HyTerra Ltd

ABN 68 116 829 675

Annual Financial Report for the Period Ended 31 December 2022

Contents

DIRECTORS' REPORT

CORPORATE INFORMATION

ABN 68 116 829 675

Directors

Mr Russell Brimage	Non-Executive Chairman
Mr Paul Garner	Independent Non-Executive Director
Mr Avon McIntyre	Executive Director

Company secretary
Mr Alex Neuling

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Unit 9, 335 Hay Street, Subiaco WA 6008
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SUBIACO
WA 6008

Share register
Advanced Share Registry Limited
110 Stirling Highway
NEDLANDS WA 6009

Solicitors
Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Bankers
National Australia Bank
Level 1, 1238 Hay Street
WEST PERTH WA 6005

Auditors
HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
PERTH WA 6000

Website
www.hyterra.com

DIRECTORS' REPORT

Your directors submit their annual financial report of HyTerra Limited ('HyTerra', 'HYT') for the financial period ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors
The names of directors who held office during or since the end of the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Current Directors	
Mr Russell Brimage	Non-Executive Chairman (appointed 21 November 2022)
Mr Paul Garner	Independent Non-Executive Director
Mr Avon McIntyre	Executive Director
Former Directors	
Murray d'Almeida	Chairman and Independent Non-Executive Director (resigned 21 November 2022)
Mr Po Siu Chan	Executive Director (resigned 17 February 2023)

Names, qualifications, experience and special responsibilities

CURRENT DIRECTORS

Mr Russell Brimage
Non-Executive Chairman

Mr Brimage has over 40 years' experience in the upstream oil and gas industry, ranging from public listed oil & gas companies to the service industry – both onshore and offshore. He has managed all facets of upstream oil and gas industry, through exploration to exploitation and has served in the capacity of Operations Manager and CEO on several ASX listed entities since 1997. Currently, he is Non-Executive Director of Lion Energy (ASX: LIO). The board considers Mr Brimage to not be an independent Director due to his role as a vendor during the acquisition of Neutralysis Industries Pty Ltd.

Mr Paul Garner
Non-Executive Director

Mr Garner has over 20 years' experience in the oil and gas industry having served on the boards of several public listed companies. He was most recently a non-executive director at Provaris Energy Ltd (formerly Global Energy Ventures Ltd), an ASX listed company in the business of natural gas and hydrogen. Prior to his involvement in the Oil & Gas industry, he spent several years in international business, property, and equity markets. Mr Garner has an extensive knowledge of capital markets, upstream drilling operations and business development in the rapidly evolving new energies sector.

During the three years to balance date, Mr Garner has served as a Director of Provaris Energy Ltd (formerly Global Energy Ventures Ltd) and Zyber Holdings Ltd and no other listed companies.

Mr Avon McIntyre
Chief Technical Officer and Executive Director

Mr McIntyre (PhD; Wiakato University, NZ, 2002) is a geologist with 20 years' experience in both minerals and oil and gas exploration industries, with roles in government, service and operating companies. He worked for Shell Development Australia and Shell International in new ventures and new energies from 2008 to 2021, during which time he developed an interest in natural hydrogen occurrences. He has been providing consulting services on an exclusive basis to HYT since October 2021 through his company McIntyre Geological Services Pty Ltd.

During the three years to balance date Mr McIntyre has not served as a Director of any other listed companies.

Company Secretary - Mr Alex Neuling

Mr Neuling is a Chartered Accountant and Chartered Secretary with extensive corporate and financial experience including as director, chief financial officer and / or company secretary of various ASX-listed companies in the Oil & Gas, mining, mineral exploration and other sectors.

DIRECTORS' REPORT

Prior to those roles, Alex worked at Deloitte in London and Perth. Alex also holds an honours degree in Chemistry from the University of Leeds in the United Kingdom and is principal of Erasmus Consulting Pty Ltd which provides company secretarial and financial management consultancy services to a variety of ASX-listed and other companies.

Interests in the shares and options of the Group

Interests in shares and options of the Group for each director are detailed in the remuneration report.

Share Capital

As at the date of this report, the Group had 555,702,882 Ordinary Shares on issue (31 March 2022: 71,996,054). The shares and options issued in the year are detailed below in the Review of Operations.

Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Group during the year was exploration for natural resources.

Review of Operations

Activity during the period was focused on the identification and review of potential financing and investment possibilities for the Group.

HyTerra Transaction

On 8 April 2022, the Group announced a transformative transaction to acquire a natural hydrogen project through the proposed acquisition of Neutralysis Industries Pty Ltd.

As announced on 8 April 2022, HyTerra signed a binding agreement (conditional upon Shareholder and regulatory approvals) to make recommended offers to acquire 100% of the share capital of Neutralysis. In consideration for the acquisition, the Group agreed to issue to the shareholders of Neutralysis the following consideration:

(a) 183,000,000 ordinary fully paid shares in the capital of the Company (Shares) at a deemed issue price of $0.02 per Share (on a post-Consolidation basis after a proposed 1 for 3.33 share consolidation) (Consideration Shares) and;

(b) attaching 183,000,000 Options (on a post-Consolidation basis) with a 2.5 cents exercise price, expiring on 30 June 2025 (Consideration Options).

As part of the proposed transaction, the Company was renamed HyTerra Ltd following a general meeting on 30 June 2022. At the same general meeting, shareholders also approved a consolidation of capital on a 3.33 for 10 basis.

Public Offer and Reinstatement to Official List

On 14 September 2022, the Company issued a prospectus to raise between $5,000,000 and $7,000,000 via an issue of ordinary shares at $0.02 per share through a Public Offer. The Prospectus was also issued to support the Company's application to have their securities reinstated to trading on the ASX and a supplementary Prospectus was issued on 5 October 2022.

Key features of the offer were:

- Issue of between 250,000,000 and 350,000,000 ordinary shares at $0.02 per share to raise $5-7million (Public Offer)
- Issue of 1,250,000 ordinary shares on conversion of Convertible Notes;
- Issue of 183,000,000 shares and 183,000,000 options to Neutralysis Industries shareholders (Consideration Issues)
- Issue of 9,000,000 shares and up to 9,000,000 options to the lead broker of the offer;
- Issue of 1,604,200 shares in lieu of unpaid director fees;
- Issue of 15,000,000 shares as settlement for pre-raising loans;
- Issue of 2,500,000 options to directors as a performance incentive; and
- Issue of 49,000,000 performance rights to directors;

Options are all exercisable at $0.025 on or before 30 June 2025.

