

Entitlement Offer Prospectus

For a pro rata non-renounceable **Entitlement Offer** of:

- 1 New Share for every 3 Existing Shares held on the Record Date, for an issue price of 0.3 cents per New Share; plus
- 1 New Option for every 2 New Shares issued, at a zero issue price exercisable at 0.5 cents expiring 12 months from the issue date

together with a Shortfall Offer for Entitlements not subscribed for.

The Entitlement Offer will be fully underwritten by Peloton Capital Pty Ltd.

**The Entitlement Offer closes at 5.00 pm (Melbourne time) on
Friday, 8 November 2024**

IMPORTANT NOTICE

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY. IF AFTER READING THIS PROSPECTUS YOU HAVE ANY QUESTIONS ABOUT THE SECURITIES BEING OFFERED UNDER THIS PROSPECTUS OR YOU DO NOT UNDERSTAND ITS CONTENTS, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN THE UNITED STATES. THE NEW SHARES AND NEW OPTIONS OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED AS SPECULATIVE.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART or INTO THE UNITED STATES, OR TO US PERSONS.

Important Information

About this document

This Prospectus, prepared by Hydrocarbon Dynamics Limited ABN 75 117 387 354 (HCD or the Company), is dated 10 October 2024 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC, the ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Forward-looking statements

This document contains forward looking statements with respect to the financial condition, results of operations, projects and business of HCD and certain plans and objectives of the management of HCD. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may", "intends", "guidance", "project", "forecast", "target", "likely" and other similar expressions, and include, but are not limited to, statements regarding the outcome and effects of the Entitlement Offer, projections, guidance on future revenues, earnings, dividends and estimates. The forward looking statements contained in this document are not based solely on historical facts but are based on current expectations about future events and results. These forward looking statements are subject to inherent known and unknown risks and uncertainties and other factors which are beyond the control of HCD. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Such risks and uncertainties include factors and risks specific to the operations of HCD, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, forward looking statements are provided as a general guide only and actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

Forward-looking statements in this Prospectus speak only at the date of this Prospectus. Subject to any continuing obligations under applicable law or the ASX Listing Rules, HCD does not in providing this information undertake any obligation to publicly update or revise any of the forward-looking statements for any change in events, conditions or circumstances on which any such statement is based. Accordingly, you are cautioned not to place undue reliance on forward looking statements contained in this document.

Neither HCD, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statement will actually occur.

Information about HCD

HCD's releases periodic and continuous disclosure announcements, including HCD's annual report lodged with ASX on 20 March 2024, which is available on the ASX at www.asx.com.au and HCD's website at www.hydrocarbodynamics.com.

Past performance

Investors should note that HCD's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) HCD's future performance including HCD's future financial position or share price performance.

Foreign jurisdictions

This prospectus and any accompanying Entitlement and Acceptance Form may not be distributed or released in the United States and do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting to the account or benefit of a person in the United States, or in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The distribution by you of this Prospectus (including an electronic copy) outside Australia and New Zealand may be restricted by law. You should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

In particular, the New Shares have not been, and will not be, registered under the US Securities Act of 1933 (Securities Act) or the securities laws of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, directly or indirectly, to persons in the United States or to persons who are acting for, or for the account or benefit of, a person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable US state securities laws.

It is your responsibility to ensure that you comply with any laws of your jurisdiction which are applicable to you and which are relevant to your applying for New Shares under the Entitlement Offer. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand. The distribution of this prospectus (including an electronic copy) outside Australia and New Zealand may be restricted by law. You should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

Nominees

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia and New Zealand except, with the consent of HCD, to beneficial shareholders resident in certain other countries where HCD may determine it is lawful and practical to make the Entitlement Offer.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied on as having been authorised by HCD in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of HCD, or any other person, warrants or guarantees the future performance of HCD or any return on any investment made pursuant to the Entitlement Offer.

No financial product advice

This Prospectus is not financial product advice, does not purport to contain all the information that you may require to make an investment decision, and has been prepared without taking into account your personal investment objectives, financial situation or needs.

Before deciding whether to apply for New Shares under the Entitlement Offer, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If after reading this Prospectus, you have any questions about the Entitlement Offer, you should contact your financial or other professional adviser.

Definitions and references to time

Capitalised words and expressions in this Prospectus have the meanings given in Section 10. A reference to time in this Prospectus is to Melbourne time, unless otherwise stated.

All financial amounts in this Prospectus are references to Australian currency, unless otherwise stated.

Target market determination

In accordance with the design and distribution obligations under section 994B of the Corporations Act, the Company has prepared a target market determination for the offer of New Options issued under this Prospectus. The target market determination outlines the class of consumers for which the New Options has been designed and the criteria for their eligibility having regard to the target market's objectives, financial situation and needs. The Company will only distribute this Prospectus to those investors who fall within the target market determination as set out on ASX at <https://www2.asx.com.au/>.

Date of this document

This Prospectus is dated 10 October 2024.

For any enquiries please call Automic as Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (within and outside Australia), or contact your stockbroker, accountant or other professional adviser.

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Chairman's Letter

10 October 2024

Dear fellow shareholder,

On behalf of the Board of Hydrocarbon Dynamics Limited (**HCD**), it is my pleasure to invite you to participate in a pro rata, non-renounceable entitlement offer of 1 new fully paid ordinary share in HCD (**New Shares**) for every 3 Shares held by you on the Record Date (7.00 pm Melbourne time) on 16 October 2024 at an issue price of 0.3 cents per New Share (**Entitlement Offer**) to raise up to approximately \$808,582 if fully subscribed. In addition, for every 2 New Shares you are issued you will receive 1 accompanying New Option at a zero issue price with an exercise price of 0.5 cents and an expiry date of 15 November 2025.

Funds raised from the Equity Raising (after costs) will be used to support:

- The continued marketing of HCD's key product, HCD Multi-Flow®;
- The continued review of investment opportunities in the energy and energy technology space;
- General working capital requirements.

Overview of Entitlement Offer

The Entitlement Offer is being made to all eligible shareholders as described in Section 4.2 (**Eligible Shareholders**) who are registered as a holder of HCD Shares as at 7.00 pm (Melbourne time) on 16 October 2024 (**Record Date**).

Under the Entitlement Offer, Eligible Shareholders have the opportunity to subscribe for 1 New Share for every 3 Shares of which they are the registered holder at 7.00 pm (Melbourne time) on the Record Date at an issue price of 0.3 cents per New Share (**Issue Price**) with 1 option for every 2 New Shares issued. The Entitlement Offer is non-renounceable. Eligible Shareholders are also invited to apply for additional New Shares (and accompanying New Options) in excess of their entitlement under the Shortfall Offer if there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer.

The Entitlement Offer will be fully underwritten by Peloton Capital Pty Ltd and partially sub-underwritten by a director and a third party.

Action you should take

The Entitlement Offer is scheduled to close at **5.00 pm (Melbourne time) on Friday, 8 November 2024**. If you wish to subscribe for New Shares, you must ensure that your application and payment is received by this time in accordance with the instructions set out in Section 4.6.

This Prospectus contains important information regarding the Entitlement Offer, and I encourage you to read it carefully before making any investment decision. If you have any questions, you should consult your financial or other professional adviser.

For any enquiries please call Automic as Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (within and outside Australia), or contact your stockbroker, accountant or other professional adviser.



Stephen Mitchell

Chairman

Hydrocarbon Dynamics Limited

1. Key Offer Information

1.1 Offer Timetable

Event	Date
Announcement of the Entitlement Offer, and lodgement of this Prospectus with each of ASIC and ASX	Thursday, 10 October 2024
Shares traded on an “ex” entitlement basis	Tuesday, 15 October 2024
Record Date for eligibility to participate in the Entitlement Offer	Wednesday, 16 October 2024
Despatch of Entitlement Prospectus and Entitlement and Acceptance Form to Eligible Shareholders	Friday, 18 October 2024
Entitlement Offer opens	Friday, 18 October 2024
Last date to extend the offer closing date	Tuesday, 5 November 2024
Entitlement Offer closes	Friday, 8 November 2024
Securities quoted on a deferred settlement basis	Monday, 11 November 2024
Shortfall (if any) announced to ASX	Wednesday, 13 November 2024
Settlement of New Shares and New Options under the Entitlement Offer	Thursday, 14 November 2024
Issue of New Shares and New Options under Entitlement Offer	Friday, 15 November 2024
Despatch of Holding Statements	Friday, 15 November 2024

Dates and times in this Prospectus are indicative only and subject to change. Any material changes will be notified to ASX. All dates and times are references to Melbourne time.

