

ASX / MEDIA RELEASE: 31 JANUARY 2023

DECEMBER 2022 QUARTERLY ACTIVITIES REPORT

HyTerra Ltd (ASX: HYT) (**HyTerra** or the **Company**) is pleased to provide the following update on the Company's activities during the quarter to 31 December 2022.

QUARTERLY EVENTS

- Prospectus (and Supplementary Prospectus) lodged to raise shares at \$0.02 per share
- EGM held to approve recompliance and the acquisition of Neutralysis Industries
- Public offer closed raising a total of \$5.8 million
- Sale of legacy project assets
- Appointment of Chairman to the Board
- Reinstatement of HYT to ASX official quotation
- Change of financial year to 31 December
- Conclusion of lead manager mandate
- Project Geneva operational update

PROJECT GENEVA

OPERATIONS UPDATE | 15 December 2022

The Company provided an update on its upcoming flow testing operations at its Project Geneva in Nebraska, USA. HyTerra and its joint venture partner, Natural Hydrogen Energy LLC have agreed on the work program for flow testing of the Hoarty NE3 natural hydrogen exploration well. The purpose of the extended test is to record gas flow data over a period of several months to establish the hydrogen production potential of the well and measure key parameters that include gas composition, pressure and flow rate. The joint venture has engaged with service providers and is making the final selection of bids and mobilisation schedules for commencement in Q1, 2023.

CORPORATE & FINANCIAL

PROSPECTUS | 14 September 2022

The Company lodged a recompliance prospectus for an offer of up to 350,000,000 Shares at an issue price of \$0.02 per Share, to raise up to \$7,000,000 (Prospectus). The Prospectus (and Supplementary Prospectus, dated 6 October 2022) would enable the Company to satisfy Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List. Further information can be found in the Supplementary Prospectus on the Company's website.

EGM | 10 October 2022

The Company held a general meeting to obtain approval from its shareholders to complete the acquisition of Neutralysis Industries Pty Ltd, amongst other resolutions. The acquisition amounted to a significant change in the nature and scale of the Company's activities and as such the Company had to re-comply with Chapters 1 and 2 of the ASX Listing Rules. All resolutions were passed on a poll.

RAISING \$5.8M AND CLOSE OF PUBLIC OFFER | 11 November 2022

The Company closed the Public Offer having raised the minimum subscription of \$5 million under the Public Offer that was made under its Prospectus. Additional subscriptions of \$800,000 were accepted totalling \$5.8 million.

SALE OF LEGACY ASSETS | 21 November 2022

The Company finalised the sale of its Chinese assets, CFT Heilongjiang (HK) Limited.

APPOINTMENT OF CHAIRMAN | 21 November 2022

The Company announced the appointment of Russell Brimage to the role of Non-Executive Chairman. Russell has over 40 years' experience in the upstream oil and gas industry having managed all facets of operations, from exploration through to production. HyTerra will significantly benefit from his wealth of expertise during its natural hydrogen testing operations.

REINSTATEMENT TO ASX | 2 December 2022

The Company was reinstated to ASX official quotation and its securities (ASX: HYT) commenced trading.

CHANGE OF FINANCIAL YEAR | 15 December 2022

The Company financial year end was changed from 31 March to 31 December, commencing from 2022. The change was made in accordance with section 323D(2A) of the Corporations Act 2001 (Cth).

For ASX quarterly reporting purposes, reporting for the period ended 31 December 2022 has been kept on a consistent basis with previous periods in the financial year commenced 1 April 2022, as no financial report for the new balance date has yet been published. The change will be reflected for the quarter ended 31 March 2022, following release of the Company's first audited Annual Financial Report for the period ended 31 December 2022.

CONCLUSION OF LEAD MANAGER MANDATE | 16 December 2022

Indian Ocean Securities Pty Ltd (IOS) was appointed as Lead Manager for the Prospectus. Upon reinstatement to quotation on ASX, the purpose of the mandate reached its conclusion, and the Company terminated this engagement.

CASH BALANCE

As of 31 December 2022, the Company's cash balance was \$4,590,000.

The Company currently has 555,702,882 fully paid ordinary shares on issue and 227,000,000 options on issue expiring on the 30 June 2025 at an exercise price of \$0.025.

