

Entitlement Offer Booklet

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

1 New Share for every 3 Existing Shares held on the Record Date, for an issue price of 0.2 cents per New Share;

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

The Entitlement Offer closes at 5.00 pm (Melbourne time)

on Friday, 15 August 2025

IMPORTANT NOTICE

THIS OFFER BOOKLET IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS OFFER BOOKLET CAREFULLY AND, IN ITS ENTIRETY, WITH EMPHASIS ON THE RISK FACTORS DETAILED IN SECTION 3, HAVE REGARD TO YOUR OWN INVESTMENT PARAMETERS, AND IF REQUIRED, OBTAIN INDEPENDENT PROFESSIONAL INVESTMENT ADVICE, BEFORE DECIDING TO INVEST IN HCD. THE NEW SHARES OFFERED BY THIS BOOKLET SHOULD BE CONSIDERED AS SPECULATIVE.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART or INTO THE UNITED STATES, OR TO US PERSONS.

Important Information

About this document

This Offer Booklet contains information relating to a proposed entitlement offer to be undertaken by Hydrocarbon Dynamics Limited (ABN 75 117 387 354) (HCD or the Company).

This Offer Booklet is important and requires your immediate attention. You should read this Offer Booklet carefully and in its entirety, with emphasis on the risk factors detailed in Section 3, have regard to your own investment parameters, and if required, obtain independent professional investment advice, before deciding to invest in HCD.

The Entitlement Offer is being made in accordance with Section 708AA of the Corporations Act (as modified by ASIC Legislative Instrument 2016/84). Accordingly, this document is not a prospectus (and has not been, and will not be, lodged with ASIC) and does not contain all information which an investor may require to make an informed investment decision.

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 Offer Booklet speak only at the date of this Offer Booklet. 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 2025, which is 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 Offer Booklet and any accompanying Entitlement and Acceptance Form may not be distributed or released in the United States and do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting to the account or benefit of a person in the United States, or 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 Offer Booklet (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 of 1933 (Securities Act) or the securities laws of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, directly or indirectly, to persons in the United States or to persons who are acting for, or for the account or benefit of, a person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable US state securities laws.

It is your responsibility to ensure that you comply with any laws of your jurisdiction which are applicable to you and which are relevant to your applying for New Shares under the Entitlement Offer. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand. The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. You should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

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 Offer Booklet. Any information or representation that is not contained in this Offer Booklet 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 Offer Booklet 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 Entitlement Offer, 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 Offer Booklet, 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 Offer Booklet have the meanings given in Section 10. A reference to time in this Offer Booklet is to Melbourne time, unless otherwise stated.

All financial amounts in this Offer Booklet are references to Australian currency, unless otherwise stated.

Date of this document

This Offer Booklet is dated 25 July 2025.

For any enquiries please call Automic as Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), or contact your stockbroker, accountant or other professional adviser.

Key Dates

Event	Date
Announcement of the Entitlement Offer	Thursday, 17 July 2025
Shares traded on an “ex” entitlement basis	Tuesday, 22 July 2025
Record Date for eligibility to participate in the Entitlement Offer	Wednesday, 23 July 2025
Despatch of Entitlement Offer Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Friday, 25 July 2025
Entitlement Offer opens	Friday, 25 July 2025
Last date to extend the offer closing date	Tuesday, 12 August 2025
Entitlement Offer closes	Friday, 15 August 2025
Securities quoted on a deferred settlement basis	Monday, 18 August 2025
Shortfall (if any) announced to ASX	Wednesday, 20 August 2025
Settlement of New Shares under the Entitlement Offer	Thursday, 21 August 2025
Issue of New Shares under Entitlement Offer	Friday, 22 August 2025
Despatch of Holding Statements	Friday, 22 August 2025

Dates and times in this Offer Booklet 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. Overview of the Entitlement Offer

1.1 Summary

The Entitlement Offer is a pro rata non renounceable rights offer to Eligible Shareholders of up to approximately 359.4 million New Shares at 0.2 cents per New Share (**Issue Price**) to raise up to approximately \$718,000 before costs and expenses if fully subscribed.

Eligible Shareholders are entitled to subscribe for 1 New Share for every 3 Shares held by them at 7.00 pm (Melbourne time) on the Record Date.

The Entitlement Offer is non-renounceable, which means that to the extent that any entitlement under the Entitlement Offer is not taken up by any Eligible Shareholder prior to the Closing Date, the entitlement will lapse.

No brokerage fees are payable by Eligible Shareholders who exercise their entitlement.

The choices available to Eligible Shareholders in respect of the Entitlement Offer are described in Section 2.

The Entitlement Offer is currently scheduled to close at 5.00 pm (Melbourne time) on 15 August 2025.