HCD reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws and regulations. In particular, HCD reserves the right to extend the Closing Date and/or accept late Applications under the Entitlement Offer without prior notice. Any extension of the Closing Date may have a consequential impact on the date that New Shares are issued and commence trading on the ASX. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.

1.2 Key Issue Details

The capital of the Company as existing on the Record Date will be as set out below. On the above basis, the number of New Shares and New Options offered for subscription under this Prospectus will be as set out in Table B below.

Assuming the Entitlement Offer is fully subscribed the capital structure of the Company on close of the Issue will be as set out in Table C below.

Assuming the Entitlement Offer is fully subscribed the proceeds of the Issue (before expenses of the Offer) will be \$808,582 (approximately).

Existing Capital Structure	Number
Shares on issue at the Announcement Date	808,582,362
Securities offered under the Entitlement Offer	
New Shares offered under the Entitlement Offer	269,527,454
New Options offered under the Entitlement Offer	134,763,727
Capital structure on close of the issue	
Maximum unlisted options on issue on completion of the Entitlement Offer	237,366,139
Maximum Shares on issue on completion of the Entitlement Offer (assuming no options are exercised)	1,078,109,816

2. Capital Raising Overview and Offer Details; Investment Risks

This section details an overview of the proposed capital raising and the key terms and conditions of that raising.

PART A: ABOUT THE RAISING

Question	Answer	Refer to
What is the capital raising?	The Company is seeking to raise approximately \$808,582 (before costs) by offering Shareholders the opportunity to subscribe for one (1) New Share for every three (3) Shares held as at the Record Date. For every two (2) New Shares subscribed for, Shareholders will receive one (1) New Option.	Section 4.1
What are the terms of the Entitlement Offer?	If you are an Eligible Shareholder, then subject to the restrictions referred to in Section 4.5 below, you are entitled to subscribe for one (1) New Share at a price of \$0.003 (0.3 cents) per Share for every three (3) Shares held as at the Record Date. For every two (2) New Shares that you subscribe for, you will receive one (1) New Option.	Section 4.1
What is the Entitlement Offer issue price?	The New Shares are being issued at a price of \$0.003 (0.3 cents) per Share. The accompanying New Options are being issued without any payment at the time of issue but require payment of \$0.005 (0.5 cents) each on exercise.	Section 4.1
What are the terms of the New Options?	Each New Option entitles the holder (“the Optionholder”) to subscribe for a Share and has an exercise price of \$0.005 (0.5 cents) and expires on 15 November 2025. The full terms of the New Options are set out in Section 6.2.	Section 6.2
How much will be raised by the capital raising?	If the Issue is fully subscribed then the Issue will raise approximately \$808,582 before costs.	Section 4.1
What is the purpose of the capital raising and how will the proceeds be used?	Funds raised from the Entitlement Offer will allow the Company to continue marketing HCD’s key product, HCD Multi-Flow®, to continue reviewing investment opportunities in the energy and energy technology space and general working capital requirements.	Section 5.1
What are the key risks involved with an investment in the Company?	There are a number of risks (both specific to the Company and generally) associated with an investment in the Company.	Section 7
What are the costs associated with the Company making the Issue?	The Company estimates that the costs of the Issue will be approximately \$70,000 (excl. GST).	Section 5.1
What effect will the issue of New Shares and New Options under the Issue have on the control of the Company?	If all the Eligible Shareholders subscribe in full for their Entitlements, there will be no effect (that is, no dilution) on their respective Shareholdings or control of the Company. Eligible Shareholders not taking up their Entitlements will have their holdings of Shares diluted.	Sections 4.9 and 5.4
Is the Entitlement Offer underwritten?	The rights issue will be fully underwritten Peloton Capital Pty Ltd and sub underwritten by Mr Shorrocks up to the value of \$75,000 and third party (Underwriters). The underwriting value will be reduced by any take up by the sub-underwriters of their entitlement under the Entitlement Offer.	Section 4.10

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What are the effects of the capital raising on the Company and Shareholders?	The effect of the raising will be to raise approximately \$808,582 (before costs) through the issue of up to approximately 269,527,454 New Shares. This will: <ul style="list-style-type: none"> • provide funds to the Company; and • will result in a dilution of existing Shareholders who do not take up their Entitlements. 	Sections 5.2 and 5.4
Can the Entitlement Offer be withdrawn?	Yes, the Directors reserve the right to not proceed with the Entitlement Offer.	Section 1.1
Where can I find more information on the Company?	For more information on the Company, please refer to the Company's website, www.hydrocarbodynamics.com or the ASX website, www.asx.com.au .	

PART B: SHAREHOLDER ACTIONS: WHAT DO I NEED TO DO?

What is my Entitlement?	If you are an Eligible Shareholder you are entitled to subscribe for one (1) New Share at a price of \$0.003 (0.3 cents) per New Share for every three (3) Shares held as at the Record Date. For every two (2) Shares that are subscribed for, you will receive one (1) New Option.	Section 4.1
Am I an Eligible Shareholder?	You may be eligible if you were a Shareholder as at the Record Date and you satisfy the requirements set out in Section 4.2.	Section 4.2
What can I do with my Entitlement?	Your Entitlement is non-renounceable. This means that you can take up your full Entitlement, take up part of your Entitlement, or do nothing.	Section 4.3
How do I accept the Entitlement Offer?	To accept the Offer make a payment for the New Shares (and accompanying New Options) subscribed for.	Section 4.6
Can I sell or transfer my Entitlement?	As this Offer is non-renounceable, you cannot sell or transfer your Entitlement.	Section 4.3
What happens if I do not take up my Entitlement, or take up only a part of my Entitlement?	Your holding of Shares in the Company will be diluted.	Section 4.9
Can I apply for more New Shares and New Options than my Entitlement?	Yes. You may participate in the Shortfall Offer by applying for more New Shares and New Options than you are entitled to. The Entitlement and Acceptance Form which you will receive with this Prospectus has provision for you to do this. The Board has an absolute discretion to accept or reject any Shortfall Application in whole or in part. Please refer to the Shortfall Offer in Section 4.11.	Section 4.11
Shortfall: being those New Shares and New Options not subscribed for by Eligible Shareholders in accordance with their respective Entitlements	The Shortfall is subject to the Shortfall Offer. Eligible Shareholders may apply for New Shares and New Options (together Shortfall Securities) under the Shortfall Offer. Further the Company may obtain subscriptions for any Shortfall Securities under the Shortfall Offer as contained herein by the Shortfall Closing Date, which is within three (3) months from the Closing Date. In the event that market conditions change such that the Board considers it is not in the best interests of the Company to place Shortfall Securities under the Shortfall Offer, the Shortfall Offer will be closed early or withdrawn at the Board's sole and unfettered discretion.	Section 4.11

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What are the tax implications of participating in the Entitlement Offer or the Shortfall Offer?	Eligible Shareholders should seek their own tax advice in regard to the tax implications of participating in the Entitlement Offer or the Shortfall Offer.	Sections 3.7 and 8.14
What are the rights and liabilities attaching to the New Shares and New Options under the Entitlement Offer?	The rights and liabilities of the New Shares and New Options are detailed in Section 6 of this Prospectus.	Sections 6.1 and 6.2
Who should I contact if I have further enquiries?	Please contact the Share Registry on 1300 288 164 (within Australia) or +61 2 9698 5414 (outside Australia) or the Company (+61 3 9642 0655) for any further enquiries.	Sections 1, 3.7 and 8.15

PART C: ABOUT THE COMPANY

What are the Company's current activities?	The principal activities of the Group are the sale of new clean oil technology products and evaluating, exploring and developing oil prospects and technologies in North America and internationally.	Section 5
What is the key financial information relating to the Company?	Key financial information is summarised in Section 5.3.	Section 5.3
Who are the current Directors of the Company?	Stephen Mitchell, Nicholas Castellano and Ray Shorrocks.	Sections 11 and 5.7
Who are the current Key Management Personnel of the Company?	Nicholas Castellano is Chief Technical Officer.	Sections 11, 5.6 and 5.7
Are there any relevant interests, benefits and related party transactions?	For details of the benefits, related party transactions and Directors' respective interests in the securities of the Company, please refer to Section 8.6, 8.7 and 8.8.	Sections 5.6 and 8.6 – 8.8
What is the Company's capital management policy / dividend policy?	Full details of the Company's capital management policy and dividend policy are available from the Company's website www.hydrocarbodynamics.com.au .	

