

Hydrocarbon Dynamics Limited

(ABN 75 117 387 354)

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2025

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DIRECTORS' REPORT

In accordance with a resolution of the Directors, the Directors present their Report together with the interim Financial Report of Hydrocarbon Dynamics Limited ("the Company") and its subsidiaries (together referred to as the "Group") for the half-year ended 30 June 2025 ("Period") and the Independent Auditor's Review Report thereon:

Directors

The Directors of the Company at any time during or since the end of the half-year ended 30 June 2025 were:

Executive Directors

Mr Nicholas Castellano

Non-Executive Directors

Mr Stephen Mitchell (Chairman)

Mr Ray Shorrocks

Review of Operations

Total comprehensive loss for the Group for the period was \$521,231 (2024: \$594,668). For the half-year ended 30 June 2025, the Group has recorded net cash outflows from operating activities of \$206,462 (2024: \$484,574).

The functional currency for the Group is US Dollars. The presentation currency for the Group's accounts is Australian Dollars. All figures quoted in this report are Australian Dollars unless otherwise specified.

Chemicals Division

Group received a repeat order for the paraffin control programme in the Cooper Basin for the 2025 Australian winter season, which performed well during the 2024 winter season. Group provided its Cooper Basin customer with Group's new Australian distributor, who will manage the programme and provide full service of the treatment application.

Group's Canadian distributors, Quadra Chemical, identified 3 new opportunities among their new clients in the Alberta Oil Fields that they believe would benefit from the use of HCD Multi-Flow. Two of these are paraffin affected well opportunities and one an oil transfer line opportunity.

The HCD Multi-Flow treatment on a Gulf of Mexico offshore subsea pipeline stalled initially when line maintenance was carried out and subsequently when Group's point of contact retired with a replacement not appointed until early July. Group is currently bringing the new person up to speed on the technology and on the history and status of the other trials Group ran over the last several years.

Group's Dubai based distributor ordered and received approximately A\$165,000 of HCD Multi-Flow and requested a quote for a similar sized order which will be decided towards the end of the year.

After a series of long delays, the application of HCD Multi-Flow on a North Sea platform for a large national oil company recommenced in May. Further operational delays to the platform have been reported with the unit scheduled to be back online in August. The platform being treated suffers from severe paraffin deposition issues resulting in substantial lost production. If this application proves successful, a second platform with comparable issues could follow.

Successful viscosity reduction testing and API increase testing on tank samples from Kuala Lumpur has led to commercial discussions on supplying HCD Multi-Flow. This work has led to Group returning to the area of its largest commercial success being the offshore PENARA Puteri Cluster development. Discussions with Group's distributor, Jadestone Energy, have focussed on a possible field trial at East Piatu Platform in late 2025. In the past Group was very successful treating this cluster for 5 years and believes, if awarded the trial, Group's technology should produce a similar successful result.

Discussions with Group's distributor in Indonesia are underway on a potential application at the Puyuh Block onshore Indonesia involving 8 wells. The field operator, SSY Petroleum, are providing crude oil and water samples for further analysis aiming to ensure the oil can be pumped at room temperatures using HCD Multi-Flow. The Distributor has provided Group with a well data sheet, photos, and videos of the crude samples when blended with HCD Multi-Flow with promising initial results performed in bench tests with HCD Multi-Flow and the Indonesian crude samples.

Group's distributor in Pakistan is leading discussions with Pak Arab Refinery Ltd in regards to a Pakistan oil field transfer line. The opportunity relates to three 30-inch pipelines, approximately 2.5km long that require flow assurance treatment. The opportunity seems well situated to HCD technology given its similarity with the successful Petronas application in Malaysia. Discussions have concentrated on a 4-week trial treating the lines at 250 PPM. Should the trial proceed the approximate number of drums required is estimated to be in excess of 2,000 drums of HCD Multi-Flow.

When Group acquired the suite of technologies from NC2 LLC in 2018, Group acquired an environmentally friendly organic chelant known as HCD Salt Reducer, utilised for soil remediation and cleanup. In old field tests (predating Group's acquisition) this product had reportedly been successful in increasing product yield and improving soil quality, while reducing the amount of water required. This product is utilised as a soil nutrient and soil chelant that is designed to increase crop yield and plant strength by removing salts in the ground which prevent the plant from having a healthy deep root structure. The product is comprised of 72 naturally occurring minerals that are necessary to feed plants and make them strong and productive as well as deepen their root structure, resulting in less water required and higher crop yield.