DIRECTORS' REPORT

Three classes of Performance Rights were issued as follows:

22,000,000 Class A Performance Rights

- Tranche 1:

  11,000,000 Performance Rights with an expiry date of 30 June 2027, vest on the completion of 30 days of well testing and recovery to surface of a gas sample with a concentration of at least 20% by volume of hydrogen + helium from any well within the Joint Development Agreement ("JDA").

- Tranche 2:

  11,000,000 Performance Rights with an expiry date of 30 June 2027, vest following a well test being completed by a suitably qualified independent expert exceeding 10000 standard cubic feet per day for any well within the JDA.

22,000,000 Class B Performance Rights will:

- Vest and each be convertible into one ordinary share of the Company upon the Company's share price equalling or becoming greater than a 30 day VWAP of $0.05 per share, at any time subsequent to the grant of that Class B Performance Right; and
- Expire on 30 June 2027

5,000,000 Class C Performance Rights will:

- Vest and each be convertible into one ordinary share of the Company upon the holder serving 12 months of continuous service with the Company; and
- Expire on 30 June 2027

On 15 November 2022 the Company announced that the Prospectus offers had closed, raising $5.8 million (before costs). Following completion of the Neutralysis acquisition and issue of all outstanding offer securities, the Company's securities were reinstated to trading on 2 December 2022.

The Company announced on 15 December 2022 that HyTerra and its joint venture partner, Natural Hydrogen Energy LLC had agreed the work program for flow testing of the Hoarty NE3 natural hydrogen exploration well, which is intended to be put on extended test 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. Subsequent to period-end, HyTerra announced on 6 Mar 2023 that testing was underway.

Finalisation of the sale of the Company's legacy Chinese assets, held by former subsidiary CFT Heilongjiang (HK) Ltd (CFT) occurred on 21 November 2022 when CFT was sold for a nominal sum.

The Group have changed the reporting period end to 31 December in order to align with the joint venture partner, Natural Hydrogen Energy LLC, who operates under the US fiscal periods.

Operating Results for the Period

The consolidated net loss after income tax attributable to the Group amounted to $1,277,493 (31 March 2022: $649,006).

Review of Financial Conditions

As at 31 December 2022, the Group held $4,604,762 in cash and cash equivalents (31 March 2022: $327,441).

Significant Changes in the State of Affairs of the Group

Except as noted above, there have been no significant changes in the state of affairs of the Group to the date of this Report.

Significant Events After Balance Date

Post period end the 5,000,000 Class C Performance Rights have vested and been converted to ordinary shares following a continuous 12 months of service by Mr Avon McIntyre.

Other than as noted elsewhere in this report, no matter or circumstance has arisen since 31 December 2022 that in the opinion of the Directors has significantly affected, or may significantly affect in future financial years:

(i) the Group's operations;
(ii) the results of those operations; or
(iii) the Group's state of affairs.

DIRECTORS' REPORT

Likely Developments and Expected Results

The Group continues to evaluate new projects complementary with the business model of finding and developing projects with the potential to add Shareholder value.

Except as disclosed herein, disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental Legislation

The Directors are not aware of any significant breaches of applicable environmental requirements during the period.

Indemnification and Insurance of Directors and Officers

The Group has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Group or related body corporate) that may arise from their position as Directors or Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

Indemnification of Auditors

The Group has agreed to indemnify their auditors to the extent permitted by law, against any claim by a third party arising from the Group's breach of their agreement. The indemnity stipulates that the Group will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Remuneration Report

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Key Management Personnel of HyTerra Limited ("Group" or "Company") for the financial period ended 31 December 2022. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

Key Management Personnel

The Key Management Personnel of the Group during the period to 31 December 2022 and prior financial year comprised the Company's Directors, Chief Operating Officer and the Company Secretary.

(i) Directors

Current Directors	
Mr Russell Brimage	Non-Executive Chairman (appointed 21 November 2022)
Mr Paul Garner	Independent Non-Executive Director
Mr Avon McIntyre	Executive Director
Former Directors	
Murray d'Almeida	Chairman and Independent Non-Executive Director (resigned 21 November 2022)
Mr Po Siu Chan	Executive Director (resigned 17 February 2023)

(ii) Executives

Mr Alex Neuling	Company Secretary
Mr Luke Velterop	Chief Operating Officer (appointed 21 November 2022)

Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and Executives. The philosophy of the Group in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;

DIRECTORS' REPORT

- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Board, in its capacity as the Remuneration Committee of the Board of Directors of the Company; and in accordance with the Remuneration Committee Charter is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors and Executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the General Meeting held on 10 October 2022 when shareholders approved an aggregate remuneration of up to $500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Fees for Non-executive Directors are not linked to the performance of the Group.

Directors (other than an Alternate Director) are entitled to receive a fee for being a Director of the Company. Remuneration of Non-Independent Directors (appointed as shareholders nominees) remains a matter for consideration by the Board & Remuneration Committee.

The remuneration of Non-Executive Directors for the period ended 31 December 2022 is detailed in the Remuneration of Directors and other Key Management Personnel in Table 1 of this report.

Senior Manager and Executive Director remuneration

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition to the Group employees and Directors, the Group engages key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually or as required by the full Board (assuming the role of the Remuneration Committee and in accordance with the Remuneration Committee charter). The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of Key Management Personnel is detailed in Table 1.

Variable Remuneration

Key Management Personnel (including Executive Directors) are eligible to participate in the Group's Short Term Incentive (bonus) schemes, as well as Long Term Incentives arrangements in the form of the grant of share options or participation in the Company Employee Share Scheme ("ESS").

DIRECTORS' REPORT

Key Management Personnel Employment & Service Contracts

In respect of the period to 31 December 2022, the Group had previously entered into service contracts with entities controlled by its independent non-executive Directors. The service contracts provide for a fee of $3,333 per month to be paid to the entities for the provision of services by the respective Directors and may be terminated by the Group or counterparty on one month's notice.