INVESTMENT RISKS

Shareholders and prospective investors should be aware that subscribing in the Company for New Shares (and accompanying New Options), including under the Shortfall Offer, involves a number of risks.

The risk factors set out in Section 7 of this Prospectus, and other general risks applicable to all investments in listed securities, may affect the value of Shares (and Options) now or in the future.

Accordingly, an investment in the Company should be considered speculative in nature.

Shareholders and prospective investors are encouraged to consider the risk factors set out in Section 7 of this Prospectus prior to making an investment decision.

Some of the key specific risks to which you or the Company are exposed include:

Risk	Summary description	Reference in Prospectus
General Risk	Due to the inherently uncertain nature of the oil and gas industry, the HCD business carries with it various risks. Shareholders should realise that the value of HCD may fluctuate and that a dividend is not expected to be declared by HCD in the medium term. Whilst HCD will attempt to minimise the following risk factors, many of them are beyond its control. This list of risk factors should not be taken as being exhaustive of the risks faced by HCD. These factors and others not specifically referred to may materially affect the performance of HCD and the value of its shares.	Section 7.2(a)
Future Capital Requirements Risk	In order to fund the future growth of the HCD business it will be necessary for the Board to consider HCD's potential capital raising needs notwithstanding the funds raised under the current capital raising.	Section 7.2(b)
Supply and Demand Risk	Activities within the oil and gas industry by its nature are risky. The operations of customers can be affected by a huge number of factors, risks, issues and costs. Competitive pressures can impact on HCD's ability to successfully engage with the more established channel partners.	Section 7.2(e)
Competitor	HCD operates in a competitive environment. Its competitors will compete with HCD in relation to products and in relation to sales price. HCD's competitors may seek to reverse engineer HCD's products.	Section 7.2(f)

3. Important Notes

3.1 Transaction specific prospectus

This Prospectus is a transaction specific prospectus for an offer of securities that are in a class of continuously quoted securities (as defined in the Corporations Act) or options with respect thereto and has been prepared in accordance with section 711, 713, 715A and 716 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.2 Rights attaching to New Shares

From issue, the New Shares issued under this Prospectus will rank equally in all respects with existing Shares. A summary of the important rights attaching to Shares as set out in the Company's Constitution is contained in Section 6.1 of this Prospectus.

3.3 Rights attaching to New Options

From issue, the New Options issued under this Prospectus will have an exercise price of \$0.005 (0.5 cents) and will expire on 15 November 2025. The terms of the New Options are contained in Section 6.2 of this Prospectus. Those terms comply with the requirements of ASX Listing Rules.

3.4 Official Quotation

The Company will make application to ASX within 7 days following the date of this Prospectus for Official Quotation of the New Shares to be offered pursuant to this Prospectus. If approval for Official Quotation of the New Shares is not granted by ASX within 3 months after the date of this Prospectus, the Company will not allot or issue any New Shares (and accompanying New Options) and will repay all application money (where applicable) as soon as practicable, without interest. A decision by ASX to grant Official Quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the New Shares and New Options now offered for subscription.

3.5 Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in the Glossary at Section 10. All references to currency are to Australian dollars and all references to time are to AEDT unless otherwise indicated.

3.6 Investor Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay.

Should you have any questions about the Entitlement Offer or the Shortfall Offer, or how to accept an any such offer, please call HCD's Share Registry on 1300 288 164 (within Australia) or +61 2 9698 5414 (outside Australia) between 9.00am to 7.00pm Monday to Friday or contact the Company directly on +61 3 9642 0655.

3.7 Summary only

The information set out in this Section provides a summary of the information contained in this Prospectus. Applicants should read this Prospectus in its entirety prior to making a decision to accept the Entitlement Offer. If you have any questions about investing in the Company, please contact your stockbroker, accountant or independent financial adviser.

4. Details of the Offer

4.1 The Entitlement Offer

The Entitlement Offer is being made as a non-renounceable offer of one (1) New Share for every three (3) Shares held by Shareholders registered at the Record Date, at an issue price of \$0.003 (0.3 cents) per New Share. Fractional Entitlements will be rounded down to the nearest whole number. For every two (2) New Shares so applied for and issued, Applicants will be granted one (1) New Option.

Based on the capital structure of the Company as at the date of this Prospectus:

- up to 269,527,454 New Shares will be issued pursuant to this Offer to raise up to approximately \$808,582 (before costs); and
- up to 134,763,727 New Options will be granted;

increasing the number of Shares on issue to up to 1,078,109,816 Shares post-Offer and increasing the number of Options to up to 197,369,138 Options.

All of the New Shares offered under this Prospectus will rank equally with all other Shares on issue on the Closing Date. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 5 of this Prospectus.

4.2 Eligible and Ineligible Shareholders

Eligible Shareholders are those persons who:

- a) are registered as holders of Shares on the Record Date (7.00pm, AEDT) on Wednesday, 16 October 2024;
- b) have a registered address on the Company's Share register in Australia or New Zealand;
- c) are not in the United States or are not a citizen or a resident of the United States ("U.S. Person") or any U.S. Person or any person acting for the account or benefit of any U.S. Person; and

d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

HCD is of the view that it is unreasonable to make an offer under the Entitlement Offer to shareholders outside of Australia and New Zealand having regard to:

- (i) the number of Shareholders outside of those jurisdictions as a proportion of total Shareholders in HCD;
- (ii) the number and value of the New Shares and New Options that would have been offered to those Shareholders outside of those jurisdictions; and
- (iii) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or by making a payment by BPAY® or EFT, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder.

Nominees, trustees and custodians are therefore advised to seek independent professional advice as to how to proceed.

4.3 Non-renounceable

The Entitlement Offer is non-renounceable. Eligible Shareholders who do not take up their Entitlements by 5.00pm (AEDT) on the Closing Date, being 5.00PM (AEDT) on Friday, 8 November 2024, will not receive any payment or value for those Entitlements, and their proportionate equity interest in the Company will be diluted. Eligible Shareholders may not sell or transfer their right to apply for New Shares to a third party and any rights or entitlement to New Shares (and New Options) not accepted and taken up by an Eligible Shareholder will lapse.

As an Eligible Shareholder you are entitled to subscribe for that number of New Shares and New Options shown on the personalised Entitlement and Acceptance Form which you receive with this Prospectus.

Additionally, you have the right to make application for Shortfall Securities under the Shortfall Offer by completing the relevant section of your personalised Entitlement and Acceptance Form in accordance with the instructions set out thereon. However, the Board has an absolute and unfettered discretion to accept or reject your Shortfall Application. You should read the terms of the Shortfall Offer at Sections 4.11 and 4.12.

4.4 Minimum subscription

There is no minimum subscription.

4.5 Sections 606 and 611 of the Corporations Act

This Entitlement Issue is not an Entitlement Offer within the meaning of the exception in the table in section 611 of the Corporations Act. The provisions of section 615 of the Corporations Act have not been complied with to so qualify it as such an Entitlement Offer. Consequently, the restrictions in section 606 of the Corporations Act apply with full force and effect.

In the above context, no Shareholder presently has a sufficiently large shareholding in the Company that such Shareholder would be likely to breach the restrictions contained in section 606 of the Corporations Act by taking up its Entitlement in full under the Entitlement Offer.

