of share options, net of transaction costs		2,431,387	2,910,146
Net cash from financing activities		2,431,387	2,910,146
Net increase in cash and cash equivalents		(181,941)	(1,959,442)
Cash and cash equivalents at the beginning of the financial year		6,185,009	8,144,451
Cash and cash equivalents at the end of the financial year	5	6,003,068	6,185,009

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* did not have any significant impact on the financial performance or position of the Company.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit-oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Hazer Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (Cont'd)

Revenue recognition
The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Significant accounting policies (Cont'd)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1. Significant accounting policies (Cont'd)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Hazer Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Share-based payments
The Company provides benefits in the form of share-based payments, whereby persons render services in exchange for shares or rights over shares ('equity settled transactions'). The Company does not provide cash settled share-based payments.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using an option-pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 1. Significant accounting policies (Cont'd)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the period in which the service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (the 'vesting period'). The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Research and development
Research costs are expensed in the period in which they are incurred.

Capitalised Development Cost for Pilot Plant
Costs directly attributable to create, produce and prepare the pilot plant to be capable of operating in the manner intended by management are recognised as an intangible asset when the following criteria are met:

- It is technically feasible to complete the pilot plant so that it will be available for use;
- Management intends to complete the pilot plant and use it;
- There is an ability to use the pilot plant;
- It can be demonstrated how the pilot plant will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the pilot plant; and
- The expenditure attributable to the pilot plant during its development can be reliably measured.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset will begin when the development is complete and the asset is available for use. It will be amortised over the period of expected future benefit. Amortisation will be recorded in profit and loss.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (Cont'd)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company has made an assessment and determined that this standard will have little to no impact on the entity as it had no material leases for the period ended 30 June 2019.

Note 2: Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Capitalised development costs of pilot plant
The Company capitalises developments costs for the pre-pilot plant in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when the project moves from the research phase into the development phase. In determining the amounts to be capitalised, management makes assumptions in relation to what costs relate to the development stage.

Impairment of capitalised development costs of pilot plant
The Company has assessed the capitalised development costs at the reporting date. This requires determining the recoverable amount of the asset either using the fair value less costs of disposal or a value-in-use calculation, which require management to use a number of key estimates and assumptions.

Note 3. Operating segments

The Company has considered the requirements of AASB8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision-makers) in assessing performance and determining the allocation of resources.

The Company operates as a single segment being research and development of novel graphite-and-hydrogen-production technology. There is no difference between the audited financial report and the internal reports generated for review. The company is domiciled in Australia and is currently in the development phase and hence has not begun to generate revenue from operations. All the assets are located in Australia.

Note 4. Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and short term deposits.

The Company manages its exposure to key financial risks, including interest rate and liquidity risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Interest rate risk
At reporting date, the company had $6,003,068 (2018: $6,185,008) in cash and cash equivalents exposed to interest rate risk.

The company's exposure to market interest rates relates primarily to cash and short-term deposits.

At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and equity would have been affected as follows:

	Net loss Higher / (lower)		**Equity Higher / (lower)**	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
+1% (100 basis points)	60,030	61,850	60,030	61,850
-1% (100 basis points)	(60,030)	(61,850)	(60,030)	(61,850)

The movements are due to higher / lower interest revenue from cash balances.

Liquidity Risk

Liquidity risk is managed through the company's objective to maintain adequate funding to meet its needs, currently represented by cash and short term deposits sufficient to meet the current cash requirements.

Note 4. Financial risk management objectives and policies (Cont'd)

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the entity may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2019 and 30 June 2018.

The company monitors capital with reference to the net debt position. The company's current policy is to keep the net debt position negative, such that cash and cash equivalents exceeds debt.

