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HYTERRA | ASX: HYT

HALF-YEAR FINANCIAL REPORT

30 JUNE 2023

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Corporate Directory

Board of Directors

Mr Russell Brimage	Non-Executive Chairman
Mr Avon McIntyre	Executive Director
Mr Benjamin Mee	Executive Director

Secretary

Ms Hannah Cabatit

Registered Office

Unit 9, 335 Hay Street
SUBIACO WA 6008

Telephone: (08) 6478 7730
Facsimile: (08) 6478 7739

Postal address

PO BOX 807
SUBIACO WA 6008

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: HYT)

Auditors

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

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

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
NEDLANDS WA 6009

Website

www.hytterra.com

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Directors' Report

The Directors of HyTerra Ltd ("HYT" or "the consolidated entity") present their report, together with the financial statements of HyTerra Ltd (referenced to hereafter as "the Company" or "parent entity") and its controlled entities for the half-year ended 30 June 2023 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 31 December 2022 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

Change in Financial Year End

During the previous financial year, the Company financial year end was changed from 31 March to 31 December, commencing from 2022. The change was made in accordance with section 323D(2A) of the Corporations Act 2022 (Cth). The current period figures relate to six months from 1 January 2023 to 30 June 2023. The comparative amounts disclosed in the financial report and related notes are 31 December 2022 (twelve-month period) for the Consolidated Statement of Financial Position and 30 September 2022 (six-month period) for the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows. The accounting policies have been consistently applied, unless otherwise stated.

Directors

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. Directors were in office for this entire Period unless otherwise stated.

Director	Position
Russell Brimage	Non-Executive Chairman
Avon McIntyre	Executive Director
Benjamin Mee	Executive Director (appointed 18 April 2023)
Paul Garner	Non-Executive Director (resigned 31 May 2023)
Po Siu Chan	Executive Director (resigned 17 February 2023)

Principal Activities

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

Review of Operations

PROJECT GENEVA | 16% NON-OPERATED | NEBRASKA, USA

On 24 January 2023, HyTerra and Natural Hydrogen Energy LLC (NH2E or the Operator) finalised planning of the extended flow test of the Hoarty NE3 natural hydrogen exploration well.

On 6 March 2023, the Company reported the completion rig arrived at the Hoarty NE3 well site and the rig crew were preparing to run the production tubing and an electrical submersible pump. The pump will then dewater the well to remove the hydrostatic pressure on subsurface gases. This is anticipated to allow hydrogen-enriched gases to flow freely from two prospective zones. These zones are associated with elevated hydrogen concentrations detected during drilling and swabbing operations and were further defined by petrophysical analysis as having increased porosity and gas saturation.

On 14 March 2023, the first phase of operations was successful with the pump being installed on schedule. The Operator released the completion rig on Monday 13 March (US time).

Directors' Report

On 3 April 2023, the Company reported on the second phase of the operation had commenced being the extended flow test. The Operator began performing tests to monitor gas composition and pressure. These analyses will focus on the concentrations of hydrogen and other commercially significant non-hydrocarbon gases (e.g., Helium) that may coexist in the gas stream.

The pump successfully lowered the water level resulting in a significant decrease of hydrostatic pressure on prospective zones. The Operator reported that casing gas pressure samples have been taken and have been sent to a laboratory for independent analyses. During the dewatering process, the pumps normal operating parameters could not be sustained without overheating. The manufacturer confirmed this is likely a mechanical issue and would require a workover rig to remove and assess.

As of the release of this report, the Company is awaiting key data from the Operator to make a joint decision on future flow testing operations and the forward program.

NEMAHA RIDGE | 100% OWNED AND OPERATED | KANSAS, USA

On 29 May 2023, the Company reported through its wholly owned US Subsidiary, HYT Operating LLC, the Company had acquired 100% working interest across 7,526 acres of lease holdings on the Nemaha Ridge in Kansas, USA. The Nemaha Ridge is an emerging natural hydrogen fairway with a history of at least 10 natural hydrogen occurrences and is strategically located with proximity to industries, infrastructure, and end-users.