Avon McIntyre - Executive Director and Chief Technical Officer

With respect to Avon McIntyre, appointed in February 2022, the Group has executed a service contract for remuneration of $180,000 plus superannuation and equity-based incentive rights subject to annual review and guaranteed CPI increase. The contract may be terminated on 6 months notice during its initial 12 months and thereafter on 3 months notice.

Alex Neuling – Company Secretary

The Group has engaged Erasmus Consulting Pty Ltd ("Erasmus") to provide consulting services including services provided by Mr Neuling (an employee and Director of Erasmus). The consulting arrangement between the Group and Erasmus incorporates a monthly minimum retainer of $3,200 (excluding GST) and additional fees on an hourly rate for work performed by Erasmus personnel in excess of 16 hours per month.

Luke Velterop – Chief Operating Officer

The Group has engaged Vestigo Pty Ltd ("Vestigo") to provide consulting services provided by Mr Luke Velterop (an employee and Director of Vestigo). The consulting arrangement between the Group and Vestigo incorporates a monthly fee of $15,000 (excluding GST) for 38 hours per week to provide Chief Operating Officer services on nominated projects. The Group may at any time pay Vestigo a Performance Based Bonus in cash or shares above the standard consulting fee. The contract can be terminated by either party giving 30 days notice.

DIRECTORS' REPORT

Remuneration report (continued)

Table 1: Directors' and other Key Management Personnel's remuneration for the year ended 31 December 2022

	Short-term employee benefits			Post-employment benefits		Equity		Total	%
	Salary & Fees	Bonuses	Non-Monetary Benefits	Superannuation	Prescribed Benefits	Options	Performance Rights		Performance Related
	$	$	$	$	$	$	$	$	
Current Directors									
Mr Russell Brimage (appointed 21 November 2022)*	7,500	-	-	-	-	-	5,557	13,057	43%
Mr Paul Garner	58,792	-	-	-	-	30,750	5,557	95,099	9%
Mr Avon McIntyre	120,000	-	-	14,411	-	-	111,114	245,525	45%
								-	
Former Directors									
Mr Murray D'Almeida	26,708	-	-	-	-	-	-	26,708	0%
Mr Po Siu Chan	64,789	-	-	-	-	-	4,168	68,957	6%
Other KMP									
Mr Alex Neuling**	-	-	-	-	-	-	-	-	0%
Mr Luke Velterop***	-	-	-	-	-	-	-	-	0%
Total	**277,789**	-	-	**14,411**	-	**30,750**	**126,396**	**449,346**	0%

Includes amount accrued or invoiced but unpaid at balance date as well as payments by third parties on the Group's behalf.
**From appointment date*
***Mr Neuling is not directly remunerated by the Group. Erasmus Consulting Pty Ltd, an entity controlled by Mr Neuling, invoiced consulting fees of $81,881 (excl GST) during the period in respect of services provided by Mr Neuling.*
****Mr Velterop is not directly remunerated by the Group. Vestigo Pty Ltd, an entity controlled by Mr Velterop, invoiced consulting fees and expenses of $107,000 (excl GST) during the period in respect of services provided by Mr Velterop. He was awarded Performance Rights of which $4,168 has been expensed in this financial period. On 21 November 2022 Mr Velterop was promoted to Chief Operating Officer, prior to this he had been Business Development Manager.*

DIRECTORS' REPORT

Remuneration report (continued)

Table 2: Directors' and other Key Management Personnel's remuneration for the year ended 31 March 2022

	Short-term employee benefits			Post-employment benefits		Equity	Total	%
	Salary & Fees	Bonuses	Non-Monetary Benefits	Superannuation	Prescribed Benefits	Options		Performance Related
	$	$	$	$	$	$	$	
Current Directors								
Mr Murray D'Almeida	40,000	-	-	-	-	-	40,000	0%
Mr Po Siu Chan	128,383	-	-	-	-	-	128,383	0%
Mr Paul Garner*	43,750	-	-	-	-	-	43,750	0%
Mr Avon McIntyre*	17,250	-	-	-	-	-	17,250	0%
							-	
Former Directors								
Mr Colin Hiles	6,000	-	-	-	-	-	6,000	0%
Ms Fung Ming Pang	4,000	-	-	-	-	-	4,000	0%
Mr Tun Yiu Kei**	-	-	-	-	-	-	-	0%
Other KMP								
Mr Alex Neuling***	-	-	-	-	-	-	-	0%
Total	**239,383**	-	-	-	-	-	**239,383**	0%

Includes amount accrued or invoiced but unpaid at balance date as well as payments by third parties on the Group's behalf.
**From appointment date*
*** Mr Tun Yiu Kei received no remuneration during the 2022 or 2021 financial years.*
****Mr Neuling is not directly remunerated by the Group. Erasmus Consulting Pty Ltd, an entity controlled by Mr Neuling, invoiced consulting fees of $35,740 (excl GST) during the year in respect of services provided by Mr Neuling. In addition, during the year Erasmus invoiced the Group $5,000 for office rent at the Group's registered office and $8,200 for office administration and bookkeeping services provided by Erasmus staff.*

DIRECTORS' REPORT

Remuneration report (continued)

Remuneration of directors and named executives

(iii) Share-based payments granted as compensation to Key Management Personnel

Performance Rights	Balance at beginning of period	Granted as compensation during the year			Balance at end of the period		
		A	B	C	A	B	C
Directors							
Mr Russell Brimage	-	4,000,000	4,000,000	-	4,000,000	4,000,000	-
Mr Paul Garner	-	4,000,000	4,000,000	-	4,000,000	4,000,000	-
Mr Avon McIntyre	-	8,000,000	8,000,000	5,000,000	8,000,000	8,000,000	5,000,000
Other executives							
Mr Alex Neuling	-	-	-	-	-	-	-
Mr Luke Velterop	-	3,000,000	3,000,000	-	3,000,000	3,000,000	-

Performance rights are being recognised over the period to which they relate, therefore only a partial expense of $130,564 has been recognised in this financial period in relation to these rights.