Note 5. Cash and cash equivalents

	2019 $	2018 $
Cash at bank	2,898,161	6,114,755
Cash on deposit	3,104,907	70,254
	6,003,068	6,185,009

Note 6. Other current assets

	2019 $	2018 $
Prepayments	8,102	36,102
GST refundable	53,855	97,971
Other receivables	200	2,640
Deposit	3,604	-
	65,761	136,713

Note 7. Capitalised development costs of Pilot Plant

	2019 $	2018 $
Capitalised development cost of Pilot Plant	-	793,238
	-	793,238

Note 7. Capitalised development cost of Pilot Plant (Cont'd)

Reconciliations
Reconciliations of the written down values for the pilot plant at the beginning and end of the current and previous financial year are set out below:

	2019 $	2018 $
Opening balance	793,238	1,081,114
R&D tax offset	-	(105,321)
Additions	-	462,583
Amortisation expense	(793,238)	(645,138)
Closing balance	-	793,238

The pilot plant is a key stage in the development of the Hazer process and the first stage in its transition from laboratory based standard equipment to customer-designed constructed plant. Development costs directly attributable to create, produce and prepare the pilot plant for the purpose intended by management is recognised as an intangible asset when the criteria under AASB 138 are satisfied.

The pilot plant has been fully amortised as at 30 June 2019.

Note 8. Plant and equipment

	2019 $	2018 $
Site equipment	41,965	-
	41,965	-

Note 9. Trade and other payables

	2019 $	2018 $
Trade payables	127,603	125,180
Other payables	60,322	40,282
	187,925	165,462

Note 10. Provisions

	2019 $	2018 $
Employee benefits	88,563	65,152
	88,563	65,152

Note 11. Income Tax

The prima facie tax receivable on loss before income tax is reconciled to the income tax expense as follows:

	2019 $	2018 $
Prima facie benefit on operating loss at 27.5% (2018: 27.5%)	1,209,004	3,027,566
Tax losses not brought to account	(1,209,004)	(3,027,566)
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $6,089,752 (2018: $4,880,748) and has not been brought to account at reporting date because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and research and development expenditure to be realised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and research and development expenditure.

Note 12. Equity - issued capital

	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares	97,260,856	88,302,245	18,541,771	15,884,073
Listed options	-	24,969,838	-	146,651

Movement in ordinary shares

	Date	No of shares	Issue price	$
Opening balance 1 July 2017	1 July 2017	76,550,995		12,973,415
Issue of shares on exercise of listed options	31 October 2017	5,000	$0.30	1,500
Issue of shares on exercise of listed options	8 December 2017	40,000	$0.30	12,000
Issue of shares on the exercise of options	29 December 2017	11,500,000	$0.25	2,875,000
Issue of shares on exercise of listed options	1 February 2018	6,250	$0.30	1,875
Issue of shares on the exercise of options	1 February 2018	100,000	$0.30	30,000
Issue of shares on the exercise of options	5 February 2018	100,000	$0.30	30,000
Transfer from listed options		-	$0.01	512
Share issue transaction costs, net of tax	30 June 2018	-	-	(40,229)
Closing balance 30 June 2018		88,302,245		15,884,073
Opening balance 1 July 2018		88,302,245		15,884,073
Issue of shares on exercise of Series C options	26 September 2018	550,000	$0.25 1	137,500
Issue of shares on exercise of Series C options	23 October 2018	400,000	$0.25	100,000
Issue of shares on the exercise of listed options	23 October 2018	138,333	$0.30	41,500
Issue of shares on exercise of Series C options	16 November 2018	1,141,428	$0.25	285,357
Issue of shares on the exercise of listed options	16 November 2018	150,000	$0.30	45,000
Issue of shares on the exercise of listed options	19 November 2018	500,000	$0.30	150,000
Issue of shares on exercise of Series C options	3 December 2018	520,000	$0.25	130,000
Issue of shares on exercise of Series C options	17 December 2018	1,710,000	$0.25	427,500
Issue of shares on exercise of Series C options	31 December 2018	400,000	$0.25	100,000
Transfer Series C options from options reserve	31 December 2018	-	-	79,660
Transfer from listed options	31 December 2018	-	$0.01	7,883
Transfer from listed options	31 December 2018	-	$0.005	104,279

Issue of shares on exercise of listed options	7 January 2019	3,448,850	$0.30	1,034,405
Transfer from listed options	7 January 2019	-	$0.01	34,489
Share issue transaction costs, net of tax	30 June 2019	-	-	(19,875)
Closing balance 30 June 2019		97,260,856		18,541,771