The leases are in Riley, Geary, and Morris counties and contain several well sites with published hydrogen occurrences, based on gas analysis recovered from the wellbores. Two of the most significant occurrences are Scott-1 (up to 56% H₂) drilled to 677m in 1982 and Sue Duroche-2 (up to 92% H₂) drilled to 424m in 2008. A focussed exploration program has commenced with the objective of maturing a portfolio of prospects through to permitted well sites by the end of the 2023.

The Company also released a new Investor Presentation to provide additional technical information on the prospectivity of the Nemaha Ridge leases.

On 7 June 2023, the Company reported Xcalibur (Xcalibur MPH Canada Ltd) was commissioned to undertake an airborne gravity gradiometry and magnetic survey. Xcalibur is a global leader in its field and has recently completed surveys for other natural hydrogen explorers. The operation was conducted safely and efficiently, with the surveyed area focussing on HyTerra's Nemaha Ridge leases and the surrounding area.

CORPORATE

Board of Directors

On 17 February 2023, Mr Po Chan resigned as Executive Director of the Company.

On 19 April 2023, the Company appointed Benjamin Mee as Executive Director. In the capacity of Executive Director, Mr Mee will be responsible for implementing strategies that can drive growth and support the Company's mission of becoming a leading producer in the natural hydrogen sector.

On 30 May 2023, Mr Paul Garner resigned as Non-Executive Director effective 31 May 2023.

Performance Rights and Options

On 22 February 2023, 5,000,000 Class C Performance Rights held by Avon McIntyre were vested in full and converted to 5,000,000 fully paid ordinary shares. Restriction conditions applicable to the rights are also applicable to the shares, which are escrowed until 2 December 2024.

Directors' Report

On 13 April 2023, the Company issued 2,500,000 unlisted options with an exercise price of \$0.025, expiring 30 June 2025.

As approved at the Annual General Meeting on 30 May 2023, the Company issued 5,000,000 Zero Exercise Price Options (ZEPOs) to Mr Benjamin Mee as part of his remuneration package as Executive Director.

On 30 June 2023, 40,250,000 unlisted options (exercise price \$0.025, expiring 30 June 2025) were released from escrow.

Annual General Meeting

The Company held its Annual General Meeting on 30 May 2023. All resolutions were carried by way of a poll.

Financial Results

The financial results of the Company for the half-year ended 30 June 2023 are:

	30-Jun-23	31-Dec-22
Cash and cash equivalents (\$)	1,442,779	4,604,762
Net assets (\$)	9,713,007	10,380,230

	30-Jun-23	30-Sep-22
Other income (\$)	20,585	-
Net loss after tax (\$)	(831,410)	(799,642)
Loss per share (cents)	(0.15)	(2.06)

Significant Changes in the State of Affairs

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

Matters Subsequent to the Reporting Period

On 19 July 2023, Xcalibur delivered the processed geophysical data to the Company which is already assisting HyTerra in visualising the subsurface geology of the area, with the combined gravity and magnetic data aiding in the detection of faults, depth to basement and the composition of basement rocks. This includes those linked to the generation of hydrogen in the area. With key data now available to mature prospects and leads, the Company is progressing discussions with several advisors to commence an independent resource assessment.

The Company also reported HYT Operating LLC was granted a license to operate within the State of Kansas, by Kansas Corporation Commission (KCC). KCC is the regulatory authority for energy and oversees all exploration and production activities in the state. The Company is preparing the required regulatory filings for well designs to reach well permitting stage. HyTerra has also engaged several US-based drilling and operational consultants for notional exploration well costs.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Directors' Report

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Avon McIntyre
Executive Director

Perth, Western Australia
Dated 8 September 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of HyTerra Ltd for the half-year ended 30 June 2023, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
8 September 2023