However, if the Entitlement Offer was so poorly subscribed such that any Eligible Shareholder would, by making an Application, acquire a shareholding in breach of section 606 (whether by taking up its Entitlement or by making Application for Shortfall Securities) such that the Applicant would, or could, thereby acquire voting power in the Company in excess of 20% of the total voting power attached to all Shares on issue subsequent to the close of the Offer if the Application was accepted in full, then the Company will not be able to accept that Application to the extent that it would result in a breach of section 606 and the Company will scale back any such Application so that section 606 of the Corporations Act is not breached. Each Eligible Shareholder, by lodging an Application for New Shares (and New Options), acknowledges and agrees that it cannot make, and the Company cannot accept any such Application to the extent that it would result in a breach of section 606 of the Corporations Act and accepts the right and obligation of the Company to scale back any issue and allotment of New Shares (and New Options) to such Eligible Shareholder so as to avoid any possible breach of section 606 of the Corporations Act and each Eligible Shareholder directs the Company to so act.

4.6 Acceptance

If you are an Eligible Shareholder, you may only accept the Entitlement Offer by making a payment using the personalised payment details accompanying this Prospectus.

If you are an Eligible Shareholder, you may participate in the Offer as follows:

- a) **if you wish to accept your full Entitlement:**
 - i. make your payment by BPAY® or EFT for the amount indicated on the Entitlement and Acceptance Form;
- b) **if you only wish to accept part of your Entitlement:**
 - i. make your payment by BPAY® or EFT for the appropriate application monies; or
- c) if you do **not** wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.7 Payment by BPAY® or EFT

Payment of application monies must be made by BPAY® and EFT, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided to you on that personalised Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that by paying by BPAY® or EFT you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and

- a) if you do not pay for your Entitlements in full, you are deemed to have taken up your Entitlements in respect of such whole number of New Shares and New Options which is covered in full by your application monies.
- b) If your payment exceeds the amount required to pay for your Entitlement, you will be deemed to have made application for Shortfall Securities under the Shortfall Offer and, to that extent, the terms of the Shortfall Offer will apply to your Application.

It is your responsibility to ensure that your BPAY® and EFT payment is received by the share registry by no later than 5:00 pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

If your payment exceeds the amount required to pay for your Entitlement, then subsequent to the Shortfall Closing Date, any application monies received from you in excess of \$1.00 not applied in payment for Shortfall Securities under the Shortfall Offer will be refunded. Any excess funds of \$1.00 or less will not be refunded. No interest will be paid on any application monies received or refunded.

Payments by cash, cheque or money order will not be accepted.

4.8 Dilution as a result of the Entitlement Offer

The Company is offering one (1) New Share for every three (3) Existing Shares on issue, and if all Entitlements are taken up, this will increase the number of Shares on issue by 33.33% which will result in the dilution of holdings of Existing Shares by 33.33%.

Shareholders that do not participate in the Entitlement Offer will (assuming all Shortfall Securities are subscribed for under the Shortfall Offer) have their holdings of Shares diluted by approximately 33.33%.

There are 808,582,362 Shares on issue as at the date of this Prospectus and up to 269,527,454 New Shares are proposed to be issued pursuant to this Offer to increase the number of issued Shares post Offer to up to 1,078,109,816 Shares. The table below illustrates 5 examples of the effect of dilution on Shareholders' holdings of Shares (assuming the Offer is fully subscribed).

Holder	Holding as at Record Date	% capital held pre- Offer	Entitlements under the Offer	Holdings if no New Shares subscribed	% post offer if no New Shares subscribed	Dilution Effect
Shareholder 1	40,000,000	4.95%	8,000,000	40,000,000	3.71%	-33%
Shareholder 2	32,000,000	3.86%	4,000,000	32,000,000	2.97%	-33%
Shareholder 3	16,000,000	1.98%	2,000,000	16,000,000	1.48%	-33%
Shareholder 4	8,000,000	0.99%	1,000,000	8,000,000	0.74%	-33%
Shareholder 5	4,000,000	0.49%	500,000	4,000,000	0.37%	-33%

Note: The dilution effect shown in the table above is the **maximum percentage** on the assumption that those Entitlements that are not accepted are subsequently placed by the Directors or are otherwise subscribed for under the Shortfall Offer (whether by Eligible Shareholders or otherwise). In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed or subscribed for, the dilution effect for each Shareholder not accepting their Entitlements will be lower.

4.9 Dilution Effect of New Options

If all New Options issued pursuant to this Prospectus are exercised, Shareholders who do not take up their Entitlements will be diluted further. That is because those Options, if exercised, will increase the number of Shares on issue.

If all Entitlements are fully subscribed the number of Shares on issue will increase to 1,078,109,816. If all New Options are subsequently exercised, there will be 134,763,727 Shortfall Securities issued.

The dilution effect on Shareholders who do not take up their Entitlements is illustrated in the table below based on an increase in the number of Shares on issue to 1,212,873,543 Shares on a fully diluted basis (the 1,078,109,816 Shares Post Offer plus 134,763,727 Shares resulting from exercise of all New Options).

Holder	Holding as at Record Date	% of Record Date	Holdings if Offer not taken up	% post Offer if not taken up	Fully diluted Share ownership
Shareholder 1	40,000,000	5.45%	40,000,000	3.71%	3.30%
Shareholder 2	32,000,000	2.73%	32,000,000	2.97%	2.64%
Shareholder 3	16,000,000	1.36%	16,000,000	1.48%	1.32%
Shareholder 4	8,000,000	0.68%	8,000,000	0.74%	0.66%
Shareholder 5	4,000,000	0.34%	4,000,000	0.37%	0.33%

4.10 Underwriting

The rights issue will be fully underwritten by Peloton Capital Pty Ltd and sub-underwritten by Mr Shorrocks up to the value of \$75,000 and a third party (Underwriters). The underwriting value will be reduced by any take up by the underwriters of their entitlement under the Entitlement Offer.

Underwriting fees of 6% will be applicable and in addition Peloton Capital Pty Ltd will be issued 10,000,000 unlisted options exercisable at \$0.005 and expiring 15 November 2025 for their services.

The obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain conditions and events of termination pursuant to the Underwriting Agreement. The Underwriter may terminate its obligations under the Underwriting agreement if:

- (a) Contravention of constitution or Act: a contravention by a relevant company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (b) Adverse change: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Offer booklet becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (c) Significant change: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (d) Official Quotation qualified: the official quotation is qualified or conditional other than as set out in the definition of "Official Quotation" in the Underwriting Agreement;
- (e) Change in Act or policy: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

- (f) Suspension of debt payments: the Company suspends payment of its debts generally;
- (g) Event of Insolvency: an event of insolvency occurs in respect of a relevant company;
- (h) Judgment against a relevant company: a judgment in an amount exceeding \$25,000 is obtained against a relevant company and is not set aside or satisfied within 7 days;
- (i) Litigation: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any relevant company, other than any claims foreshadowed in the Offer Document;
- (j) Board and senior management composition: there is a change in the composition of the board of HCD or a change in the senior management of the Company before completion of the Entitlement Offer without the prior written consent of the Underwriter;
- (k) Change in shareholdings: there is a material change in the major or controlling shareholdings of a relevant company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a relevant company;
- (l) Timetable: there is a delay in any specified date in the timetable which is greater than 7 Business Days;
- (m) Force Majeure: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (n) Certain resolutions passed: a relevant company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (o) Capital Structure: any relevant company alters its capital structure in any manner not contemplated by the Offer Booklet;
- (p) Market Conditions: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

4.11 Shortfall Offer

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional New Shares and accompanying New Options (**Shortfall Securities**) in excess of their entitlement (**Shortfall Offer**).

All Shortfall Securities will be issued and allotted on the same terms as those issued and allotted under the Entitlement Offer: namely, each New Share will be issued at an issue price of \$0.03 (0.3 cents) and that for every two (2) New Shares issued and allotted under the Shortfall Offer, the allottee will be granted one (1) New Option (exercisable at \$0.005 (0.5 cents) and an expiry date of 15 November 2025.

Shortfall Securities will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares and New Options proposed to be issued under the Entitlement Offer (**Shortfall**). Shortfall Securities will be issued at the Issue Price.