SUBSEQUENT EVENTS

The Company provided an update on its natural hydrogen testing operations. Natural Hydrogen Energy LLC as the Operator advised that testing operations are scheduled to commence in February, with service providers now preparing to mobilise the rig and supporting equipment to the wellsite.

ADDITIONAL ASX LISTING RULE INFORMATION

Listing Rules 5.3.1 & 5.3.5

Exploration expenditure during the quarter of A\$42,000 related to payments to technical consultants for technical evaluation and planning for well testing activities on the Company's US natural hydrogen project.

Payments to related parties of \$194,000 comprise payment of directors' fees and consulting fees.

Listing Rule 5.3.4 Use of funds

HyTerra's securities were re-admitted to trading on the ASX on 2 December 2022. The 31 December 2022 quarter is included in a period covered by a Use of Funds statement in a prospectus lodged with ASX under Listing Rule 1.a, condition 3. A comparison of the Company's expenditure against the estimated Use of Funds statement is set out below as required under Listing Rule 5.3.4.

Expenditure Item	Note	Use of Funds (2 years) \$'000	Actual to 31 Dec 2022 \$'000	Variance \$'000
31 March 2022 Cash		327.4	327.4	-
Pre-Raising Loan Agreements		300.0	300.0	-
Working Capital Adjustment		(522.6)	(515.3)	(7.3)
30 September 2022 Cash		n/a	112.1	n/a
Hoarty NE3 Well Test	(1)	750.0	42.4	708
Seismic Survey	(1)	750.0	-	750
Gravity Survey	(1)	69.4	-	69
Operational expenses	(1)	416.7	-	417
Additional leases	(1)	693.6	-	694
Geochemical survey	(1)	277.7	-	278
Contingency	(1)	555.5	-	556
Expenses of the Offer		678.9	694.2	(15)
Corporate and administration	(1)	1,713.0	562.0	1,151
Total		5,904.8	1,298.6	4,606

Note (1)

The Use of Funds statement covers a 2-year period whereas current actual expenditure principally covers the period since reinstatement (1 month). Expenditure items are budgeted to be incurred over the full 2-year period with expenditure on exploration at the projects only occurring post listing.

Listing Rule 5.4.3

1. Petroleum tenements held at the end of each quarter and their location.

None – The Company does not directly hold any petroleum tenements.

2. Petroleum tenements acquired and disposed of during the quarter and their location.

Further to previous disclosures, the Company has completed the sale of its wholly-owned Chinese subsidiary, CFT Heilongjiang (HK) Ltd for a nominal sum.

The Company acquired a 10.03% beneficial interest in a joint development and earn-in agreement (JDA) with Natural Hydrogen Energy LLC (NH2E). The JDA with NH2E covers assets including mineral leases in Nebraska and South Carolina as detailed in Annexure B: US Solicitors Report on Title in the Company's prospectus.

3. Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter.

The Company held a 10.03% beneficial interest in a JDA with NH2E.

4. Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

The Company acquired a 10.03% beneficial interest in a JDA with NH2E.

This ASX announcement has been authorised by the Board of HyTerra Ltd.

For further information please visit the Company's website at www.hyterra.com or contact:

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ABOUT HYTERRA LTD

The first ASX listed company with a focus on pioneering the exploration and production of natural hydrogen. HyTerra has an earn-in interest in a Joint Development Agreement (JDA) with Natural Hydrogen Energy LLC which includes the world's first wildcat well targeting natural hydrogen in Nebraska, USA. Under the terms of the JDA, HyTerra has the option to acquire 51% of the assets and assume operatorship.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HyTerra Ltd

ABN

38 116 829 675

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(42)	(42)
(b) development	-	-
(c) production	-	-
(d) staff costs	(470)	(625)
(e) administration and corporate costs	(100)	(410)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	-	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(604)	(1,087)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(10)	(16)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Rental Deposit	-	(11)
2.6	Net cash from / (used in) investing activities	(10)	(27)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,800	5,800
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(695)	(695)
3.5	Proceeds from borrowings	-	300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(15)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,105	5,390

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	112	327
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(604)	(1,087)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(27)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,105	5,390

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(13)	(13)
4.6	Cash and cash equivalents at end of period	4,590	4,590

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	4,590	188
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,590	188

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	194
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(604)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(604)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,590
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,590
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	7.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
n/a	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
n/a	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
n/a	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

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

Date: 30 January 2023

Authorised by: Alex Neuling, Company Secretary
(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.