1.2 Eligible Shareholders

Unless the Company otherwise determines, the Entitlement Offer is being made to those Shareholders (**Eligible Shareholders**) who:

- (a) are registered as a holder of HCD's Shares as at the Record Date;
- (b) have a registered address in Australia or New Zealand or is a shareholder that HCD otherwise determines is eligible to participate;
- (c) are not in the United States and are not acting for the account or benefit of any person in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without a prospectus or other disclosure document or any lodgement, filing, registration or qualification.

HCD is of the view that it is unreasonable to make an offer under the Entitlement Offer to shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Shareholders outside of those jurisdictions as a proportion of total Shareholders in HCD;
- (b) the number and value of the New Shares that would have been offered to those Shareholders outside of those jurisdictions; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

HCD is not required to make offers under the Entitlement Offer to Shareholders outside of Australia and New Zealand (although HCD may, at its absolute discretion, make offers under the Entitlement Offer to investors in certain other jurisdictions to whom it is lawful to make such an offer, subject to the provisions of Section 4.4).

1.3 What is the entitlement of an Eligible Shareholder?

The number of New Shares to which you are entitled under the Entitlement Offer is shown in the personalised Entitlement and Acceptance Form which accompanies this Offer Booklet. In calculating each Eligible Shareholder's entitlement, fractional entitlements to New Shares have been rounded up to the nearest whole number of New Shares. Eligible Shareholders can subscribe for all, or part, of their pro rata entitlement under the Entitlement Offer. Detailed instructions on how to accept all, or part of, your pro rata entitlement are set out in Section 2.

Please note that if you choose not to take up your pro rata entitlement, your percentage shareholding in HCD will be diluted to the extent that the Entitlement Offer is taken up by other persons.

1.4 Top-Up Facility

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional New Shares (**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 or apply for Additional Shares.

(d) The Directors reserve the right to place any Shortfall within 3 months after the close of the Entitlement Offer. The Directors are not obliged to place any such Additional 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.

1.5 Underwriting

The rights issue will not be underwritten.

1.6 No trading of entitlements

Entitlements under the Entitlement Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of that part of the entitlement that they do not take up.

1.7 Issue of New Shares

HCD currently expects that New Shares will be issued on 22 August 2025. The issue of New Shares will only be made after permission for their quotation on ASX has been obtained. The fact that New Shares have been admitted to quotation on ASX is not to be taken in any way as an indication of the merits of HCD or the New Shares.

1.8 Ranking of New Shares

When issued, the New Shares will be fully paid and will rank equally with existing Shares.

1.9 Withdrawal of the Entitlement Offer

HCD reserves the right to withdraw all or part of the Entitlement Offer, and this Offer Booklet, at any time, subject to applicable laws. In that case, HCD will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to HCD will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to HCD.

1.10 Speculative nature of Entitlement Offer and projects and relevant risk factors

In deciding whether to take up some or all of your entitlements under the Entitlement Offer, you should:

- (a) have regard to the risks discussed in Section 3 of this Offer Booklet and
- (b) read this Offer Booklet carefully and in its entirety and have regard to your own investment parameters, and if required, obtain independent professional investment advice, before deciding to invest in HCD.

1.11 Purpose and use of funds

Funds raised from the Entitlement Offer will allow the Company to continue marketing HCD's key product, HCD Multi-Flow®, to continue reviewing investment opportunities in the energy and energy technology space and general working capital requirements.

1.12 Financial Impact

The proceeds from the Equity Raising, before allowing for costs and expenses, will be approximately \$718,000 if fully subscribed.

1.13 Effect on Capital Structure

The principal effect of the Equity Raising on HCD's issued share capital will be to increase the total number of issued Shares. The following table sets out the number of issued Shares on the Announcement Date and, subject to the rounding of fractional entitlements under the Entitlement Offer, the total number of issued Shares at the completion of the Entitlement Offer if fully subscribed:

Shares	Number
Shares on issue at the Announcement Date	1,078,109,280
Shares offered under the Entitlement Offer	359,369,760*
Maximum Shares on issue on completion of the Entitlement Offer	1,437,479,040*

* The number of New Shares to be issued under the Entitlement Offer is subject to the rounding of fractional entitlements to New Shares.

HCD has 40,000,001 options on issue expiring 5 February 2026 with an exercise price of 1.5 cents and 144,763,447 options on issue expiring 15 November 2025 with an exercise price of 0.5 cents.

1.14 Effect of the Entitlement Offer on the Control of HCD

The potential effect the Entitlement Offer will have on the control of HCD is as follows:

- (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no effect on the control of HCD;
- (b) if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted;
- (c) the proportional interests of shareholders who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer,

having regard to:

- (d) the composition of HCD's share register; and
- (e) the terms of the Entitlement Offer.