HCD proposes to adopt the below allocation policy for allocating Shortfall.

- (a) If there is a Shortfall, each Eligible Shareholder who has applied for Shortfall Securities through the Shortfall Offer will be entitled to be allocated their pro-rata share of the Shortfall having regard to their holdings at the Record Date (if an Eligible Shareholder has made an application for Shortfall Securities for an amount less than the amount of Shortfall Securities that the Eligible Shareholder would otherwise be allocated under this process, the Eligible Shareholder will be allocated the amount applied for).
- (b) The allocation process described above will be repeated in relation to any remaining Shortfall and any subsequent Shortfall, until either all New Shares proposed to be issued have been allocated or all Shortfall applications have been satisfied in full.
- (c) Directors of HCD will not be eligible to participate in the Shortfall Offer and apply for Shortfall Securities.

- (d) If, following the above allocation, there remains a Shortfall that Shortfall will be allocated to the underwriters.
- (e) The Directors reserve the right to place any unissued Shares within 3 months after the close of the Entitlement Offer.

For avoidance of doubt, the Corporations Act 20% relevant interest level applies to limit the acquisition of Shortfall Securities through the Shortfall Offer.

Accordingly, Eligible Shareholders who apply for Shortfall Securities may be allocated a lesser number of Shortfall Securities than applied for in which case excess Application Money will be refunded without interest. If you wish to subscribe for Shortfall Securities in addition to your Entitlement then you should nominate the maximum number of Shortfall Securities you wish to subscribe for on the Entitlement and Acceptance Form and make corresponding payment for your full Entitlement plus the Shortfall Securities.

All New Shares issued pursuant to the Shortfall Offer will rank equally in all respects with each other and the existing issued shares and each New Share entitles the holder to one vote on a poll at the general meetings of the Company.

It is the responsibility of all Shortfall Applicants to determine their allocation of New Shares (and New Options) prior to dealing in those securities. Any Shortfall Applicants who sell or otherwise deal in any New Shares or New Options before they receive their Holding Statements for those New Shares and New Options will do so at their own risk.

Opening and closing of the Shortfall Offer

The Shortfall Offer will open on the same day as the Entitlement Offer and will close at 5.00pm (AEDT) on the Shortfall Closing Date, which is that date which is three (3) months from the Closing Date of the Entitlement Offer, or on such earlier date as the Directors may determine in their sole discretion.

Placement of Shortfall

The Directors reserve the right to place any Shortfall not subscribed for pursuant to the Shortfall Offer for that period after the Shortfall Closing Date which is up to three months from the Closing Date. New Shares and New Options placed (as may be varied in accordance herewith) will be placed to excluded offerees under section 708 of the Corporations Act or under this Prospectus.

No subscriber will be permitted to acquire Shares as a result of such placement to the extent that such acquisition would result in that subscriber and its Associates within the meaning of the Corporations Act acquiring a voting power in the Company in excess of 20% (on a post-Issue and post-placement of Shortfall Securities basis) in breach of the restrictions contained in section 606 of the Corporations Act.

Payments

Payments are required to be made by BPAY® or EFT.

4.12 Official Quotation

Application for Official Quotation of the New Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC), the Company will not issue any New Shares or New Options and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

The New Options will not be listed on ASX.

4.13 Issue and Allotment

New Shares (and accompanying New Options) issued pursuant to the Entitlement Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

New Shares and New Options applied for by Shortfall Applicants under the Shortfall Offer and received prior to the date for allotment and issue of New Shares and New Options under Entitlement Offer may also be issued and allotted on that date if they have been accepted by the Company by that date. Otherwise they may be issued and allotted on a sequential basis as received and accepted by the Company or otherwise after the close of the Shortfall Offer. Such issue and allotment of Shortfall Securities shall be in the sole absolute and unfettered discretion of the Board.

Pending the issue of the New Shares (and accompanying New Options) or payment of refunds pursuant to this Prospectus, all application monies (whether for New Shares and New Options under the Entitlement Offer or for Shortfall Securities (New Shares and New Options under the Shortfall Offer)) will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for New Shares (and accompanying New Options) issued under the Entitlement Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities (and accompanying New Options) issued under the Shortfall Offer as soon as practicable after their issue and allotment.

Holding statements for New Shares (and accompanying New Options) issued and allotted under the Shortfall Offer will be mailed in accordance with the ASX Listing Rules as soon as practicable after their issue and allotment.

4.14 Restrictions on distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of New Shares or New Options in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and no offer of securities is to be made in, countries other than Australia and New Zealand.

The Entitlement Offer contained in this Prospectus is made to Eligible Shareholders with registered addresses in New Zealand in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares or New Options, and no Entitlement Offer is made to such members of the public in New Zealand. This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information a product disclosure statement under New Zealand law is required to contain.

Neither the Entitlements, New Shares nor the New Options have been or will be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration. Otherwise, Entitlements may not be purchased, taken up or exercised by person in the United States or by any persons who are acting for the account or benefit of persons in the United States. Neither this Prospectus, the Entitlement and Acceptance Form nor any other material relating to the Issue must be distributed, released or sent to any person in the United States.

It is the responsibility of any Applicant to ensure compliance with any applicable securities laws. Return of a duly completed Entitlement and Acceptance Form or application by BPAY® or lodgement of a duly completed Shortfall Application Form accompanied by payment (whether by EFT or otherwise) will each be taken by the Company as a representation that there has been no breach of any such laws, that the Applicant is an Eligible Shareholder and that the Applicant is a legal resident of Australia or New Zealand.

4.15 Nominees and custodians

Nominees and custodians may not submit a payment to an Entitlement Offer on behalf of any Shareholder resident outside Australia or New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Payment will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.16 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares (and accompanying New Options) under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares (and accompanying New Options) under this Prospectus.

4.17 Enquiries

Any questions regarding acceptance of the Entitlement Offer or the Shortfall Offer or other shareholder related matters should be directed to HCD's Share Registry, Automic, on 1300 288 664 (within Australia) or +61 2 9698 5414 between 8.30am and 7.00pm (AEDT) Monday to Friday.

General questions regarding the Entitlement Offer, the Shortfall Offer or the Company and its operations should be directed to the Company directly on +61 3 9642 2899.

5. Purpose and Effect of the Entitlement Offer

5.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to \$808,582 (before expenses of the Issue). Funds raised from the Entitlement Offer to allow the Company to continue marketing its key product, HCD Multi-Flow® and to continue to review investment opportunities in the energy and energy technology space as well as for general working capital purposes.

The estimated use of the proceeds of the Entitlement Offer (assuming the Entitlement Offer Issue is fully subscribed) will be as follows:

Indicative use of funds*	Amount (\$)
Working capital	\$808,582
Estimated cost of the Issue	\$70,000
TOTAL	\$738,582

*Note: The Board reserves the rights to alter the above budget as a result of any change in circumstances or intervening events. The above is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board may determine to alter the way funds are applied as it considers necessary and appropriate having regard to the circumstances at the time.

If less than the full subscription is raised, the funds will be applied first, to the costs of the Issue and then, to corporate and administration expenses and to any other activities.

5.2 Effect of the Entitlement Offer

The principal effect of the Entitlement Offer, assuming all Entitlements are taken up will be to:

- increase the cash reserves of the Company by \$808,582 (before deducting the estimated costs of the Issue of \$50,000) immediately after completion of the Entitlement Offer;
- increase the number of Shares on issue from 808,582,362 as at the date of this Prospectus to 1,078,109,816 Shares following the completion of the Entitlement Offer; and
- increase the number of Options on issue from 102,602,412 as at the date of this Prospectus to 237,366,139 following the completion of the Entitlement Offer.

5.3 Effect of the Entitlement Offer on HCD's financial position

Set out below is the audited Balance Sheet of the Company as at 31 December 2023 and an unaudited pro-forma Balance Sheet of the Company as at 31 December 2023 as prepared by the Company based on the bases referred to below and assumes the Entitlement Offer is fully subscribed.

