

Entitlement Offer Prospectus

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

- 1 New Share for every 5 Existing Shares held on the Record Date, for an issue price of 2 cents per New Share; plus
- 1 free New Option for every 2 New Shares issued, exercisable at 3 cents and expiring on 31 October 2022.

Together with a Shortfall Offer for Entitlements not subscribed for by Members according to their respective Entitlements

**The Entitlement Offer closes at 5.00 pm (Melbourne time) on
Tuesday, 17 November 2020**

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.

Important Information

About this document

This Prospectus, prepared by Hydrocarbon Dynamics Limited ABN 75 117 387 354 (HCD or the Company), is dated 21 October 2020 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 31 March 2020 and HCD's half year reports lodged on 8 September 2020, which are available on the ASX at www.asx.com.au and HCD's website at www.hydrocarbondynamics.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 does not constitute an offer 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 or the securities laws of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold in the United States or to, or for the account or benefit of, persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

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 prospectus, 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.

Date of this document

This prospectus is dated 21st October 2020.

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

21 October 2020

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 5 Shares held by you on the Record Date (7.00pm Melbourne time) on 26 October 2020 at an issue price of 2 cents per New Share (**Entitlement Offer**) to raise up to approximately \$1,387,535, if fully subscribed. In addition, for every 2 New Shares you are issued you will receive 1 free accompanying New Option with an exercise price of 3 cents and an expiry date of 31 October 2022.

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

- The growth of the Hydrocarbon Dynamics (HCD) business;
- General working capital requirements.

Overview of Entitlement Offer

The Entitlement Offer is being made to all eligible shareholders (**Eligible Shareholders**) who are registered as a holder of HCD Shares as at 7.00 pm (Melbourne time) on 26 October 2020 (**Record Date**).

Under the Entitlement Offer, Eligible Shareholders have the opportunity to subscribe for 1 New Share for every 5 Shares of which they are the registered holder at 7.00 pm (Melbourne time) on the Record Date at an issue price of 2 cents per New Share (**Issue Price**) with 1 free 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 Top-Up Facility 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 is partially underwritten.

Action you should take

The Entitlement Offer is scheduled to close at **5.00 pm (Melbourne time) on Tuesday, 17 November 2020**. 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
Prospectus lodged with ASIC and ASX	Wednesday, 21 October 2020
Shares traded on an "ex" entitlement basis	Friday, 23 October 2020
Record Date for eligibility to participate in the Entitlement Offer	Monday, 26 October 2020
Despatch of Entitlement Offer and Entitlement and Acceptance Form to Eligible Shareholders	Tuesday, 27 October 2020
Entitlement Offer opens	Tuesday, 27 October 2020
Entitlement Offer closes	Tuesday, 17 November 2020
Securities quoted on a deferred settlement basis	Wednesday, 18 November 2020
Results and shortfall (if any) announced to ASX	Friday, 20 November 2020
Allotment and issue of New Shares and unlisted New options and end of deferred settlement trading	Monday, 23 November 2020
Despatch of holding statements and commence trading on a normal settlement basis	Tuesday, 24 November 2020

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

Assuming that no Incentive Rights are exercised, the capital of the Company as existing on the Record Date will be as set out in Table A 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 Entitlements Offer is fully subscribed, and no Incentive Rights are exercised prior to the Closing Date, the capital structure of the Company on close of the Issue will be as set out in Table C below.

Assuming the Entitlements Offer is fully subscribed the proceeds of the Issue (before expenses of the Offer) will be \$1,387,535 (approximately).

Existing Capital Structure	Number
Shares on issue at the Announcement Date	346,883,747
Incentive Rights on issue	14,050,000
Securities offered under the Entitlement Offer	
Shares offered under the Entitlement Offer	69,376,749
Options offered under the Entitlement Offer	34,688,375
Capital structure on close of the issue	
Incentive Rights on issue	14,050,000
Maximum unlisted options on issue on completion of the Entitlement Offer	34,688,375
Maximum Shares on issue on completion of the Entitlement Offer	416,260,496

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 \$1,387,535 (before costs) by offering Shareholders the opportunity to subscribe for one (1) New Share for every five (5) Shares held as at the Record Date. For every two (2) New Shares subscribed for, Shareholders will receive one (1) free New Option.	Section 4.1
What are the terms of the Entitlements Offer?	If you are an Eligible Shareholder, then subject to the restrictions referred to in Section 6.5 below, you are entitled to subscribe for one New Share at a price of \$0.02 (2 cents) per Share for every five (5) Shares held as at the Record Date. For every two (2) New Shares that you subscribe for, you will receive one (1) free New Option.	Section 4.1
What is the Entitlements Offer issue price?	The New Shares are being issued at a price of \$0.02 (2 cents) per Share. The accompanying New Options are free.	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 \$0.03 (3 cents) and expires on 31 October 2022. The full terms of the New Options are set out in Section 8.2.	Section 6.2
How much will be raised by the Capital Raising?	If the Issue is fully subscribed including by Eligible Applicants Applying for additional New Shares and New Options under the Shortfall Offer or by placement of any Shortfall (and on the basis that no Incentive Rights are exercised before the Record Date) then the Issue will raise approximately \$1,387,535 before costs	Section 4.1
What is the purpose of the capital raising and how will the proceeds be used?	Funds raised from the Rights Issue to allow the Company to continue its sales and marketing efforts for its key product, HCD Multi-Flow® as well as general working capital purposes and any upstream oil and gas opportunities that may arise.	Section 5.2
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 \$50,000 (excl. GST).	Section 5.2
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 5.5
Is the Entitlements Offer underwritten?	The rights issue will be partially underwritten by Mr Mitchell through his related party. The partial underwriting is up to the amount of \$120,000 committed to taking up any shortfall of acceptances from other shareholders. This underwriting is in addition to his entitlement. No underwriting fees will be applicable.	Section 4.10

