

19 January 2024

Dear Eligible Shareholder,

Invitation to Participate in the Share Purchase Plan

On 15 January 2024, Hydrocarbon Dynamics Limited (HCD or the Company) announced the offer for eligible shareholders to participate in a share purchase plan (SPP). This opportunity is being provided on a similar basis as the recently announced placement, although no options are being provided as part of the SPP.

The SPP allows Eligible Shareholders the opportunity to subscribe for up to \$30,000 at an offer price of 0.45 cents per share. The Offer Price is the same price as the price at which Shares have been offered to investors under the Placement announced by HCD on 22 December 2023, and which represents a 10% discount to the Company's closing price of 0.5 cents per Share on 12 January 2024 (being the last trading day prior to the announcement of the Placement), and a 2.5% premium to the Company's 5-day VWAP of 0.44 cents.

The terms and conditions of the SPP are provided with the Offer Booklet. You should read this Offer Booklet in its entirety before deciding whether to participate in the SPP. The SPP booklet has been released on the ASX announcements platform on 15 January 2024 and can be accessed here <https://www.asx.com.au/markets/company/hcd>

The issue of Shares does not require shareholder approval and the SPP is not underwritten.

Use of funds

Proceeds from the SPP will be used for working capital purposes while the company completes a review of financing options of its existing operations as well as to advance new investment opportunities.

Eligibility

Participation in the SPP Offer is optional and is available exclusively to shareholders with a registered address in Australia or New Zealand as at 7pm on 12 January 2024.

How to apply

The SPP closes on 5 February 2024 (or such later date as the Company determines, in its absolute discretion).

The Company will not be printing / dispatching hard copies of the Offer Booklet or Acceptance Forms. Instead, an electronic copy of the Offer Booklet and your Acceptance Form is available and accessible by you (using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) from your latest Holding Statement, and your postcode) at the following link: <https://investor.automic.com.au> and make payment by BPAY® or EFT for your full entitlement by following the instructions on the Acceptance Form.

You may apply for a parcel of SPP Shares valued at up to \$30,000. Cleared funds must be received by no later than 5pm (AEDT) on Monday, 5 February 2024.

To download the Offer Booklet and your Acceptance Form you have the following 3 choices:

I already have an online account with the Automic Share registry	I don't have an online account with Automic – but wish to register for one	I don't have an online account with Automic – but want to use Automic for this Offer only
<p>https://investor.automic.com.au</p> <p>Select: "Existing Users Sign In"</p> <p>Once you have successfully signed in, click on "Documents and Statements"</p> <p>Download the Offer Booklet and Acceptance Form</p> <p>Do not return your acceptance form</p>	<p>https://investor.automic.com.au/#/signup</p> <p>Select: Hydrocarbon Dynamics Limited from the dropdown list in the ISSUER field.</p> <p>Enter you holder number SRN / HIN (from your latest Holding Statement)</p> <p>Enter Postcode (Aust only) or Country of Residence (if not Australia)</p> <p>Tick box "I am not a robot", then Next.</p> <p>Complete prompts</p> <p>Once you have successfully signed in, click on "Documents and Statements"</p> <p>Download the Offer Booklet and Acceptance Form</p> <p>Do not return your acceptance form</p>	<p>https://investor.automic.com.au/#/loginsah</p> <p>Select: Hydrocarbon Dynamics Limited from the dropdown list in the ISSUER field</p> <p>Enter you holder number SRN / HIN (from your latest Holding Statement)</p> <p>Enter Postcode (Aust only) or Country of Residence (if not Australia)</p> <p>Tick box "I am not a robot", then Access</p> <p>Once you have successfully signed in, click on "Documents and Statements"</p> <p>Download the Offer Booklet and Acceptance Form</p> <p>Do not return your acceptance form</p>

If you are unable to access <https://investor.automic.com.au> online, you can obtain a copy of the terms and conditions and your acceptance form – initially by calling Automic Group on 1300 288 664 or emailing hello@automicgroup.com.au and asking them to mail a paper copy of the terms and conditions and your acceptance form to you free of charge. After your request has been acknowledged by Automic you will need to provide your SRN or HIN and postcode to complete this request. To accept an Offer using these paper copy documents, you will still need to make payment via BPay® or via Electronic Funds Transfer (EFT). For New Zealand shareholders please follow the instructions on your acceptance form to make payment via Electronic Funds Transfer (EFT).

Queries

If you have any questions in relation to how to participate in the SPP Offer, please call Automic as Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (within and outside Australia). If you have any questions in relation to whether an investment in the Company through the SPP Offer is appropriate for you, please contact your stockbroker, accountant, or other professional financial adviser.

Thank you for your continued support of Hydrocarbon Dynamics Limited.

Yours faithfully,



Stephen Mitchell
Chairman
Hydrocarbon Dynamics Limited