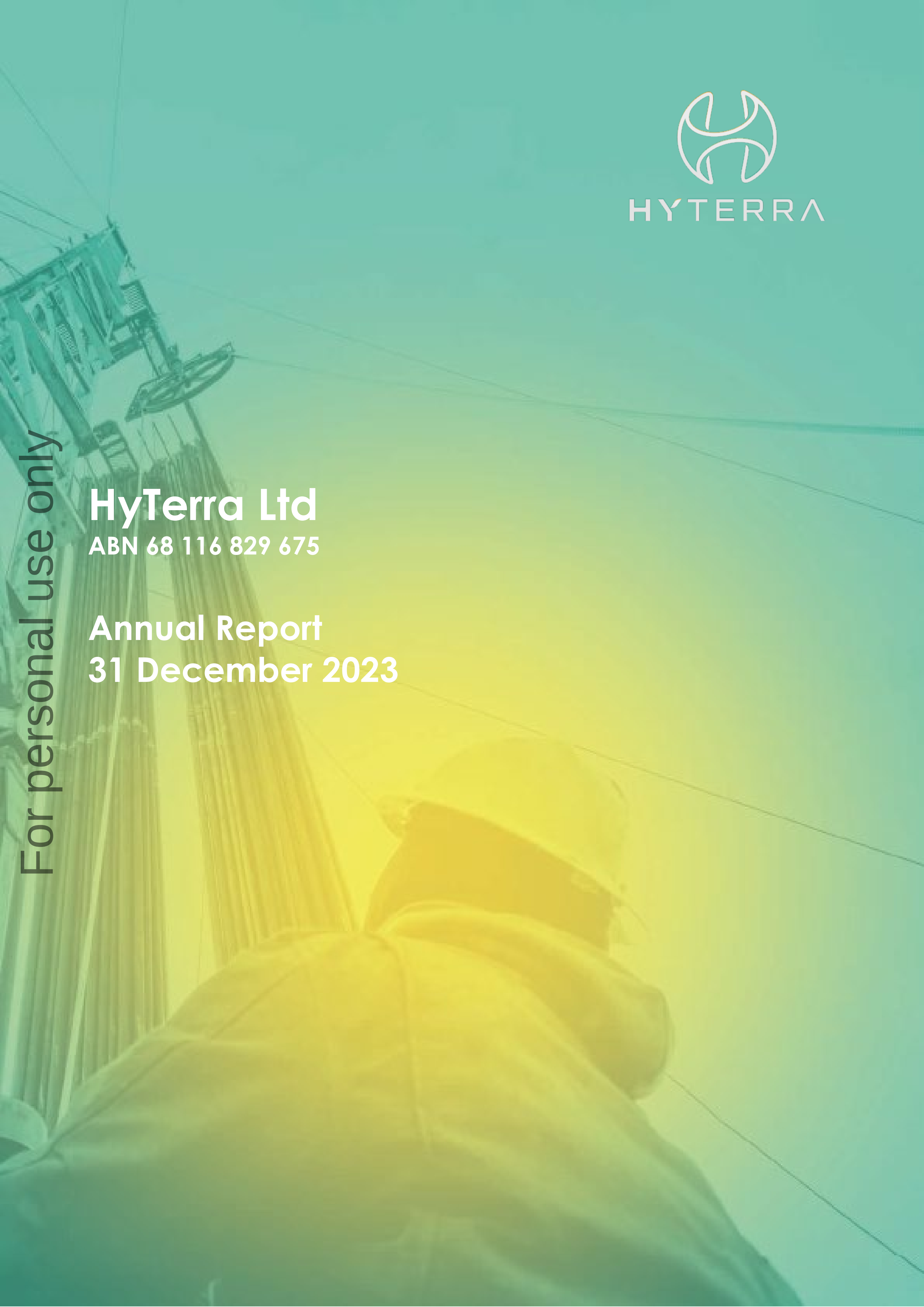

HyTerra Ltd

ABN 68 116 829 675

Annual Report
31 December 2023

CONTENTS

CORPORATE DIRECTORY

Board of Directors

Mr Avon McIntyre	Executive Director and Chief Technical Officer
Mr Russell Brimage	Non-Executive Chairman
Mr Benjamin Mee	Executive Director

Secretary
Ms Hannah Cabatit

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Stock Exchange Listing
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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
Automic
Level 5, 126 Phillip Street
SYDNEY NSW 2000

Website
www.hyterra.com

ABOUT HYTERRA

HyTerra is a pioneering company focussed on natural hydrogen and helium exploration and production with a presence in the mid-western states of the USA. Our headquarters are in Perth, Western Australia.

Our Team

We have extensive experience and expertise across the entire lifecycle of upstream, from defining new prospects to drilling, completions, and production. Additionally, the team has a deep understanding of the technical and economic drivers for delivering clean energy.

Our Focus

We are developing a data-driven approach to explore for natural hydrogen and helium resources, generated through naturally occurring processes in the subsurface. While many historical wells have observed natural hydrogen and helium, there was previously no incentive to commercialize them.

Our Mission

HyTerra's mission is to unlock the potential of natural hydrogen and helium by becoming a leading explorer and producer. Our goal is to build a competitive and sustainable business that will play a critical role in creating a better future for our customers and society.

LETTER FROM THE CHAIRMAN

I welcome shareholders to the 2023 Annual Report.

2023 was a year of growth for the Company, with the company adding a new project to its portfolio with the acquisition of approximately 9600 acres of highly prospective hydrogen exploration leases in Kansas.

The Company made a significant appointment in securing Benjamin Mee as an Executive Director in April 2023. Ben brings substantial experience to the Company, with executive roles in the energy sector, notably Head of Deepwater Exploration Africa for Shell immediately prior to joining HyTerra.

Together, the HyTerra team have worked to develop its Projects and refine their knowledge and understanding of geological hydrogen processes to develop a purpose-built model to identify the most prospective geographical regions for the occurrence of natural hydrogen, particularly in the Mid-Western states of the USA.

The Company remains committed to its strategic objectives and I have confidence in the executive team to continue to drive growth and in so doing create value for HyTerra shareholders.

On behalf of the Board of Directors and executive team, I would like to take this opportunity to express our gratitude to HyTerra shareholders, stakeholders and industry peers for their ongoing support and commitment to HyTerra.

We are excited about our exploration program for 2024 and look forward to continuing to work together to develop a competitive and sustainable natural hydrogen business that will play its part in the global energy transition now underway.

Sincerely,

Russell Brimage
Non-Executive Chairman

DIRECTORS' REPORT

The Directors of HyTerra Ltd ("HYT" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of HyTerra Ltd and its controlled entities ("the Group") for the year ended 31 December 2023.

CURRENT DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. The Directors held office for this entire year unless otherwise stated.

Mr Avon McIntyre | Executive Director and Chief Technical Officer (PhD)

Mr McIntyre (PhD; Wiakato University, NZ, 2002) is a geologist with over 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 before joining the board of directors of HYT in February 2022.

During the past three years, Mr McIntyre has not served as a Director of another ASX listed company.

Mr Benjamin Mee | Executive Director
(appointed 18 April 2023)

Mr Mee has over 20 years' of international oil and gas experience with a successful track record in project delivery from exploration, through to appraisal, development and production both onshore and offshore in various global locations. Most recently, he held the title of Manager Deepwater Africa Exploration for Shell, during which time significant petroleum discoveries were made in Namibia. In addition to his extensive geoscience knowledge and proven leadership, he was Group Portfolio Manager for Shell supporting the Executive Committee on corporate strategy and future portfolio development. Mr Mee's decision to join HyTerra can be attributed to his career focus on developing solutions to mature complex energy resources and his passion for sustainable and affordable energy.

During the past three years, Mr Mee has not served as a Director of another ASX listed company.

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, in the previous financial period.

During the past three years, Mr Brimage held the following directorship in other ASX listed companies:

- Non-Executive Director of Lion Energy (ASX: LIO) (current).

DIRECTORS' REPORT

FORMER DIRECTORS

Mr Paul Garner | Non-Executive Director
(resigned 31 May 2023)

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 past three years, Mr Garner held the following directorship in another ASX listed company:

- Director of Provaris Energy Ltd (formerly Global Energy Ventures Ltd) (resigned 31 January 2021).

Mr Po Siu Chan | Executive Director
(resigned 17 February 2023)

Mr Chan is a fellow of Chartered Accountants Australia and New Zealand and is a Director of Afanti Asset Management in Hong Kong. Mr Chan has experience in business consulting and investment banking in China and the Asia Pacific region. Mr Chan has held roles as a Director at PwC in the Advisory division and as a Senior Manager at ANZ in its Project Finance division and has significant experience in transactions in China and Asia Pacific. He holds a Masters Degree in Commerce from the University of Sydney in Sydney.