HCD does not believe that any person will increase their voting power in HCD pursuant to the Entitlement Offer in a way that will have any material impact on the control of HCD. In particular, no person presently has a relevant interest in more than 20% of Shares, and no person is expected to have a more than 20% relevant interest in Shares following the Entitlement Offer.

2. Choices available to Eligible Shareholders

2.1 Your choices

Before taking any action, you should read this Offer Booklet in its entirety and, if you have any questions, consult your financial or other professional adviser. If you are an Eligible Shareholder, the following choices are available to you:

Option	See Section
Take up all or part of your entitlement under the Entitlement Offer	2.2(a)
Take up all of your entitlement under the Entitlement Offer and apply for Additional Shares under the Top-Up Facility	2.2(c)
Take no action	0

2.2 How to participate in the Entitlement Offer

(a) Taking up all of your entitlement

To subscribe for your full entitlement:

- (i) refer to the accompanying Entitlement and Acceptance Form which specifies the payment amount for your full entitlement; and
- (ii) make payment by BPAY® or EFT for your full entitlement by following the instructions on the Entitlement and Acceptance Form.

(b) Take up part of your entitlement

If you only wish to accept part of your entitlement:

- (i) calculate the payment amount for the portion of your entitlement that you wish to take up in accordance with the partial entitlement section of the Entitlement and Acceptance Form; and
- (ii) make payment by BPAY® or EFT for that portion of your entitlement by following the instructions on the Entitlement and Acceptance Form.

(c) Applying for Additional Shares under the Top-Up Facility

If you accept your full entitlement and wish to apply for Additional Shares in excess of your entitlement:

- (i) refer to the Top-Up Facility section in your Entitlement and Acceptance Form; and
- (ii) make payment by BPAY® or EFT of the total payment amount for your full entitlement AND your participation in the Top-Up Facility by following the instructions on the Entitlement and Acceptance Form.

Your application for Additional Shares may not be successful (wholly or partially). The decision in relation to the number of Additional Shares in excess of your entitlement to be allocated to you will be final. No interest will be paid on any application monies received and returned.

(d) Payment

Payment of application monies must be made 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 by paying by BPAY® or EFT 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

- a) 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 and New Options which is covered in full by your application monies.
- b) If your payment exceeds the amount required to pay for your Entitlement, you will be deemed to have made application for Shortfall Securities 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 Securities 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.

Payments by cash, cheque or money order will not be accepted.

Application monies will be held in trust in a subscription account until New Shares are issued. Any interest earned on Application Monies will be for the benefit of HCD and will be retained by HCD irrespective of whether any issue of New Shares takes place.

Representations you will be taken to make by acceptance

By making a payment by BPAY® or EFT, you will be deemed to have:

- (a) acknowledged that you have fully read and understood this Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form;
- (b) agreed to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet and HCD's constitution;
- (c) authorised HCD to register you as the holder of the New Shares allotted to you;
- (d) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledged that once HCD receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (f) acknowledged that you have a registered address in Australia or New Zealand or certain other jurisdictions as explicitly consented to by HCD as at the Record Date;

- (g) agreed to apply for and be issued up to the number of New Shares and Additional Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY® or EFT, at the Issue Price per New Share;
- (h) authorised HCD, the Share Registry and their respective officers, employees or agents to do anything on your behalf necessary for New Shares to be issued to you;
- (i) declared that you were the registered holder at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledged that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledged that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in HCD and is given in the context of HCD's past and ongoing continuous disclosure announcements to the ASX;
- (l) acknowledged the statement of risks in the 'Risk Factors' Section of this Offer Booklet and that investments in HCD are subject to risk;
- (m) acknowledged that none of HCD or its related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of HCD, nor do they guarantee the repayment of capital;
- (n) agreed to provide (or direct your nominee to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and your holding of Shares on the Record Date; and by making a payment by BPAY® or EFT, you will also be deemed to have acknowledged, represented and warranted on behalf of yourself, or on behalf of each person on whose account you are acting that:
 - (i) you are not in the United States and are not acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
 - (ii) you acknowledge that 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, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
 - (iii) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

2.3 No minimum subscription

There is no minimum subscription for an Eligible Shareholder under the Entitlement Offer.

2.4 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

2.5 Refunds of excess Application Monies

Any Application Monies received for more than the number of New Shares issued to you will be refunded as soon as reasonably practicable following the close of the Entitlement Offer. No interest will be paid on any Application Monies. Payment of any refund will be made by EFT only.

2.6 If you do nothing

If you do not apply for Shares pursuant to the Entitlement Offer, your entitlement under the Entitlement Offer will lapse.