(iv) Option holdings of Key Management Personnel

	Balance at beginning of period	Granted as compensation during the year	Exercised during the year	Other changes	Balance at end of the period	Exercisable at the end of the period
Directors						
Mr Russell Brimage	-	-	-	19,900,000	19,900,000	-
Mr Paul Garner	-	2,500,000	-	1,250,000	3,750,000	-
Mr Avon McIntyre	-	-	-	-	-	-
Other executives						
Mr Alex Neuling	-	-	-	-	-	-
Mr Luke Velterop	-	-	-	-	-	-

(v) Shareholdings of Key Management Personnel

Details of Share held in the Company at the reporting date.

	Balance at beginning of period	Received in consideration	Purchased in the year	On exercise of options	Other changes	Balance at end of period
Directors						
Mr Russell Brimage	-	-	-	-	19,900,000	19,900,000
Mr Paul Garner	-	-	-	-	3,750,000	3,750,000
Mr Avon McIntyre	-	-	-	-	1,750,000	1,750,000
Other executives						
Mr Alex Neuling	329,167	-	2,500,000	-	(230,417)	2,598,750
Mr Luke Velterop	-	-	9,000,000	-	-	9,000,000

END OF REMUNERATION REPORT

DIRECTORS' REPORT

Directors' Meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings*	
Director	**Attended**	**Eligible to Attend**
Mr Russell Brimage	1	1
Mr Murray d'Almeida	2	4
Mr Po Chan	5	6
Mr Paul Garner	6	6
Mr Avon McIntyre	6	6

*Excludes matters decided by circulating resolution.

Separate meetings of the Audit and Remuneration and Nomination Committees did not take place during the year with relevant business being considered by the full Board.

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.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied the services disclosed below did not compromise the external auditors independence for the following reasons.

- All non-audit services are reviewed and approved by the board to ensure they do not adversely affect the integrity or objectives of the auditors; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Branch

There were non-audit services provided by the Group's auditors in the current financial period totalling $20,150 (31 March 2022: nil).

Signed in accordance with a resolution of the Directors.

Mr Paul Garner
Director
Dated this 31st day of March 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of HyTerra Ltd for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia	**N G Neill**
31 March 2023	**Partner**

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022

		Consolidated	
	Notes	Period ended 31 December 2022	Year ended 31 March 2022
		$	$
Continuing operations			
Other income	2	7,806	-
Other expenses	2	(1,285,299)	(649,006)
Loss before income tax expense		(1,277,493)	(649,006)
Income tax expense	3	-	-
Loss after tax expense		(1,277,493)	(649,006)
Other comprehensive income/(loss)		-	-
Total comprehensive loss for the period		(1,277,493)	(649,006)
Basic earnings / (loss) per share (cents per share)	4	(1.09)	(3.00)
Diluted earnings / (loss) per share (cents per share)	4	(1.09)	(3.00)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	Consolidated 31 December 2022 $	 31 March 2022 $
Assets			
Current Assets			
Cash and cash equivalents	6	4,604,762	327,441
Other current assets	7	122,985	40,219
Total Current Assets		4,727,747	367,660
Non-Current Assets			
Property, plant and equipment		2,454	-
Capitalised exploration and evaluation assets	8	5,950,778	-
Right-of-use assets		33,861	-
Total Non-Current Assets		5,987,093	-
Total Assets		10,714,840	367,660
Liabilities			
Current Liabilities			
Trade and other payables	9	(294,029)	(400,633)
Current lease liability	10	(26,252)	-
Borrowings	11	(5,156)	(667,703)
Total Current Liabilities		(325,437)	(1,068,336)
Non-Current Liabilities			
Trade and other payables	9	-	(48,125)
Non-current lease liability	10	(9,173)	-
Total Non-Current Liabilities		(9,173)	(48,125)
Total Liabilities		(334,610)	(1,116,461)
Net Assets/(Liabilities)		10,380,230	(748,801)
Equity			
Issued capital	12	47,225,113	37,232,495
Reserves	13	3,320,673	906,767
Accumulated losses	13	(40,165,556)	(38,888,063)
Total Equity / (Deficiency)		10,380,230	(748,801)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Issued Capital	Reserves	Accumulated Losses	Total equity
	$	$	$	$
As at 1 April 2021	37,232,495	859,970	(38,239,057)	(146,592)
Loss for the period	-	-	(649,006)	(649,006)
Total comprehensive loss for the period	-	-	(649,006)	(649,006)
Issue of convertible notes	-	46,797	-	46,797
As at 31 March 2022	**37,232,495**	**906,767**	**(38,888,063)**	**(748,801)**
As at 1 April 2022	37,232,495	906,767	(38,888,063)	(748,801)
Loss for the period	-	-	(1,277,493)	(1,277,493)
Total comprehensive loss for the period	-	-	(1,277,493)	(1,277,493)
Issue of shares	9,307,618	-	-	9,307,618
Issue of shares on conversion of convertible notes	685,000	-	-	685,000
Issue of unlisted options	-	2,281,650	-	2,281,650
Issue of performance rights	-	130,564	-	130,564
Equity component of convertible borrowings	-	1,692	-	1,692
As at 31 December 2022	**47,225,113**	**3,320,673**	**(40,165,556)**	**10,380,230**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	Consolidated Period ended 31 December 2022 $	 Year ended 31 March 2022 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Interest received		7,806	-
Interest and other costs of finance paid		(32,461)	(2,450)
Payments to suppliers and employees		(1,244,669)	(322,898)
Net cash flows (used in) operating activities	6	(1,269,324)	(325,348)
Cash flows from investing activities			
Payments for exploration and evaluation		(22,000)	(5,000)
Payments for property, plant and equipment		(2,454)	-
Net cash flows (used in) investing activities		(24,454)	(5,000)
Cash flows from financing activities			
Proceeds from issues of shares		5,590,535	-
Proceeds from borrowings		-	733,000
Repayment of borrowings		(19,436)	(78,000)
Net cash flows from financing activities		5,571,099	655,000
Net increase / (decrease) in cash and cash equivalents		4,277,321	324,652
Cash and cash equivalents at the beginning of the period		327,441	2,789
Cash and cash equivalents at the end of the period	6	4,604,762	327,441

The accompanying notes form part of these financial statements.

The consolidated financial statements and notes represent those of HyTerra Limited and its controlled entities ("Group").

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Group is a for-profit entity.