During the past three years, Mr Chan has not served as a Director of another ASX listed company.

COMPANY SECRETARY | Ms Hannah Cabatit

Ms Cabatit is an employee of Mirador Corporate where she specializes in statutory financial reporting and company secretarial services. Ms Cabatit is a Certified Practicing Accountant and has significant years of experience in senior accounting roles, company secretarial and compliance services for public listed and unlisted companies.

DIRECTORS' INTEREST IN THE COMPANY

The following table sets out each current Director's relevant interest in shares, options to acquire shares of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options	Listed Options	Performance Rights
Mr Avon McIntyre	6,750,000	12,000,000	-	16,000,000
Mr Benjamin Mee	-	25,000,000	-	-
Mr Russell Brimage	19,900,000	6,000,000	19,900,000	8,000,000
Total	**26,650,000**	**43,000,000**	**19,900,000**	**24,000,000**

DIRECTORS' 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 twelve months from 1 January 2023 to 31 December 2023. The comparative amounts disclosed in the financial report and related notes are for the nine months ended 31 December 2022. The accounting policies have been consistently applied, unless otherwise stated.

PRINCIPAL ACTIVITIES

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

REVIEW AND RESULTS OF OPERATIONS

PROJECT GENEVA | 16% JOINT DEVELOPMENT | NEBRASKA, USA

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

On 6 March 2023, 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 then dewatered the well to remove the hydrostatic pressure on subsurface gases. This was 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 rig was released on Monday 13 March (US time).

On 3 April 2023, the Company reported on the second phase of the operation had commenced being the extended flow test. NH2E began preparations to collect gas composition and pressure data. These data focused on 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. 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 well test from NH2E 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.

DIRECTORS' REPORT

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 670m in 1982 and Sue Duroche-2 (up to 92% H2) drilled to 440m in 2009. A focussed exploration program has commenced with the objective of maturing a portfolio of prospects through to permitted well sites.

The Company also released an 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.

The processed geophysical data was delivered to the Company on 19th July 2023 and was interpreted and enhanced by Nordic Geosciences, a specialist gravity and magnetic geophysical consultant. This data was crucial in assisting HyTerra to visualise the subsurface geology of the area. The combined gravity and magnetic data aided in the detection of faults, depth to basement and the composition of basement rocks, including those linked to the generation of hydrogen in the area.

The Company reported on 18th August 2023 that its net leased acreage position was at 9486 net acres in Kansas. With the integration of the gravity and magnetic geophysical survey data and other datasets,t it now had sufficient key data to mature prospects and leads and advised that it was progressing discussions with several advisors to commence an independent resource assessment and hydrogen commercialisation strategy.

At the same time, the Company announced that HYT Operating LLC, a wholly owned US-based subsidiary of HyTerra, had been 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. As a licensed operator, the Company could prepare the required regulatory filings for well designs to reach well permitting stage and had engaged several US-based drilling and operational consultants for notional exploration well costs.

On 19th September 2023, the Company announced an increase in its operated lease holdings at Nemaha Ridge to over 9,500 acres across Riley, Geary and Morris Counties, Kansas. Within these areas, the Company identified multiple targets covering a diverse range of geological plays for natural hydrogen exploration and appraisal. Landowner approval of a site for drilling was received, and the well drilling plans were nearing completion with various vendor bids for the main operational services, including well cost estimates provided. A site visit by a company representative to key locations and meet with stakeholders, consultants, and contractors to finalise operational readiness was also announced at this time.

On 13 December 2023, the Company announced that Sproule's Independent Resource Report was completed after its extensive review of geophysical, geological and wells data in the area.

For Hydrogen, the independent resource report estimated a P50 Net Hydrogen Prospective Resource of 100.2 BCF (237,543 tonnes) with a minimum (P90) of 47.1 BCF (111,738 tonnes) and a maximum (P10) of 238.4 BCF (565,390 tonnes) *.

***Cautionary Statement**: The estimated quantities of natural hydrogen and helium that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal, and evaluation is required to determine the existence of a significant quantity of potentially recoverable natural hydrogen and helium.

DIRECTORS' REPORT

In addition to being prospective for hydrogen, the Nemaha Ridge is cored by Precambrian granites which are capable of generating helium and the elements required for a helium system are present. There are documented occurrences of helium within the play area and further along the Nemaha Ridge. The independent resource assessment of the Company's leases also included helium, with a P50 volume of Helium Prospective Resources of 0.47 BCF with a P90 volume of 0.04 BCF and a P10 volume of 1.63 BCF*.

Aggregated unrisked prospective resource volumes for each of the main prospect areas was calculated and summarised as below*.

Table 1: Aggregated Net Recoverable Prospective Hydrogen Volumes

Prospect	Reservoir	MMscf P90	MMscf P50	MMscf P10
Central Geary	All	3,747	8,246	19,962
Eastern Geary	All	10,634	22,981	56,904
Morris North	All	32,514	68,333	160,019
Zeandale	Lansing	215	591	1,490
Total	**All**	**47,110**	**100,151**	**238,375**

Table 2: Aggregated Net Recoverable Prospective Hydrogen weight equivalent (Kg)

Prospect	Reservoir	Kg P90	Kg P50	Kg P10
Central Geary	All	8,887,319	19,558,270	47,346,856
Eastern Geary	All	25,222,246	54,507,470	134,967,715
Morris North	All	77,118,309	162,075,581	379,540,959
Zeandale	Lansing	509,948	1,401,763	3,534,056
TOTAL	**All**	**111,737,822**	**237,543,083**	**565,389,585**

Table 3: Net Recoverable Prospective Helium Volumes

Prospect	Reservoir	MMscf P90	MMscf P50	MMscf P10
Central Geary	Basement	3	37	134
Eastern Geary	Basement	8	93	312
Morris North	Basement	25	328	1,138
Zeandale	Basement	1	13	45
Total	**Basement**	**37**	**471**	**1,629**

Please refer to the ASX release dated 13 December 2023 for full details with respect to the Prospective Resource estimate, associated risking and Cautionary Statement (refer to the previous page).

Disclaimer: The Company is not aware of any new information or data that materially affects the information included in the ASX announcement dated 13 December 2023 and that all material assumptions and technical parameters underpinning the estimates in the same announcement continue to apply and have not materially changed.

Competent Person Statement Information – The resources estimate information and supporting documentation referred to in this announcement was reviewed by HyTerra's Chief Technical Officer and Executive Director, Mr Avon McIntyre, who is a full-time employee of the Company. Mr McIntyre is a qualified oil and gas geologist with over 20 years of international experience. He has extensive experience of oil and gas exploration, appraisal, strategy development and reserve/resource estimation. Mr McIntyre has a BSc, MSc and PhD in geology from The University of Waikato, New Zealand and is a member of The Society of Petroleum Engineers (SPE). Mr McIntyre is qualified in accordance with the ASX Listing Rules and has consented to the form and context in which this statement appears.

DIRECTORS' REPORT

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 is 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.

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.

On 25 October 2023, the Company issued 46,000,000 Zero Exercise Price Options ("ZEPOs") (nil exercise price, expiring 3 years from date of issue) to Directors and employees. The options issued to Directors (38,000,000 options) were approved by shareholders at the General Meeting held on 25 October 2023.

On 17 November 2023, 35,100,000 ordinary shares and 154,000,000 options (exercise price $0.025, expiring 30 June 2025) were released from escrow.

On 21 November 2023, the Company applied for the quotation of 197,350,000 options that are exercisable at $0.025 on or before 30 June 2025.

Annual General Meeting

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

Capital Raising

On 30 October 2023, the Company completed a capital raising via the issue of 45,800,000 fully paid ordinary shares at an issue price of A$0.02 per share raising A$916,000 (before costs). Participants of the Placement received 2 free-attaching options for 3 shares subscribed for and issued. 30,533,334 free-attaching options were issued on 30 October 2023. In addition, 15,000,000 options were issued to brokers for capital raising services provided.