	Pro-forma (Unaudited) \$	Audited \$
Assets		
Current Assets		
Cash and cash equivalents	1,782,664	974,082
Trade and other receivables	138,122	138,122
Prepayments	57,822	57,822
Inventory	262,131	262,131
Total Current Assets	2,240,739	1,432,157
Non-Current Assets		
Plant and equipment	7,558	7,558
Intangible assets	-	-
Total Non-Current Assets	7,558	7,558
Total Assets	2,248,297	1,439,715

Liabilities		
Current Liabilities		
Trade and other payables	149,630	149,630
Provisions	75,756	75,756
Total Current Liabilities	225,386	225,386
Total Liabilities	225,386	225,386
Net Assets	2,022,911	1,214,329
Equity		
Issued capital	69,242,507	68,433,925
Reserves	(778,684)	(778,684)
Accumulated losses	(66,440,912)	(66,440,912)
Total Equity	2,022,911	1,214,329

The financial information provided above has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS).

Please note that the financial information provided above does not include:

- the costs of the Issue, estimated at \$70,000; and
- an allowance for funds expended by HCD since 31 December 2023.

The unaudited pro-forma Balance Sheet has been prepared by adjusting the audited balance sheet as at 31 December 2023 to reflect the financial effect of this capital raising, as if it had occurred at 31 December 2023.

Operating costs of the company between 31 December 2023 and the date of this prospectus were approximately \$660,000.

The unaudited pro-forma balance sheet has been prepared to provide Shareholders and prospective investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

5.4 Effect on capital structure

The effect of the Entitlement Offer on the capital structure of the Company (showing the effect on Shares on issue and Options on issue separately), is illustrated below.

These tables assume all Entitlements are accepted.

Effect on Ordinary Shares on Issue	Number	% Equity
Existing Shares	808,582,362	66.67%
New Shares	269,527,454	33.33%
Total Shares on issue post Entitlement Offer	1,078,109,816	100%

Effect on Options on Issue	Number
New Options	134,763,727
Total Options on issue post Entitlement Offer	237,366,139

The effect of the Issue on the Company's issued share capital on a fully diluted basis i.e. assuming all Existing and New Options are exercised will be as follows:

Share capital (fully diluted basis)	Number	% Equity
Existing Shares	808,582,362	61.47%
New Shares	269,527,454	20.49%
Shares issued on exercise of all Options	237,366,139	18.04%
Total securities on issue post Entitlement Offer	1,315,475,955	100.00%

No securities in the Company on issue are subject to ASX escrow restrictions.

5.5 Details of substantial holders

Based on information provided by the Company's Share Registry as at 2 October 2024, those persons who (together with their associates' holdings) have a relevant interest in 5% or more of the Shares on issue as at the date of this Prospectus are set out below:

Name	No. of Ordinary Shares	Percentage of Issued Share Capital
Stephen Mitchell and Associates	95,748,373	11.83%
Sterling McGregor Super Pty Ltd <Stirling McGregor Super A/C>	64,637,984	7.99%
Equity Trustees Limited <Lowell Resources Fund A/C>	51,285,735	6.34%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Issue.

5.6 Directors' Interests

The interests of each Director and other key management personnel, directly and indirectly, in the Existing Shares and Existing Rights of HCD as at the date of this Prospectus, and in the New Shares and New Options (on the basis the Directors described below take up their Entitlements as set out in Section 5.7), are as follows, on the assumption the issue is fully subscribed, either by Shareholders taking up Entitlements or by Shortfall Applications under the Shortfall Offer.

Director/Key management personnel	Existing Shares	New Shares	Total Shares held post-Issue ¹	Total Options held post-Issue	% Issued Capital Held post Issue ²	Total Shares post exercise of All Options	% of fully diluted Issued Capital
Stephen Mitchell (Director)	95,748,372	25,000,000	120,748,372	31,649,675	11.2%	152,398,047	11.59%
Nicholas Castellano (Director)	6,168,140	-	6,168,140	-	0.57%	6,168,140	0.47%
Ray Shorrocks (Director)	11,462,050	25,000,000	36,462,050	14,556,410	3.38%	51,018,460	3.88%

Assumptions:

1. Assumes all shareholders take up their respective Entitlements or all New Shares and New Options are subscribed for under the Shortfall Offer.
2. As a USA resident, Mr Castellano cannot participate in the entitlement offer.

5.7 Directors' Intentions

Mr Stephen Mitchell has indicated that he will take up his Entitlement to the value of \$75,000, being 25,000,000 New Shares (and 12,500,000 accompanying New Options), which will take his holding of Shares to 120,748,372 or 11.2% of the then issued capital of the Company (assuming all Entitlements were taken up). On a fully diluted basis his percentage holding would be 11.59% of the then capital of the Company.

Mr Ray Shorrocks has indicated that he will take up his Entitlement and sub-underwrite to the value of \$75,000 being 25,000,000 New Shares (and 12,500,000 accompanying New Options).

6. Rights and Liabilities Attaching to Shares and New Options

6.1 Shares

Full details of the rights attaching to ownership of Shares (including New Shares) and New Options are:

- described in the Constitution; and
- regulated by the Corporations Act, the ASX Listing Rules and the general law.

The following is a summary of the key provisions of the Company's Constitution and the principal rights of shareholders as set out in the Constitution. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of shareholders.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Each Shareholder is entitled to receive notice of, and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial reports, notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act, or the ASX Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

(b) Voting at meetings

At a general meeting, every member present in person, or by proxy, attorney or representative, has one vote on a show of hands and on a poll, one vote for each fully paid Share held and in respect of which a member may vote. On a poll, partly-paid shares confer a fraction of a vote pro-rata to the amount paid up and payable on the Share.

A poll may be demanded in accordance with the Corporations Act, namely, by the chairperson of the meeting, by any five Shareholders present in person, or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of all the Shareholders having the right to vote on the resolution on a poll.

(c) Dividends

Subject to any special rights or restrictions attaching to a class of Shares, the profits of the Company, which the Directors from time to time determine to distribute by way of dividend, are divisible amongst the Shareholders in proportion to the number of shares held by them, irrespective of the amount paid up, or credited as paid up on the shares, provided that the holder of a partly-paid share is not entitled to a dividend on that share if a call has been made on that share and the call is due and unpaid.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

Subject to any special or preferential rights attaching to any class or classes of shares in the Company, on a winding up of the Company the liquidator may, with the approval of a special resolution, distribute among the Shareholders the whole or any part of the assets of the Company and may determine how such division is to be carried out. The liquidator may also, with the approval of a special resolution, vest the whole or any part of the Company's assets in a trustee on trust for contributories as the liquidator thinks fit.

(e) Shareholder liability

The Shares offered under this Prospectus are fully paid ordinary shares. There is no liability on a holder of those Shares to contribute any further amount to the Company in respect of those shares.

(f) Transfer of Shares

Holders of Shares may transfer them by proper transfer. The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the ASX Listing Rules and the operating rules of a CS Facility (as defined in the Corporations Act), in which case, Shares may be transferred and transfers may be registered in any manner required or permitted by the ASX Listing Rules or those operating rules.

The Directors may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the ASX Listing Rules.

(g) Future increase in capital

The Board of Directors may (subject to the restrictions on the issue of Shares imposed by the Constitution, the Corporations Act and the ASX Listing Rules), issue Shares, grant options in respect of Shares, or otherwise dispose of further Shares as the Board may determine and on any terms the Board considers appropriate.

(h) Non-marketable parcels

Provided the Company complies with certain requirements as dictated by the Company's Constitution, the ASX Listing Rules and the Corporations Act, the Company may sell the Shares of a holder who has less than a marketable parcel of Shares.

(i) Alteration to the Rights attaching to Shares

The Company may, under section 246B of the Corporations Act, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(j) Alteration of constitution

The Constitution of the Company can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company.

(k) Directors

Details of the powers and duties of Directors are contained in the Constitution.

(l) Directors' Indemnity

Under the Constitution, the Company, to the extent permitted by law, will indemnify each Director and officer (including any person who has previously served in any such capacity) against any liability or cost incurred by the person as an officer of the Company or a related body corporate of the Company, including liability for certain legal costs incurred in defending an action for a liability incurred as a Director or officer, and otherwise subject to the terms and the restrictions set out in the Constitution. The indemnity may be extended to employees or former employees of the Company or a related body corporate by determination of the Directors.