The financial statements have also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

HyTerra Limited is a listed public company, domiciled in Australia and operating in Australia. The principal activity of the Group is the exploration for natural resources.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the commercial realisation of the Group's assets, and the settlement of liabilities in the normal course of business.

Change of period end

The group have changed the financial period end to align with the joint venture partner based in the USA. This has meant that some comparative balances within these financial statements do not cover comparative length periods.

(b) *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.

(c) Statement of compliance

The financial statements were authorised for issue on 31 March 2023.

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group 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 a Black and Scholes model.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes model taking into account the terms and conditions upon which the instruments were granted.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.
Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is an expected credit loss where the Group may not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant historic delinquency in making contractual payments to the Group. The expected credit loss is calculated as the difference between the cash flows due in accordance with the contract and all the cashflows that the Group expects to receive, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(i) Property, plant and equipment

Plant and equipment other than plant and equipment held solely for use on an exploration and evaluation project is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Tangible fixed assets held solely for use on an exploration and evaluation project may be capitalised in accordance with this policy, or alternatively expensed immediately as appropriate on an area of interest basis. Land and

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(j) Foreign currency translation

The functional and presentation currency of HyTerra Ltd is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.
Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(k) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.
Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.
Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible note that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using the market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised in equity reserves, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.
When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Share-based payment transactions

The Group may provide benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).
The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of HyTerra Limited, formerly Triple Energy Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income or expense for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(r) 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.

(s) Earnings per share

Basic earnings per share is calculated as net profit / loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit / loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Exploration and evaluation expenditure

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Costs are accumulated on a field-by-field basis. Geological and geophysical costs are expensed as incurred. Costs directly associated with an exploration well, and exploration and property leasehold acquisition costs, are capitalised until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expense.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells, is capitalised within property, plant and equipment and intangible assets according to nature. When development is completed on a specific field, it is transferred to production or intangible assets.

Oil and gas production assets

Oil and gas production properties are aggregated exploration and evaluation tangible assets, and development expenditures associated with the production of proved reserves.

Depreciation/amortisation

No depreciation or amortisation is charged during the exploration and evaluation phase.

Oil and gas properties intangible assets are depreciated or amortised using the unit-of-production method. Unit-of-production rates are based on proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of HyTerra Limited.

(v) Comparative figures

When required by the accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 2: REVENUES AND EXPENSES

	Period ended 31 December 2022 $	Year ended 31 March 2022 $
(a) Other income		
Interest	7,806	-
	7,806	-
(b) Expenses		
Finance costs		
Interest and finance charges paid/payable on borrowings	68,153	44,050
Total finance costs	68,153	44,050
Project costs		
Exploration and Evaluation Expenses	22,000	53,500
Total project costs	22,000	53,500
Corporate Administration Costs		
Directors Fees	449,346	239,383
Consulting fees	220,151	89,746
Accounting & Auditing	75,661	67,500
Occupancy Costs	17,321	23,882
Legal fees	214,209	61,932
Stakeholder relations	16,443	10,000
Listing and Compliance	156,009	48,042
Depreciation	19,992	-
Other Administrative	26,014	10,971
Total corporate administration costs	1,195,146	551,456
Total Expenses	**1,285,299**	**649,006**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 3: INCOME TAX

	31 December 2022	31 March 2022
	$	$
(a) Income tax benefit	-	-

(b) Numerical reconciliation between tax expense and pre-tax net loss		
Loss before income tax benefit	(1,277,493)	(649,006)
Income tax using the Group's domestic tax rate of 26% (2022: 30%)	(332,148)	(194,702)
Non-deductible expenses/(deductible tax adjustments)	248,508	43,237
Current year losses for which no deferred tax asset was recognised	83,640	151,465
Income tax benefit/(expense) attributable to entity	-	-

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised have not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and an amount sufficient to enable the benefit to be realised; and
- The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect the Group in realising the benefit.

As at 31 December 2022 the Group has estimated carry forward tax losses of HyTerra Ltd as the parent entity of $3,844,413 (31 March 2022: $3,565,613). No reliable estimate of the amount of tax losses which could be recognised as a deferred tax asset in the current year is available as it is not possible to accurately quantify the group's future profitability at its current stage of development. Management have not yet assessed whether the losses would pass the continuity of ownership test or the same business test. Management therefore believe that the group's tax losses do not meet the probable recognition criteria. There is no expiry date attached to the tax losses.

	31 December 2022	31 March 2022
	$	$
(d) Unrecognised temporary differences		
Net deferred tax assets (calculated at 26% (31 March 2022: 30%) have not been recognised in respect of the following items:		
Accruals and other creditors	-	(43,237)
Share-based payments	44,614	-
Unrecognised deferred tax assets/(liabilities) relating to the above temporary differences	44,614	(43,237)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 4: LOSS PER SHARE

	31 December 2022 $	31 March 2022 as restated $
(a) Earnings used in calculating earnings per share		
For basic loss per share:		
Loss from Continuing Operations	(1,277,493)	(649,006)
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	117,539,799	21,598,816
Weighted average number of ordinary shares for diluted earnings per share (as originally reported at 31 March 2022) (a)	n/a	71,966,054

(a) The Company's loss per share as of 31 March 2022 has been restated to retrospectively apply the effects of the share consolidation on a 3 for 10 basis

NOTE 5: OPERATING SEGMENTS

AASB 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the Chief Operating Decision Maker (considered to be Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Group reviews internal reports prepared as financial statements and strategic decisions of the Group are determined upon analysis of these internal reports.

During the current and prior reporting period, the Group operated predominantly in one segment, being the resources investment sector in Australia. The revenue and results of this segment are those of the Group and are set out in the statement of comprehensive income, and the assets and liabilities of the Group are set out in the statement of financial position.