DIRECTORS' REPORT

Financial Performance

The financial results of the consolidated entity for the year ended 31 December 2023 and period ended 31 December 2022 are:

	31-Dec-23 $	31-Dec-22 $
Cash and cash equivalents	793,406	4,604,762
Net assets	9,671,432	10,380,230
Revenue and other income	27,974	7,806
Net loss after tax	(1,860,489)	(1,277,493)

DIVIDENDS

No dividend is recommended in respect of the current financial year (2022: nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the financial year other than those included in this Directors' Report.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

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.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Mr Avon McIntyre	14	14
Mr Russell Brimage	14	14
Mr Benjamin Mee (appointed 18 April 2023)	10	10
Mr Paul Garner (resigned 31 May 2023)	7	6
Mr Po Siu Chan (resigned 17 February 2023)	2	2

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Group, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 31 December 2023 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

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 Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial period were:

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

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A Remuneration Philosophy
B Remuneration Governance, Structure and Approvals
C Remuneration and Performance
D Details of Remuneration
E Contractual Arrangements
F Share-based Compensation
G Equity Instruments Issued on Exercise of Remuneration Options
H Voting and comments made at the Company's 2023 Annual General Meeting
I Loans with KMP
J Other Transactions with KMP

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of the Group comprise of the Board of Directors, and at present there are no other persons employed by the Group in an executive capacity.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

DIRECTORS' REPORT

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall be no more than $500,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Group and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive Directors is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Group policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Group has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

DIRECTORS' REPORT

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") of the Company for the financial periods ended 31 December 2023 and 31 December 2022.

	31-Dec-23	31-Dec-22
Revenue and other income ($)	27,974	7,806
Net loss after tax ($)	(1,860,489)	(1,277,493)
EPS (cents)	(0.33)	(1.09)

Relationship between Remuneration and Group Performance
Given the current phase of the Group's development, the Board does not consider earnings during the current financial period when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary
The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this period. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short -Term Incentives (STI)
Discretionary cash bonuses may be paid to KMP annually, subject to the requisite Board and shareholder approvals where applicable. There were no cash bonus payments paid to Directors during the year.

c) Variable Remuneration – Long-Term Incentives (LTI)
Options and performance rights are issued at the Board's discretion subject to shareholder approvals where applicable. Unlisted options and performance rights issued to Directors during the year are detailed in Table 4 below.

Other than the options disclosed in section D of the Remuneration Report, there have been no other options and performance rights issued to employees at the date of this financial report.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

DIRECTORS' REPORT

Table 1 – Remuneration of KMP of the Group for the year ended 31 December 2023 is set out below:

	Short-term Employee Benefits			Post-Employment	Share-Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Performance Rights / Options (iv)	
31 December 2023	$	$	$	$	$	$
Current Directors						
Mr Avon McIntyre	193,140	-	-	22,418	81,371	296,929
Mr Benjamin Mee (i)	193,263	-	-	-	80,434	273,697
Mr Russell Brimage	90,000	-	-	-	40,685	130,685
Former Directors						
Mr Paul Garner (ii)	25,000	-	-	-	33,343	58,343
Mr Po Siu Chan (iii)	10,000	-	-	-	-	10,000
Total	**511,403**	**-**	**-**	**22,418**	**235,833**	**769,654**

(i) Mr Mee was appointed at Executive Director on 18 April 2023.
(ii) Mr Garner resigned on 31 May 2023.
(iii) Mr Chan resigned on 17 February 2023.
(iv) Share-based payments are the options and performance rights expended over the vesting period (refer to Note 16 for further details).

Table 2 – Remuneration of KMP of the Group for the period ended 31 December 2022 is set out below:

	Short-term Employee Benefits			Post-Employment	Share-Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Performance Rights / Options (iv)	
31 December 2022	$	$	$	$	$	$
Current Directors						
Mr Russell Brimage (i)	7,500	-	-	-	5,557	13,057
Mr Paul Garner	58,792	-	-	-	36,307	95,099
Mr Avon McIntyre	120,000	-	-	14,411	111,114	245,525
Former Directors						
Mr Murray D'Almeida	26,708	-	-	-	-	26,708
Mr Po Siu Chan	64,789	-	-	-	4,168	68,957
Other KMP						
Mr Alex Neuling (ii)	-	-	-	-	-	-
Mr Luke Velterop (iii)	-	-	-	-	-	-
Total	**277,789**	**-**	**-**	**14,411**	**157,146**	**449,346**

(i) Mr Brimage was appointed as Non-Executive Chairman on 21 November 2022.
(ii) 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.

DIRECTORS' REPORT

(iii) 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. Mr Velterop resigned from the Company on 14 September 2023.

(iv) Share-based payments are the options and performance rights expended over the vesting period (refer to Note 16 for further details).

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 3 – Relative proportion of fixed vs variable remuneration expense

	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
Name	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current Directors						
Mr Avon McIntyre	**76%**	55%	**-**	-	**24%**	45%
Mr Benjamin Mee	**71%**	-	**-**	-	**29%**	-
Mr Russell Brimage	**69%**	57%	**-**	-	**31%**	43%
Former Directors						
Mr Paul Garner	**43%**	91%	**-**	-	**57%**	9%
Mr Po Siu Chan	**100%**	94%	**-**	-	**-**	6%

Table 4 – Shareholdings of KMP (direct and indirect holdings) for the year ended 31 December 2023 is set out below:

31 Dec 2023	**Balance at 1/01/2023**	**Granted as Remuneration**	**On Exercise of Options**	**Net Change – Other**	**Balance at 31/12/2023**
Current Directors					
Mr Avon McIntyre	1,750,000	-	-	5,000,000 (i)	6,750,000
Mr Benjamin Mee	-	-	-	-	-
Mr Russell Brimage	19,900,000	-	-	-	19,900,000
Former Directors					
Mr Paul Garner	3,750,000	-	-	(3,750,000) (ii)	-
Mr Po Siu Chan	1,604,200	-	-	(1,604,200) (iii)	-
Total	**27,004,200**	**-**	**-**	**(354,200)**	**26,650,000**

(i) On 22 February 2023, 5,000,000 Class C Performance Rights vested in full and converted to 5,000,000 fully paid ordinary shares in the Company.

(ii) Mr Garner resigned on 31 May 2023.

(iii) Mr Chan resigned on 17 February 2023.

DIRECTORS' REPORT

Table 5 – Option holdings of KMP (direct and indirect holdings) for the year ended 31 December 2023 is set out below:

31 Dec 2023	Balance at 1/01/2023	Granted as Remuneration	Expired	Net Change – Other	Balance at 31/12/2023	Vested & Exercisable
Current Directors						
Mr Avon McIntyre	-	12,000,000 (ii)	-	-	12,000,000	-
Mr Benjamin Mee	-	25,000,000 (i)(ii)	-	-	25,000,000	-
Mr Russell Brimage	19,900,000	6,000,000 (ii)	-	-	25,900,000	-
Former Directors						
Mr Paul Garner	3,750,000	-	-	(3,750,000) (iii)	-	-
Mr Po Siu Chan	-	-	-	-	-	-
Total	**23,650,000**	**43,000,000**	**-**	**(3,750,000)**	**62,900,000**	-

(i) Issue of 5,000,000 zero exercise price options expiring 30 May 2028 to Mr Mee as approved at the Annual General Meeting ("AGM") held on 30 May 2023.
(ii) Issue of 38,000,000 zero exercise price options as approved at the General Meeting held on 25 October 2023.
(iii) Mr Garner resigned on 31 May 2023.

Table 6 – Performance Rights of KMP (direct and indirect holdings) for the year ended 31 December 2023 is set out below:

31 Dec 2023	Balance at 1/01/2023	Granted as Remuneration	Expired	Net Change – Other	Balance at 31/12/2023	Vested & Exercisable
Current Directors						
Mr Avon McIntyre	21,000,000	-	-	(5,000,000) (i)	16,000,000	5,000,000
Mr Benjamin Mee	-	-	-	-	-	-
Mr Russell Brimage	8,000,000	-	-	-	8,000,000	-
Former Directors						
Mr Paul Garner	8,000,000	-	-	(8,000,000) (ii)	-	-
Mr Po Siu Chan	6,000,000	-	-	(6,000,000) (iii)	-	-
Total	**43,000,000**	**-**	**-**	**(19,000,000)**	**24,000,000**	**5,000,000**

(i) On 22 February 2023, 5,000,000 Class C Performance Rights vested in full.
(ii) Mr Garner resigned on 31 May 2023.
(iii) Mr Chan resigned on 17 February 2023.

E Contractual Arrangements

❖ **Avon McIntyre – Executive Director and Chief Technical Officer**
- Contract: Commenced February 2022.
- Remuneration: $193,140 per annum plus statutory superannuation and equity-based incentive rights subject to annual review and guaranteed CPI increase.
- Notice Period: 6 months' notice during its initial 12 months and thereafter on 3 months' notice.
- Term: No fixed term.

❖ **Benjamin Mee – Executive Director**
- Contract: Commenced on 18 April 2023.
- Remuneration: $275,000 per annum.
- Notice Period: 3 months' notice.
- Term: No fixed term.