If you do not apply for Shares pursuant to the Entitlement Offer, your percentage ownership in HCD will be diluted because the issue of New Shares to other Eligible Shareholders under the Entitlement Offer will increase the total number of Shares on issue.

3. Risk Factors

The New Shares offered under this document 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 the critical areas of risk associated with investing in the New Shares. The risks identified by the Directors are not exhaustive and potential investors should read this booklet in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares.

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, including those New Shares offered by this offer, will be achieved.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

3.1 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.

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 and New Options.

4. Further Information

4.1 Taxation

Taxation implications of participating in the Entitlement Offer will vary depending on the circumstances of individual Eligible Shareholders. Eligible Shareholders are advised to obtain their own professional taxation advice before making a decision in relation to the Entitlement Offer.

4.2 This Offer Booklet is not a prospectus

The Entitlement Offer is being conducted in accordance with Section 708AA of the Corporations Act (as modified by ASIC Legislative Instrument 2016/84). In general terms, Section 708AA relates to rights issues by certain companies that do not require the preparation of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is less than the level of disclosure required in a prospectus.

As a result, in deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of HCD, refer to disclosures made by HCD to the ASX (which are available for inspection on the ASX website www.asx.com.au and on HCD's website at www.hydrocarbodynamics.com) and seek the advice of your professional adviser.

Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates.

4.3 Holding Statements and trading of New Shares

HCD participates in the Clearing House Electronic Sub-Register System (**CHESS**), in accordance with ASX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up HCD's principal register. Consequently, HCD will not issue certificates to security holders but they will be provided with a holding statement, which will set out the number of Shares allotted to them under this Entitlement Offer.

It is your responsibility to determine your holding of New Shares before trading to avoid the risk of selling New Shares you do not own. To the maximum extent permitted by law, HCD disclaims any liability to persons who trade New Shares before they receive their holding statements, whether on the basis of confirmation of the allocation provided by HCD or the Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

4.4 Foreign shareholders

(a) General restrictions

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Booklet outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of New Shares outside Australia and the New Shares may not be offered outside Australia except to the extent permitted below.

Your BPAY® payment will be taken by HCD as a representation by you that there has been no breach of any such laws.

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 the HCD, to beneficial shareholders resident in certain other countries where HCD may determine it is lawful and practical to make the Entitlement Offer.

(b) New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of HCD with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

4.5 Treatment of excluded shareholders

This Offer Booklet and the accompanying Entitlement and Acceptance Form are being sent only to shareholders with registered addresses in Australia and New Zealand, or to shareholders in other jurisdictions where HCD is satisfied that it is lawful to do so. As noted in Section 1.2, HCD is of the view that it is unreasonable to make an offer under the Entitlement Offer to shareholders outside of Australia, New Zealand.

The information in this Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia. To the extent that you hold shares in HCD on behalf of another person resident outside Australia, it is your responsibility to ensure that any participation (including for your own account or when you hold shares

in HCD beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Offer Booklet 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. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

4.6 Privacy

By submitting an Entitlement and Acceptance Form, you will be providing personal information to HCD (directly or through the Share Registry). HCD collects, holds and will use that information to assess and process your application, administer your shareholding in HCD and to provide related services to you. HCD may disclose your personal information for purposes related to your shareholding in HCD, including to the Share Registry, HCD's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that HCD holds about you. To make a request for access to your personal information held by (or on behalf of) HCD, please contact HCD through the Share Registry.

4.7 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offer are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

5. Glossary and interpretation

5.1 Definitions

In this Offer Booklet, 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	17 July 2025
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 15 August 2025 (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 Hydrocarbon Dynamics Limited
Eligible Shareholder	has the meaning given in Section 1.2
Entitlement and Acceptance Form	the personalised entitlement and acceptance form to subscribe for New Shares accompanying this Entitlement Offer Booklet
Entitlement Offer	the pro rata non-renounceable offer of New Shares to Eligible Shareholders in accordance with the terms of this Offer Booklet
Issue Price	the price payable for each New Share under the Entitlement Offer, being 0.2 cents
New Shares	the Shares offered pursuant to the Entitlement Offer
Offer Booklet	this offer booklet dated 25 July 2025
Record Date	7.00pm (Melbourne time) on 23 July 2025
Share	a fully paid ordinary share in the capital of Hydrocarbon Dynamics Limited
Shareholder	a registered holder of Shares
Share Registry	Automic Pty Ltd
Subsidiary	a body corporate that is a subsidiary of Hydrocarbon Dynamics Limited 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 1.4
United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia

5.2 Interpretation

In this Offer Booklet, 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 Offer Booklet.

Corporate Directory

COMPANY NAME	Hydrocarbon Dynamics Limited
ASX CODE	HCD
DIRECTORS	Stephen Mitchell – Non-Executive Chairman Nick Castellano - 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 (outside Australia)