Given the slow take-up of HCD Multi Flow, and the considerable problems salt affected soils pose in formally productive parts of Australian farmland, Group will start to seek on-farm trials to prove the efficacy of this existing HCD technology in Australian conditions. Group will also review compatible soil improvement technologies to complement its HCD Salt Reducer.

Group continues to hold a production-based royalty on its former Utah upstream asset (not in production) where the application of HCD technologies may assist.

Exploration Division

The Group has an existing royalty agreement on any oil production from its former project in Utah though this field is only at the appraisal stage. No tenement interests are owned at the date of this report.

Corporate

The Group continues to review investment opportunities in upstream oil and gas, energy technology and the broader energy industry.

Directors have also agreed to waive or defer director fees until the financial position of the Group is strengthened.

Events subsequent to the end of the half year

In August 2025 the Group completed a fully underwritten Entitlement Offer raising \$718,740 before costs.

In the opinion of the Directors, there have been no other events that have arisen in the interval between the end of the financial period and the date of the report any other matter or circumstance that has significantly affected, or may significantly affect the Group's operations, results or the state of affairs in future financial years.

Rounding Off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors.



Stephen Mitchell
Director

Melbourne
9 September 2025

The Directors
Hydrocarbon Dynamics Limited
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Melbourne VIC 3000

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Brisbane, QLD 4000

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GPO Box 1144
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Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 30 June 2025, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Hydrocarbon Dynamics Limited and the entities it controlled during the period.

Pitcher Partners

PITCHER PARTNERS



DAN COLWELL
Partner

Brisbane, Queensland
9 September 2025

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

		Consolidated Entity	
	Note	30 June 2025	30 June 2024
		\$	\$
REVENUE AND OTHER INCOME			
Revenue from contracts with customers	4	159,569	159,350
Other income		4,865	9,563
		164,434	168,913
EXPENSES			
Director and employee related costs		(90,000)	(177,577)
Production costs		(150,927)	(127,145)
Royalties		(154,168)	(146,572)
Audit and accounting fees		(91,036)	(87,902)
General and administration costs		(47,976)	(60,415)
Professional consultant and contractor fees		(23,910)	(47,612)
Insurance costs		(54,820)	(60,795)
Property expense		(37,164)	(43,600)
Travel and accommodation costs		(4,927)	(4,099)
Development and testing costs		(5,567)	(3,319)
Finance expenses		(1,209)	(1,668)
Amortisation and depreciation costs		(714)	(767)
Net fair value loss on investments		(20,000)	-
		(682,419)	(761,471)
LOSS BEFORE INCOME TAX		(517,984)	(592,558)
Income tax expense		-	-
LOSS FOR THE PERIOD		(517,984)	(592,558)
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operation		(3,247)	(2,110)
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX		(3,247)	(2,110)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(521,231)	(594,668)
Loss attributable to owners of the Company		(517,984)	(592,558)
Comprehensive loss attributable to owners of the Company		(521,231)	(594,668)
Earnings per share on loss for the period:			
Basic loss per share		(0.05) cents	(0.07) cents
Diluted loss per share		(0.05) cents	(0.07) cents

The accompanying notes form part of the condensed consolidated financial report.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

		Consolidated Entity	
	Note	30 June 2025	31 December 2024
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		607,043	770,159
Trade and other receivables		2,320	12,743
Prepayments		48,811	54,385
Inventory		272,922	243,824
TOTAL CURRENT ASSETS		931,096	1,081,111
NON-CURRENT ASSETS			
Plant and equipment		7,184	6,021
Other financial assets	5	80,000	-
TOTAL NON-CURRENT ASSETS		87,184	6,021
TOTAL ASSETS		1,018,280	1,087,132
LIABILITIES			
CURRENT LIABILITIES			
Contract liabilities	6	236,533	-
Trade and other payables		87,482	66,566
Accrued expenses		75,837	90,782
Borrowings	7	36,842	-
TOTAL CURRENT LIABILITIES		436,694	157,348
TOTAL LIABILITIES		436,694	157,348
NET ASSETS		581,586	929,784
EQUITY			
Issued capital	8	69,312,108	69,143,975
Reserves		(775,251)	(776,904)
Accumulated losses		(67,955,271)	(67,437,287)
TOTAL EQUITY		581,586	929,784