6.2 Rights attaching to New Options

The rights attaching to New Options are regulated by the Constitution, the Corporations Act, the ASX Listing Rules and the general law.

The following is a summary of the key terms of the New Options:

- (a) New Options will be unlisted options.
- (b) Each New Option will have an exercise price of \$0.005 (0.5 cents) (**Exercise Price**).
- (c) Subject to paragraph (n) below, each New Option will automatically lapse if not exercised on 5.00 PM (AEDT) on or before 15 November 2025 (**Expiry Date**).
- (d) Each New Option shall entitle the holder to subscribe for and be allotted one ordinary share in the capital of the Company upon exercise of the New Option and payment to the Company of the Exercise Price.

- For personal use only
- (e) A New Option may be exercised by the Optionholder at any time prior to the Expiry Date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and a holding statement for the New Options, to the Company. The New Options may be exercised in whole or in part provided that the Company is only required to issue shares if lots of 1,000 New Options are exercised in aggregate or otherwise at the discretion of the Company.
 - (f) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
 - (g) Subject to any restrictions in the ASX Listing Rules, within 5 Business Days of receipt of a properly executed notice of exercise and the required exercise moneys, the number of ordinary shares specified in the notice will be allotted.
 - (h) Ordinary shares allotted pursuant to the exercise of the New Options will rank equally with the then issued ordinary shares of the Company.
 - (i) The Company undertakes to apply for official quotation by ASX of all ordinary shares allotted pursuant to the exercise of any New Options, within 5 Business Days of the date of allotment of those new ordinary shares.
 - (j) There will be no participating entitlements inherent in the New Options to participate in new issues of capital which may be offered to Shareholders during the currency of the New Options. Prior to any new pro rata issue of securities to Shareholders, holders of New Options will be notified by the Company and will be afforded 7 Business Days before the relevant record date (to determine entitlements to the issue), to exercise the New Options.
 - (k) In the event of any reorganisation (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any New Options, all rights of the Optionholder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 - (l) If from time to time before the expiry of the New Options the Company makes an issue of ordinary shares to shareholders by way of a bonus issue, other than in lieu of a dividend payment, then upon exercise of a New Option the Optionholder will be entitled to have issued to it (in addition to the ordinary shares which it is otherwise entitled to have issued to it upon such exercise) additional ordinary shares in the Company. The number of additional ordinary shares is the number of ordinary shares which would have been issued to the Optionholder if the New Options had been exercised before the record date for the bonus issue.
 - (m) The New Options do not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised, other than under paragraph (l) above.
 - (n) If:
 - (i) a takeover bid is made for the shares in the Company which results in the bidder acquiring at least 50% of the shares; or
 - (ii) shareholders of the Company pass a resolution under a scheme of arrangement under which a third party is to acquire at least 50% of the shares,then if the New Options have not been exercised within 2 business days thereafter, they shall expire.
 - (o) The New Options are transferable but will not be listed on ASX.

7. Risk Factors

7.1 Introduction

The New Shares and New Options offered under this Prospectus are considered speculative because of the inherent risks associated with minerals exploration and appraisal and the current status of the Company's projects. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the New Shares and New Options. The risks identified by the Directors are not exhaustive and potential investors should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares (and accompanying New Options).

This investment is regarded as highly speculative and neither HCD nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of HCD will be achieved or that any particular performance of HCD or of its Shares or Options, including those New Shares (and accompanying New Options) offered by this Prospectus, will be achieved.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Specific Company risk

(a) General

Due to the inherently uncertain nature of the oil and gas industry, the HCD business carries with it various risks. Shareholders should realise that the value of HCD may fluctuate and that a dividend is not expected to be declared by HCD in the medium term. Whilst HCD will attempt to minimise the following risk factors, many of them are beyond its control. This list of risk factors should not be taken as being exhaustive of the risks faced by HCD. These factors and others not specifically referred to may materially affect the performance of HCD and the value of its shares.

(b) Funding Risk

In order to fund the future growth of the HCD business it will be necessary for the Board to consider HCD's potential capital raising needs notwithstanding the funds raised under the current capital raising.

(c) Early Stage Risk

The HCD Multi-Flow® business is still at the early stage of its development. This brings with it a variety of potential risks. There is no assurance that HCD will be able to overcome them moving forward.

(d) Absence of Revenue Risk

HCD has minimal current revenue and there is no certainty that product sales will be generated.

(e) Demand and Supply Risk

Activities within the oil and gas industry by its nature are risky. The operations of customers can be affected by a huge number of factors, risks, issues and costs.

Competitive pressures can impact on HCD's ability to successfully engage with the more established channel partners.

(f) Competitor Risk

HCD operates in a competitive environment. Its competitors will compete with HCD in relation to products and in relation to sales price. HCD's competitors may seek to reverse engineer HCD's products.

(g) Operational Risk

HCD is subject to the usual form of operational risks that apply to an international manufacturing/blending business. These include the potential for industrial disputes relating to labour or product logistics, raw material supply risks and costs, capital costs which may be incurred in the event of increased demand, the hiring of appropriately skilled and secure labour, and geopolitical and government risk.

(h) Intellectual Property Risk

As set out above, whilst HCD will own the intellectual property relating to the Multi-Flow® products, it will not be granted access to the formulas and related know-how until completion of the maximum royalty agreement payment in the absence of certain specified exceptions. There is a potential risk which arises simply because these formulas and related know-how are not held directly by HCD.

(i) Currency Risk

HCD's revenues are expected to be largely denominated in US dollars, whereas its operating costs are expected to be largely denominated in a combination of US dollars and Australian dollars. As an ASX listed entity, HCD reports in Australian dollars. These aspects mean that HCD is potentially exposed to currency and exchange rate risk.

(j) Market Risk

Market conditions are likely to be volatile due to recent developments connected to COVID 19. Investing in HCD will expose you to these risks and uncertainties however it is no possible to ascertain what the likely outcome of these impacts.

This list is not exhaustive and investors should read this Prospectus and the Investor Presentation in their entirety before making an investment decision. Investors should also have regard to their own investment objectives and financial circumstances and should consider seeking appropriate independent investment advice before deciding whether to invest in the New Shares and New Options.

8. Additional Information

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against it.

8.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, is therefore subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". This section enables disclosing entities to issue a prospectus in relation to securities in a class which has been continuously quoted by ASX at all times during the 12 months before the date of the Prospectus (or options to acquire such securities as well as options to acquire such continuously quoted securities). Apart from prescribed matters, in general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities and, if the securities offered are options, the rights and liabilities attaching to the options themselves and the underlying securities. The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in the prospectus. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the financial market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged by the Company after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

8.3 Company ASX Announcements

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest audited financial report on 20 March 2024 and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description
20 March 2024	Appendix 4G and Corporate Governance Statement
27 March 2024	Business Restructure and Director Resignation
4 April 2024	Quarterly Activities/Appendix 5B Cash Flow Report \$
29 April 2024	Notice of Meeting Shareholder Letter
29 April 2024	Notice of Annual General Meeting/Proxy Form
30 April 2024	Final Director's Interest Notice
27 May 2024	North Sea Application Commenced & Upgraded Cefas Approval
29 May 2024	Results of Meeting
29 May 2024	Annual General Meeting Chairman's Address
19 June 2024	Cooper Basin Purchase Order
24 July 2024	Quarterly Activities/Appendix 5B Cash Flow Report \$
21 August 2024	Half Yearly Report and Accounts
3 September 2024	Becoming a substantial holder

The announcements set out above are also available through the Company's website at www.hydrocarbodynamics.com.

8.4 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market price and the last closing price of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective most recent date of those sales were as follows:

	Price	Date
Highest	\$0.004	1 August 2024
Lowest	\$0.002	6 August 2024
Last	\$0.003	2 October 2024

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or

- (ii) the Entitlement Offer; or
- (c) the Entitlement Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- (i) as an inducement to become, or to qualify as, a Director; or
- (ii) for services provided in connection with the formation or promotion of the Company or the Entitlement Offer.

