Hazer Group Limited
Appendix 4E
Final report

1. Company details

Name of entity:	Hazer Group Limited
ABN:	40 144 044 600
Reporting period:	For the year ended 30 June 2018
Previous period:	For the year ended 30 June 2017

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	137%	to	798,877
Loss from ordinary activities after tax attributable to the owners of Hazer Group Limited	up	183%	to	11,009,331
Loss for the year attributable to the owners of Hazer Group Limited	up	183%	to	11,009,331

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018	0.0	0.0
Interim dividend for the year ended 30 June 2018	0.0	0.0

No dividend has been declared.

Comments
The loss for the company amounted to $11,009,331 (30 June 2017: $3,877,507).

Losses after income tax increased by 183% on the prior year as the Company increased research and development activities to commercialise the Hazer Process and incurred higher non-cash expenditure. Non-cash expenses in the year increased by 457% to $6,747,979 (30 June 2017: $1,210,531) due to the commencement of amortisation of the pre-pilot plant during the year and share based payments. Share based payments during the year include a $3,672,579 expense for the issue of 11,500,000 Series B Options upon exercise of the Series A Options. The Series A Options, issued prior to the Company's listing on the Australian Securities Exchange, were primary Options which upon exercise resulted in the issue of one ordinary share and one Series B Option (a secondary Option).

Research and development paths undertaken included process scale-up work across multiple reactor designs, graphite product development / functionalisation and graphite commercialisation work. Operating expenses during the period principally related to employee expenses, consulting fees, general corporate overhead and research and development expenses. In December 2017, the Company was pleased to execute a binding Co-operation Agreement with Mineral Resources Limited (ASX:MIN and "MRL") to jointly develop a large-scale commercial synthetic graphite facility funded by MRL, initially targeted towards the production of at least 1,000 tonnes per annum (tpa) of ultra-high purity graphite and capable of modular expansion to a nominal 10,000tpa.

The Company's cash and cash equivalents were $6,185,009 at 30 June 2018 (30 June 2017: $8,144,451) and net assets at 30 June 2018 were $6,884,346 (30 June 2017: $8,880,690).

The operating cash outflow for the year increased by 71% to $4,407,006 (30 June 2017: $2,582,193) largely as a result of increased research and development activities. Operating cashflows include a research and development tax rebate received during the year of $863,821 (30 June 2017: $281,371). Investing cash outflows of $462,582 (30 June 2017: $1,078,171) related to parts and engineering services associated with the 2nd generation pre-pilot plant reactor design upgrades. Financing cash inflows decreased to $2,910,146 (30 June 2017: $7,126,896) with the prior year including a $5,000,000 strategic placement to existing shareholder Mineral Resources Limited (ASX:MIN) and a Share Purchase Plan which raised $2,133,860 before share issue costs from eligible shareholders. The principle capital raising activity during the year was the exercise of 11,500,000 Series A Options ($0.25 exercise price) which raised $2,875,000 before share issue costs.

As an early stage company, the Company's business model is highly dependent on the achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors.

---

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.90	10.19

---

4. Control gained over entities

Not applicable.

---

5. Loss of control over entities

Not applicable.

---

6. Details of associates and joint venture entities

Not applicable.

---

7. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

---

8. Attachments

The Annual Report of Hazer Group Limited for the year ended 30 June 2018 is attached.

---

9. Signed

Tim Goldsmith

Signed ______________________________ Date: 31 August 2018

Tim Goldsmith
Director

Hazer Group Limited

ABN 40 144 044 600

Annual Report – 30 June 2018

CORPORATE DIRECTORY

Directors	Tim Goldsmith (Non-Executive Chairman) Danielle Lee (Non-Executive Director) Andrew Harris (Non-Executive Director) Simon Rushton (Non-Executive Director)
Company secretary	Emma Waldon
Registered office	2/29 The Avenue Nedlands Western Australia 6009 Phone: 08 9389 7050
Principal place of business	2/29 The Avenue Nedlands Western Australia 6009 Phone: 08 9389 7050
Share register	Link Market Services Limited QV1 Building, Level 12 250 St Georges Terrace Perth WA 6000 Phone: 1300 554 474
Auditor	RSM Australia Partners Level 32, Exchange Tower, 2 The Esplanade Perth Western Australia 6000
Solicitors	Fairweather Corporate Lawyers 595 Stirling Highway Cottesloe WA 6011
Bankers	Commonwealth Bank of Australia 150 St Georges Terrace Perth WA 6000
Stock exchange listing	Hazer Group Limited shares are listed on the Australian Securities Exchange (ASX code: HZR)
Website	www.hazergroup.com.au
Corporate Governance Statement	http://www.hazergroup.com.au/about/corporate-governance

CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board I am pleased to present the 2018 Annual Report to shareholders.