What are the effects of the capital raising on the Company and Shareholders?	<p>The effect of the raising will be to raise approximately \$1,387,535 (before costs) through the issue of up to approximately 69,376,750 New Shares.</p> <p>This will:</p> <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 5.3 and 5.5
Can the Entitlements Offer be withdrawn?	Yes, the Directors reserve the right to not proceed with the Entitlements 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 \$0.02 (2 cents) per New Share for every five (5) Shares held as at the Record Date. For every two (2) Shares that are subscribed for, you will receive one (1) free New Option.	Section 4.1
Am I an Eligible Shareholder?	You may be eligible if you were a Shareholder as at the Record Date.	Section 4.2
What can I do with my Entitlement?	<p>Your Entitlement is non-renounceable. This means that you can:</p> <ul style="list-style-type: none"> • Take up your full Entitlement; • Take up part of your Entitlement; or • Do nothing. 	Section 4.3
How do I accept the Entitlements Offer?	To accept the Offer, you need to complete and return your personalised Entitlement and Acceptance Form that you will receive by mail and make 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	<p>The Shortfall is subject to the Shortfall Offer. Eligible Shareholders may apply for New Shares and New Options (together Shortfall Shares) under the Shortfall Offer. Further the Company will, in conjunction with its brokers, use all reasonable endeavours to obtain subscriptions for any Shortfall Shares under the Shortfall Offer as contained herein by the Shortfall Closing Date, which is within three (3) months from the Closing Date.</p> <p>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 Shares under the Shortfall Offer, the Shortfall Offer will be closed early or withdrawn as the Board's sole and unfettered discretion.</p>	Section 4.11
What are the tax implications of participating in the Entitlements Offer or the Shortfall Offer?	Eligible Shareholders and Eligible Applicants should seek their own tax advice in regard to the tax implications of participating in the Entitlements Offer or the Shortfall Offer.	Section 3.7 and 8.14
What are the rights and liabilities attaching to the New Shares and New Options under the Entitlements 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 +612 9698 5414 (outside Australia) or the Company (+613 9642 0655) for any further enquiries.	Sections 1, 3.7, 3.10 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 7.4.	Section 5.4
Who are the current Directors of the Company?	Stephen Mitchell, Nicholas Castellano, Allan Ritchie, Andrew Seaton and Ray Shorrocks.	Sections 11 and 5.8
Who are the current Key Management Personnel of the Company?	Nicholas Castellano is Chief Technical Officer and Bill Tarantino is Chemical Division CEO.	Sections 11, 5.7 and 5.8
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 5.7 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

This Prospectus, prepared by Hydrocarbon Dynamics Limited ABN 75 117 387 354 (HCD or the Company), is dated 21 October 2020 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.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of HCD.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Shares and New Options the subject of this Prospectus should be considered speculative.

New Shares and New Options offered pursuant to this Prospectus can be applied for by completion and lodgement of your personalised Entitlement and Acceptance Form together with payment of the requisite Application Moneys. As an Eligible Shareholder you may apply for more New Shares and New Options (together Shortfall Shares) under the Shortfall Offer (see the terms of the Shortfall Offer in Section 4.11 below).

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.

3.1 Overseas subscribers

The Entitlements Offer is made only to those Eligible Shareholders with registered addresses in Australia and New Zealand and only those Eligible Shareholders and persons will be offered New Shares (and accompanying New Options).

The Shortfall Offer is only made to Eligible Applicants. An Eligible Applicant is a person who is resident in Australia (other than a related party of the Company and their Associates), but does not include any person who is a United States citizen or resident in the United States or who is acting for the account or benefit of a US citizen or a person resident in the United States. The Company reserves the right to determine whether an Applicant is an Eligible Applicant.

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 an offering of the New Shares or New Options in any jurisdiction outside Australia or New Zealand. 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.

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^{®1} or lodgement of a duly completed Application Form under the Shortfall Offer accompanied by payment (by Electronic Funds Transfer (EFT) or otherwise) will be taken by HCD as a representation and warranty to HCD and its Directors that the Applicant is an Eligible Shareholder or, in the case of the Shortfall Offer, that the Applicant is an Eligible Applicant.

3.2 Risk factors

Before deciding to invest in HCD, you should read and understand the entire Prospectus and, in particular, in considering HCD's prospects, you should consider the risk factors that could affect HCD's performance. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in HCD involves risks. Section 7, 'Risk Factors' details a number of certain risk factors that you should consider before deciding to invest in HCD.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Shares and New Options (including Shares issued on exercise of New Options) in the future.

An investment in HCD should be considered speculative and Shareholders and prospective investors should consider consulting their professional advisers before deciding whether to apply for the New Shares (and accompanying New Options) under this Prospectus.

¹ Registered to BPAY PTY LTD ABN 69 079 137 518.

3.3 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.

3.4 Rights attaching to New Options

From issue, the New Options issued under this Prospectus will have an exercise price of \$0.03 (3 cents) and will expire on 31 October 2022. 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.

3.5 No prospective financial information or forecasts

Given the uncertain nature of oil and gas exploration and technology product sales, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

3.6 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.