DIRECTORS' REPORT

- **Russell Brimage – Non-Executive Chairman**
  - Contract: Commenced on 21 November 2022.
  - Director's Fee: $90,000 and equity-based incentive rights subject to annual review.
  - Term: See Note 1 below for details pertaining to re-appointment and termination.

Note 1: The term of each Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a Director at the meeting. Appointment shall cease automatically in the event that the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements to termination or notice periods.

F Share-based Compensation

The Group rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options

The Company issued 5,000,000 zero exercise price options expiring 30 May 2028 to Mr Mee as approved at the Annual General Meeting ("AGM") held on 30 May 2023.

As approved at the General Meeting held on 25 October 2023, the Company issued 38,000,000 zero exercise price options ("ZEPOs") to Directors. The options expire on 25 October 2026. The incentive options were issued to Directors to motivate and reward performance in their roles as Directors.

Director	Number of Options Granted	Grant Date	Fair Value per Option at Grant Date	Exercise Price	Vested date and exercisable date	Expiry Date
Mr Avon McIntyre						
Unlisted Options	12,000,000	25/10/2023	$0.02	Nil	25/10/2026	25/10/2026
Mr Benjamin Mee						
Unlisted Options	5,000,000	30/05/2023	$0.019	Nil	30/05/2024	30/05/2028
Unlisted Options	20,000,000	25/10/2023	$0.02	Nil	25/10/2026	25/10/2026
Mr Russell Brimage						
Unlisted Options	6,000,000	25/10/2023	$0.02	Nil	25/10/2026	25/10/2026

At the date of this report, the unissued ordinary shares of the Company under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Shares
Short and Long-term Incentives

On 22 February 2023, 5,000,000 Class C Performance Rights vested in full and converted to 5,000,000 fully paid ordinary shares in the Company.

No other short or long-term incentive-based shares were issued as remuneration to Directors during the current financial year.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year (2022: Nil).

DIRECTORS' REPORT

H Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

I Loans with KMP

There were no loans during the year ended 31 December 2023 (2022: Nil).

J Other Transactions with KMP

There were no transactions with KMP during the year ended 31 December 2023.

The following director fees are outstanding to related parties as at 31 December 2023 and are included within Trade and Other Payables (current):

	2023 $	2022 $
Director fees payable to Pouvoir Pty Ltd, an entity related to Mr Russell Brimage	15,000	8,250
	15,000	**8,250**

End of Audited Remuneration Report.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

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

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

ENVIRONMENTAL REGULATIONS

The Group is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

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 purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

AUDITOR

HLB Mann Judd (WA Partnership) continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF HLB MANN JUDD

There are no officers of the Company who are former partners of HLB Mann Judd (WA Partnership).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 31 December 2023 has been received and included within these financial statements.

SHARES UNDER OPTION

At the date of this report there were the following unissued ordinary shares for which options or performance rights were outstanding:

- 32,150,000 unlisted options expiring 30 June 2025, exercisable at $0.025 per option.
- 7,000,000 unlisted options expiring 30 May 2028, nil exercise price.
- 44,000,000 unlisted options expiring 25 October 2026, nil exercise price.
- 44,000,000 performance rights expiring 30 June 2027.

DIRECTORS' REPORT

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares issued during the year ended 31 December 2023 and up to the date of this report on the exercise of options.

NON-AUDIT SERVICES

There were no non-audit services provided by the Company's auditors in the current financial year.

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

Avon McIntyre
Executive Director and Chief Technical Officer
25 March 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of HyTerra Ltd for the year ended 31 December 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 audit; and

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

Perth, Western Australia
25 March 2024

N G Neill
Partner

hlb.com.au

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	Note	2023 $	2022 $
Revenue from continuing operations			
Other income	4	27,974	7,806
Expenses			
Administrative expenses	5(a)	(629,521)	(531,867)
Advertising and marketing		(49,508)	-
Compliance and regulatory expenses		(80,130)	(156,009)
Depreciation expense		(31,881)	(19,992)
Employee benefit expenses	5(b)	(725,511)	(292,200)
Exploration expenses		-	(22,000)
Finance costs		(1,550)	(68,153)
Occupancy expenses		(34,361)	(17,321)
Share-based payments	16	(315,562)	(161,314)
Other expenses		(20,439))	(16,443)
Loss from continuing operations before income tax		**(1,860,489)**	**(1,277,493)**
Income tax expense	6	-	-
Loss from continuing operations after income tax		**(1,860,489)**	**(1,277,493)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(64,636)	-
Other comprehensive loss for the year, net of tax		**(64,636)**	**-**
Total comprehensive loss attributable to the members of HyTerra Ltd		**(1,925,125)**	**(1,277,493)**
Loss per share for the year attributable to the members HyTerra Ltd:			
Basic loss per share (cents)	7	(0.33)	(1.09)
Diluted loss per share (cents)	7	(0.33)	(1.09)

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 31 December 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	8	793,406	4,604,762
Trade and other receivables	9	65,161	122,985
Total current assets		**858,567**	**4,727,747**
Non-current assets			
Property, plant and equipment		4,646	2,454
Capitalised exploration and evaluation assets	10	9,032,372	5,950,778
Right-of-use assets		6,935	33,861
Total non-current assets		**9,043,953**	**5,987,093**
Total assets		**9,902,520**	**10,714,840**
LIABILITIES			
Current liabilities			
Trade and other payables	11	182,667	294,029
Lease liability	12	9,173	26,252
Provisions	13	39,248	-
Borrowings		-	5,156
Total current liabilities		**231,088**	**325,437**
Non-current liabilities			
Lease liability	12	-	9,173
Total non-current liabilities		**-**	**9,173**
Total liabilities		**231,088**	**334,610**
Net assets		**9,671,432**	**10,380,230**
EQUITY			
Contributed equity	14	47,975,878	47,225,113
Reserves	15	3,721,599	3,320,673
Accumulated losses		(42,026,045)	(40,165,556)
Total equity		**9,671,432**	**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 Financial Year Ended 31 December 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 year	-	-	(1,860,489)	(1,860,489)
Exchange differences on translation of foreign operations	-	(64,636)	-	(64,636)
Total comprehensive loss for the year after tax	**-**	**(64,636)**	**(1,860,489)**	**(1,925,125)**
Transactions with owners in their capacity as owners:				
Issue of shares	916,000	-	-	916,000
Share issue costs	(208,834)	150,000	-	(58,834)
Share issue costs (reversal)	43,599	-	-	43,599
Share-based payments	-	315,562	-	315,562
At 31 December 2023	**47,975,878**	**3,721,599**	**(42,026,045)**	**9,671,432**

	Contributed equity $	Reserves $	Accumulated Losses $	Total $
At 1 April 2022	**37,232,495**	**906,767**	**(38,888,063)**	**(748,801)**
Loss for the year	-	-	(1,277,493)	(1,277,493)
Total comprehensive loss for the year after tax	**-**	**-**	**(1,277,493)**	**(1,277,493)**
Transactions with owners in their capacity as owners:				
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
At 31 December 2022	**47,225,113**	**3,320,673**	**(40,165,556)**	**10,380,230**

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 Financial Year Ended 31 December 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,707,725)	(1,244,669)
Interest and other finance costs paid		(1,550)	(32,461)
Interest received		27,974	7,806
Net cash used in operating activities	8	**(1,681,301)**	**(1,269,324)**
Cash flows from investing activities			
Payments made for exploration and evaluation		(2,935,422)	(22,000)
Payments for property, plant and equipment		(7,147)	(2,454)
Net cash used in investing activities		**(2,942,569)**	**(24,454)**
Cash flows from financing activities			
Proceeds from the issue of shares		916,000	5,590,535
Share issue costs		(58,834)	-
Repayment of convertible notes		(5,156)	-
Repayment of lease liabilities		(26,252)	(19,436)
Net cash from financing activities		**825,758**	**5,571,099**
Net (decrease) / increase in cash and cash equivalents		**(3,798,112)**	**4,277,321**
Cash and cash equivalents at the beginning of the year		4,604,762	327,441
Effect of exchange rate fluctuations on cash held		(13,244)	-
Cash and cash equivalents at the end of the year	8	**793,406**	**4,604,762**

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) Reporting Entity

HyTerra Ltd (referred to as "Company" or "parent entity") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group").

(b) Basis of Preparation

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

Basis of measurement
The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 23.

New and revised Accounting Standards and Interpretations adopted by the Group
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 Australian Accounting Standards or Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted for the annual reporting period ended 31 December 2023. The Group has not assessed the impact of these new or amended Accounting Standards and Interpretations.