During the past year the Company made significant progress towards the commercialisation of the Hazer Process including further optimisation and significant scale up of the Fluidized Bed Reactor plant located in St Mary's, Western Sydney such that it now has a production capacity that is a relevant demonstration of Hazer's core reactor technology, and execution of a Binding Co-operation Agreement with Mineral Resource Limited ("MRL", ASX:MIN) to jointly develop a reactor system focused primarily on high quality graphite production. Execution of this agreement with MRL is a significant commercial milestone for Hazer and will significantly accelerate the commercial deployment of the Hazer technology.

With the Hazer-MRL project underway I was pleased to welcome Simon Rushton as a Non-Executive Director during the year. Simon is currently the General Manager of Commercial at Mineral Resources Limited and has extensive legal and commercial expertise across a range of industries, including logistics, mining, oil & gas as well as private legal practice. Over the past decade, Simon has been primarily responsible for managing the legal and commercial affairs of Mineral Resources, including all front end contract and corporate (including M&A) work as well as ongoing management of all major contracts. Simon also brings many strong relationships from the mining industry, both in Australia and overseas, as well as a network of relationships with State Government, both at ministerial and department level relevant to the mining industry.

Finally, I would like to take the opportunity to acknowledge the contributions of former Managing Director, Geoff Pocock, and former Non-Executive Director Terry Walsh who both resigned during the year. Geoff was instrumental in identifying Hazer's commercial potential while still a University research project, and successfully created and built the Company to where it is today. Through his guidance and leadership, Hazer has established itself as a well funded ASX-listed company. Under Geoff's leadership the Company also has strong agreements and relationships with a number of leading potential partners, which have positioned Hazer well for growth into the future.

I look forward to your continued support as a shareholder as the Company continues its commercialisation activities.

Yours faithfully

Mr Tim Goldsmith
Non-Executive Chairman
Hazer Group Limited

ACTING CHIEF EXECUTIVE OFFICER'S REPORT

ABOUT HAZER GROUP

Hazer Group Limited ("Hazer" or the "Company") is the commercialisation entity for the Hazer Process – a potential low cost, low emission novel hydrogen and graphite production technology, originally developed at the University of Western Australia.

The Hazer Process allows the production of hydrogen from methane in an environmentally friendly process together with the production of high purity graphite. Distinguishing features of the Hazer Process from existing commercial hydrogen production technologies include the use of iron ore/iron oxide as a low cost catalyst for the process, and the co-production of high purity graphite, avoiding a significant proportion of the CO2 emissions associated with traditional hydrogen production systems.

During the course of the 2017-2018 year, the Company made significant progress on both the technical, commercial and corporate development necessary to see the commercialisation of the Hazer Process.

TECHNICAL DEVELOPMENT

During the year, Hazer expanded its scale up development activities, investigating alternative reactor systems in addition to the Pre-Pilot Plant located in St Mary's, Sydney (now known as the FBR Pilot Plant due to capacity upgrades achieved). Hazer is evaluating multiple development pathways to expedite commercialisation of the technology, with a focus on optimising both graphite and hydrogen production and producing optimal reactor technologies to suit specific markets and business case scenarios. These alternative reactor systems demonstrate the flexibility of the Hazer Process in different application scenarios providing increased commercial opportunities. The reactor types are summarised as follows:

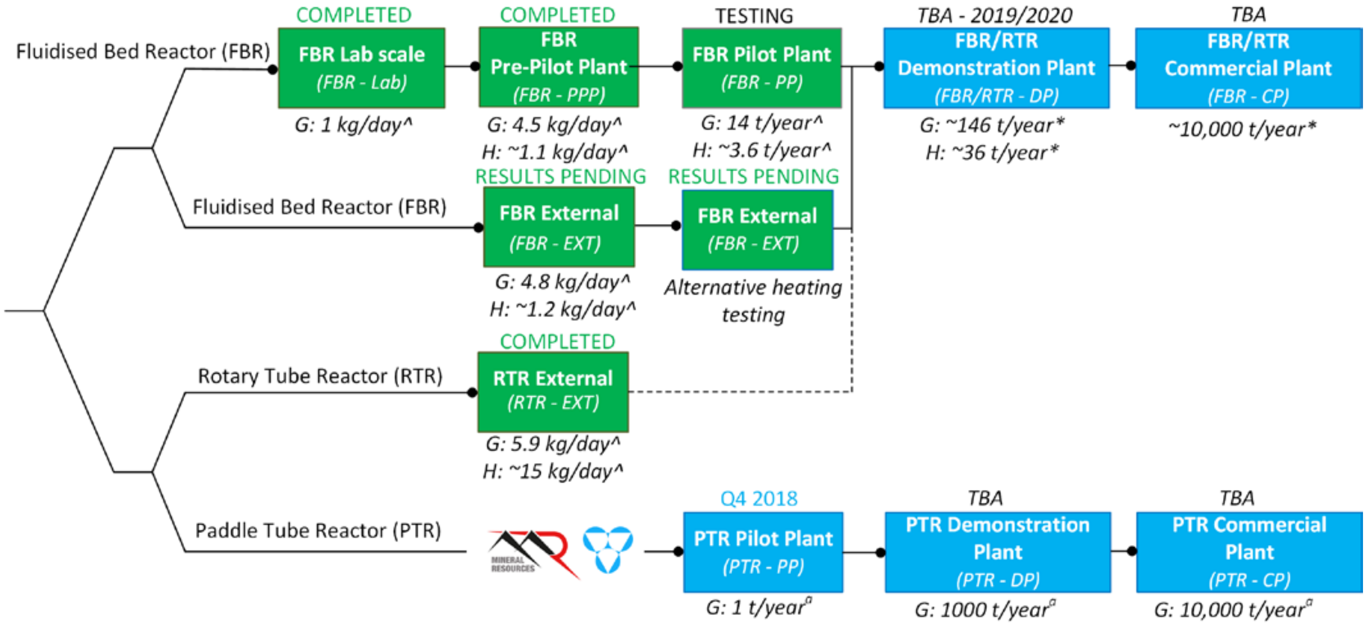
- Fluidized Bed Reactor (FBR) – Core Hazer development path (including FBR Pilot Plant), highest efficiency reactor for this process, good operational and product flexibility, high purity hydrogen and graphite potential;
- Paddle Tube Reactor (PTR) – Novel reactor development path in partnership with Mineral Resources Limited ("MRL", ASX:MIN), focused primarily on high quality graphite production, high operational flexibility, high purity graphite and hydrogen potential
- Rotary Tube Reactor (RTR) – Precedented Off-the-shelf equipment technology, batch process with potential for continuous operation, some operating condition and flexibility constraints, medium purity hydrogen and graphite potential

Key technical achievements across the development pathways as at the date of this report include:

- Fluidized Bed Reactor (FBR) – In August 2018, the Company announced that it had successfully upgraded and commissioned the 2nd Generation Pre-Pilot Plant with multiple test runs exceeding capacity targets by ~300%. Due to the significant increase in capacity of this plant, it is now referred to as the FBR Pilot Plant and has a production capacity that is a relevant demonstration of Hazer's core reactor technology. Initial testing of the FBR Pilot Plant focussed on validating operations of the new systems and increasing the average production capacity for both graphite and hydrogen product. Testing will continue but with the focus shifting to optimising the purity of the products in conjunction with a rigorous regime of extended continuous operation testing.
- Paddle Tube Reactor (PTR) – In December 2017, Hazer and MRL executed a binding Cooperation Agreement to work together for the purposes of developing and commercialising the Hazer Process. Under the terms of the agreement, MRL is providing all capital required for a staged development project for graphite production and Hazer has given MRL access to the existing Hazer IP portfolio, as well as technical assistance and support. The first stage of the project is the design, construction and operation of a pilot scale facility capable of producing 1tpa of high quality graphite, suitable for high value applications including lithium ion batteries and electrodes. Since execution of the agreement, Hazer and MRL have formed a joint project team to design the MRL Pilot Plant. The initial concept design phase has completed and the MRL Pilot Plant is expected to produce first graphite for testing in the 4th quarter of calendar year 2018, with a target to operate for several months.
- Rotary Tube Reactor (RTR) – In June 2018, Hazer announced that it had successfully produced graphite and hydrogen in an RTR, providing another potential pathway to commercialise the Hazer Process. The successful demonstration was undertaken at a US based commercial scale equipment supplier on a toll basis using an existing off-the-shelf reactor configuration that is in common use across various commercial scale industries. The test facilities are purpose built to demonstrate proof of concept and generate test data required for further scale-up. There are some operating condition and flexibility constraints with this reactor and a larger number of reactors needed for a given production capacity compared to the Fluid Bed Reactor, however initial tests demonstrated promising hydrogen and graphite purity which may have superior advantages for certain cases.