3.7 No financial advice

The information given in this Prospectus does not constitute financial product advice. The Company is not licensed to provide financial product advice. This Prospectus is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. Before making an investment decision on the basis of this Prospectus, you should consider the appropriateness of the information having regard to your investment objectives, financial needs and investment needs. If you have any questions about any of the matters contained in this Prospectus, you should contact your legal adviser, stockbroker, accountant or other relevant adviser.

3.8 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 AEST unless otherwise indicated.

3.9 No Electronic Prospectus

This Entitlements Offer is only available to Eligible Shareholders and applications may only be made on their personalised Acceptance Forms accompanying this Prospectus, to be mailed to Eligible Shareholders.

The Shortfall Offer is only available to Eligible Applicants.

Eligible Shareholders may obtain a copy of this Prospectus and their personalised Entitlement and Acceptance Form free of charge by contacting the Company on +61 3 9642 0655 or the Company's Share Registry on 1300 288 664 (within Australia) and +61 2 9698 5414 (outside Australia). Eligible Applicants may also obtain a copy of this Prospectus in the same manner. However Eligible Applicants must use the Shortfall Application Form attached hereto to make Application for Shortfall Shares.

3.10 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 Entitlements 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 +612 9698 5414 (outside Australia) between 9.00am to 7.00pm Monday to Friday or contact the Company directly on +61 3 9642 0655.

3.11 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 Entitlements Offer. If you have any questions about investing in the Company, please contact your stockbroker, accountant or independent financial adviser.

4. Details of the Offers

4.1 The Entitlements Offer

The Entitlements Offer is being made as a non-renounceable offer of one (1) New Share for every five (5) Shares held by Shareholders registered at the Record Date, at an issue price of \$0.02 (2 cents) per New Share. Fractional Entitlements will be rounded to the nearest whole number. For every two (2) New Shares so applied for and issued, Applicants will be granted one (1) free New Option.

Based on the capital structure of the Company as at the date of this Prospectus (assuming no Incentive Rights are exercised prior to the Record Date):

- up to 69,376,750 New Shares will be issued pursuant to this Offer to raise up to approximately \$1,387,535 (before costs); and
- up to 34,688,375 New Options will be granted;

increasing the number of Shares on issue to 416,260,496 Shares post-Offer and increasing the number of Options to 34,688,375 Options.

As at the date of this Prospectus, the Company has 14,050,000 Incentive Rights on issue:

- 7,025,000 expiring 1 September 2021 and exercisable when the HCD Share price exceeds 15 cents for any consecutive 3 months prior to 1 Sept 2021.
- 7,025,000 expiring 1 September 2021 and exercisable when sales revenue from the sale of Multi-Flow® exceeding US\$900,000 over any 3 consecutive months prior to 1 Sept 2021.

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 Entitlements 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, AEST) on Monday, 26 October 2020);
- 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 Entitlements Offer.

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 Entitlements Offer is non-renounceable. Eligible Shareholders who do not take up their Entitlements by 5.00pm (AEST) on the Closing Date, being 5.00PM (AEST) on Tuesday, 17 November 2020, 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 Shares 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 Entitlements Issue is not a rights issue 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 a rights issue. 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 Entitlements Offer.

However, if the Entitlements Offer was so poorly subscribed such that any Eligible Shareholder or Eligible Applicant 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 Shares) 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 and each Eligible Applicant, 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 or Eligible Applicant so as to avoid any possible breach of section 606 of the Corporations Act and each Eligible Shareholder and Eligible Applicant directs the Company to so act.

4.6 Acceptance

If you are an Eligible Shareholder, you may only accept the Entitlements Offer by using the personalised Entitlement and Acceptance Form 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. complete the personalised Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and
 - ii. 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. fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and
 - ii. 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

For payment 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 should you choose to pay by BPAY® or EFT:

- a) 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

- b) 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 which is covered in full by your application monies.
- c) If your payment exceeds the amount required to pay for your Entitlement, you will be deemed to have made application for Shortfall Shares 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 (AEST) 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 Shares 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.

Due to current COVID restrictions payments by cheque or money order cannot be accepted.

4.8 Dilution as a result of the Entitlements Offer

The Company is offering one (1) New Share for every five (5) Existing Shares on issue, and if all Entitlements are taken up, this will increase the number of Shares on issue by 20% which will result in the dilution of holdings of Existing Shares by 25%.

Shareholders that do not participate in the Entitlements Offer will (assuming all Shortfall Shares are subscribed for under the Shortfall Offer) have their holdings of Shares diluted by approximately 16.7%.

Assuming that no Incentive Rights are exercised before the Record Date, there are 346,883,747 Shares on issue as at the date of this Prospectus and 69,376,749 New Shares are proposed to be issued pursuant to this Offer to increase the number of issued Shares post Offer to 416,260,496 Shares. The table below illustrates 5 examples of the effect of dilution on Shareholders' holdings of Shares (assuming no Incentives Rights are exercised and 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	20,000,000	5.77%	4,000,000	20,000,000	4.80%	-16.7%
Shareholder 2	10,000,000	2.88%	2,000,000	10,000,000	2.40%	-16.7%
Shareholder 3	5,000,000	1.44%	1,000,000	5,000,000	1.20%	-16.7%
Shareholder 4	2,500,000	0.72%	500,000	2,500,000	0.60%	-16.7%
Shareholder 5	1,000,000	0.29%	200,000	1,000,000	0.24%	-16.7%

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 416,260,496. If all New Options are subsequently exercised, there will be 34,688,375 additional Shares 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 450,948,871 Shares on a fully diluted basis (the 416,260,496 Shares Post Offer plus 34,688,375 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	20,000,000	5.77%	20,000,000	4.80%	4.44%
Shareholder 2	10,000,000	2.88%	10,000,000	2.40%	2.22%
Shareholder 3	5,000,000	1.44%	5,000,000	1.20%	1.11%
Shareholder 4	2,500,000	0.72%	2,500,000	0.60%	0.55%
Shareholder 5	1,000,000	0.29%	1,000,000	0.24%	0.22%

4.10 Underwriting

The rights issue will be partially underwritten by Mr Mitchell through his related party, Malangi Pty Ltd (Malangi) in accordance with an Underwriting Agreement dated 20 October 2020.