Movement in listed options

	Date	No of options	Issue price	$
Opening balance 1 July 2017	1 July 2017	15,221,088		147,163
Exercise of options	31 October 2017	(5,000)	-	-
Exercise of options	8 December 2017	(40,000)	-	-
Exercise of options	1 February 2018	(6,250)	-	-
Quotation of unlisted Series E options	28 February 2018	3,266,667	-	-
Quotation of unlisted Series E options	21 June 2018	6,533,333	-	-
Transfer to ordinary shares[1]	30 June 2018	-	$0.01	(512)
Closing balance 30 June 2018	**30 June 2018**	24,969,838		146,651
Opening balance 1 July 2018	**1 July 2018**	24,969,838		146,651
Exercise of options	31 December 2018	(788,333)	-	-
Transfer to ordinary shares[1]	31 December 2018	-	$0.01	(7,883)
Transfer lapsed options to ordinary shares	31 December 2018	(20,732,655)	$0.005	(104,279)
Exercise of options	31 December 2018	(3,448,850)	-	-
Transfer to ordinary shares[1]	7 January 2019	-	$0.01	(34,489)
Closing balance 30 June 2019		-		-

[1] Relates to issue of share upon the exercise of listed options.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back scheme in place.

Capital risk management
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the previous financial reporting year.

Note 13. Equity - reserves

	2019 $	2018 $
Option reserve	9,224,488	8,752,066
	9,224,488	8,752,066

Option reserve
The option reserve records items recognised as expenses on the valuation of share options.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	No of Options	Value $
Opening balance 1 July 2017	42,166,667	2,649,225
Options issued during a prior year vesting over multiple periods	-	929,523
Options issued during the current year vesting over multiple periods	24,700,000	5,515,315
Options exercised during the period	(11,700,000)	-
Existing options quoted as listed options during the year	(9,800,000)	-
Forfeiture	(1,950,000)	(341,997)
Closing balance 30 June 2018	43,416,667	8,752,066
Opening balance 1 July 2018	43,416,667	8,752,066
Options issued during a prior year vesting over multiple periods	-	358,750
Options issued during the current year vesting over multiple periods	6,500,000	556,200
Options exercised during the period	(4,721,428)	(79,660)
Options lapsed during the period - series C	(528,572)	(8,918)
Options lapsed during the period - series G	(2,250,000)	-
Options lapsed during the period - series F	(1,150,000)	(353,950)
Closing balance 30 June 2019	41,266,667	9,224,488

Note 14. Equity – accumulated losses

	2019 $	2018 $
Accumulated losses at the beginning of the financial year	17,898,444	6,889,113
Loss after income tax expense for the year	4,396,377	11,009,331
Transfer expired options to accumulated losses	(362,868)	-
Accumulated losses at the end of the financial year	21,931,953	17,898,444

Note 15. Key management personnel disclosures

Compensation
The aggregate compensation made to key management personnel of the Company is set out below:

	2019 $	2018 $
Short-term employee benefits	359,565	708,647
Post-employment benefits	34,159	49,999
Long-term benefits	-	-
Share-based payments	632,433	2,509,367
	1,026,157	3,268,013

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, its network firms and unrelated firms:

	2019 $	2018 $
Audit services		
Audit or review of the financial statements	41,000	41,000
	41,000	41,000

Note 17. Contingent assets and liabilities

The Company does not have any contingent assets or contingent liabilities at 30 June 2019 (2018: Nil).

Note 18. Commitments

Committed at the reporting date but not recognised as liabilities:

	2019 $	2018 $
Lease commitments:		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	33,876	38,617
Later than 1 year but not later than 5 years	45,168	-
Research collaboration agreement:		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	145,444	252,585
Later than 1 year but not later than 5 years	-	-
	145,444	252,585
	224,488	291,202

Note 19. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 15 and the remuneration report in the Directors' Report.

Transactions with related parties

There were no other transactions with related parties.

Receivable from and payable to related parties

There were no amounts receivable or payable to related parties at the current or previous reporting period.

Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 21. Reconciliation of profit after income tax to net cash from operating activities

	2019 $	2018 $
Loss after income tax expense for the year	(4,396,377)	(11,009,331)
Adjustments for:		
Share-based payments	914,950	6,102,841
Amortisation	793,238	645,138
Depreciation	754	-
Change in operating assets and liabilities:		
- Other current assets	70,952	(41,967)
- trade and other payables	22,463	(2,580)
- employee benefits	23,411	(1,107)
- other provisions	-	(100,000)
Net cash used in operating activities	(2,570,609)	(4,407,006)

Note 22. Share based payments

For the year ended 30 June 2019:
Set out below are summaries of the movements of options granted to key management personnel, employees and contractors of the Company:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised/ Quoted as Listed options	Expired/ forfeited/ other	Balance at the end of the year
16/09/2015	31/12/2018	$0.25	5,250,000	-	(4,721,428)	(528,572)	-
16/09/2015	31/12/2019	$0.40	4,850,000	-	-	-	4,850,000
01/07/2016	30/06/2019	$0.55	575,000	-	-	(575,000)	-
01/07/2016	30/06/2020	$0.75	575,000	-	-	-	575,000
22/08/2016	30/06/2020	$0.75	100,000	-	-	-	100,000
31/10/2016	30/06/2020	$0.75	600,000	-	-	-	600,000
15/11/2016	30/06/2019	$0.55	575,000	-	-	(575,000)	-
15/11/2016	30/06/2020	$0.75	575,000	-	-	-	575,000
20/03/2017	30/06/2020	$0.75	350,000	-	-	-	350,000
06/04/2017	31/12/2020	$0.95	750,000	-	-	-	750,000
06/04/2017	31/12/2021	$1.20	1,000,000	-	-	-	1,000,000
13/06/2017	30/06/2020	$0.75	1,300,000	-	-	-	1,300,000
06/09/2017	30/06/2020	$0.75	300,000	-	-	-	300,000
04/12/2017	30/06/2020	$0.75	5,450,000	-	-	(2,250,000)	3,200,000
04/12/2017	31/12/2020	$0.95	3,000,000	-	-	-	3,000,000
04/12/2017	31/12/2021	$1.20	2,500,000	-	-	-	2,500,000
29/12/2017	31/12/2020	$0.40	11,500,000	-	-	-	11,500,000
29/08/2018	30/06/2023	$0.70	-	500,000	-	-	500,000
14/11/2018	30/06/2022	$0.50	-	2,000,000	-	-	2,000,000
14/11/2018	30/06/2023	$0.70	-	2,000,000	-	-	2,000,000
14/11/2018	30/06/2024	$0.90	-	2,000,000	-	-	2,000,000
			39,250,000	6,500,000	(4,721,428)	(3,928,572)	37,100,000

On 20 March 2017 Mineral Resources Limited (ASX: MIN) were issued 4,166,667 unlisted options as part of a placement for 8,333,333 fully paid ordinary shares. The free attaching options issued to Mineral Resources Limited have not been included in the table above.

Note 22. Share based payments (Cont'd)