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

(b) Going Concern

As disclosed in the financial statements, the Group incurred a loss of $1,860,489, and had net cash outflows from operating and investing activities of $1,681,301 and $2,942,569 respectively for the year ended 31 December 2023. As at that date, the Group has net assets of $9,671,432. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(c) Comparatives

Comparative balances for the Group are for the financial period 1 April 2022 to 31 December 2022, due to change in year end in the previous financial period.

(d) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HyTerra Ltd ('Company' or 'parent entity') as at 31 December 2023 and the results of all subsidiaries for the year then ended. HyTerra Ltd and its subsidiaries together are referred to in this financial report as the consolidated entity, or Group.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(e) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(f) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions in these financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Exploration and evaluation expenditure
Exploration and evaluation expenditure have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees or suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Hoadley ES02 model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 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 it 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 4 REVENUE AND OTHER INCOME

	2023 $	2022 $
Interest income	27,974	7,806
	27,974	**7,806**

Accounting Policy

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

NOTE 5 EXPENSES

	2023 $	2022 $
(a) Administrative and corporate expenses		
Accounting and audit fees	34,865	75,661
Consultancy and professional fees	309,610	220,151
Travel and accommodation expenses	46,687	-
Legal fees	110,536	214,209
General and administrative expenses	127,823	21,846
	629,521	**531,867**
(b) Employee benefits expense		
Wages & Salaries	650,383	277,789
Superannuation	35,880	14,411
Annual leave expense	39,248	-
	725,511	**292,200**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 INCOME TAX	**2023 $**	**2022 $**
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	**-**	**-**
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(1,860,489)	(1,277,493)
Prima facie tax benefit on loss before income tax at 30% (2022: 26%)	**(558,147)**	**(332,148)**
Non-deductible expenses	12,570	248,508
Current year losses for which no deferred tax asset was recognised	545,577	83,640
Income tax expense	**-**	**-**
(c) Unrecognised temporary differences		
Accruals and other creditors	-	-
Share-based payments	465,562	161,314
Unrecognised deferred tax assets relating to the above temporary differences	**465,562**	**161,314**

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 31 December 2023 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time.

The benefit for tax losses will only be obtained if:

(i) The Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) The Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and

(iii) There are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

Accounting Policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 INCOME TAX (CONTINUED)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2023 $	2022 $
Net loss for the period	(1,860,489)	(1,277,493)
Weighted average number of ordinary shares for basic and diluted loss	567,756,581	117,539,799

Options on issue are not considered dilutive to the earnings per share as the Company is in a loss-making position. The convertible notes issued during the previous period were not dilutive, so the calculation excludes the impact of the shares potentially issuable. Consequently, the dilutive earnings per share is equivalent to the basic earnings per share.

	2023	2022
Continuing operations		
- Basic and diluted loss per share (cents)	**(0.33)**	**(1.09)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 LOSS PER SHARE (CONTINUED)

Accounting Policy

Basic earnings per share
Basic earnings per share are calculated by dividing:

- The profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 8 CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank and in hand	793,406	4,604,762
	793,406	**4,604,762**

(a) Reconciliation of net loss after tax to net cash outflows from operations

	2023 $	2022 $
Loss for the financial period	(1,860,489)	(1,277,493)
Adjustments for:		
Share-based payments	315,562	161,314
Depreciation	31,881	19,992
Exploration written off transferred to Investing activities	-	22,000
Changes in assets and liabilities		
Trade and other receivables	(57,824)	(82,766)
Trade and other payables	(110,431)	(112,371)
Net cash used in operating activities	**(1,681,301)**	**(1,269,324)**

(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 in the prior financial period.
- Exploration and evaluation expenditure acquired as part of the shares and options-based consideration for Neutralysis Industries Pty Ltd – Note 10 and Note 24.

Accounting Policy
Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 TRADE AND OTHER RECEIVABLES	2023 $	2022 $
GST receivable	34,568	103,059
Other deposits and receivables	30,593	19,926
	65,161	**122,985**

Allowance for expected credit losses
The Group did not recognise any loss in the profit or loss in respect of the expected credit losses for the year ended 31 December 2023 and 31 December 2022, due to the nature of the receivables.

Accounting Policy

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset of the assets or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

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

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

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

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE	2023 $	2022 $
Carrying amount of exploration and evaluation expenditure	**9,032,372**	**5,950,778**
At the beginning of the year	5,950,778	-
Additions capitalised during the period	3,081,594	-
Acquired as part of acquisition of subsidiary (Note 24)	-	5,950,778
At the end of the year	**9,032,372**	**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

Accounting Policy
Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

NOTE 11 TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade payables [(i)]	129,153	168,066
Accrued expenses	35,000	58,423
Other payables	18,514	67,540
	182,667	**294,029**

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

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

NOTE 12 LEASE LIABILITY

	2023 $	2022 $
Current lease liability	9,173	26,252
Non-current lease liability	-	9,173
	9,173	**35,425**

Accounting Policy

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 LEASE LIABILITY (CONTINUED)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 13 PROVISIONS

	2023 $	2022 $
Annual leave entitlements	39,248	-
	39,248	**-**

Accounting Policy

Employee Benefits

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

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

NOTE 14 CONTRIBUTED EQUITY

(a) Issued and fully paid	2023 No.	2023 $	2022 No.	2022 $
Ordinary shares	**606,502,882**	**47,975,878**	**555,702,882**	**47,225,113**

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Movement reconciliation	Date	Number	Issue Price	$
At 1 April 2022		**71,996,054**		**37,232,495**
Issued on conversion of convertible note		114,166,682	$0.006	685,000
Consolidation of capital		(130,314,054)	-	-
Issued during the period		499,854,200	$0.02	9,307,618
At 31 December 2022		**555,702,882**		**47,225,113**
Vesting of performance rights - Avon McIntyre	22/02/2023	5,000,000	-	-
Placement	30/10/2023	45,800,000	$0.02	916,000
Share issue costs		-	-	(208,834)
Share issue costs (reversal)		-	-	43,599
At 31 December 2023		**606,502,882**		**47,975,878**

Accounting Policy
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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTE 15 RESERVES	2023 $	2022 $
Share-based payments	3,737,746	3,272,184
Foreign currency translation reserve	(64,636)	-
Other reserves	48,489	48,489
	3,721,599	**3,320,673**
<u>**Movement reconciliation**</u>		
Share-based payments reserve		
Balance at the beginning of the year	3,272,184	859,970
Equity settled share-based payment transactions (Note 16)	465,562	2,412,214
Balance at the end of the year	**3,737,746**	**3,272,184**
Foreign currency translation reserve		
Balance at the beginning of the year	-	-
Exchange differences on translation of foreign operations	(64,636)	-
Balance at the end of the year	**(64,636)**	**-**
Other reserves		
Balance at the beginning of the year	48,489	46,797
Equity component of convertible notes	-	1,692
Balance at the end of the year	**48,489**	**48,489**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 RESERVES (CONTINUED)

Share-based payment reserve
The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

Foreign currency translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

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 16 SHARE-BASED PAYMENTS	**2023 $**	**2022 $**
Unlisted options issued	19,925	2,281,650
Options issued to Directors	112,251	-
Options issued to Lead Manager	150,000	-
Amortisation of performance rights issued in the prior year	183,386	130,564
	465,562	**2,412,214**
Reconciliation:		
Recognised as share-based payment expenses in the Statement of Profit or Loss and Other Comprehensive Income	315,562	161,314
Recognised as share issue costs in equity	150,000	-
	465,562	**161,314**

(a) Unlisted Options

Set out below is a summary of unlisted options granted as share-based payments:

2023							
Grant date	**Expiry date**	**Exercise price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Transferred to Listed Options**	**Balance at the end of the year**
14-09-2022	30-06-2025	$0.025	32,150,000	-	-	-	32,150,000
14-09-2022	30-06-2025	$0.025	194,850,000	-	-	(194,850,000)	-
27-03-2023	30-06-2025	$0.025	-	2,500,000(i)	-	(2,500,000)	-
30-05-2023	30-05-2028	$0.000	-	5,000,000(ii)	-	-	5,000,000
25-10-2023	25-10-2026	$0.000	-	44,000,000(iii)	-	-	44,000,000
25-10-2023	30-05-2028	$0.000	-	2,000,000(iii)	-	-	2,000,000
			32,150,000	**53,500,000**	**-**	**(197,350,000)**	**83,150,000**
Weighted average exercise price			$0.010				

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.25 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONTINUED)

(i) On 13 April 2023, the Company issued 2,500,000 unlisted options with an exercise price of $0.025, expiring 30 June 2025. On 21 November 2023, the Company applied for the quotation of these options along with 194,850,000 options on the same terms.