The remuneration paid or payable to each Director for the last 2 years (including any cash and non-cash benefits) is set out in Section 8.7 below.

8.6 Security holdings

The relevant interests of each of the Directors in the securities of the Company as at the date of this Prospectus are set out in the table below.

Director	Shares	Percentage of total issued capital of the Company pre-Offer
Stephen Mitchell (Director)	95,748,372	11.83%
Nicholas Castellano	6,168,140	0.76%
Ray Shorrocks (Director)	11,462,050	1.42%

8.7 Remuneration of Directors

The following table shows the total annual remuneration paid/payable to both executive and non-executive directors for the two years prior to the date of this Prospectus.

	YEAR	SHORT TERM BENEFITS		LONG TERM BENEFITS	POST EMPLOY-MENT	EQUITY BASED PAYMENTS	TOTAL	PERFOR-MANCE RELATED
		CASH, SALARY & FEES	RELATED PARTY FEES ¹		SUPER-ANNUATION	PERFORMANCE RIGHTS ²		
		\$	\$		\$	\$		\$
NON-EXECUTIVE DIRECTORS								
Stephen Mitchell	2023	54,000	-	-	-	-	54,000	0%
	2022	58,444	-	-	4,556	-	63,000	0%
Ray Shorrocks	2023	-	49,500	-	-	-	49,500	0%
	2022	-	47,250	-	-	-	47,250	0%
Andrew Seaton	2023	49,500	-	-	-	-	49,500	0%
	2022	47,250	-	-	-	-	47,250	0%
EXECUTIVE DIRECTORS								
Nicholas Castellano	2023	180,343	-	-	-	-	180,343	0%
	2022	174,419	-	-	-	-	174,419	0%
TOTAL	2023	283,843	49,500	-	-	-	283,843	
TOTAL	2022	280,113	47,250	-	4,556	-	331,919	

In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

8.8 Related Party Transactions

The following table shows the Transactions with related parties for the year prior to the date of this Prospectus.

- \$49,500 (2022: \$47,270) of board fees to Spring Street Holdings Pty Ltd, a company associated with Ray Shorrocks.
- \$180,343 (2022: \$174,419) of salaries and wages, \$291,427 (2022: \$276,417) of royalties and \$179,445 (2022: \$161,749) of inventory purchases to NC2 LLC, a company associated with Nicholas Castellano.

- \$144,000 (2022: \$142,000) was invoiced from Lowell Accounting Services for accounting and secretarial services and rent, an entity of which Julie Edwards is a Director and Stephen Mitchell was a director for part of the year. \$12,000 (2022: \$12,000) remains payable at balance date.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

8.9 Interests of experts and advisers

Other than as set out in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Entitlement Offer; or
- (c) the Entitlement Offer.

Other than as set out in this Prospectus no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, or a promoter of the Company, for services provided by any those persons in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Entitlement Offer.

8.10 Consents

Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services ("Share Registry") is included for information purposes only. It has consented to being named in this Prospectus as the Share Registry in the form and context in which it is named.

8.11 Expenses of the Issue; Commissions

The estimated costs and expenses of the Issue, including ASIC fees, ASX fees, legal fees, share registry fees and printing and distribution costs, are estimated to be approximately \$70,000 (excluding GST).

8.12 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.13 Holding Statements

The Company participates in CHESS and will despatch holding statements that set out the number of New Shares (and accompanying New Options) issued to each successful Applicant under this Prospectus.

As the Company is a participant in CHESS, investors may have, or if they do not already do so, engage with a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation. This means that the Company will not issue certificates to investors. Instead, investors will be provided with a holding statement (similar to a bank account statement) that sets out the number of New Shares (and accompanying New Options) issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Monthly statements will only be provided to security holders if there have been any changes in their security holding in the Company during the preceding month.

8.14 Taxation

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with the acquisition, exercise or non-exercise of Rights, or the subsequent disposal of any New Shares or New Options subscribed for under this Prospectus. The Directors recommend that all Eligible Shareholders consult their own independent professional tax advisors.

8.15 Privacy Act

If you apply for New Shares (and accompanying New Options), you will provide personal information to the Company (either directly or indirectly via the Company’s share registry). The Company collects, holds and will use that information to process your application and administer your investment in the Company including distribution payments and corporate communications to you as a Shareholder.

The Company may disclose your personal information for purposes related to your investment to the Company's agents and service providers. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising, on the Shares and for associated actions.

The Company complies with its legal obligations under the Privacy Act 1988 (Cth).

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Automatic
Level 5, 136 Phillip Street
Sydney NSW 2000
T: 1300 288 664 (within Australia)
T: +61 2 9698 5414 (outside Australia)

9. Directors’ Authorisation

This Prospectus is authorised by HCD and is lodged with ASIC pursuant to section 718 of the Corporations Act. Each Director of HCD has given, and has not withdrawn, their consent to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act.

Dated: 10 October 2024



Stephen Mitchell
Chairman and Director

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10. Glossary and Interpretation

10.1 Definitions

In this Prospectus, the following words have the following meanings unless the context requires otherwise:

Announcement Date	10 October 2024
Applicant	a Shareholder as at the Record Date applying for New Shares under this Entitlement Offer
Application Monies	the sum of the relevant Entitlement Offer and any Shortfall Securities multiplied by the Issue Price
ASIC	the Australian Securities and Investments Commission
ASX	ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
ASX Listing Rules	the official listing rules of the ASX as amended or replaced from time to time
Board	the board of directors of HCD
Business Day	means a day which is not a Saturday, Sunday or a public holiday in Victoria, Australia
Closing Date	the deadline for accepting the Entitlement Offer, being 5.00pm (Melbourne time) on 8 November 2024 (subject to change)
Company or HCD	Hydrocarbon Dynamics Limited (ABN 75 117 387 354)
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	the directors of HCD
Eligible Shareholder	has the meaning given in Section 4.2
Entitlement and Acceptance Form	the personalised entitlement and acceptance form to subscribe for New Shares accompanying this Entitlement Prospectus
Entitlement Offer	the pro rata non-renounceable offer of New Shares to Eligible Shareholders in accordance with the terms of this Prospectus
Issue Price	the price payable for each New Share under the Entitlement Offer, being 0.3 cents
New Shares	the Shares offered pursuant to the Entitlement Offer
Option	a generic reference to any option to acquire a Share: depending on context may refer to an Existing Option or New Option
Optionholder	a holder of an Option
Prospectus	this Prospectus dated 10 October 2024
Record Date	7.00pm (Melbourne time) on 16 October 2024
Share	a fully paid ordinary share in the capital of HCD
Shareholder	a registered holder of Shares
Share Registry	Atomic Pty Ltd
Shortfall Offer	the mechanism by which Eligible Shareholders can apply for Shortfall Securities as described in Section 4.11
Shortfall Securities	New Shares and New Options applied for by an Eligible Shareholder that are in excess of the Eligible Shareholder's entitlement
Subsidiary	a body corporate that is a subsidiary of HCD within the meaning of the Corporations Act
Underwriting	Means the underwriting agreement between Peloton Capital Pty Ltd and the company entered into on 10 October 2024
United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US Securities Act	The United States Securities Act of 1933, as amended

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10.2 Interpretation

In this Prospectus, unless the context otherwise requires:

- (a) the singular includes the plural, and vice versa;
- (b) words importing one gender include other genders;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this document have corresponding meanings;
- (d) terms used in this document and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- (e) other grammatical forms of a word or phrase defined in this document have a corresponding meaning; and
- (f) a reference to a Section is a reference to a Section of this Prospectus.

11. Corporate Directory

COMPANY NAME	Hydrocarbon Dynamics Limited
ASX CODE	HCD
DIRECTORS	Stephen Mitchell – Non-Executive Chairman Nick Castellano – Executive Director Ray Shorrocks - Non-Executive Director
COMPANY SECRETARY	Julie Edwards
HEAD OFFICE	Level 6 412 Collins Street Melbourne VIC 3000
SHARE REGISTRY	Automic Pty Ltd Level 5 126 Phillip Street Sydney NSW 2000 Tel: 1300 288 664 (within Australia) Tel: +61 2 9698 5414 (within and outside Australia)