N G Neill
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2023

	Note	30-Jun-23 \$	30-Sep-22 \$
Revenue from continuing operations			
Other income		20,585	-
Expenses			
Administrative expenses	3(a)	(310,503)	(283,754)
Advertising and marketing		(34,094)	-
Compliance and regulatory expenses		(6,887)	(144,226)
Depreciation expense		(16,025)	(13,205)
Employee benefit expenses	3(b)	(346,386)	(263,188)
Impairment expenses		-	(80,755)
Occupancy expenses		(8,573)	(10,972)
Share-based payments expenses	8	(119,686)	-
Other expenses		(9,841)	(3,542)
Loss before income tax expense		(831,410)	(799,642)
Income tax expense		-	-
Loss after income tax for the period		(831,410)	(799,642)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		902	-
Total other comprehensive loss for the year, net of tax		902	-
Total comprehensive loss for the period attributable to members of HyTerra Ltd		(830,508)	(799,642)
Loss per share for the period attributable to the members of HyTerra Ltd			
Basic and diluted loss per share (cents)		(0.15)	(2.06)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 30 June 2023

	Note	30-Jun-23 \$	31-Dec-22 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,442,779	4,604,762
Other current assets		92,222	122,985
Total Current Assets		1,535,001	4,727,747
Non-current Assets			
Property, plant and equipment		6,928	2,454
Capitalised exploration and evaluation assets	5	8,417,929	5,950,778
Right-of-use assets		20,508	33,861
Total Non-Current Assets		8,445,365	5,987,093
TOTAL ASSETS		9,980,366	10,714,840
LIABILITIES			
Current Liabilities			
Trade and other payables		239,674	294,029
Lease liability		22,529	26,252
Borrowings		5,156	5,156
Total Current Liabilities		267,359	325,437
Non-Current Liabilities			
Lease liability		-	9,173
Total Non-Current Liabilities		-	9,173
TOTAL LIABILITIES		267,359	334,610
NET ASSETS		9,713,007	10,380,230
EQUITY			
Contributed equity	6	47,268,712	47,225,113
Reserves	7	3,441,261	3,320,673
Accumulated losses		(40,996,966)	(40,165,556)
TOTAL EQUITY		9,713,007	10,380,230

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2023

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
At 1 January 2023	47,225,113	3,320,673	(40,165,556)	10,380,230
Loss for the period	-	-	(831,410)	(831,410)
Other comprehensive income	-	902	-	902
Total comprehensive loss for the period after tax	-	902	(831,410)	(830,508)
<i>Transactions with owners in their capacity as owners</i>				
Issue of share capital	-	-	-	-
Share issue costs (reversal)	43,599	-	-	43,599
Share-based payments (Note 8)	-	119,686	-	119,686
At 30 June 2023	47,268,712	3,441,261	(40,996,966)	9,713,007
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
At 1 April 2022	37,232,495	906,767	(38,888,063)	(748,801)
Loss for the period	-	-	(799,642)	(799,642)
Total comprehensive loss for the period after tax	-	-	(799,642)	(799,642)
<i>Transactions with owners in their capacity as owners</i>				
Issued on conversion of convertible notes	685,000	-	-	685,000
Equity component of convertible borrowings	-	1,692	-	1,692
At 30 September 2022	37,917,495	908,459	(39,687,705)	(861,751)

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
For the half-year ended 30 June 2023

	Note	30-Jun-23 \$	30-Sep-22 \$
Cash flows from operating activities			
Payments to suppliers and employees		(793,531)	(460,923)
Interest and other finance costs paid		(452)	(32,461)
Interest received		20,585	-
Net cash used in operating activities		(773,398)	(493,384)
Cash flows from investing activities			
Payments for exploration and evaluation costs		(2,355,311)	-
Payments for plant and equipment		(7,147)	-
Net cash used in investing activities		(2,362,458)	-
Cash flows from financing activities			
Proceeds from borrowings		-	300,000
Repayment of borrowings		-	(12,118)
Repayment of lease liabilities		(12,896)	(9,786)
Net cash (used in)/provided by financing activities		(12,896)	278,096
Net decrease in cash and cash equivalents		(3,148,752)	(215,288)
Cash and cash equivalents at beginning of the period		4,604,762	327,441
Effect of exchange rate fluctuations on cash held		(13,231)	-
Cash and cash equivalents at end of the period	4	1,442,779	112,153

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

(b) Going concern

As disclosed in the financial statements, the Group incurred a loss of \$831,410, and had net cash outflows from operating and investing activities of \$773,398 and \$2,362,458 respectively for the half-year ended 30 June 2023. As at that date, the Group has net assets of \$9,713,007. The Group has determined that further capital will be required if the Group is to continue as a going concern based on the planned level of operations.