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) The Company issued Zero Exercise Price Options (ZEPOs) to Mr Benjamin Mee as part of his remuneration package as Executive Director as approved by shareholders at the Annual General Meeting 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 $55,959 has been recognised in this financial period in relation to these options and the options issued to Mr Mee on 30 May 2023.

Black Scholes Valuation Model	
	Class A
Grant Date	25/10/2023
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) On 25 October 2023, the Company issued 46,000,000 Zero Exercise Price Options (ZEPOs) to Directors and employees to provide a performance linked incentive component in their remuneration package.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONTINUED)

The Company issued Zero Exercise Price Options (ZEPOs) to Directors and employees as approved by shareholders at the General Meeting held on 25 October 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 ($0.02). ZEPOs have been recognised over the period to which they relate, therefore, only a partial expense of $56,292 has been recognised in this financial period in relation to these options.

Black Scholes Valuation Model					
	Class A	**Class B**	**Class C**	**Class D**	**Class E**
Grant Date	25/10/2023	25/10/2023	25/10/2023	25/10/2023	25/10/2023
Expiry Date	25/10/2026	25/10/2026	25/10/2026	25/10/2026	25/10/2026
Share Price at Grant Date	$0.02	$0.02	$0.02	$0.02	$0.02
Strike (Exercise) Price	N/A	N/A	N/A	N/A	N/A
Volatility	N/A	N/A	N/A	N/A	N/A
Risk-free Rate (at date of issue)	N/A	N/A	N/A	N/A	N/A
Number of ZEPOs Granted	2,000,000	13,000,000	13,000,000	13,000,000	5,000,000
Dividend Yield	0%	0%	0%	0%	0%
Fair value per option	$0.02	$0.02	$0.02	$0.02	$0.02
Total fair value of ZEPOs	$40,000	$260,000	$260,000	$260,000	$100,000

Vesting conditions of the Zero Exercise Price Options

Class	Number of ZEPOs	Vesting Condition	Expiry Date
Class A	7,000,000	The holder serving 12 months of continuous service with the Company (as a director, consultant or employee of the Company), commencing from the date of employment commencement date	Five (5) years from the date of issue
Class B	13,000,000	The Company reaching a lease holding of equal to or more than 15,000 net mineral acres across the Nemaha Ridge project area in Kansas, USA.	Three (3) years from issue date.
Class C	13,000,000	Upon a well drilling program in Kansas passing a minimum total vertical drilled depth of 3000ft.	Three (3) years from issue date
Class D	13,000,000	Upon an independent analysis of a gas sample recovered to the surface in a well operated by the Company, with a composition of greater than 50% combined volume of hydrogen and helium and less than 20% combined volume of methane and carbon dioxide.	Three (3) years from issue date
Class E	5,000,000	The Company achieving a volume weighted average price (based on closing prices) of at least $0.05 over 30 consecutive trading days on which trades in Shares were recorded.	Three (3) years from issue date

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONTINUED)

(b) Listed Options

Set out below is a summary of listed options granted during the year:

2023 **Grant date**	**Expiry date**	**Exercise price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Expired/ forfeited/ other**	**Balance at the end of the year**
30-10-2023	31-10-2025	$0.030	-	30,533,334[v]	-	-	30,533,334
30-10-2023	31-10-2025	$0.030	-	15,000,000[iv]	-	-	15,000,000
21-11-2023	30-06-2025	$0.025	-	-	-	197,350,000[vi]	197,350,000
			-	**45,533,334**	**-**	**197,350,000**	**242,883,334**

(iv) On 30 October 2023, the Company issued 15,000,000 options to Indian Ocean Securities Pty Ltd ("IOS") who acted as Lead Manager and broker for the Placement completed in October 2023. The options were deemed to have a value of $0.01 per option.

(v) In addition, 30,533,334 options were issued. These options are free attaching options to the Placement shares issued on a 2:3 basis.

(vi) On 21 November 2023, the Company applied for the quotation of 197,350,000 options.

(c) Performance Rights

Set out below is a summary of performance rights granted in prior periods as share-based payments:

2023 **Tranche**	**Grant Date**	**Expiry date**	**Balance at the start of the year**	**Granted**	**Vested during the year**	**Cancelled/ Other**	**Balance at the end of the year**
A	10-10-2022	30-06-2027	22,000,000	-	-	-	22,000,000
B	10-10-2022	30-06-2027	22,000,000	-	-	-	22,000,000
C	10-10-2022	30-06-2027	5,000,000	-	(5,000,000)	-	-
			49,000,000	**-**	**(5,000,000)**	**-**	**44,000,000**

(vii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONTINUED)

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
- Vested during the year.

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: 5 years;
v) Risk free rate: 3.1128%

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

Accounting Policy
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Hoadley ESO2 valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONTINUED)

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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

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

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

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

NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2023 $	2022 $
Financial Assets		
Cash and cash equivalents	793,406	4,604,762
	793,406	**4,604,762**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	2023 $	2022 $
Financial Liabilities		
Trade and other payables	182,667	294,029
Lease liabilities	9,173	26,252
Borrowings	-	5,156
	191,840	**325,437**

(a) Market risk

(i) Foreign exchange risk
Foreign currency risk sensitivity analysis

The Group's exposure to foreign currency risk at the reporting date was as follows:

	Assets	
	2023 $	2022 $
US dollars	57,668	-

(ii) Interest rate risk
The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2023		2022	
	Weighted average interest rate (i) %	Balance $	Weighted average interest rate (i) %	Balance %
Cash and cash equivalents	1.13%	793,406	1.10%	4,604,762

(i) This interest rate represents the average interest rate for the year.

Sensitivity
Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year/period, using the observed range of historical rates for the preceding two-year period.

At 31 December 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Judgements of reasonably possible movements:	Loss higher/(lower) 2023 $	2022 $
+ 1.0% (100 basis points)	7,934	16,594
- 1.0% (100 basis points)	(7,934)	(16,594)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the financial position and notes to the financial statements. The Group does not hold any collateral.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

	1 year or less $	1-5 years $	> 5 years $	Total $
2023				
Trade and other payables	182,667	-	-	182,667
Lease liabilities	9,173	-	-	9,173
	191,840	**-**	**-**	**191,840**
2022				
Trade and other payables	294,029	-	-	**294,029**
Lease liabilities	26,252	9,173	-	**35,425**
Borrowings	5,156	-	-	**5,156**
	325,437	**9,173**	-	**334,610**

(d) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Given the stage of the Group's development there are no formal targets set for return on capital. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

Accounting Policy

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

NOTE 18 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2023 $	2022 $
Short-term benefits	511,403	277,789
Post-employment benefits	22,418	14,411
Share-based payments	235,833	157,146
	769,654	**449,346**

Information regarding individual Directors compensation and equity instruments disclosures is provided in the Remuneration Report section of the Directors' Report.

(b) Transactions with related parties

There were no transactions with related parties during the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 RELATED PARTY DISCLOSURE (CONTINUED)

In the prior financial period, 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. $30,645 in relation to the above services was billed and was outstanding as at 31 December 2022.

In the prior financial period, Vestigo Pty Ltd an entity controlled by Luke Velterop invoiced consulting fees of $107,000 in respect of consulting services provided during the period to the Group; there is no amount outstanding as at 31 December 2022.

(c) Amounts payable to/ (receivable from) related parties

The following director fees are outstanding to related parties as at 31 December 2023 and are included within Trade and Other Payables (current):

	2023 $	2022 $
Trade and other payables to related parties:		
Director fees payable to Pouvoir Pty Ltd, an entity related to Mr Russell Brimage	16,500	8,250

(d) Loans with related parties

There were no loans during the year ended 31 December 2023 (2022: Nil).

There were no other transactions with related parties during the year ended 31 December 2023.

NOTE 19 COMMITMENTS

(a) Capital Expenditure Commitments

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

(b) Tenement Commitments

As at 31 December 2023, the Group does not have work program commitments on any of its lease holdings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 CONTINGENT LIABILITIES

Contingent liabilities
There are no contingent assets at 31 December 2023 (2022: Nil).

Contingent assets
There are no contingent assets at 31 December 2023 (2022: Nil).