ACTING CHIEF EXECUTIVE OFFICER'S REPORT

A summary of the development pathways of the different reactor technologies including actual equivalent product capacity rate achieved, target timelines and nominal scales of graphite production capacity planned as at the date of this report is outlined below:



^ Actual equivalent product capacity rate achieved (unpurified)
** Nominal product target capacity (unpurified)*
[a] Nominal graphite target capacity (purified)
G: Graphite nominal capacity
H: Hydrogen nominal capacity

Hazer also undertook testing of the graphite produced by the Hazer Process (Hazer graphite) which showed that non-optimised high purity Hazer graphite exhibited strong performance against fully-optimised commercial graphite benchmarks in half-cell lithium-ion batteries. The Hazer graphite samples (all purified to 99.95%wt) showed comparable performance against commercially available graphite that has been specifically made for Li-ion battery anodes. This includes natural spherical graphite (coated), and synthetic spherical graphite (uncoated). These results provide a foundation for continued development of the optimum processing conditions needed to manufacture Hazer graphite for lithium-ion batteries, as well as potential applications in other graphite markets.

CORPORATE

During the last few months, Hazer has taken steps to reduce its cost base and consolidate its operations. Hazer plans to relocate the FBR Pilot Plant to Perth on completion of testing currently underway. The consolidation of the Hazer head office and technical team into Western Australia, and the closing of the Sydney office, will have significant cost saving benefits and at the same time ensure the joint Hazer-Mineral Resources development team is best placed to commercialise both Company's technology in the most efficient and expeditious manner possible.

With the progressed technical development of the Hazer Process our focus is now shifting to the commercialisation phase where we will develop multiple strategies to generate revenue from this exciting new technology.

Mr Mark Edwards
Acting Chief Executive Officer

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the company (referred to hereafter as the 'company') consisting of Hazer Group Limited (referred to hereafter as the 'company' or 'parent entity') for the year ended 30 June 2018.

Directors
The following persons were directors of Hazer Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Geoff Pocock (resigned 6 April 2018)
Tim Goldsmith (appointed 24 July 2017)
Rick Hopkins (resigned 24 July 2017)
Danielle Lee
Andrew Harris
Terry Walsh (resigned 6 April 2018)
Simon Rushton (appointed 20 April 2018)

Principal activities
During the financial year the principal continuing activities of the Company consisted of research and development of novel graphite and hydrogen production technology.

The Company has intellectual property rights to a technology which allows the production of hydrogen gas from the thermo-catalytic decomposition of methane (natural gas) with negligible carbon dioxide emissions and the co-production of a high purity graphite product (the 'Hazer Process').

Dividends
There were no dividends paid during the year.

Review of operations
The loss for the company amounted to $11,009,331 (30 June 2017: $3,877,507).

Losses after income tax increased by 183% on the prior year as the Company increased research and development activities to commercialise the Hazer Process and incurred higher non-cash expenditure. Non-cash expenses in the year increased by 457% to $6,747,979 (30 June 2017: $1,210,531) due to the commencement of amortisation of the pre-pilot plant during the year and share based payments. Share based payments during the year include a $3,672,579 expense for the issue of 11,500,000 Series B Options upon exercise of the Series A Options. The Series A Options, issued prior to the Company's listing on the Australian Securities Exchange, were primary Options which upon exercise resulted in the issue of one ordinary share and one Series B Option (a secondary Option).

Research and development paths undertaken included process scale-up work across multiple reactor designs, graphite product development / functionalisation and graphite commercialisation work. Operating expenses during the period principally related to employee expenses, consulting fees, general corporate overhead and research and development expenses. In December 2017, the Company was pleased to execute a binding Co-operation Agreement with Mineral Resources Limited (ASX:MIN and "MRL") to jointly develop a large-scale commercial synthetic graphite facility funded by MRL, initially targeted towards the production of at least 1,000 tonnes per annum (tpa) of ultra-high purity graphite and capable of modular expansion to a nominal 10,000tpa.

The Company's cash and cash equivalents were $6,185,009 at 30 June 2018 (30 June 2017: $8,144,451) and net assets at 30 June 2018 were $6,884,346 (30 June 2017: $8,880,690).