Malangi's partial underwriting is up to the amount of \$120,000 committed to taking up any shortfall of acceptances from other shareholders.

No underwriting fees will be applicable.

The obligation of the Underwriter to underwrite the offer is subject to certain events of termination. 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 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 this 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 Document 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";
- (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 this 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 or a change in the senior management of the Company before Completion 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 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 Document;
- (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

All Shortfall Shares will be issued and allotted on the same terms as those issued and allotted under the Entitlements Offer: namely, each New Share will be issued at an issue price of \$0.02 (2 cents) and that for every two (2) Shortfall Share issued and allotted under the Shortfall Offer, the allottee will be granted one (1) New Option (exercisable at \$0.03 (3 cents) and an expiry date of 31 October 2022).

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional New Shares and accompanying New Options (**Additional Shares**) in excess of their entitlement (**Top-Up Facility**).

Additional Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer (**Shortfall**). Additional Shares 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 Additional Shares through the Top-Up Facility 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 Additional Shares for an amount less than the amount of Additional Shares 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 Top-Up Facility and apply for Additional Shares.
- (d) If, following the above allocation, there remains a Shortfall, it will then be at the discretion of the Directors of HCD to place the shortfall.
- (e) The Directors reserve the right to place any unissued Shares within 3 months after the close of the Entitlement Offer. The Directors are not obliged to place any such Shares and will only do so in their discretion.

For avoidance of doubt, the Corporations Act 20% relevant interest level applies to limit the acquisition of Additional Shares through the Top-Up Facility.

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

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

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 Shares under the Shortfall Offer, the Shortfall Offer will be closed early or withdrawn as the Board's sole and unfettered discretion.

Placement of Shortfall

Notwithstanding anything herein contained, 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 after the Shortfall Closing Date (as may be varied in accordance herewith) will be placed to excluded offerees under section 708 of the Corporations Act. Otherwise any placement will be subject to the same restrictions on placement as Shortfall Shares under the Shortfall Offer.

To the extent it is commercially practicable and taking into account the Company's requirement for funds, the Directors will endeavour to place any Shortfall not taken up to a spread of investors, in order to mitigate any control effects which may arise from issuing Shortfall Shares to a single or small number of investors. In any event, 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 Shares basis) in breach of the restrictions contained in section 606 of the Corporations Act.

Payment by cheque/bank draft

Due to COVID restrictions payments by cheque and bank draft cannot be accepted.

Shortfall Applicants can pay Application Moneys by BPAY® or EFT.

Your completed Application Form and payment by EFT or BPay must reach the Company's Share Registry no later than 5:00 pm (AEST) on the Shortfall Closing Date.

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.

4.13 Issue and Allotment

New Shares (and accompanying New Options) issued pursuant to the Entitlements 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 Entitlements 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 Shares 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 Entitlements Offer or for Shortfall Shares (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 Entitlements Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares (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 Entitlements 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 Securities Act (Overseas Companies) Exemption Notice 2013 (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 Entitlements 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 BPAY² 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 or an Eligible Applicant (as the case may be) and that the Applicant is a legal resident of Australia or New Zealand.

4.15 Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form 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. Return of a duly completed Acceptance Form 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 Entitlements 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 +612 9698 5414 between 8.30am and 7.30pm (AEST) Monday to Friday.

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

² Registered to BPAY PTY LTD ABN 69 079 137 518.

5. Purpose and Effect of the Entitlements Offer

5.1 Background

The Company has an exceptional new oil technology (HCD Multi-Flow®) and business that allows for the swift, clean and cost effective treatment of heavy, asphaltenic and paraffinic oils. The technology can be applied to 1) lowering the temperature at which paraffin that occurs naturally in some crude oils solidifies (or crude oil pour point), 2) improve oil flow rates in wells and pipelines producing or transporting viscous crudes, 3) reduce the requirement of expensive light crude oil (diluent) traditionally mixed in with the viscous crudes to enable them to be pumped from the reservoir and to meet pipeline viscosity and gravity specifications, and 4) recover saleable oil from sludge in storage facilities.

The Company also has an interest in two projects located in the USA, one in each of Utah and Kentucky.

5.2 Purpose of the Entitlements Offer

The purpose of the Entitlements Offer is to raise up to \$1,387,535 (before expenses of the Issue). Funds raised will provide a degree of financial security at a time when the outlook for financial markets remains volatile. The funds raised will be applied to working capital and to give the company flexibility when reviewing upstream opportunities.