NOTE 21 AUDITOR'S REMUNERATION

	2023 $	2022 $
Amounts received or due and receivable by HLB Mann Judd for:		
Audit and review of the financial reports	35,592	28,955
Other services		
- Preparation of Independent Limited Assurance Report	-	20,150
	35,592	**49,105**

NOTE 22 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Tango Energy Inc[1]	Oil & gas exploration	USA	100%	100%
Neutralysis Industries Pty Ltd	Hydrogen investment	Australia	100%	100%
HYT USA LLC [2]	Oil & gas exploration	USA	100%	0%
HYT Operating LLC [3]	Oil & gas exploration	USA	100%	0%
HYT SEA Pty Ltd [4]	Oil & gas exploration	Australia	100%	0%

1. Tango Energy Inc is a dormant entity and is not consolidated.
2. HYT USA LLC was incorporated in 22 November 2022.
3. HYT Operating LLC was incorporated in 22 November 2022. HYT Operating holds the Group's Kansas lease holdings.
4. HYT SEA Pty Ltd was incorporated on 15 November 2023. Currently, the Company is dormant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 PARENT ENTITY	2023 $	2022 $
Assets		
Current assets	800,876	4,707,963
Non-current assets	9,042,871	5,947,215
Total assets	**9,843,747**	**10,655,178**
Liabilities		
Current liabilities	187,315	265,437
Non-current liabilities	-	9,173
Total liabilities	**187,315**	**274,610**
Equity		
Contributed equity	47,975,878	47,225,113
Reserves	3,786,235	3,320,673
Accumulated losses	(42,105,681)	(40,165,218)
Total equity	**9,656,432**	**10,380,568**
Loss for the year	(1,940,463)	(1,277,155)
Total comprehensive loss	**(1,940,463)**	**(1,277,155)**

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2023 and 31 December 2022, other than as disclosed in Note 20.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2022.

Lease commitments
The parent entity had no lease commitments as at 31 December 2023 and 31 December 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24 ASSET ACQUISITION

During the previous financial 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' deemed that this was not an acquisition that resulted in a business combination and therefore accounted for the transaction as an asset acquisition in the following manner:

	2022
	$
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**

NOTE 25 EVENTS AFTER THE REPORTING DATE

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date.

b) The financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1(b) to the financial statements.

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

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

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

Avon McIntyre
Executive Director and Chief Technical Officer
25 March 2024

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group 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 2023 and of its financial performance for the year 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 (including Independence Standards)* ("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.

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 Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, 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
Carrying amount of exploration and evaluation assets Refer to Note 12	
The carrying amount of exploration and evaluation assets as at 31 December 2023 is $9,032,372. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Company capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition. Our audit focused on the Company's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is the most significant asset of the Company.	We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. Our procedures included but were not limited to the following: – We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; – We considered the Directors' assessment of potential indicators of impairment; – We obtained evidence that the Company has current rights to tenure of its areas of interest; – We discussed with management the nature of planned ongoing activities; – We substantiated a sample of expenditure by agreeing to supporting documentation; and – We examined the disclosures made in the financial report.

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 Group's annual report for the year ended 31 December 2023, 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.

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 Group'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 Group'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, actions taken to eliminate threats or safeguards applied.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of HyTerra Ltd for the year ended 31 December 2023 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
25 March 2024

N G Neill
Partner

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of HyTerra Ltd is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at https://hyterra.com/corporate-directory.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 15 March 2024 except where otherwise stated.

1. Quoted Securities

Ordinary shares

The Company's issued capital comprised of 606,502,882 fully paid shares held by 1,050 holders. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company 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.

Distribution of holders of equity securities and marketable parcel

Fully paid ordinary shares	Holders	Total Units	% issued
1-1,000	375	85,386	0.01%
1,001 – 5,000	109	275,305	0.05%
5,001 – 10,000	29	211,569	0.03%
10,001 – 100,000	167	9,519,831	1.57%
Over 100,001	369	596,410,791	98.34%
	1,049	**606,502,882**	**100%**

There are 560 shareholders with less than a marketable parcel of $500 based on a share price of $0.019.

ASX ADDITIONAL INFORMATION

Top 20 Shareholders

Position	Holder Name	Holding	% IC
1	SUNSHORE HOLDINGS PTY LTD	24,500,000	4.04%
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	22,691,679	3.74%
3	POUVOIR PTY LTD	19,900,000	3.28%
3	ROBERT FRANCIS DAVIES	19,900,000	3.28%
4	MR ADRIAN STEPHEN PAUL & MRS NOELENE FAYE PAUL <ZME SUPERANNUATION FUND A/C>	19,750,000	3.26%
5	MR AHMAD FUAD BIN MD ALI	15,000,000	2.47%
6	JUNEDAY PTY LTD	13,750,000	2.27%
7	TIMRIKI PTY LTD <TIMRIKI A/C>	13,480,993	2.22%
8	MR BRENDAN BARTHOLEMEW EGAN	12,300,000	2.03%
9	CINTRA HOLDINGS PTY LTD <THE CINTRA A/C>	11,980,993	1.98%
10	LJM CAPITAL CORPORATION PTY LTD	11,434,629	1.89%
11	MR PING HUNG LAU	10,150,000	1.67%
12	MR STEFAN GEORGE TODOROSKI	10,000,000	1.65%
12	MOUTIER PTY LTD	10,000,000	1.65%
13	KKSH HOLDINGS LTD	9,000,000	1.48%
14	MR AHMAD FUAD BIN MD ALI	8,500,000	1.40%
15	CITICORP NOMINEES PTY LIMITED	8,402,873	1.39%
16	MELVIN PEEBLES PTY LTD <NERD FAMILY SUPER FUND A/C>	8,000,000	1.32%
17	MR MICHAEL MARNEWICK	7,720,000	1.27%
18	MR LAU PING HUNG	7,210,078	1.19%
19	MS MAYA PRANOTO & MR NORMAN KA-MENG LIP <MANOR VENTURES A/C>	7,000,000	1.15%
20	ALLGREEN HOLDINGS PTY LTD	6,500,000	1.07%
20	LAU PING HUNG	6,500,000	1.07%
	Total	**283,671,245**	**46.77%**
	Total issued capital - selected security class(es)	**606,502,882**	**100.00%**

Substantial shareholders

There are no substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001.

Options

The Company has two classes of Listed Options, as follows.

1. 197,350,000 HYTOA listed options held by 89 holders with an exercise price of $0.03 and are exercisable on or before 30 June 2025. Share options carry no voting rights.
2. 45,533,334 HYTO listed options held by 83 holders with an exercise price of $0.03 and are exercisable on or before 31 October 2025. Share options carry no voting rights.

ASX ADDITIONAL INFORMATION

Distribution of holders of HYTO - LISTED OPTIONS @ $0.03 EXP 31/10/2025

HYTO - Listed Options	Holders	Total Units	% issued
1-1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	53	1,766,667	3.88%
Over 100,001	30	43,766,667	96.12%
	83	**45,533,334**	**100%**

Top 20 Optionholders – HYTO

Position	Holder Name	Holding	% IC
1	MR ADRIAN STEPHEN PAUL & MRS NOELENE FAYE PAUL <ZME SUPERANNUATION FUND A/C>	6,541,667	14.37%
2	JUNEDAY PTY LTD	4,166,667	9.15%
3	MR STEFAN GEORGE TODOROSKI	3,833,333	8.42%
4	CROESUS MINING PTY LTD <STEINEPREIS SUPER FUND A/C>	3,333,333	7.32%
5	COLOSSEUM SECURITIES PTY LTD <THE GIGLIA FAMILY A/C>	3,100,000	6.81%
6	JUNEDAY PTY LTD	2,375,000	5.22%
7	GAZUMP RESOURCES PTY LTD	2,100,000	4.61%
8	LJM CAPITAL CORPORATION PTY LTD	2,000,000	4.39%
9	MR PING HUNG LAU	1,833,333	4.03%
10	JC NEXTGEN PTY LTD <DAPAT NEXEGEN CAPITAL A/C>	1,800,000	3.95%
11	REPLAY HOLDINGS PTY LTD <SUNSET SUPER FUND A/C>	1,666,667	3.66%
11	SPECTRUM METALLURGICAL CONSULTANTS PTY LTD <THE CHADWICK SUPER FUND A/C>	1,666,667	3.66%
12	PASS RIVER PTY LTD <PASS RIVER SUPERFUND A/C>	1,400,000	3.07%
13	MR ASHUTOSH CHOUDHARY	1,033,333	2.27%
14	AQUAVIVA INVESTMENTS PTY LTD <MATTIACCIO INVESTMENT A/C>	996,666	2.19%
15	GEOSAN (WA) PTY LTD <GEOSAN SUPERANNUATION A/C>	833,333	1.83%
16	MR RICHARD CHARLES GRIGG	666,667	1.46%
16	NEAVE TRADING PTY LTD	666,667	1.46%
16	CAMREB INVESTMENTS PTY LTD <CAMREB INVESTMENT A/C>	666,667	1.46%
17	MR NORMAN KA-MENG LIP & MS MAYA PRANOTO <MANOR VENTURES A/C>	500,000	1.10%
18	MR KEVIN FABIAN COUTINHO	433,333	0.95%
19	MR JEFFREY GRAHAM STEPHEN GOODALL	333,333	0.73%
19	GOLDEN WEST CORPORATION PTY LTD <THE GOLDEN A/C>	333,333	0.73%
20	FINCLEAR SERVICES NOMINEES PTY LIMITED <ACCUM A/C>	266,667	0.59%
	Total	**42,546,666**	**93.44%**
	Total issued capital - selected security class(es)	**45,533,334**	**100.00%**