These conditions indicate a material uncertainty that may cast doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group, if required, plans to scale down its operations during the next 12 months, including corporate overheads, in order to curtail expenditure, to ensure the Group has sufficient cash available to meet committed expenditure; and
- The Group has the ability to raise capital through the issue of equity.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated.

Notes to the Consolidated Financial Statements

(c) Change in financial year end

The Group has changed its financial year end from 31 March to 31 December. The current period figures relate to six months from 1 January 2023 to 30 June 2023. The comparative amounts disclosed in the financial report and related notes are 31 December 2022 (twelve-month period) for the Consolidated Statement of Financial Position and 30 September 2022 (six-month period) for the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows. The accounting policies have been consistently applied, unless otherwise stated.

(d) New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

NOTE 2 SEGMENT INFORMATION

HyTerra Ltd operates predominantly in one segment, being the exploration of natural hydrogen in the United States of America.

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

The revenues and results of this segment are those of the Group as a whole and are set out in the Consolidation Statement of Profit or Loss and Other Comprehensive Income and the assets and liabilities of the Group as a whole are set out in the Consolidated Statement of Financial Position.

NOTE 3 EXPENSES

	30-Jun-23	30-Sep-22
	\$	\$
(a) Administrative expenses		
Accounting and audit fees	9,316	40,803
Consultancy and professional fees	173,816	82,531
Travel and accommodation expenses	21,766	-
Legal fees	53,511	160,420
General and administrative expenses	52,094	-
	310,503	283,754
(b) Employee benefits expense		
Wages and Salaries	303,440	263,188
Superannuation	17,791	-
Annual leave expense	25,155	-
	346,386	263,188

Notes to the Consolidated Financial Statements

NOTE 4	CASH AND CASH EQUIVALENTS	30-Jun-23 \$	31-Dec-22 \$
	Cash at bank and on hand	1,442,779	4,604,762
		1,442,779	4,604,762

NOTE 5	CAPITALISED EXPLORATION AND EVALUATION ASSETS	30-Jun-23 \$	31-Dec-22 \$
	Carrying amount of exploration and evaluation expenditure – at cost	8,417,929	5,950,778
	At the beginning of the period	5,950,778	-
	Acquired as part of acquisition of subsidiary	-	5,950,778
	Exploration expenditure incurred during the period	2,467,151	-
	At the end of the period	8,417,929	5,950,778

The ultimate recoupment of the value of exploration and evaluation expenditure is dependent on the successful development and commercial exploration, or alternatively, sale of the exploration and evaluation asset.

NOTE 6 CONTRIBUTED EQUITY

(a) Issued and fully paid

	30-Jun-23		31-Dec-22	
	No.	\$	No.	\$
Ordinary shares	560,702,882	46,468,712	555,702,882	46,425,113
Performance shares	-	800,000	-	800,000
	560,702,882	47,268,712	555,702,882	47,225,113

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation

	Date	Number	\$
At 1 January 2022		71,996,054	37,232,495
Issued on conversion of convertible note	30/06/2022	114,166,682	685,000
Consolidation of capital	30/06/2022	(130,314,054)	-
Issued during the year	03/11/2022	499,854,200	9,307,618
At 31 December 2022		555,702,882	47,225,113
At 1 January 2023		555,702,882	47,225,113
Vesting of Tranche C Performance Rights	22/02/2023	5,000,000	-
Share issue costs reversal		-	43,599
At 30 June 2023		560,702,882	47,268,712

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Notes to the Consolidated Financial Statements

NOTE 7 RESERVES

	30-Jun-23 \$	31-Dec-22 \$
Share-based payments	3,391,870	3,272,184
Foreign currency translation reserve	902	-
Other reserves	48,489	48,489
	3,441,261	3,320,673
Movement reconciliation		
Share-based payments reserve		
Balance at the beginning of the period	3,272,184	859,970
Equity settled share-based payment transactions (Note 8)	119,686	2,412,214
Balance at the end of the period	3,391,870	3,272,184
Foreign currency translation reserve		
Balance at the beginning of the period	-	-
Exchange differences on translation of foreign operations	902	-
Balance at the end of the period	902	-
Other reserves		
Balance at the beginning of the period	48,489	46,797
Equity component of convertible notes	-	1,692
Balance at the end of the period	48,489	48,489