The operating cash outflow for the year increased by 71% to $4,407,006 (30 June 2017: $2,582,193) largely as a result of increased research and development activities. Operating cashflows include a research and development tax rebate received during the year of $863,821 (30 June 2017: $281,371). Investing cash outflows of $462,582 (30 June 2017: $1,078,171) related to parts and engineering services associated with the 2nd generation pre-pilot plant reactor design upgrades. Financing cash inflows decreased to $2,910,146 (30 June 2017: $7,126,896) with the prior year including a $5,000,000 strategic placement to existing shareholder Mineral Resources Limited (ASX:MIN) and a Share Purchase Plan which raised $2,133,860 before share issue costs from eligible shareholders. The principle capital raising activity during the year was the exercise of 11,500,000 Series A Options ($0.25 exercise price) which raised $2,875,000 before share issue costs.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
On 30 August 2018, the Company announced the appointment of a new Chief Executive Officer, Geoff Ward, commencing 8 October 2018. The Company has agreed to issue the following options to Geoff Ward, subject to any required shareholder approval (i) 2,000,000 options over ordinary shares with an exercise price of $0.50 and an expiry date of 30 June 2022, vesting 6 months after commencing employment, (ii) 2,000,000 options over ordinary shares with an exercise price of $0.70 and an expiry date of 30 June 2023, vesting 18 months after commencing employment and (iii) 2,000,000 options over ordinary shares with an exercise price of $0.90 and an expiry date of 30 June 2024, vesting 30 months after commencing employment. With Geoff's appointment Acting Chief Executive Officer Mark Edwards will return to the role of Chief Operating Officer.

On 30 August 2018, the Company agreed to issue 500,000 options over ordinary shares with an exercise price of $0.70 and an expiry date of 30 June 2023 to Mark Edwards.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Tim Goldsmith
Title:	Non-Executive Chairman (Independent Director)
Qualifications:	Bachelor of Commerce from the Polytechnic of North London (now North London University). Member of the Institute of Chartered Accountants Australia and New Zealand.
Experience and expertise:	Tim was previously a partner at global professional services firm PricewaterhouseCoopers (PwC) for over 20 years. Tim held multiple roles during his PwC career and is best known for leading PwC's global mining team with more than 2,000 partners and staff in more than 100 mining countries. During his tenure as Global Mining Leader, Tim was also responsible for PwC's thought leadership on the future of the mining industry and was a well-known presenter at mining conferences around the globe. Tim was an early participator in the China growth story and initiated a China focus in 2002 that lead to PwC's Australia China desk, which is known throughout China today. As National China Desk Leader, Tim worked extremely closely with many state-owned and private Chinese investors and companies to facilitate Chinese foreign investment in Australian mining and other assets.
Length of service:	Director since 24 July 2017
Other current directorships:	Chairman of Angel Seafood Holdings Limited (ASX: AS1) and Non-Executive Director of Costa Group Holdings Ltd (ASX: CGC) from 1 September 2018.
Former directorships (last 3 years):	Chairman of Kopore Metals Limited (ASX: KMT)
Special responsibilities:	Member of the Audit and Risk Committee and Member of Remuneration and Nomination Committee
Interests in shares:	558,422
Interests in options:	62,500 (Listed options) and 3,750,000 (Unlisted options)
Contractual rights to shares:	None

Name:	Danielle Lee
Title:	Non-Executive Director (Independent Director)
Qualifications:	Bachelor of Economics from the University of Western Australia, Bachelor of Laws from the University of Western Australia (first class honours)
Experience and expertise:	Danielle is an experienced corporate lawyer more than 23 years' experience shared between private law firms and the Australian Securities Exchange. She has a broad range of skills and legal experience in the areas of corporate advisory, governance and equity capital markets. She has advised a range of Australian public and private companies in a range of industries on corporate transactions including capital raisings, ASX listings, business and share acquisitions, shareholder agreements and joint venture arrangements.
Length of service:	Director since 16 September 2015
Other current directorships:	Non-Executive Director of Ocean Grown Abalone Ltd (ASX: OGA)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee and Member of Remuneration and Nomination Committee
Interests in shares:	150,000
Interests in options:	950,000 (Unlisted options)
Contractual rights to shares:	None

Name:	Andrew Harris
Title:	Non-Executive Director (Independent Director)
Qualifications:	PhD in engineering from the University of Cambridge and undergraduate degrees in engineering and science from the University of Queensland. A Fellow of the Institution of Chemical Engineers and Engineers Australia and a member of the Australian Institute of Company Directors
Experience and expertise:	Dr Andrew Harris is highly experienced in renewable energy, sustainability, biomimicry, nanotechnology, process engineering and the hydrogen energy economy. He is the lead Director of the Engineering Excellence Group within Laing O'Rourke's internal engineering and innovation team. Laing O'Rourke is one of the world's largest privately owned engineering and construction companies, with annual revenues of $8 billion, 15,000 staff and operations in Europe, North America, the Middle East, Asia and Australia. The Engineering Excellence Group was established to be a global centre of excellence, to transform Laing O'Rourke's capabilities through strategic innovation, research and development, and enhanced technical performance. Dr Harris is also Professor of Chemical and Bimolecular Engineering at the University of Sydney and co- director of the Laboratory for Sustainable Technology, the state of art laboratory where Hazer has established its core development activities for the Hazer Process. Dr Harris was the youngest ever professor of Chemical Engineering appointed at the University of Sydney. Dr Harris was also previously the Chief Technology Officer of Zenogen Pty Ltd, a Sydney-based hydrogen production technology company, and was a co-founder of Oak Nano, a University of Sydney start-up commercialising novel carbon nanotube technology. Oak Nano designed and built the largest carbon nanotube production facility in the southern hemisphere.
Length of service:	Director since 21 June 2017
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration and Nomination Committee and Member of the Audit and Risk Committee
Interests in shares:	None
Interests in options:	1,150,000 (Unlisted options)
Contractual rights to shares:	None