NOTE 6: CASH AND CASH EQUIVALENTS

	31 December 2022 $	31 March 2022 $
Cash at bank and on hand	4,604,762	327,441
	4,604,762	327,441

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)

(a) Reconciliation of loss for the year from continuing operations to net cash flows from operating activities

	Period ended 31 December 2022 $	Year ended 31 March 2022 $
Loss for the period from continuing operations	(1,277,493)	(649,006)
Adjustments for:		
Change in net assets and liabilities:		
(Increase)/decrease in trade and other receivables	(82,766)	(37,739)
(Decrease)/increase in trade and other payables	(140,921)	361,397
Share based payments	202,664	-
Depreciation and amortisation	7,192	-
Exploration written off transferred to Investing	22,000	-
Net cash used in operating activities	(1,269,324)	(325,348)

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Convertible notes converted as to ordinary shares - note 11 and note 12.
- Exploration and evaluation expenditure acquired as part of the shares and options based consideration for Neutralysis Industries Pty Ltd – note 8 and note 25

NOTE 7: OTHER CURRENT ASSETS

	31 December 2022 $	31 March 2022 $
GST receivables / (payables)	103,059	36,631
Other receivables	19,926	3,588
	122,985	40,219

NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE

	Note	31 December 2022 $	31 March 2022 $
Carrying amount at beginning of period		-	-
Acquired as part of acquisition of subsidiary		5,950,778	-
Carrying amount at end of period	25	5,950,778	-

The Group capitalises costs in relation to exploration and evaluation expenditure. The ultimate recoupment of exploration and evaluation expenditure is dependent on successful development of commercial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 9: TRADE AND OTHER PAYABLES

Current	31 December 2022	31 March 2022
	$	$
Trade creditors*	168,066	234,085
Other creditors and accruals	125,963	166,548
	294,029	400,633

Non-current		
Other creditors and accruals	-	48,125
	-	48,125

*Trade creditors are non-interest-bearing and normally settled on 45 day terms, however the Group has continued to receive extended credit terms from material suppliers during and since the period ended 31 December 2022.

NOTE 10: LEASE LIABILITIES

	31 December 2022	31 March 2022
	$	$
Current lease liability	26,252	-
Non-current lease liability	9,173	-
Total lease liability	35,425	-

	Period to 31 December 2022	Year to 31 March 2022
	$	$
Opening balance	-	-
Additions to lease liability	53,853	-
Finance costs	1,008	-
Principal and interest payments	(19,436)	-
Closing balance	35,425	-

NOTE 11: BORROWINGS

	31 December 2022	31 March 2022
	$	$
Convertible borrowings	5,156	667,703
	5,156	667,703

Movements in borrowings during the year were as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 11: BORROWING (Continued)

	Period to 31 December 2022 $	Year to 31 March 2022 $
Borrowings at the start of the period	667,703	60,000
Borrowings drawn down in the period	-	733,000
Finance costs paid	-	(2,450)
Equity component recognised on convertible notes	-	(46,797)
Interest expense	47,453	44,050
Borrowings repaid	-	(78,000)
Brokerage costs paid	-	(42,100)
Converted to ordinary shares	(710,000)	-
Borrowings at the end of the period	**5,516**	**667,703**

NOTE 12: ISSUED CAPITAL

	31 December 2022 No.	31 March 2022 No.	31 December 2022 $	31 March 2022 $
Ordinary shares (a)				
Issued and fully paid	555,702,882	71,996,054	46,425,113	36,432,495
Performance Shares (b)	-	-	800,000	800,000
			47,225,113	37,232,495

(a) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll of every holder is entitled to one vote per share held.

Movements in ordinary shares on issue during the year are as follows:

		31 December 2022		31 March 2022	
Movements in ordinary shares on issue		No.	$	No.	$
At beginning of period		71,996,054	37,232,495	71,996,054	37,232,495
Issued on conversion of convertible note	(a)	114,166,682	685,000	-	-
Consolidation of capital	(b)	(130,314,054)	-	-	-
Issued in year during	(c)	499,854,200	9,307,618	-	-
At end of period		555,702,882	47,225,113	71,996,054	37,232,495

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 12: ISSUED CAPITAL (Continued)

(a) On 30 June 2022, the Group issued 114,116,682 in settlement of convertible notes with a face value of $685,000 on a pre-consolidation basis.
(b) On 30 June 2022, following the issue of ordinary shares on conversion of convertible notes, the Group completed a 3 for 10 consolidation of share capital.
(c) On 3 November 2022, the Group advised that the following securities were to be issued following the closure of the public offer:

i. 290,000,000 ordinary shares at $0.02 per share under the Public Offer;
ii. 183,000,000 ordinary shares and 183,000,000 options as consideration for the acquisition of Neutralysis Industries;
iii. 9,000,000 ordinary shares and 9,000,000 options to the lead broker for the Public Offer;
iv. 1,250,000 ordinary shares and 1,250,000 options on conversion of Convertible Notes;
v. 1,604,200 ordinary shares in settlement of outstanding director fees;
vi. 15,000,000 ordinary shares as settlement for a pre-raising loan;

(b) Performance Rights

The Group has 49,000,000 Performance Shares on issue at balance or report date (31 March 2022: Nil).

Three classes of Performance Rights were issued as follows:

22,000,000 Class A Performance Rights

- Tranche 1:

  11,000,000 Performance Rights with an expiry date of 30 June 2027, vest on the completion of 30 days of well testing and recovery to surface of a gas sample with a concentration of at least 20% by volume of hydrogen + helium from any well within the Joint Development Agreement (“JDA”) .
- Tranche 2:

  11,000,000 Performance Rights with an expiry date of 30 June 2027, vest following a well test being completed by a suitably qualified independent expert exceeding 10000 standard cubic feet per day for any well within the JDA.

22,000,000 Class B Performance Rights will:

- Vest and each be convertible into one ordinary share of the Company upon the Company’s share price equalling or becoming greater than a 30 day VWAP of $0.05 per share, at any time subsequent to the grant of that Class B Performance Right; and
- Expire on 30 June 2027

5,000,000 Class C Performance Rights will

- Vest and each be convertible into one ordinary share of the Company upon the holder serving 12 months of continuous service with the Group; and
- Expire on 30 June 2027

(c) Options
The Group has 227,000,000 options on issue at balance date (31 March 2022:nil) with an exercise price of $0.25. They are exercisable on or before 30 June 2025. Further details are included in note 12 (a(c)) above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 13: RESERVES AND ACCUMULATED LOSSES