The accompanying notes form part of the condensed consolidated financial report.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

Consolidated	Issued Capital	Foreign Currency Translation Reserve	Equity Based Payments Reserve	Accumulated Losses	Total
Balance at 1 January 2024	68,433,925	(778,684)	-	(66,440,912)	1,214,329
Loss for the year	-	-	-	(592,558)	(592,558)
Other comprehensive loss for the year	-	(2,110)	-	-	(2,110)
Total comprehensive loss for the year	-	(2,110)	-	(592,558)	(594,668)
Transactions with owners in their capacity as owners					
Shares issued	175,124	-	-	-	175,124
Shares issue costs	(18,725)	-	-	-	(18,725)
	156,399	-	-	-	156,399
Balance at 30 June 2024	68,590,324	(780,794)	-	(67,033,470)	776,060
Balance at 1 January 2025	69,143,975	(776,904)	-	(67,437,287)	929,784
Loss for the year	-	-	-	(517,984)	(517,984)
Other comprehensive loss for the year	-	(3,247)	-	-	(3,247)
Total comprehensive loss for the year	-	(3,247)	-	(517,984)	(521,231)
Transactions with owners in their capacity as owners					
Shares issued	225,803	-	-	-	225,803
Shares issue costs	(57,670)	-	-	-	(57,670)
Options issued	-	-	4,900	-	4,900
	168,133	-	4,900	-	173,033
Balance at 30 June 2025	69,312,108	(780,151)	4,900	(67,955,271)	581,586

The accompanying notes form part of the condensed consolidated financial report.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

	Consolidated Entity	
	30 June 2025	30 June 2024
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	394,575	148,403
Payments to suppliers and employees	(604,692)	(638,387)
Interest received	4,864	7,078
Interest paid	(1,209)	(1,668)
NET CASH USED IN OPERATING ACTIVITIES	(206,462)	(484,574)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(1,884)	-
Payment for shares in listed companies	(100,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(101,884)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of insurance funding loan	(24,562)	(22,537)
Proceeds from issue of shares	225,803	175,124
Share issue costs	(52,771)	(70,493)
NET CASH PROVIDED BY FINANCING ACTIVITIES	148,470	82,094
Net decrease in cash held	(159,876)	(402,480)
Cash at beginning of period	770,159	974,082
Effect of exchange rate movement	(3,240)	(2,109)
CASH AT THE END OF THE PERIOD	607,043	569,493

The accompanying notes form part of the condensed consolidated financial report.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

NOTE 1: CORPORATE INFORMATION

The interim financial report covers Hydrocarbon Dynamics Limited and its controlled entities (the "Group").

The financial report does not include all of the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the Group together with any public announcements made by the Group during the interim reporting period in accordance with the requirements of the *Corporations Act 2001*.

NOTE 2: BASIS OF PREPARATION

The interim consolidated financial report ("the financial report") is for the six months ended 30 June 2025 and is presented in Australian Dollars (\$AUD). The functional currency of the Group is US Dollars. The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest dollar, unless otherwise stated.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and continue normal business activities through the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2025 the Group has \$607,043 in cash and cash equivalents and net assets of \$581,586. During the period ended 30 June 2025 the Group incurred a loss after tax of \$517,984 and a net cash outflow from operating activities of \$206,462. Subsequent to 30 June 2025, the Group has raised an additional capital of \$718,740 (before issue costs).

The Group's ability to continue as a going concern is dependent upon the successful execution of several initiatives, including:

- securing future funding through debt or equity arrangements, and
- the commercialisation of its HCD products and technologies across the energy and agricultural sectors.

The Group continues to review investments opportunities in upstream oil and gas, energy technology and the broader energy industry.