NOTE 8 SHARE-BASED PAYMENTS

	30-Jun-23 \$	31-Dec-22 \$
Recognised share-based payment transactions		
Unlisted options issued ⁽ⁱ⁾	19,925	2,281,650
Options issued to a Director ⁽ⁱⁱ⁾	8,068	-
Issue of performance rights ⁽ⁱⁱⁱ⁾	91,693	130,564
	119,686	2,412,214

(i) On 13 April 2023, the Company issued 2,500,000 unlisted options with an exercise price of \$0.025, expiring 30 June 2025.

The options issued 13 April 2023 have been valued using the Black Scholes valuation model. The model and assumptions are shown in the table below:

Black Scholes Valuation Model	
	Unlisted Options
Grant Date	27/03/2023
Expiry Date	30/06/2025
Strike (Exercise) Price	\$0.025
Underlying Share Price (at date of issue)	\$0.017
Risk-free Rate (at date of issue)	2.84%
Volatility	100%
Number of Options Issued	2,500,000
Dividend Yield	0%
Fair value per option	\$0.00797
Total Fair Value of Options	\$19,925

(ii) On 30 May 2023, the Company issued 5,000,000 Zero Exercise Price Options (ZEPOs) to Mr Benjamin Mee as part of his remuneration package as Executive Director.

Notes to the Consolidated Financial Statements

The Company issued Zero Exercise Price Options (ZEPOs) to a Director as approved by shareholders at the AGM held on 30 May 2023. The options are straight-forward, non-market-based performance rights, with no consideration upon achievement. Accordingly, the fair value of the ZEPOs is by direct reference to the share price on grant date (\$0.019). ZEPOs have been recognised over the period to which they relate, therefore, only a partial expense of \$8,068 has been recognised in this financial period in relation to these options.

Black Scholes Valuation Model	
	ZEPOs
Grant Date	30/05/2023
Expiry Date	30/05/2028
Share Price at Grant Date	\$0.019
Strike (Exercise) Price	N/A
Volatility	N/A
Risk-free Rate (at date of issue)	N/A
Number of ZEPOs Granted	5,000,000
Dividend Yield	0%
Fair value per option	\$0.019
Total fair value of ZEPOs	\$95,000

(iii) Performance rights issued in the prior period.

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:

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

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

Notes to the Consolidated Financial Statements

NOTE 9 DIVIDENDS

No dividend has been declared or paid during the half-year ended 30 June 2023 (31 December 2022: Nil). The Directors do not recommend the payment of a dividend in respect of the half-year ended 30 June 2023.

NOTE 10 CONTINGENCIES

There have been no changes to contingent liabilities or assets since 31 December 2022.

NOTE 11 COMMITMENTS

There have been no changes to commitments since 31 December 2022.

NOTE 12 FAIR VALUE DISCLOSURES

The Directors consider that the carrying values of financial assets and financial liabilities approximate their fair values.

NOTE 13 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 19 July 2023, Xcalibur delivered the processed geophysical data to the Company which is already assisting HyTerra in visualising the subsurface geology of the area, with the combined gravity and magnetic data aiding in the detection of faults, depth to basement and the composition of basement rocks. This includes those linked to the generation of hydrogen in the area. With key data now available to mature prospects and leads, the Company is progressing discussions with several advisors to commence an independent resource assessment.

The Company also reported HYT Operating LLC was granted a license to operate within the State of Kansas, by Kansas Corporation Commission (KCC). KCC is the regulatory authority for energy and oversees all exploration and production activities in the state. The Company is preparing the required regulatory filings for well designs to reach well permitting stage. HyTerra has also engaged several US-based drilling and operational consultants for notional exploration well costs.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Avon McIntyre
Executive Director
8 September 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Hyterra Ltd

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Hyterra Ltd ("the company"), which comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hyterra Ltd does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 conclusion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
8 September 2023

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