

30 October 2024

September 2024 Quarterly Activities Report

Summary

- Several sales and trials for HCD products and technologies continue.
- Rights Issue announced.
- Assessment of new investment opportunities continue in upstream energy, energy technology and includes other sectors where shareholder value may be created.

Update on Ongoing Treatments and trials Using HCD Products

Australia – Cooper basin

No new developments since HCD announced on 19 June 2024 that it has received a repeat purchase order for approximately A\$123,000 of HCD Multi-Flow for an Australian customer's 2024 seasonal paraffin control treatment that takes place during the winter months. This order was filled through existing inventory in Australia.

The HCD Multi-Flow paraffin control programme in the Cooper Basin performed well through the 2023 winter season. HCD provided its Cooper Basin customer with HCD's new Australian distributor, who will manage the programme and provide full service of the treatment application. HCD's distributor notified of a likely increase in the number of wells treated from 20 to 40 wells in the 2024 winter season.

Alberta, Canada Ongoing Business

Ongoing business in Alberta, Canada through HCD's distributor continues. 21 wells were being treated with HCD Multi-Flow, though no recent update has been provided to HCD from its distributor.

Gulf of Mexico

The HCD Multi-Flow treatment on a Gulf of Mexico offshore subsea pipeline, which has proven very successful at removing and inhibiting organic deposition, was placed on hold last quarter while annual line maintenance on the transfer loop was to be carried out. Not update has been received since the last quarterly report.

North Sea Application Commenced

In the previous quarterly report, HCD noted that, after a series of long delays, the application of HCD Multi-Flow on a North Sea platform for a large national oil company has commenced.

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. The previously announced purchase order was for approximately A\$80,000 of HCD Multi-Flow product.

No update has been provided to HCD since the last quarterly report.

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Dubai

The Dubai purchase order for approximately A\$130,000 for HCD Multi-Flow was to be applied to clean a pipeline containing organic deposits in preparation for running a smart pig. Results were expected during the Quarter but HCD's distributor has not provided any updates since the last quarterly report.

USA

HCD previously reported three small trials with potential new US customers. The first with a supermajor integrated oil and gas company for a one-well paraffin control trial in the Delaware Basin of New Mexico. The second one-well, paraffin control trial (2 drums HCD Multi-Flow) by HCD's new Oklahoma based distributor is for an independent oil & gas producer in Bakersfield, California. The third trial is with HCD's new North Dakota based distributor.

No updates have been received since HCD's June Quarterly Activities Report.

South Sudan

A change in majority ownership of this project from Malaysia's state-owned energy company, Petronas, has instigated a review of the supply of HCD's product to the new owners and their projects. If this review concludes that product sale may be subject to sanctions, then sales related to the Sudan will be suspended pending sanction clarification.

Laboratory Testing Update

No material laboratory testing was conducted during the Quarter.

Exploration & Corporate Activities

During the Quarter HCD continued to assess opportunities predominantly in the energy and energy technology sectors. HCD will also continue to consider options to finance its existing chemical business through joint ventures, private equity, and other avenues.

Finance

Hydrocarbon Dynamics Limited announced on 10 October 2024 that it will undertake a 1 for 3 non-renounceable Rights Issue at 0.3 cents per share to raise up to approximately \$800,000. In addition, one free unlisted option for every two new shares will be issued, exercisable at 0.5 cents and expiring 12 months from the issue date.

The Entitlement Offer is fully underwritten by Peloton Capital Pty Ltd who has been appointed as lead manager to the offer. Mr Ray Shorrocks (Non-executive Director) has agreed to partially sub-underwrite the offer up to \$75,000 and Mr Stephen Mitchell (Chair) intends to take up his entitlements to the value of \$75,000.

Hydrocarbon Dynamics

The company will issue up to 10,000,000 unlisted options to the lead manager in connection with their services. The options will be exercisable at 0.5 cents and expiring 12 months from the issue date. These options will be issued under HCD's placement capacity under Listing Rule 7.1.

Funds raised from the Rights Issue to allow the Company to continue marketing its key product, HCD Multi-Flow® and to continue to review investment opportunities in the energy and energy technology space as well as for general working capital purposes.

At the end of the Quarter HCD had \$504,000 in cash reserves and no debt.

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

This release has been approved by the Board of Directors.

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