	Share Based Payment Reserve $	Convertible Note Reserve $	Accumulated Losses $
As at 1 April 2021	859,970	-	(38,239,057)
Loss for the period from continuing operations	-	-	(649,006)
Profit / (loss) from discontinued operations	-	-	-
Total comprehensive loss for the period	-	-	(649,006)
Issue of convertible notes	-	46,797	-
As at 31 March 2022	**859,970**	**46,797**	**(38,888,063)**
As at 1 April 2022	**859,970**	**46,797**	**(38,888,063)**
Loss for the period from continuing operations	-	-	(1,277,493)
Total comprehensive loss for the period	-	-	(1,277,493)
Issue of performance rights	130,564	-	-
Issue of options	2,281,650	-	-
Equity component of convertible notes	-	1,692	-
As at 31 December 2022	**3,272,184**	**48,489**	**(40,165,556)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 13: RESERVES AND ACCUMULATED LOSSES

Share based payment reserve

For Employee Share Scheme transactions, the share based payment reserve is used to record the difference between the issue price of ESS shares and the fair value of consideration received by the Group where a limited-recourse loan from the Group is used to fund the purchase. Also, where equity instruments have been issued as consideration for the acquisition of assets or services and are required to be separately valued, any difference between fair value of the instrument granted and the actual book value of the assets received.

Convertible Note Reserve

On the issue of the convertible notes the fair value of the liability component is determined using the market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised in the convertible note reserve, net of transaction costs.

NOTE 14: SUBSIDIARIES

Transactions with subsidiaries

The consolidated financial statements include the financial statements of HyTerra Ltd and the subsidiaries listed in the following table:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 December 2022	31 March 2022
Tango Energy, Inc[1]	Holds interests in Oil and Gas exploration	USA	100%	100%
Neutralysis Industries Pty Ltd	Hydrogen investment	Australia	100%	0%

1. Tango Energy Inc is a dormant entity and is not consolidated
2. Finalisation of the sale of the Company's legacy Chinese assets, held by former subsidiary CFT Heilongjiang (HK) Ltd (CFT) occurred on 21 November 2022 when CFT was sold for a nominal sum.

HyTerra Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER

NOTE 15: FINANCIAL INSTRUMENTS

	31 December 2022 $	31 March 2022 $
Financial assets		
Cash and cash equivalents	4,604,762	327,441
Financial liabilities		
Trade and other payables	294,029	448,758
Borrowings	5,156	667,703
Total	299,185	1,116,461

The fair value of financial assets and liabilities approximates their carrying value at balance date.

The following table details the expected maturity/s for the Group's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	5+ years $
31 December 2022						
Non-interest bearing	-	-	-	-	-	-
Variable interest rate instruments	0.1%	779,762	-	-	-	-
Variable interest rate instruments	1.3%	3,825,000	-	-	-	-
		4,604,762	-	-	-	-
31 March 2022						
Non-interest bearing	-	-	-	-	-	-
Variable interest rate instruments	0.1%	327,441	-	-	-	-
		327,441	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER

NOTE 15: FINANCIAL INSTRUMENTS (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	5+ years $
31 December 2022						
Non-interest bearing[1]	-	-	294,029	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	294,029	-	-	-
31 March 2022						
Non-interest bearing	-	-	400,663	715,828	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	400,663	715,828	-	-

1. Included in the non-interest bearing financial liabilities of $294,029 (31 March 2022: $715,828) are convertible notes with a fair value of $5,156 (31 March 2022: $662,871) that attract a 10% per annum interest rate from their maturity date of 1 July 2022 until converted; no interest accrues prior to maturity.

Fair Value of financial instruments

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The equity component of compound instruments has been determined to be under Level 2 fair value measurements. The valuation technique used was a discounted cashflow.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 16: SHARE-BASED PAYMENTS

On 14 September 2022, the Group issued a prospectus to raise between $5,000,000 and $7,000,000 via an issue of ordinary shares at $0.02 per share through a Public Offer. The Prospectus was also issued to support the Group's application to have their securities reinstated to trading on the ASX. Within the Prospectus the following share based payments were issued to directors.

- Issue of 2,500,000 options to directors as a performance incentive; and
- Issue of 49,000,000 performance rights to directors;

Options are all exercisable at $0.025 on or before 30 June 2025. The Options have been valued using the Black-Scholes methodology on the basis of the following assumptions:

i) Exercise price: $0.025;
ii) Expiry Date: 30 June 2025;

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER

NOTE: 16: SHARE-BASED PAYMENT (Continued)

iii) Underlying Price: \$0.02;
iv) Volatility: 100%; and
v) Risk Free rate: 2.9%.

The fair value of the Options was determined to be \$0.0123 per Option.

Three classes of Performance Rights were issued as follows:

22,000,000 Class A Performance Rights

- Tranche 1:

  11,000,000 Performance Rights with an expiry date of 30 June 2027, vest on the completion of 30 days of well testing and recovery to surface of a gas sample with a concentration of at least 20% by volume of hydrogen + helium from any well within the Joint Development Agreement ("JDA").

- Tranche 2:

  11,000,000 Performance Rights with an expiry date of 30 June 2027, vest following a well test being completed by a suitably qualified independent expert exceeding 10000 standard cubic feet per day for any well within the JDA.

22,000,000 Class B Performance Rights will:

- Vest and each be convertible into one ordinary share of the Group upon the Group's share price equalling or becoming greater than a 30 day VWAP of \$0.05 per share, at any time subsequent to the grant of that Class B Performance Right; and
- Expire on 30 June 2027

5,000,000 Class C Performance Rights will

- Vest and each be convertible into one ordinary share of the Group upon the holder serving 12 months of continuous service with the Group; and
- Expire on 30 June 2027

The Performance Rights have been valued using the following assumptions:

i) Underlying asset price: \$0.02;
ii) Barrier – VMAP hurdle must be achieved over 30 consecutive days to vest \$0.05;
iii) Expected volatility: 100%;
iv) Life of the rights: 5years;
v) Risk free rate: 3.1128

The value of the rights will be recognised over the vesting period of the rights.

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Interest rate risk
- Liquidity risk
- Market risk, including Foreign currency risk

This note presents the information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below.