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

Indicative use of funds*	Amount (\$)
Working capital	\$1,337,535
Estimated cost of the Issue	\$50,000
TOTAL	\$1,387,535

***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.

5.3 Effect of the Entitlements Offer

The principal effect of the Entitlements Offer, assuming all Entitlements are taken up and no Incentives Rights are exercised prior to the Record Date, will be to:

- increase the cash reserves of the Company by \$1,387,535 (before deducting the estimated costs of the Issue of \$50,000) immediately after completion of the Entitlements Offer;
- increase the number of Shares on issue from 346,883,747 as at the date of this Prospectus to 416,260,496 Shares following the completion of the Entitlements Offer; and
- increase the number of Options on issue from none as at the date of this Prospectus to 34,688,375 following the completion of the Entitlements Offer.

5.4 Effect of the Entitlements Offer on HCD's financial position

Set out below is the unaudited Balance Sheet of the Company as at 30 June 2020 which has been reviewed by the auditor and an unaudited pro-forma Balance Sheet of the Company as at 30 June 2020 as prepared by the Company based on the bases referred to below and assumes the Entitlements Offer is fully subscribed.

	Pro-forma (Unaudited)	Reviewed (Unaudited)
Assets		
Current Assets		
Cash and cash equivalents	2,857,120	1,469,585
Trade and other receivables	63,651	63,651
Prepayments	125,859	125,859
Inventory	509,159	509,159
Total Current Assets	3,555,789	2,168,254
Non-Current Assets		
Exploration and evaluation expenditure	274,623	274,623
Plant and equipment	3,411	3,411
Intangible assets	3,969,829	3,969,829
Total Non-Current Assets	4,247,863	4,247,863
Total Assets	7,803,652	6,416,117
Liabilities		
Current Liabilities		
Trade and other payables	64,583	64,583
Provisions	36,869	36,869
Borrowings	111,526	111,526
Total Current Liabilities	212,978	212,978
Non-Current Liabilities		
Provisions	5,330	5,330
Total Non-Current Liabilities	5,330	5,330
Total Liabilities	218,308	218,308
Net Assets	7,585,344	6,197,809
Equity		
Issued capital	65,165,619	63,778,084
Reserves	(521,977)	(521,977)
Accumulated losses	(57,058,298)	(57,058,298)
Total Equity	7,585,344	6,197,809

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 \$50,000; and
- an allowance for funds expended by HCD since 30 June 2020.

The unaudited pro-forma Balance Sheet has been prepared by adjusting the unaudited balance sheet as at 30 June 2020 to reflect the financial effect of this capital raising, as if it had occurred at 30 June 2020.

Operating costs of the company between 30 June 2020 and the date of this prospectus were approximately \$280,000.

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.

5.5 Effect on capital structure

The effect of the Entitlements 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 and no Incentive Rights are exercised prior to the Record Date.

Effect on Ordinary Shares on Issue	Number	% Equity
Existing Shares	346,883,747	83.3%
New Shares	69,376,749	16.7%
Total Shares on issue post Entitlements Offer	416,260,496	100%

Effect on Options on Issue	Number
New Options	34,688,375
Total Options on issue post Entitlements Offer	34,688,375

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	346,883,747	76.92%
New Shares	69,376,749	15.38%
Shares issued on exercise of New Options	34,688,375	7.69%
Total securities on issue post Entitlements Offer	450,948,871	100.00%

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

5.6 Details of substantial holders

Based on information provided by the Company's Share Registry as at 15 October 2020, 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	37,317,083	10.76%
Sterling McGregor Super Pty Ltd	31,782,790	9.16%

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

5.7 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 5.8), 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	Existing Incentive rights	Entitlement to 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)	37,317,081	3,500,000	7,463,417	44,780,498	3,731,708	10.76%	48,512,205	10.76%
Nicholas Castellano (Director) ³	6,168,140	1,500,000	-	6,168,140	-	1.48%	6,168,140	1.48%
Allan Ritchie (Director)	3,500,007	1,500,000	700,002	4,200,009	350,001	1.00%	4,550,009	1.00%
Andrew Seaton (Director)	3,555,904	2,000,000	711,181	4,267,085	355,590	1.00%	4,622,675	1.00%
Ray Shorrocks (Director)	5,321,025	2,000,000	1,064,205	6,385,230	532,103	1.53%	6,917,333	1.53%
William Tarantino ³	2,000,000	2,500,000	-	2,000,000	-	0.58%	2,000,000	0.58%

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. Assuming no Incentive Right are vested or exercised prior to Record Date.
3. As USA residents, Mr Castellano and Mr Tarantino cannot participate in the entitlement offer.

5.8 Directors' Intentions

Mr Stephen Mitchell has indicated that he will take up his Entitlement in full, being 7,463,416 New Shares (and 3,731,708 accompanying New Options), which will take his holding of Shares to 44,780,497 or 10.76% of the then issued capital of the Company (assuming all Entitlements were taken up). On a fully diluted basis his percentage holding would be 10.76% of the then capital of the Company.

Mr Allan Ritchie has indicated that he will take up his Entitlement in part. Mr Ritchie's full entitlement is 700,002 New Shares (and 350,001 accompanying New Options).

Mr Andrew Seaton has indicated that he will take up his Entitlement in full. Mr Seaton's full entitlement is 711,181 New Shares (and 355,590 accompanying New Options).

Mr Ray Shorrocks Ritchie has indicated that he will take up his Entitlement in part. Mr Ray Shorrocks full entitlement is 1,064,205 New Shares (and 532,103 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.