Name:	Simon Rushton
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce and Bachelor of Laws
Experience and expertise:	Simon is currently the General Manager of Commercial at Mineral Resources Limited (ASX: MIN) and has extensive legal and commercial expertise across a range of industries, including logistics, mining, oil & gas as well as private legal practice. Over the past decade, Simon has been primarily responsible for managing the legal and commercial affairs of Mineral Resources, including all front end contract and corporate (including M&A) work as well as ongoing management of all major contracts.
Length of service:	Director since 20 April 2018
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Emma Waldon has held the role of Company Secretary since 10 August 2015. Emma has diverse global corporate advisory, capital markets and corporate governance experience having held roles in accounting and debt and equity capital markets in Australia and the United Kingdom.

Emma Waldon qualified as a Chartered Accountant with Ernst & Young in Perth, worked as an Equities Analyst with Euroz Securities and spent 9 years in London with Bank of Scotland and Lloyds Bank originating and re-structuring debt finance for private equity leveraged buy-outs of businesses across Europe. On returning to Perth in 2012, Emma was a Director within Deloitte's financial advisory services division and is also currently Company Secretary of Parkd Ltd (ASX: PKD) and a number of unlisted companies.

Emma Waldon completed a Bachelor of Commerce at UWA, is a member of the Institute of Chartered Accountants of Australia and New Zealand and a Certificated Member of the Governance Institute of Australia.

Meetings of directors
The number of meetings of directors (including meetings of committees of directors) held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Geoff Pocock	4	4	-	-	-	-
Tim Goldsmith	6	6	1	1	2	2
Rick Hopkins	-	-	1	1	-	-
Danielle Lee	6	6	1	1	2	2
Andrew Harris	6	6	2	2	2	2
Terry Walsh	4	4	1	1	-	-
Simon Rushton	2	2	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel and is based on the following factors:

Alignment to shareholders' interests:
- focuses on sustained growth in shareholder wealth, including growth in the share price, as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Non-executive directors do not receive any retirement benefits, other than statutory superannuation.

ASX listing rules require the aggregate non-executive director's remuneration be determined periodically by a general meeting. Aggregate fixed remuneration for all non-executive directors as determined by the Board is not to exceed $300,000 per annum. Directors' fees cover all main board and committee activities.

The level of non-executive director fixed fees as at the reporting date are as follows:

Tim Goldsmith	$60,000 plus statutory superannuation per annum
Danielle Lee	$40,000 plus statutory superannuation per annum ($25,000 plus statutory superannuation per annum up to 30 June 2018)
Andrew Harris	$40,000 plus statutory superannuation per annum ($25,000 plus statutory superannuation per annum up to 30 June 2018)
Simon Rushton	Nil

Non-executive directors may also receive performance related compensation via options following receipt of shareholder approval. The issue of share based payments as part of non-executive director remuneration ensures that director remuneration is competitive with market standards as well as providing an incentive to pursue longer term success for the Company. It also reduces the demand on the cash resources of the Company, and assists in ensuring the continuity of service of directors who have extensive knowledge of the Company, its business activities and assets and the industry in which it operates. Details of share-based compensation is contained in this report.

Executive remuneration
The company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually based on individual and business unit performance, the overall performance of the company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the company and provides additional value to the executive.

Performance based short-term incentives ('STI') may be provided to executives to align the targets of the business with the targets of those executives responsible for meeting those targets.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options may be awarded to executives based on long-term incentive measures including increasing shareholder value. Share based LTIs issued to the Managing Director are subject to shareholder approval. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2018.

Use of remuneration consultants
During the financial year ended 30 June 2018, the Company engaged the services of an independent remuneration consultant to review its remuneration for Directors, key management personnel and other senior executives.