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year ended 31 March 2022, it has been the Group's policy not to trade in financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by seeking to maintain adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management

The Group is exposed to interest rate risk as the Group deposits the bulk of the Group's cash reserves in Term Deposits. The risk is managed by the Group by maintaining an appropriate mix between short term and medium-term Deposits. The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or value of the holdings of financial instruments. The Group is exposed to movements in market interest rates on short term deposit, and foreign currency movements primarily on cash and creditor balances. Where possible the Group seeks to ensure that cash balances held and forecast to be held are approximately matched against the currency of actual and expected future liabilities upon maturity. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal. The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings. There is no direct material risk exposure to the Group's financial instruments of either interest rate or foreign currency movements at balance date.

NOTE 18: COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

As at balance date, the Group had no outstanding future commitments under equipment purchase contacts not otherwise accounted for as liabilities (31 March 2022: Nil).

NOTE 19: DIVIDENDS

The directors of the Group have not declared any dividend for the period ended 31 December 2022 (31 March 2022: nil).

NOTE 20: EVENTS SUBSEQUENT TO BALANCE DATE

On 17 February 2023 it was announced that Mr Po Chan would resign from the board effective 28 February 2023 to focus on his other business interests.

No other matters or circumstance has arisen since 31 December 2022 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER

NOTE 21: AUDITOR'S REMUNERATION

The auditor of HyTerra Ltd, is HLB Mann Judd.

	31 December 2022 $	31 March 2022 $
Amounts received or due and receivable by HLB Mann Judd for:		
Audit and review of financial reports	28,955	32,500
	28,955	32,500
Other Non-Audit Services – Preparation of Independent Limited Assurance report for inclusion in prospectus	20,150	-

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES

Key Management Personnel Compensation

	31 December 2022 $	31 March 2022 $
Short-term benefits	277,789	239,383
Post-employment benefits	14,411	-
Share-based payments	157,146	-
	449,346	239,383

Further details on Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTE 23: OTHER RELATED PARTY DISCLOSURES

Erasmus Consulting Pty Ltd (**Erasmus**), an entity controlled by the Company Secretary invoiced consulting fees of $81,881 in respect of Company Secretarial and outsourced financial management services during the year from the Group (31 March 2022: $35,740). In addition, during the year Erasmus invoiced the Group nil (31 March 2022: $6,050) for office rent at the Group's registered office and nil (31 March 2022: $9,010) for office administration and bookkeeping services provided by Erasmus staff. $30,645 (31 March 2022: $61,955) (ex GST) in relation to the above services had been billed and was outstanding as at year end.

McIntyre Geological Services Pty Ltd an entity controlled by Avon McIntyre invoiced consulting fees of $nil in respect of geological consulting services provided during the year to the Group prior to the appointment of Avon McIntyre as a director of the Group (31 March 2022: $48,500); there was no outstanding balance as at period end (31 March 2022: $48,500).

Vestigo Pty Ltd an entity controlled by Luke Velterop invoiced consulting fees of $107,000 in respect of consulting services provided during the year to the Group (31 March 2022: $nil); there is no amount outstanding as at period end (31 March 2022: nil).

The following director fees are outstanding to related parties as at 31 December 2022 and are included within Trade and Other Payables (current):

Related party/	Director	31 December 2022 $	31 March 2022 $
MC Consultancy	Murray d'Almeida	-	9,999
Ohio Holdings Ltd	Paul Garner	-	43,750
Mercurius	Po Chan	-	96,250
McIntyre Geological Services	Avon McIntyre	-	18,975
Pouviour Pty Ltd	Russell Brimage	8,250	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER

NOTE 24: PARENT ENTITY INFORMATION

The individual financial statements for the parent entity, HyTerra Limited, show the following aggregate amounts:

	31 December 2022 $	31 March 2022 $
Balance sheet		
Current assets	4,707,963	368,478
Total assets	10,655,178	368,478
Current liabilities	265,437	1,069,155
Total liabilities	274,610	1,117,280
Shareholders equity		
Issued capital	47,225,113	37,232,495
Reserves	3,320,673	906,766
Retained losses	(40,165,218)	(38,888,063)
	10,380,568	(748,802)
Loss and Total comprehensive income for the period	(1,277,155)	(649,006)

NOTE 25: ACQUISTION

During the period HyTerra Limited acquired 100% of the share capital of Neutralysis. In consideration for the acquisition, the Group agreed to issue to the shareholders of Neutralysis the following consideration:

(a) 183,000,000 ordinary fully paid shares in the capital of the Company (Shares) at a deemed issue price of $0.02 per Share and;

(b) attaching 183,000,000 Options (on a post-Consolidation basis) with a 2.5 cents exercise price, expiring on 30 June 2025 (Consideration Options).

The Directors' has deemed that this is not an acquisition that resulted in a business combination and therefore have accounted for the transaction as an asset acquisition in the following manner:

	$
Consideration Shares	3,660,000
Consideration Options	2,250,900
Net liabilities at date of acquisition	39,878
Exploration and evaluation asset acquired	5,950,778

DIRECTORS' DECLARATION

In the opinion of the directors of HyTerra Ltd ('the Group'):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:

    a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the period then ended;

    b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

    c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ended 31 December 2022.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Mr Paul Garner
Director
Dated this 31 March 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of HyTerra Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HyTerra Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the period then ended; and

b) 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 Group 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 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Neutralysis Industries Pty Ltd Refer to Note 25	
During the period, HyTerra Ltd acquired Neutralysis Industries Pty Ltd via the issue of 183,000,000 Fully Paid Ordinary Shares and 183,000,000 Options, with the consideration assessed as $5,910,900. HyTerra has accounted for this acquisition as an asset acquisition. The transaction has given rise to capitalised acquisition costs within exploration and evaluation assets of $5,950,778. We considered this to be a key audit matter as the transaction is material to the users of the financial statements and fundamental to the understanding of the financial report.	Our procedures included but were not limited to: - Reviewing the terms of the purchase agreement and assessing whether the characterisation of the transaction as an asset acquisition rather than a business combination was appropriate under accounting standards; - Ensuring that tenure exists in relation to the underlying assets and that no impairment indicators are present; and - Ensuring the disclosure within the financial report was appropriate.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period ended 31 December 2022, but does not include the financial report and our 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 Group 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 Group or to cease operations, or have no realistic alternative but to do so.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the period ended 31 December 2022.

In our opinion, the Remuneration Report of HyTerra Ltd for the period ended 31 December 2022 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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2023

N G Neill
Partner