Sections 254B(2), (3) and (4) of the Corporations Act, prescribe certain terms of issue and entitlements with respect to shares in a "no liability" company. Section 254B(2) provides that a share in a no liability company is issued subject to a term that if the company is wound up and a surplus remains, it must be distributed among the parties entitled to it in proportion to the number of shares held by them irrespective of the amounts paid up on those shares. However, a member who is in arrears in payment of a call on a share, but whose shares have not been forfeited, is entitled to participate in the distribution of that surplus if the full amount outstanding in respect of the call is first paid.

Section 254B(3) provides that if a no liability company is wound up having ceased to carry on business within 12 months after its registration, those of its shares that were issued for cash (to the extent of the capital contributed by subscribing shareholders) must on a winding up rank in priority to shares issued to vendors or promoters, or both, for consideration other than for cash. Additionally, section 254B(4) provides that shareholders that were vendors or promoters of a no liability company are not entitled to any preference upon a winding up of that company at any time, notwithstanding anything contained in the company's constitution or the terms on which the shares were issued.

(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.

(m) Share Buy Backs

The Company may buy back Shares in itself in accordance with the provisions of the Corporations Act.

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 \$0.03 (3 cents) (**Exercise Price**).
- (c) Subject to paragraph (m) below, each New Option will automatically lapse if not exercised on 5.00 PM (AEST) on or before 31 October 2022 (**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.
- (e) A New Option may be exercised by the Optionholder at any time prior to the Expiry Date by sending a completed and
- (f) 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.
- (g) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (h) 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.
- (i) Ordinary shares allotted pursuant to the exercise of the New Options will rank equally with the then issued ordinary shares of the Company.
- (j) The Company undertakes to apply for official quotation by ASX of all ordinary shares allotted pursuant to the exercise of any New Options, within 10 Business Days of the date of allotment of those new ordinary shares, provided that the

Company is only required to apply for official quotation by the ASX if lots of 1,000 New Options are exercised in aggregate or otherwise at the discretion of the Company.

- (k) 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.
- (l) 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.
- (m) 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.
- (n) 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 (k) above.
- (o) 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.
- (p) The New Options are transferable but will not be listed on ASX.

6.3 Rights attaching to Incentive Rights

The following is a summary of the key terms of the existing Incentive Rights:

The Incentive Rights will convert into a share on the following conditions:

- (a) 50% Conversion - 15 cent share price: 50% of the Incentive Rights issued to a holder will convert into Shares on HCD announcing to ASX prior to 1 September 2021 that the closing price of Shares on ASX has exceeded 15 cents for any consecutive 3 month period.
- (b) 50% Conversion – US\$900,000 sales revenue: 50% of the Incentive Rights issued to a holder will convert into Shares on HCD announcing to ASX prior to 1 September 2021 that the Company has achieved sales revenue of more than US\$900,000 from the sale of drums of Multi-Flow® over any consecutive 3 month period (excluding taxes and determined in accordance with Accounting Standards).
- (c) Each Incentive Right shall confer on the holder the right to receive notices of general meetings and financial reports and accounts of the company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company
- (b) The Incentive Rights do not entitle the holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) The Incentive Rights do not entitle the holder to any dividends.
- (e) The holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) The Incentive Rights are not transferable.
- (g) If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation and changed on the same proportional basis as ordinary shares in the event of share consolidations or share splits.

- (h) The Incentive Rights are not be quoted on ASX. However, upon conversion of the Incentive Rights into fully paid ordinary shares in the Company, the Company must within seven days after the conversion, apply for the official quotation of the shares arising from the conversion on ASX.
- (i) An Incentive Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (j) Upon a Change of Control (defined below), each Incentive Right will convert into one Share.
- (k) Conversion of the Incentive Rights is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (l) If conversion has not occurred and no Change of Control has occurred in each case by 1 September 2021, the relevant Incentive Rights will expire.
- (m) The Company will issue the holder with a new holding statement for the Shares as soon as practicable following the conversion of any Incentive Rights into Shares.
- (n) **Definitions:** For the purposes of these terms a Change of Control occurs when:
 1. (i) a takeover bid (as defined in the Corporations Act) is made for the Shares which results in the bidder acquiring a relevant interest (as defined in the Corporations Act) in at least 50% of those Shares; or
 - (ii) pursuant to an application made by HCD to the court under section 411 of the Corporations Act, the court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of HCD or its amalgamation with any other company and that resolution is passed by the requisite majorities which will result in a person and its related bodies corporate being registered as the holder of more than 50% of those Shares.

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.

(l) COVID Risk

Business operation are expected to be impacted by recent developments in relation to COVID 19 including ability to travel. Delays are expected in trials and this may delay any future sales.

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.

8. Additional Information

8.1 Litigation

Except as previously announced by the Company (see Section 8.3), 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, subject to COVID restrictions.

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 1 April 2020 and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description
13/10/2020	Change of Director's Interest Notice
13/10/2020	Cleansing Notice
13/10/2020	Appendix 2A
13/10/2020	Continued Success in Western Canada Pilot
8/10/2020	Rights Issue
7/10/2020	Cleansing Notice
7/10/2020	Appendix 2A
9/09/2020	Half Year Accounts
2/09/2020	Ceasing to be a substantial holder
31/07/2020	Quarterly Activities and Cashflow Report
29/07/2020	HCD Multi-Flow® in Western Canada Pilot
7/07/2020	Cleansing Notice
7/07/2020	Change of Director's Interest Notice
29/05/2020	Results of Annual General Meeting
8/05/2020	Change in substantial holding
7/05/2020	Director's Change of Interest and Substantial Holder Notices
7/05/2020	Rights Issue Allotment and Share Placement
4/05/2020	Appendix 2A
4/05/2020	Waiver Granted
30/04/2020	Quarterly Activities and Cashflow Report
30/04/2020	Rights Issue Successfully Completed
23/04/2020	Notice of Annual General Meeting/Proxy Form
22/04/2020	Successful Testing on Heavy Crude in Canadian Oil Sands
9/04/2020	Entitlement Offer Booklet
3/04/2020	Rights Issue Timetable
3/04/2020	Appendix 3B

