

30 January 2026

December 2025 Quarterly Activities Report

Summary

- HCD enters voluntary suspension in relation to a proposed transaction.
- Change of auditor announced.
- Trials for HCD products and technologies continue.
- Post quarter end Ray Shorrocks appointed board Chairman.
- Assessment of new investment opportunities on hold while work on the proposed transaction continues.

Proposed Transaction

On 19th December 2025, Hydrocarbon Dynamics Limited's (ASX:HCD) ("HCD" or "the Company") requested and was granted, Voluntary Suspension of the Company's securities, in accordance with ASX Listing Rule 17.2, pending an announcement to the market of a proposed transaction under Listing Rule 11.1.

The period of the suspension will be until the Company has complied with the procedures outlined in Section 2.10 of Guidance Note 12 in relation to the proposed transaction.

The Company and its advisors are working towards finalising the proposed transaction and will update the market when possible.

Change of Auditor

As announced on the 21 November 2025, Nexia Australia Audit Pty Ltd has been appointed as auditor for the Company to replace Pitcher Partners. ASIC consented to the resignation of Pitcher Partner in accordance with s329(5) of the Corporations Act 2001.

The HCD Board selected Nexia Australia Audit Pty Ltd as the Company's auditors based upon its expertise and to reduce costs associated with the Audit.

In accordance with s327C of the Corporations Act 2001, the appointment of Nexia Australia Audit Pty Ltd as auditors of the Company and its controlled entities will be recommended by the Board for ratification at the Company's next annual general meeting.

Update on ongoing treatments and trials using HCD products

Australia – Cooper Basin

Use of HCD Multi-Flow in Australia's Cooper Basin is expected to continue in the cooler months. The product has been used by an Australian based operator for several years now for seasonal paraffin control treatment that takes place in winter months. The client requested a quote for the next 80 drum order which, if it proceeds, is expected early in the April-June quarter.

Dubai

Last quarter HCD's Dubai based distributor, Sichem, submitted a further quote to their client for approximately \$240,000 of product for what would be a repeat order. That potential order has not yet been received.

USA

No change since last quarter when HCD reported a sale of approximately \$8,000 of HCD Multi-Flow to a small Californian company to test paraffin inhibition for onshore production. The first test on one well was successful, leading to the recent order in July to expand the trial to two wells.

Alberta, Canada

One of HCD's Canadian distributors, Quadra Chemical, had identified 3 new opportunities among their new clients in the Alberta Oil Fields that they believe would benefit from the use of HCD Multi-Flow. Two of these are paraffin affected well opportunities and one an oil transfer line opportunity. Oil samples from one of these projects was received by Quadra for testing with HCD Multi-Flow. Testing has been completed by an independent laboratory in Canada with results showing that Multi-Flow reduced the operating pressure of the system by 50%. Discussions for field trials have now commenced.

North Sea Application

The North Sea application is still pumping HCD Multi-Flow. The client however has reported that, due to low oil prices, they are considering shutting this unit down.

Malaysia

Nothing to report.

Indonesia

PT AIM (Indonesia) have provided HCD with a well data sheet, photos, and videos of the crude samples when blended with HCD Multi-Flow with promising initial results performed in bench tests with HCD Multi-Flow and the Indonesian crude samples. Customer now contemplating a field trial.

Pakistan

Discussions are continuing on a 4-week trial treating oil field transfer lines. Should the trial proceed the approximate number of drums required is estimated to be in excess of 2,000 drums of HCD Multi-Flow. A forthcoming change in management at this site is likely to lead to delays in progressing this opportunity.

Vietnam

Samples of HCD Multi-Flow have been shipped to Petro Vietnam for Flow Loop laboratory testing. Should testing demonstrate positive results the client, PetroVietnam, will consider a 4 well field trial.

Corporate Activities

As HCD continues to work on the 'proposed transaction' as announced to the ASX on 19th December 2025, no further assessment is being done on any other potential new projects. The Company also expects to withdraw from its small joint venture with Arrow Exploration to avoid future costs and expects to be re-imbursed for its costs to date being approximately \$27,000.

HCD continues to seek options to fund its existing oilfield chemical business through all avenues.

Post quarter end HCD announced that directors Stephen Mitchell and Ray Shorrocks will swap roles with Mr. Shorrocks becoming Chairman of the board from 1st February 2026 and Mr Mitchell a non-executive director.

Finance

At the end of the Quarter HCD had \$770,000 in cash reserves, \$40,000 in listed shares and no debt.

Related party transactions during the Quarter were for approximately \$73,000 in royalty payments.

This release has been approved by the Board of Directors.

For further information please contact:

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ASX Code: HCD

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Hydrocarbon Dynamics Limited

ABN

75 117 387 354

Quarter ended ("current quarter")

31 December 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	410
1.2	Payments for		
	(a) exploration & evaluation (reallocated to corporate costs)	-	-
	(b) development	-	-
	(c) production	(71)	(322)
	(d) staff costs	-	(141)
	(e) administration and corporate costs	(26)	(280)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	10
1.5	Interest and other costs of finance paid	(1)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (royalties)	(73)	(301)
1.9	Net cash from / (used in) operating activities	(169)	(628)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(2)
	(d) exploration & evaluation	-	-
	(e) investments	(27)	(127)
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(27)	(129)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	945
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities (adjustment)	(4)	(122)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(16)	(61)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(20)	761

4.	Net increase / (decrease) in cash and cash equivalents for the period	381	221
4.1	Cash and cash equivalents at beginning of period	987	770
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(169)	(628)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(27)	(761)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	782
4.5	Effect of movement in exchange rates on cash held	(1)	(4)
4.6	Cash and cash equivalents at end of period	770	770

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	267	887
5.2	Call deposits	503	100
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	770	987

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(73)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(169)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	-
8.4 Cash and cash equivalents at quarter end (item 4.6)	770
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	770
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2026

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.