Voting and comments made at the company's Annual General Meeting ('AGM')
The Company received 75.81% of "for" votes on its Remuneration Report for the year ended 30 June 2017. Whilst the Company did not receive any specific feedback at the AGM on its remuneration practices it elected to undertake an independent review of remuneration during the financial year ended 30 June 2018. There were no significant findings or recommendations as a result of this review.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of Hazer Group Limited:

- Geoff Pocock – Managing Director (resigned 6 April 2018)
- Tim Goldsmith – Non-Executive Chairman (appointed (24 July 2017)
- Rick Hopkins – Non- Chairman (resigned 24 July 2017)
- Danielle Lee - Non- Executive Director
- Andrew Harris – Non- Executive Director
- Terry Walsh – Non-Executive Director (resigned 6 April 2018)
- Simon Rushton – Non-Executive Director (appointed 20 April 2018)

And the following persons:
- Mark Edwards – Acting Chief Executive Officer (from 6 April 2018), Chief Operating Officer (from 11 December 2017) and Member of Science Advisory Committee (until 30 November 2017)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	**Cash salary and fees $**	**Termination benefits $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Tim Goldsmith[1]	56,296	-	-	5,348	-	749,616	811,260
Rick Hopkins[2]	2,917	-	-	-	-	-	2,917
Danielle Lee	25,000	-	-	2,375	-	47,903	75,278
Andrew Harris	25,000	-	-	2,375	-	115,210	142,585
Terry Walsh[3]	147,732	-	-	-	-	100,619	248,351
Simon Rushton[4]	-	-	-	-	-	-	-
Executive Directors:							
Geoff Pocock	231,692	120,000	-	30,400	-	1,348,086	1,730,178
Other Key Management Personnel:							
Mark Edwards	100,010	-	-	9,501	-	147,933	257,444
	588,647	120,000	-	49,999	-	2,509,367	3,268,013

1 Represents remuneration from 24 July 2017 to 30 June 2018
2 Represents remuneration from 1 July 2017 to 24 July 2017
3 Represents remuneration from 1 July 2017 to 6 April 2018 as a Director and 13 May 2018 as a consultant
4 Represents remuneration from 20 April 2018 to 30 June 2018

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Rick Hopkins[3]	35,000	-	-	3,325	-	8,192	46,517
Bryant McLarty[1,3,4]	14,583	-	-	792	-	(7,231)	8,144
Danielle Lee	25,000	-	-	2,375	-	5,958	33,333
Andrew Harris	25,000	-	-	2,375	-	271,469	298,844
Terry Walsh[2]	10,167	-	-	966	-	17,183	28,316
Executive Directors:							
Geoff Pocock	240,000	120,000	-	22,800	-	29,789	412,589
	349,750	120,000	-	32,633	-	325,360	827,743

1 Represents remuneration from 1 July 2016 to 7 February 2017
2 Represents remuneration from 7 February 2017 to 30 June 2017
3 Payments above are only those made in capacity as Director. They do not include amounts for other services paid. Related party payments have been disclosed in Note 18.
4 These include the forfeiture of series D options as a result of not meeting the service condition.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Non-Executive Directors:						
Tim Goldsmith	8%	-	-	-	92%	-
Rick Hopkins	100%	83%	-	-	-	17%
Bryant McLarty	-	#	-	-	-	#
Danielle Lee	36%	83%	-	-	64%	17%
Andrew Harris	19%	10%	-	-	81%	90%
Terry Walsh	59%	40%	-	-	41%	60%
Simon Rushton	-	-	-	-	-	-
Executive Directors:						
Geoff Pocock	22%	64%	-	29%	78%	7%
Other Key Management Personnel:						
Mark Edwards	43%	-	-	-	57%	-

\# Percentage of relative proportion linked to performance not disclosed as the total amount of LTI remuneration expense was negative for the period.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mark Edwards
Title:	Acting Chief Executive Officer (from 6 April 2018) and Chief Operating Officer (from 11 December 2018 to 5 April 2018)
Agreement commenced:	11 December 2017
Term of agreement:	Open
Details:	Base salary of $220,000 inclusive of statutory superannuation, to be reviewed by the Remuneration and Nomination Committee 12 months from commencement and every 12 months thereafter or as otherwise agreed. 3 month termination notice by either party. 6 month non-solicitation clause after termination.

Name:	Geoff Pocock
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 December 2015
Term of agreement:	Terminated 4 May 2018 (Termination Date)
Details:	Base salary of $240,000 plus statutory superannuation, to be reviewed by the Remuneration and Nomination Committee 12 months from commencement and every 12 months thereafter or as otherwise agreed. 6 month termination notice by either party. 6 month non-solicitation clause after termination. The Company may terminate without notice in certain circumstances such as misconduct. For a period of 6 months from the Termination Date, Geoff Pocock will be engaged as an independent contractor to provide executive advice and the Company will pay $1,000 per month for these services.