For the year ended 30 June 2018:
Set out below are summaries of the movements of options granted to key management personnel, employees and contractors of the Company:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised/ Quoted as Listed options	Expired/ forfeited/ other	Balance at the end of the year
30/01/2015	31/12/2017	$0.25	8,000,000	-	(8,000,000)	-	-
09/02/2015	31/12/2017	$0.25	3,000,000	-	(3,000,000)	-	-
16/09/2015	31/12/2017	$0.25	500,000	-	(500,000)	-	-
16/09/2015	31/12/2018	$0.25	5,250,000	-	-	-	5,250,000
16/09/2015	31/12/2019	$0.40	4,850,000	-	-	-	4,850,000
25/11/2015	31/12/2018	$0.30	10,000,000	-	(10,000,000)[1]	-	-
01/07/2016	30/06/2019	$0.55	575,000	-	-	-	575,000
01/07/2016	30/06/2020	$0.75	575,000	-	-	-	575,000
22/08/2016	30/06/2020	$0.75	100,000	-	-	-	100,000
31/10/2016	30/06/2020	$0.75	600,000	-	-	-	600,000
15/11/2016	30/06/2019	$0.55	575,000	-	-	-	575,000
15/11/2016	30/06/2020	$0.75	575,000	-	-	-	575,000
20/03/2017	30/06/2020	$0.75	350,000	-	-	-	350,000
06/04/2017	31/12/2020	$0.95	750,000	-	-	-	750,000
06/04/2017	31/12/2021	$1.20	1,000,000	-	-	-	1,000,000
13/06/2017	30/06/2020	$0.75	1,300,000	-	-	-	1,300,000
06/09/2017	30/06/2020	$0.75	-	300,000	-	-	300,000
04/12/2017	30/06/2020	$0.75	-	5,450,000[2]	-	-	5,450,000
04/12/2017	31/12/2020	$0.90	-	450,000	-	(450,000)	-
04/12/2017	31/12/2020	$0.95	-	3,000,000	-	-	3,000,000
04/12/2017	31/12/2021	$1.20	-	4,000,000	-	(1,500,000)	2,500,000
29/12/2017	31/12/2020	$0.40	-	11,500,000	-	-	11,500,000
			38,000,000	24,700,000	(21,500,000)	(1,950,000)	39,250,000

On 20 March 2017 Mineral Resources Limited (ASX: MIN) were issued 4,166,667 unlisted options as part of a placement for 8,333,333 fully paid ordinary shares. The free attaching options issued to Mineral Resources Limited have not been included in the table above.

1 9,800,000 unlisted options were quoted as listed options during the period.

2 Includes 2,250,000 of options with a vesting term conditional on Hazer signing a binding partnership with a third party within 18 months of execution of the original agreement. As at signing date, no contract has been signed and due to further uncertainty over meeting this vesting condition management has assigned a zero value to the options. The probability will be re-assessed at the next reporting period.

Note 22. Share based payments (Cont'd)

Set out below are the options exercisable at the end of the financial year:

Option series	Grant date	Expiry date	2019 Number	2018 Number
Series C	16/09/2015	31/12/2018	-	5,250,000
Series D	16/09/2015	31/12/2019	4,850,000	4,850,000
Series F	01/06/2017	30/06/2019	-	575,000
Series F	15/11/2016	30/06/2019	-	575,000
Series G	22/08/2016	30/06/2020	100,000	100,000
Series G	31/10/2016	30/06/2020	600,000	600,000
Series H	20/03/2017	31/12/2019	4,166,667	4,166,667
Series G	20/03/2017	30/06/2020	350,000	350,000
Series G	01/06/2017	30/06/2020	575,000	575,000
Series G	15/11/2016	30/06/2020	575,000	575,000
Series J	06/04/2017	31/12/2020	750,000	750,000
Series K	06/04/2017	31/12/2021	1,000,000	1,000,000
Series G	13/06/2017	30/06/2020	1,300,000	1,300,000
Series G	06/09/2017	30/06/2020	300,000	300,000
Series G	04/12/2017	30/06/2020	3,200,000	5,450,000
Series J	04/12/2017	31/12/2020	3,000,000	3,000,000
Series K	04/12/2017	31/12/2021	2,500,000	2,500,000
Series B	29/12/2017	31/12/2020	11,500,000	11,500,000
Series M	29/08/2018	30/06/2023	500,000	-
Series L	14/11/2018	30/06/2022	2,000,000	-
Series M	14/11/2018	30/06/2023	2,000,000	-
Series N	14/11/2018	30/06/2024	2,000,000	-
			41,266,667	43,416,667

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.68 years (2018: 2.23)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/08/2018	30/06/2023	$0.28	$0.70	80%	0.00%	2.20%	0.13
14/11/2018	30/06/2022	$0.30	$0.50	80%	0.00%	2.13%	0.14
14/11/2018	30/06/2023	$0.30	$0.70	80%	0.00%	2.34%	0.14
14/11/2018	30/06/2024	$0.30	$0.90	80%	0.00%	2.34%	0.14

Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the year were as follows:

	2019 $	**2018 $**
Options issued to KMP	632,433	2,509,367
Options issued to employees/consultants	282,517	3,935,469
Less:		
Forfeiture – options granted to KMP	-	(341,997)
	914,950	6,102,839

Note 23. Earnings per share

	2019 $	2018 $
Loss after income tax	4,396,377	11,009,331
Loss after income tax attributable to the owners of Hazer Group Limited	4,396,377	11,009,331

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	93,265,987	82,342,420

	Cents	Cents
Basic loss per share	4.71	13.37
Diluted loss per share	4.71	13.37

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Geoff Ward
Managing Director

27 August 2019
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAZER GROUP LIMITED

Opinion

We have audited the financial report of Hazer Group Limited (the Company) which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Share based payments Refer to Note 22 in the financial statements	
During the year, the Company issued 6,500,000 options. Management has used an option valuation model to value these options issued during the year. We determined this to be a key audit matter due to the significant judgements involved in assessing the fair value of the options issued during the year.	Our audit procedures in relation to the share-based payment included: ▪ Reviewing the key terms and conditions of the options issued; ▪ Obtaining the valuation models prepared by management and assessing whether the models were appropriate for valuing the options granted during the year; ▪ Challenging the reasonableness of key assumptions used by management to value the options; and ▪ Reviewing the relevant disclosures in the financial statements to ensure compliance with Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Hazer Group Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 August 2019

TUTU PHONG
Partner

SHAREHOLDER INFORMATION

ASX Additional Information

The Company's ordinary shares are quoted as 'HZR' on ASX.

The shareholder information set out below was applicable as at 26 August 2019.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of ordinary shares	Number of holders of ordinary shares
100,001 and over	61,182,000	139
10,001 to 100,000	29,948,168	925
5,001 to 10,000	3,613,150	446
1,001 to 5,000	2,451,248	862
1 to 1,000	66,290	182
	97,260,856	2,554
Holding less than a marketable parcel	309,041	346

Equity security holders
Twenty largest quoted equity security holders
The names of the 20 largest security holders of each class of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MINERAL RESOURCES LIMITED	10,833,333	11.14
POINT AT INFINITY PTY LTD	6,748,583	6.94
OOFY PROSSER PTY LTD	4,154,762	4.27
THE UNIVERSITY OF WESTERN AUSTRALIA	1,516,567	1.56
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,485,237	1.53
CITICORP NOMINEES PTY LIMITED	1,228,878	1.26
MR ADRIAN JOHN MCTIERNAN	1,218,300	1.25
JAKANA PTY LTD	1,119,477	1.15
MRS LORRAINE ALYSSA GOLDSMITH	970,922	1.00
MR JAMIE PHILLIP BOYTON	800,000	0.82
MS EMMA WALDON	775,000	0.80
MRS JOANNE ROSEMARY LLOYD	750,000	0.77
MR NICHOLAS STUART BEATON DUNCAN	721,480	0.74
MR PETER HOWELLS	625,000	0.64
RANGEGROVE PTY LTD	600,000	0.62
MS AMANDA JANE WEAVER	600,000	0.62
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	595,402	0.61
SHERKANE PTY LTD	587,500	0.60
MR GRAEME STANLEY AH KIT	506,000	0.52
MARIA POCOCK	500,000	0.51
	36,336,441	37.36

SHAREHOLDER INFORMATION

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares – Series B	11,500,000	7
Options over ordinary shares – Series D	4,850,000	5
Options over ordinary shares – Series G	7,000,000	23
Options over ordinary shares – Series H	4,166,667	1
Options over ordinary shares – Series J	3,750,000	4
Options over ordinary shares – Series K	3,500,000	3
Options over ordinary shares – Series L	2,000,000	1
Options over ordinary shares – Series M	2,500,000	2
Options over ordinary shares – Series N	2,000,000	1
Total	41,266,667	

Mineral Resources Limited holds 4,166,667 Series H options issued as part of a capital raising. The remaining unquoted equity securities were issued to key management personnel, employees and contractors of the Company.

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Andrew Cornejo	6,748,583	6.94%
Mineral Resources Limited	10,833,333	11.14%

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market Buy-back
There is no current on-market buy-back of the Company's securities in place.