

Hazer Group Limited

A new process for a new world

Hazer Group Limited is an ASX-listed technology development company involved in proving the commercial viability of its low-emission hydrogen and graphite production process (the HAZER Process). Through application of the HAZER Process management is looking to demonstrate an environmentally and cost-effective method of producing hydrogen and high-quality graphite, using iron ore as a process catalyst. To that end the company is in the process of constructing a Commercial Demonstration Plant (CDP). The CDP is designed to be a 100tpa facility, producing low-emission hydrogen. This will be the first large-scale evaluation of the Hazer Process in a fully integrated plant. The company has secured a working relationship with the Chiyoda Corporation under a Memorandum of Understanding (MOU) to collaborate on the commercialisation of the Hazer technology in Japan.

Business model

The company's principal activity remains the research and development of novel graphite and hydrogen production technology (the 'Hazer Process') which enables the production of hydrogen gas and a high-purity graphite product using natural gas as a feed-stock. The process should operate with very low carbon dioxide emissions. Progress is being made with the Commercial Demonstration Plant, with detailed design ~80% completed and long lead-time items ordered. At a budgeted cost range of \$17.2mn-\$17.6mn, earthworks and civil construction is set to commence within the current quarter.

The opportunity is for multiple revenue streams

A new energy paradigm is here and renewable energy alternatives are now firmly on the agenda. Hydrogen as a fuel source is attracting growing acceptance but current processes are still relatively expensive particularly as product and markets need to evolve concurrently...there still much to do in the rollout of merchant facilities. The HAZER process addresses some of the critical operational issues of hydrogen production in terms of carbon emission, particularly where natural gas is the feed-stock and cost of catalysts. By producing a high-quality graphite product as well as hydrogen, the HAZER process can deliver multiple revenue streams and be an effective 'carbon capture' mechanism. Hazer graphite, when purified, has direct applications in battery technology amongst other industrial uses in raw and purified forms. Hazer is also conducting a Feasibility Study into the establishment of a renewable hydrogen refuelling hub based in the Mandurah/Peel region in Western Australia. This study is scheduled to be completed and a public version of the report released in Q1 2021.

The R&D doesn't stop here

Research & Development will continue to be a core activity for HZR through 2021. The company has entered a research partnership with the Innovative Manufacturing CRC (IMCRC) specifically addressing the testing and evaluation of different iron ore catalysts (natural and synthetic) and purification options for the graphite – early lab tests look promising. This R&D associated with graphite quality compliments other current research activities undertaken under the IMCRC programme to investigate using graphite derived from the Hazer Process in sectors such as Li-ion battery materials and water purification.

Renewable Energy

12th March 2021

Share details

ASX Code	HZR
Share price	\$1.21
Market Capitalisation	\$175.8M
Shares on issue	145.3M
Net cash at 31/12/2020	\$27.7M
Free float	79.7%

Share performance (12 months)



Upside Case

- Above expectation performance of CDP
- Acceleration of next stage commercial plant timing
- Faster rollout of government initiatives with respect to hydrogen incentives & market opportunities

Downside Case

- Delays to construction & underperformance of CDP
- Capex overruns requiring an equity raising
- Slower development of commercial options & uptake

Catalysts/upcoming events

- Positive results from the Commercial Demonstration plant by the end of 2021
- Progress on an "up-scaled" commercial Opportunity

Comparable companies (Aust/NZ)

APA Group (ASX:APA), Pilot Energy (ASX:PGY)

Top 5 shareholders

JP Morgan Nominees	7.28%
Citicorp Nominees	3.97%
Point at Infinity Pty Ltd	3.51%
CS Fourth Nominees	1.93%
UBS Nominees	1.67%

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FINANCIAL SERVICES GUIDE

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AFSL 456663

Effective Date: 26th November 2018

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