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	\$0.036	15 October 2020
Lowest	\$0.023	8 October 2020
Last	\$0.036	15 October 2020

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 Entitlements Offer; or
- (c) the Entitlements 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 Entitlements 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	Existing Incentive Rights	% of Total issued capital of the Company pre-Offer
Stephen Mitchell	37,317,081	3,500,000	10.76%
Nicholas Castellano	6,168,140	1,500,000	1.78%
Allan Ritchie	3,500,007	1,500,000	1.01%
Andrew Seaton	3,555,904	2,000,000	1.03%
Ray Shorrocks	5,321,025	2,000,000	1.53%

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 ³
		CASH, SALARY & FEES	RELATED PARTY FEES	BONUS		SUPER- ANNUATION	OPTIONS		
		\$	\$	\$		\$	\$		
NON-EXECUTIVE DIRECTORS									
Donald Beard	2019	-	-	-	-	-	-	-	-
	2018	14,612	24,000	-	-	1,388	-	40,000	-
Ray Shorrocks	2019	-	50,518	-	-	-	3,054	53,572	6%
	2018	-	73,000	-	-	-	-	73,000	-
Allan Ritchie	2019	-	62,000	-	-	-	2,290	64,290	4%
	2018	-	90,000	-	-	-	-	90,000	-
Andrew Seaton	2019	19,800	-	-	-	-	3,054	22,854	13%
	2018	-	-	-	-	-	-	-	-
	YEAR	SHORT TERM BENEFITS			LONG TERM BENEFITS	POST EMPLOY- MENT	EQUITY BASED PAYMENTS	TOTAL	PERFOR- MANCE RELATED ³
		CASH, SALARY & FEES	RELATED PARTY FEES	BONUS		SUPER- ANNUATION	OPTIONS		
		\$	\$	\$		\$	\$		
EXECUTIVES									
Stephen Mitchell*	2019	247,005	-	-	1,655	16,973	5,345	270,978	2%
	2018	341,285	-	-	764	20,257	-	362,305	-
Nicholas Castellano	2019	-	259,518	-	-	-	2,290	261,808	1%
	2018	-	242,210	-	-	-	-	242,210	-
TOTAL	2019	266,805	372,036	-	1,655	16,973	16,033	673,502	-
TOTAL	2018	355,897	429,210	-	764	21,645	-	807,515	-

*Stephen Mitchell became a non-executive director from 1 April 2020

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.

- \$50,518 of board fees to Spring Street Holdings Pty Ltd, a company associated with Ray Shorrocks. This amount is included in directors fees in section 8.7.
- \$62,000 of consulting fees (in lieu of board fees) to True Success Pty Ltd, a company associated with Allan Ritchie. This amount is included in directors fees in section 8.7.
- \$259,519 of salaries and wages (included in section 8.7) and \$277,249 of royalties to NC2 LLC, a company associated with Nicholas Castellano.

\$150,000 was also paid to Lowell Accounting Services for accounting and secretarial services and rent, an entity of which Stephen Mitchell and Julie Edwards are Directors.

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

In addition, Mr Mitchell is partially underwriting the rights issue through his related party.

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 Entitlements Offer; or
- (c) the Entitlements 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 Entitlements 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 not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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 \$50,000 (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: 21 October 2020



Stephen Mitchell
Chairman and Director

10. Glossary and Interpretation

10.1 Definitions

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

Additional Shares	New Shares applied for by an Eligible Shareholder that are in excess of the Eligible Shareholder's entitlement
Announcement Date	21 October 2020
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 Additional Shares 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 17 November 2020 (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 2 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 21 October 2020
Record Date	7.00pm (Melbourne time) on 26 October 2020
Share	a fully paid ordinary share in the capital of HCD
Shareholder	a registered holder of Shares
Share Registry	Automic Pty Ltd
Subsidiary	a body corporate that is a subsidiary of HCD within the meaning of the Corporations Act
Top-Up Facility	the mechanism by which Eligible Shareholders can apply for Additional Shares as described in Section 4.11
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

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 Allan Ritchie - Non-Executive Director Andrew Seaton - Non-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)

[EntityRegistrationDetailsLine1Envelope]

[EntityRegistrationDetailsLine2Envelope]

[EntityRegistrationDetailsLine3Envelope]

[EntityRegistrationDetailsLine4Envelope]

[EntityRegistrationDetailsLine5Envelope]

[EntityRegistrationDetailsLine6Envelope]

Holder Number:
[HolderNumberMasked]Shares held as at the Record Date at
7.00PM AEST on Monday, 26 October 2020
[CumBalance]

ENTITLEMENT AND ACCEPTANCE FORM

OFFER CLOSSES 5.00PM AEST ON 17 NOVEMBER 2020 (WHICH MAY CHANGE WITHOUT NOTICE)

As an Eligible Shareholder you are entitled to acquire the New Shares in Hydrocarbon Dynamics Limited (**New Shares**) below for the amount payable. **Your entitlement is to one (1) New Shares for every five (5) Shares held by Eligible Shareholders registered at the Record Date, at an issue price of \$0.02 (2 cents) per New Share, together with 1 free Attaching New Option for every 2 New Shares subscribed for.** The Options will have an exercise price of \$0.03 (3 cents) each and expire on 31 October 2022. The Prospectus dated 21 October 2020 contains information about investing in the Shares and you should carefully read the Prospectus before applying for Shares. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus. If you do not understand the information provided in the Prospectus or you are in doubt as to how you should deal with it, you should seek professional advice. Other than as defined in this Entitlement and Acceptance form, capitalised terms have the same meaning as defined in the Prospectus.