The Directors continually monitor the Group's cash flow requirements to ensure that it has sufficient funds to meet its contractual commitments and adjust spending with respect to discretionary corporate overhead accordingly.

If the above initiatives are unsuccessful, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and as a result the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the condensed consolidated financial statements. No adjustments for such circumstances have been made in the condensed consolidated financial statements.

NOTE 3: MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this financial report are consistent with those of the previous financial year and corresponding interim reporting period except for the new policies on financial instruments and fair value measurement as described below.

The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

A number of new Australian Accounting Standards have been issued but are not yet effective and have not been adopted for the reporting period ended 30 June 2025. These standards are not expected to have a material impact on the financial report.

The accounting policies have been applied consistently throughout the Group for the purpose of preparation of the financial report.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

Financial instruments

The Group's other financial assets have been measured at fair value through profit or loss (FVPL).

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Group includes in this category financial instruments which are investments in listed entities that are held under a business model to manage them on a fair value basis for investment fair value gains.

Fair value measurement of financial instruments

(i) Fair value hierarchy

Fair value determined by reference to actively trading markets is considered a level 1 fair value measurement.

(ii) Fair value of investments at fair value through profit or loss

The group holds financial instruments measured at fair value, which are investments in ASX listed securities.

The fair value measurement for ASX listed securities is considered a level 1 fair value measurement under fair value hierarchy as it is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

	30 June 2025	30 June 2024
	\$	\$
NOTE 4: REVENUE FROM CONTRACT WITH CUSTOMERS		
<i>Recognised at a point in time:</i>		
Australia	-	125,926
North America	3,766	33,424
Middle East	155,803	-
	159,569	159,350

NOTE 5: OTHER FINANCIAL ASSETS

Investment in ASX listed securities at FVTPL (level 1)	80,000	-
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NOTE 6: CONTRACT LIABILITIES

Revenue received in advance	236,533	-
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Revenue received in advance represents cash received in advance of goods being delivered to the customer. The obligation to deliver the goods will be fulfilled within the next 6 months at which time revenue will be recognised in the statement of profit or loss and other comprehensive income.

NOTE 7: BORROWINGS

The Group entered into an insurance premium funding arrangement during the period with initial funding of \$61,405, payable in equal monthly instalments until 31 December 2025 bearing fixed interest rate of 4.92% p.a.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

	30 June 2025	31 December 2024
	\$	\$
NOTE 8: EQUITY		
Issued capital	73,370,301	73,144,498
Capital raising costs	(4,058,193)	(4,000,523)
	69,312,108	69,143,975

	Six months to 30 June 2025		Six months to 31 December 2024	
	No.	\$	No.	\$
Movement in number of shares:				
Balance at the beginning of the period	927,841,570	69,143,975	808,582,362	68,609,049
<i>Movements during the period:</i>				
Entitlement offer (i)	-	-	119,259,208	357,778
Entitlement offer (ii)	75,000,000	-	-	225,000
Entitlement offer (iii)	75,267,710	225,803	-	-
Capital raising costs (iv)	-	(57,670)	-	(47,852)
	150,267,710	168,133	119,259,208	534,936
Balance at the end of the period	1,078,109,280	69,312,108	927,841,570	69,143,975

- (i) Shares issued under the November 2024 Entitlement Offer at an issue price of 0.3 cents.
- (ii) Funds received under the November 2024 Entitlement Offer prior to 31 December 2024 for which shares were issued on 30 January 2025.
- (iii) Shares issued under the November 2024 Entitlement Offer at an issue price of 0.3 cents on 3 February 2025.
- (iv) Capital raise costs include costs associated with Entitlement Offer funds received in prior period.

At the end of the half year there were 184,763,448 unlisted options on issue (31 December 2024: 162,235,004).

Securities	Grant date	Expiry date	Number	Exercise price
Unlisted	5 February 2024	5 February 2026	40,000,001	1.5 cents
Unlisted	15 November 2024 (i)	15 November 2025	59,629,592	0.5 cents
Unlisted	30 January 2025 (i)	15 November 2025	57,500,000	0.5 cents
Unlisted	3 February 2025 (i)	15 November 2025	17,633,855	0.5 cents
Unlisted	3 February 2025 (ii)	15 November 2025	10,000,000	0.5 cents

- (i) Options issued under the November 2024 Entitlement Offer to shareholders with 1 option issued for every 2 new shares issued.
- (ii) Options issued for broker services.

