

HAZER COMMERCIAL DEMONSTRATION PROJECT UPDATE

PERTH, AUSTRALIA; 16 JUNE 2021: Hazer Group (ASX: HZR) is pleased to provide the following update on the progress, cost and schedule of the Hazer Commercial Demonstration Project (CDP or Project) being constructed at Water Corporation's Woodman Point Water Recovery Facility.

During the last quarter, we completed civil site preparations, awarded contracts for reactor and high-temperature heat-exchanger materials and fabrication, and took delivery and commenced processing the CDP iron-oxide catalyst. Significant engineering effort has been dedicated to ensuring the materials selection and fabrication specifications of the reactor and associated high-temperature equipment is appropriate and meets required safety criteria. This exercise has been substantial as we progress this first-of-kind design. Fabrication of equipment modules is progressing at various supplier sites, with equipment packages beginning to be delivered to Australia and stored ahead of construction and installation through 2H 2021.

The Hazer CDP is experiencing significant cost pressures. Covid-19 related disruptions to global supply chains for equipment and increased freight costs have had a substantial impact, including restricting the number of suppliers willing to meet the technical requirements to supply the Project. Additionally, rapidly increasing costs in Western Australia for labour, equipment, and services due to the strong resource industry has increased costs for engineering, construction, bulk materials, and services. These pressures have resulted in final pricing for many packages and services being above that indicated when setting the original Project budget in June 2020.

In addition to these external factors, cost increases due to higher than anticipated engineering requirements to optimise detailed design, materials specification, and fabrication methods for the Hazer reactor have been incurred, with knock-on effects to the design of associated equipment and piping. This engineering work has now been substantially completed, and we expect all design work to finish this quarter.

Hazer now expects a final Project cost of \$20 – \$22 million, an increase of 17% over previously advised costs and 29% over the original June 2020 FID Project budget. Hazer remains fully funded to complete the CDP.

Site installation and construction activities will commence in July, and we maintain a target construction completion date of 4Q 2021. The impacts of Covid-19 globally are impacting our schedule with small delays compounding through the supply chain and impacting the overall completion and delivery dates for key components of the Project. We are now targeting Project commissioning to commence in December 2021, one month later than previously indicated, subject to achieving delivery as scheduled of remaining equipment packages and completion of the specialist materials manufacture and fabrication without further disruption.

Geoff Ward, Chief Executive Officer of Hazer Group said "The Hazer team and our engineering partner Primero Group are continuing to make good progress on the Hazer Commercial Demonstration Project, a complex, first-of-kind technical project. Scaling up a technology from pilot to demonstration stage is a key step with many engineering, safety and operational complexities that must be thoroughly investigated to ensure the plant achieves its operational goals safely. I am very pleased with the depth and quality of the work the team has done over the last months and the efforts of the team to contain costs in a challenging environment of rapidly increasing prices. We remain fully funded to complete the Project and focussed on completing construction to achieve our target of commencing commissioning by end December 2021."

This announcement was authorised for release by the Board of the Company.

ENDS

Forward Looking Statements

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Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions, and other factors, which could cause actual results to differ materially to futures results expressed, projected, or implied by such forward looking statements.

The Company does not undertake any obligation to release publicly any revisions to any “forward looking statements” to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events, except as may be required under the applicable securities laws.

ABOUT HAZER GROUP LIMITED

Hazer Group Limited (“Hazer” or “the Company”) is an ASX-listed technology development company undertaking the commercialisation of the Hazer Process, a low-emission hydrogen and graphite production process. The Hazer Process enables the effective conversion of natural gas and similar methane feedstocks, into hydrogen and high-quality graphite, using iron ore as a process catalyst.

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