

APPENDIX 4C – 30 JUNE 2018 QUARTERLY CASHFLOW REPORT

PERTH, AUSTRALIA; 31 JULY 2018: Hazer Group Ltd (“Hazer” or “the Company”) (ASX:HZR, HZRO) lodges the attached Appendix 4C Quarterly Cashflow Report for the 3 month period ended 30 June 2018.

The Company had cash reserves of \$6.185m as at 30 June 2018, decreasing by \$0.811m during the quarter. Operating cash outflows were \$1.675m, with the receipt of an R&D tax rebate of \$0.864m for the year ended 30 June 2017 resulting in an overall reduction in cash outflows compared to the prior quarter.

Direct R&D expenditure increased during the quarter to \$0.475m (Mar 18 quarter: \$0.256m) as the Company constructed and installed upgrades to its pre-pilot plant located in St Mary’s in Sydney, completed the first research collaboration project with Sydney University and analysed the graphite generated from the Hazer Process across the commercialisation development pathways being pursued.

As previously announced, Hazer will relocate its upgraded 2nd generation pre-pilot plant to Perth after completion of commissioning and testing currently underway. Hazer has also taken steps to consolidate the Hazer head office and technical team into Western Australia, exit the Sydney office lease (completed 27 July 2018) and reduce overall employee headcount. These actions will have significant cost saving benefits over the coming months but have resulted in some one-off costs in the June 2018 quarter.

Staff costs, including research and development staff, increased during the quarter to \$0.849m (Mar 18 quarter: \$0.661m) due to one-off costs associated with employee departures. Administration and corporate costs decreased to \$0.332m (Mar 18 quarter: \$0.661m).

The Company expects a reduction in underlying operating cash outflows in the next quarter ended 30 September 2018 with lower staff and administration costs. Direct R&D expenditure is expected to remain approximately \$0.5m for the quarter as Hazer commences its next research collaboration project with Sydney University and incurs some non-recurring costs associated with finalising the commissioning of the 2nd generation pre-pilot plant and its relocation to Perth. Thereafter, operating cashflows are expected to further reduce to less than \$1m per quarter.

Based on the current technical plan and cost saving measures being implemented, the Company still anticipates that its current cash reserves are sufficient to fund the business until at least the end of calendar year 2019. The technical plan principally being:

- the implementation and testing of the 2nd generation reactor design of the pre-pilot plant,
- proving the technology at larger scale production levels through the Mineral Resources Limited (ASX: MIN) collaboration,
- assessment of the performance of the multiple reactor options being pursued and commence the design process for a demonstration plant; and
- ongoing research projects including further assessment of the graphite produced from the Hazer Process to determine offtake potential.

Forward Looking Statements

This announcement may contain certain “forward looking statements” which may not have been based solely on historical facts, but rather are based on the Company’s current expectations about future events and results.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially to futures results expressed, projected or implied by such forward looking statements.

The Company does not undertake any obligation to release publicly any revisions to any “forward looking statements” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under the applicable securities laws.

ABOUT HAZER GROUP LTD

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

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Hazer Group Limited - Social Media Policy

Hazer Group Limited is committed to communicating with the investment community through all available channels. Whilst ASX remains the prime channel for market sensitive news, investors and other interested parties are encouraged to follow Hazer on Twitter (@hazergroupltd), LinkedIn, Google+ and Youtube.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

HAZER GROUP LIMITED

ABN

40 144 044 600

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(476)	(1,395)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs including research and development staff	(849)	(2,805)
(f) administration and corporate costs	(332)	(1,570)
1.3 Dividends received (see note 3)		
1.4 Interest received	9	40
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
- R&D tax rebate	864	864
1.8 Other (provide details if material)		
- Net GST received / (paid)	(27)	(4)
1.9 Net cash from / (used in) operating activities	(811)	(4,870)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment			
(b) businesses (see item 10)			
(c) investments			
(d) intellectual property			
(e) other non-current assets			
2.2 Proceeds from disposal of:			
(a) property, plant and equipment			
(b) businesses (see item 10)			
(c) investments			
(d) intellectual property			
(e) other non-current assets			
2.3 Cash flows from loans to other entities			
2.4 Dividends received (see note 3)			
2.5 Other (provide details if material)			
2.6 Net cash from / (used in) investing activities		0	0

3. Cash flows from financing activities			
3.1 Proceeds from issues of shares			
3.2 Proceeds from issue of convertible notes			
3.3 Proceeds/(refund) from exercise of share options	(5)		2,950
3.4 Transaction costs related to issues of shares, convertible notes or options	(9)		(40)
3.5 Proceeds from borrowings			
3.6 Repayment of borrowings			
3.7 Transaction costs related to loans and borrowings			
3.8 Dividends paid			
3.9 Other (provide details if material)			
3.10 Net cash from / (used in) financing activities	(14)		2,910

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	7,010	8,144
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(811)	(4,870)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	2,910
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of quarter	6,185	6,185

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,115	6,940
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – bank guarantee	70	70
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,185	7,010

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	241
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
<ul style="list-style-type: none">- Salary, payments in lieu of notice, annual leave entitlements and superannuation (\$187k) paid to the Managing Director- Director fees and superannuation paid to Non-Executive Directors (\$33k)- Consultancy fees paid to Non-Executive Director Terry Walsh (\$21k)		

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(500)
9.2 Product manufacturing and operating costs	0
9.3 Advertising and marketing	0
9.4 Leased assets	0
9.5 Staff costs	(550)
9.6 Administration and corporate costs	(275)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(1,325)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ..31 July 2018.....

Print name:Emma Waldon.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.