ASX ADDITIONAL INFORMATION

Distribution of holders of HYTOA - LISTED OPTIONS @ $0.025 EXP 30/06/2025

HYTOA - Listed Options	Holders	Total Units	% issued
1-1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	2	200,000	0.10%
Over 100,001	87	197,150,000	99.90%
	89	**197,350,000**	**100%**

Top 20 Optionholders -HYTOA

Position	Holder Name	Holding	% IC
1	ROBERT FRANCIS DAVIES	19,900,000	10.08%
2	MR BRENDAN BARTHOLEMEW EGAN	11,950,000	6.06%
3	SUNSHORE HOLDINGS PTY LTD	10,000,000	5.07%
4	KKSH HOLDINGS LTD	9,000,000	4.56%
5	JUNEDAY PTY LTD	7,500,000	3.80%
5	ADRIAN PAUL & NOELENE PAUL <THE ZME SUPER FUND A/C>	7,500,000	3.80%
6	LAU PING HUNG	6,500,000	3.29%
7	KENNETH BULL	6,250,000	3.17%
8	FERDINAND AZIS <FC BLESSINGS FAM A/C>	5,000,000	2.53%
8	MR KYLE STUART PASSMORE	5,000,000	2.53%
8	ALLGREEN HOLDINGS PTY LTD	5,000,000	2.53%
8	MS MAYA PRANOTO & MR NORMAN KA-MENG LIP <MANOR VENTURES A/C>	5,000,000	2.53%
8	AHMAD FUAD ALI	5,000,000	2.53%
9	123 HOME LOANS PTY LTD	4,000,000	2.03%
10	LJM CAPITAL CORPORATION PTY LTD <THE NOBLE CAPITAL A/C>	3,750,000	1.90%
11	KMC AUTOMATION PTY LTD	3,500,000	1.77%
12	MR QIANG LONG CHRISTOPHER NG	2,500,000	1.27%
12	TIMRIKI PTY LTD <THE TIMRIKI A/C>	2,500,000	1.27%
12	PING HUNG LAU	2,500,000	1.27%
12	MR STEFAN GEORGE TODOROSKI	2,500,000	1.27%
12	MR LAWRENCE DAVIS <L D SMSF A/C>	2,500,000	1.27%
12	MRS SUSAN PASSMORE	2,500,000	1.27%
12	GLENN ALAN DALGLEISH	2,500,000	1.27%
12	MRS DOROTHY JUNE KITTO	2,500,000	1.27%
12	CINTRA HOLDINGS PTY LTD <CINTRA A/C>	2,500,000	1.27%
12	MS SHARON LEE COLBRAN	2,500,000	1.27%
12	TECHNITEMP AUSTRALIA PTY LTD	2,500,000	1.27%
12	PINVESTMENT PTY LTD <THE NEULING FAMILY A/C>	2,500,000	1.27%
13	MBM INVESTMENTS PTY LTD <BRETT MCKEON FAMILY A/C>	2,300,000	1.17%
14	MR ROWAN PHILIP MCDONALD	2,250,000	1.14%
15	GAZUMP RESOURCES PTY LTD	2,000,000	1.01%
15	RIYA INVESTMENTS PTY LTD	2,000,000	1.01%
15	COLOSSEUM SECURITIES PTY LTD <THE GIGLIA FAMILY A/C>	2,000,000	1.01%
15	MR RICHARD CHARLES GRIGG	2,000,000	1.01%
16	MR JAMES MICHAEL HUNT	1,500,000	0.76%
16	CHANCERY HOLDINGS PTY LTD <MCKENZIE NO 1 S/F A/C>	1,500,000	0.76%

16	THE KEY COMPANY PTY LTD	1,500,000	0.76%
16	JOTOME SUPER PTY LTD <JOTOME SUPER FUND A/C>	1,500,000	0.76%
16	MR JOHN THEODORE COUFOS	1,500,000	0.76%
16	CHANCERY HOLDINGS PTY LTD <MCKENZIE NO 2 S/F A/C>	1,500,000	0.76%
16	G & P REDFEARN INVESTMENTS P/L <G & P REDFEARN S/F A/C>	1,500,000	0.76%
17	VICENZINA PASSMORE	1,250,000	0.63%
18	CRUSADE HOLDINGS PTY LTD <ROBERT NARDI FAMILY A/C>	1,000,000	0.51%
18	JERANT PTY LTD <JERANT P/L SUPER FUND A/C>	1,000,000	0.51%
18	MR ZACHARY MICHAEL PAUL <THE ZACHARY A/C>	1,000,000	0.51%
18	THOMAS JAMES LOH	1,000,000	0.51%
18	MR FRANCO ANTONIO DI FULVIO & MRS IDA DI FULVIO <FANDI SUPER FUND A/C>	1,000,000	0.51%
18	COWRIE SHELLS PTY LTD <SEACHANGE SUPER FUND A/C>	1,000,000	0.51%
18	MR NILESH PATEL & MRS NEHA PATEL	1,000,000	0.51%
18	CHRISTIAN WILLETT	1,000,000	0.51%
18	MADELEINE SHIRLEY PAUL	1,000,000	0.51%
18	EMILY CHRISTINE PAUL	1,000,000	0.51%
18	J & J ONG SUPERANNUATION PTY LTD <J & J ONG SUPER A/C>	1,000,000	0.51%
19	JANET TUNJIC PTY LTD <TUNOZ FAMILY A/C>	750,000	0.38%
19	MR RENAUD JEAN PHILLIPPE FEILLIAS & MRS NYUK KONG FEILLIAS	750,000	0.38%
19	CG GALVIN FAMILY PTY LTD <CG GALVIN FAMILY A/C>	750,000	0.38%
20	MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C>	500,000	0.25%
20	JOTOME SUPER PTY LTD <JOTOME SUPER A/C>	500,000	0.25%
20	MR MARIO MATTIACCIO & MRS MARIANNINA MATTIACCO	500,000	0.25%
20	MR JOHN O'GORMAN<THE UP NORTH FAMILY A/C>	500,000	0.25%
	Total	**184,400,000**	**93.44%**
	Total issued capital - selected security class(es)	**197,350,000**	**100.00%**

2. Unquoted Securities as at 15 March 2024

- 32,150,000 Unlisted Options held by 6 individual holders with an exercise price of $0.025 and an expiry of 30/06/2025. Share options carry no voting rights.
- 7,000,000 Unlisted Options held by 2 individual holders with Nil exercise price and an expiry of 30/05/2028. Share options carry no voting rights.
- 44,000,000 Unlisted Options held by 5 individual holders with Nil exercise price and an expiry of 25/10/2026. Share options carry no voting rights.
- 44,000,000 Performance Rights held by 5 individual holders. Performance rights carry no voting rights.

ASX ADDITIONAL INFORMATION

3. Number and class of restricted securities

The following securities issued are subject to restrictions pursuant to ASX Listing rules:

- 44,004,200 Fully Paid Ordinary shares restricted for a period of 24 months from the date of re-quotation, being 2 December 2022.
- 32,150,000 Unlisted Options restricted for a period of 24 months from the date of re-quotation, being 2 December 2022.
- 44,000,000 Performance Rights restricted for a period of 24 months from the date of re-quotation, being 2 December 2022.

4. On-market buy back

There is currently no on-market buy back program for any of the Company's securities.

5. Use of funds

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of reinstatement to quotation in a way consistent with its business objectives. The business objective is primarily hydrogen gas exploration and development.

6. Company secretary, registered and principal administrative office and share registry

The Company Secretary is Ms. Hannah Cabatit

The Company's principal and registered office is Unit 9, 335 Hay Street, Subiaco, WA 6008, telephone number 08 6478 7730.

The Company's share register is maintained by Automic Limited, Level 5, 126 Phillip Street, Sydney NSW 2000, telephone number 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

7. Tenement Schedule

a. Farm-in Agreement

Agreement	Project	Location	Holder	Working Interest
Farm-in	Project Geneva	Nebraska & South Carolina, USA	NH2E	16.03%

b. Lease Holdings

Lease Area	County / State	Net Acres	Interest
Nemaha Ridge	Riley, Kansas	341 acres	100%
Nemaha Ridge	Geary, Kansas	2560 acres	100%
Nemaha Ridge	Morris, Kansas	6705 acres	100%