NOTE 7: SEGMENT REPORTING

The Chief Operating Decision Makers (CODM) do not receive information which is disaggregated by geographic area, by product or service or by customer group and therefore only one reportable segment exists at balance date.

The Group's revenue, results and assets for this reportable segment can be determined by reference to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Condensed Consolidated Statement of Financial Position.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2025**

NOTE 8: CONTINGENT LIABILITIES AND ASSETS

Royalty Agreement

The Group is party to a royalty agreement with Director Mr Nicholas Castellano, whereby the Group is obliged to pay a monthly royalty equal to the greater of:

- (a) US\$20,000; subject to adjustment as described below; or
- (b) 5% of net revenue (gross revenue minus taxes and commissions) from the HCD business.

Until the amount of US\$19.5 million is paid in full.

The minimum royalty instalment described in point (i) above was adjusted due to a material change in the business, in which a customer ("the Customer") elected to stop using Multi-Flow, causing a reduction in ongoing revenue. The parties agreed that the minimum royalty instalment be reduced from USD\$20,000 per month to USD\$16,000 per month, until Group has entered into a firm contract with either:

- (a) the Customer and/or a related party of the Customer for the sale by Group of at least 140 drums of Multi-Flow per month for a minimum period of 6 months; or
- (b) one or more credible third parties other than the Customer and/or a related party of the Customer for the sale by the Group of at least 35 drums of Multi-Flow per month for a minimum period of 6 months.

The royalty agreement is non-recourse and may be terminated by the Group at any time or by Mr Castellano in the event that the royalties are not paid. The royalty payments have been expensed as incurred.

Other

The Group is currently in dispute with an import company in India claiming they are entitled to demurrage and storage fees of US\$113,195. The Directors strongly deny the claim and intend to engage legal representation if it is deemed necessary.

NOTE 9: COMMITMENTS

There are no commitments as at 30 June 2025 (31 December 2024: Nil).

NOTE 10: SUBSEQUENT EVENTS

In August 2025 the Group completed a fully underwritten Entitlement Offer raising \$718,740 before costs.

In the opinion of the Directors, there have been no other events that have arisen in the interval between the end of the financial period and the date of the report any other matter or circumstance that has significantly affected, or may significantly affect the Group's operations, results or the state of affairs in future financial years.

**HYDROCARBON DYNAMICS LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354**

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The interim consolidated financial report and notes set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Stephen Mitchell
Director

Melbourne

9 September 2025

**Independent Auditor's Review Report
to the Members of Hydrocarbon Dynamics Limited****Report on the Half-Year Financial Report***Conclusion*

We have reviewed the half-year financial report of Hydrocarbon Dynamics Limited, (the "Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2025, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the financial report which states that the ability of the Group to continue as a going concern is dependent on its ability to successfully raise capital in the future and to generate cash inflows through the commercialisation of its HCD Multi-Flow products to external customers. As stated in note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

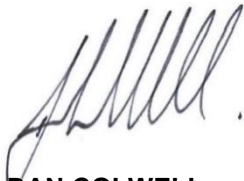
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners

PITCHER PARTNERS



DAN COLWELL

Partner

Brisbane, Queensland
9 September 2025

CORPORATE DIRECTORY

Directors

Mr Stephen Mitchell (Non-Executive Chairman)
Mr Nicholas Castellano (Executive Director)
Mr Ray Shorrocks (Non-Executive Director)

Company Secretary

Ms Julie Edwards

Registered and Principal Office

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COLLINS STREET WEST VIC 8007

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SYDNEY NSW 2000

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Fax: +61 2 9698 5414

Auditors

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Level 38, Central Plaza,
345 Queen Street
BRISBANE QLD 4000

Phone: +617 3222 8444

Fax: +617 3221 7779

Stock Exchanges

Australian Securities Exchange Limited (ASX)

Code: HCD

OTC Pink (United States)

Code: POGLY

Australian Company Number

117 387 354

Australian Business Number

75 117 387 354