1 ACCEPTANCE OF ENTITLEMENT OR PART THEREOF

	Payment Amount A\$ (\$0.02 per New Share)	Number of New Shares Applied
<input type="checkbox"/> Full Entitlement	[EntPayable]	[Entitlement]
<input type="checkbox"/> Partial Entitlement	<div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div> </div>	<div> <div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div> </div>

2 APPLICATION FOR ADDITIONAL SHARES

As a Shareholder, you are invited to apply for additional New Shares, providing you have taken up your full Entitlement. Should you wish to apply for additional New Shares please complete the following sections.

	Payment Amount A\$ (\$0.02 per New Share)	Number of New Shares Applied
<input type="checkbox"/> Shortfall Shares	<div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div> </div>	<div> <div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div> </div>

Insert the Payment Amount & number of New Shares applied for. No fractional shares will be issued. If the dollar amount above in section 2, divided by the issue price (\$0.02), is a fraction of a New Share, the New Shares allotted will be rounded to the nearest whole number).

3 MAKE YOUR PAYMENT BY BPAY® OR ELECTRONIC FUNDS TRANSFER (EFT)

Total Payment A\$	<div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div><div></div> </div> , <div> <div></div><div></div> </div>
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Option A – BPAY®



Biller Code: TBC
Ref No: [BPayCRN]

Contact your financial institution to make your payment from your cheque or savings account.

Note: You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment for your share subscription electronically.

Option B – Electronic Funds Transfer (EFT)

The unique reference number which has been assigned to your Application is: HCD[HolderId]

Funds are to be deposited in AUD currency directly to following bank account:

Account name: Automic Pty Ltd
Account BSB: TBC
Account number: TBC
Swift Code: WPACAU2S

IMPORTANT: You must quote your unique reference number as your payment reference/ description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and New shares subsequently not issued.

Note: You do not need to return this form if you have made payment via EFT. Your unique reference number will process your payment for your share subscription electronically.

Due to the Government's direction for people to remain in their residence and other restrictions under the Public Health (COVID-19) Restrictions on Gathering and Movement) Order 2020 and for the purposes of public health and safety, payments in cash or by cheque will not be accepted.

4 PROVIDE YOUR CONTACT DETAILS & ELECT TO BE AN E-SHAREHOLDER

Return to our Share Registry by email to hello@automicgroup.com.au

Telephone Number ()	Contact Name (PLEASE PRINT)
Email Address	
HCD[HolderId]	

INSTRUCTIONS FOR COMPLETION OF THIS FORM

The Offer is being made to all Shareholders with a registered address in Australia or New Zealand who are registered as the holder of Shares at 7.00PM AEST on the Record Date (**Eligible Shareholders**).

ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form with payment to the Share Registry or making a BPAY or EFT payment:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations contained therein and in this Entitlement and Acceptance Form;
- you provide authorisation to be registered as the holder of New Securities acquired by you and agree to be bound by the Constitution of the Company.

1 Acceptance of Full or Partial Entitlement for New Shares

Select the value of New Shares you wish to accept under the Entitlement Offer.

If you wish to accept for New Shares less than your full entitlement, enter the number of New Shares you wish to accept, which must be less than your full Entitlement, which is set out overleaf. No fractional Share will be allotted, therefore if the dollar amount paid divided by the issue price (\$0.02) is a fraction of a New Share, the New Shares allotted will be rounded to the nearest whole number of New Shares.

2 Application for additional New Shares under the Shortfall Offer

You can only apply for additional New Shares if you have applied for your full entitlement in section 1. Please specify the amount by entering the total amount payable & the number of New Shares for which you are applying.

No fractional Share will be allotted, therefore if the dollar amount paid divided by the issue price (\$0.02) is a fraction of a New Share, the New Shares allotted will be rounded to the nearest whole number.

There is no guarantee that Eligible Shareholders will receive New Shares applied for under the Shortfall Offer.

3 Payment

Payment by BPAY: 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. **To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form.** Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight).

You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such New Shares for which you have paid.

Payment by EFT: You can make a payment via Electronic Funds Transfer "EFT". Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time and any associated fees with processing a funds transfer.

Please ensure you use your unique reference number located on the reverse page. This will ensure your payment is processed correctly to your application electronically.

You do not need to return this form if you have made payment via EFT. Your unique reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such New Shares for which you have paid.

Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight) and it is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time. **The Company and the Share Registry accept no responsibility for incorrect, delayed or misdelivered Application Forms or payments.**

Due to the Government's direction for people to remain in their residence and other restrictions under the Public Health (COVID-19) Restrictions on Gathering and Movement) Order 2020 and for the purposes of public health and safety, payments in cash or by cheque will not be accepted.

4 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm WST. We may use this email* or number to contact you regarding your acceptance of the New Shares, if necessary.

*By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible)

If you require further information about the Entitlement Offer, please contact Automic on 1300 288 664 or +61 2 9698 5414 between 9:00am and 5:00pm (WST).