Name:	Terry Walsh
Title:	Non-Executive Director
Agreement commenced:	14 March 2016
Term of agreement:	Ceased 13 May 2018
Details:	Consulting agreement with Walsh Consulting (WA) Pty Ltd, a company controlled by Terry Walsh. Compensation: (i) a monthly retainer of $8,500 plus GST as at 14 March 2016, reduced to $6,500 plus GST as at 1 January 2017 and increased to $8,500 plus GST as at 1 July 2017, (ii) 100,000 ordinary shares and (iii) 250,000 Series E Options ($0.30 exercise price, expiring 31 December 2018) issued upon appointment for no consideration. Working hours: The Consultant to provide the services of Terry Walsh for 18 working hours per week, plus excess travel commitments when required. Agreement to continue until terminated by Walsh Consulting (WA) Pty Ltd on 28 days written notice or on 56 days written notice by Hazer Group Limited.

Share-based compensation

Options
The terms and conditions of each grant of options over ordinary shares during this financial year affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Option series	Number of options issued	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Series G	450,000	7 February 2017[1]	7 August 2017	30 June 2020	$0.75	0.21
Series I	450,000	7 February 2017[1]	7 August 2018	31 December 2020	$0.90	0.21
Series G	1,750,000	24 July 2017[2]	24 January 2018	30 June 2020	$0.75	0.21
Series J	2,250,000	24 July 2017[2]	24 July 2018	31 December 2020	$0.95	0.20
Series K	3,000,000	24 July 2017[2]	24 January 2019	31 December 2021	$1.20	0.22
Series G	250,000	11 December 2017	11 March 2018	30 June 2020	$0.75	0.14
Series J	750,000	11 December 2017	11 December 2018	31 December 2020	$0.95	0.14
Series K	1,000,000	11 December 2017	11 June 2019	31 December 2021	$1.20	0.15
Series B[3]	3,150,000	29 December 2017	29 December 2017	31 December 2020	$0.40	0.32
Total	13,050,000					

1 The Company agreed to grant these options to Terry Walsh on 7 February 2017 subject to shareholder approval. Shareholder approval was obtained at the 2017 AGM and these options were issued on 11 December 2017.
2 The Company agreed to grant these options to Tim Goldsmith and Geoff Pocock on 24 July 2017 subject to shareholder approval. Shareholder approval was obtained at the 2017 AGM and these options were issued on 11 December 2017.
3 The Series B Options granted were issued upon the exercise of Series A options. The Series A options were primary Options which upon exercise resulted in the issue of one Share and one Series B Option (a secondary option). The Series A Options were issued prior to the Company's listing on the Australian Stock Exchange in December 2015.

The options vest if the holder has continued to be engaged as an employee, contractor, consultant or Board member of the Company prior to the vesting date.

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Number of options granted during the year 2018	Number of options granted during the year 2017	Number of options vested during the year 2018	Number of options vested during the year 2017
Geoff Pocock	6,250,000	-	4,750,000	2,000,000
Tim Goldsmith	3,750,000	-	1,000,000	-
Rick Hopkins	-	-	-	550,000
Bryant McLarty	-	-	-	-
Danielle Lee	150,000	-	150,000	400,000
Andrew Harris	-	1,150,000	575,000	575,000
Terry Walsh	900,000	-	450,000	250,000
Simon Rushton	-	-	-	-
Mark Edwards	2,000,000	200,000	250,000	200,000
Total	13,050,000	1,350,000	7,175,000	3,975,000

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Geoff Pocock	1,643,001	43,622	(261,933)	78%
Tim Goldsmith	787,231	-	-	92%
Rick Hopkins	-	-	-	-
Bryant McLarty	-	-	-	-
Danielle Lee	47,903	1,616	-	64%
Andrew Harris	-	-	-	81%
Terry Walsh	187,217	-	(80,063)	41%
Simon Rushton	-	-	-	-
Mark Edwards	147,933	-	-	57%
	2,813,285	45,238	(341,996)	

Additional information

The earnings of the entity for the five years to 30 June 2018 are summarised below:

	2018 $	2017 $	2015 $	2014 $	2013 $
Revenues from ordinary activities	798,877	337,785	83,552	6,632	2,596
Loss after income tax	11,009,331	3,877,507	1,844,358	522,493	166,214
Net Assets	6,884,346	8,880,690	4,420,770	545,091	69,477

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2018	2017	2015	2014	2013
Share price at financial year end ($) [1]	0.25	0.49	0.45	n/a	n/a
Total dividends declared (cents per share)	0.0	0.00	0.00	0.00	0.00
Basic loss per share (cents per share)	13.37	5.74	3.57	2.24	1.09

[1] The company was admitted to the official list of the ASX on 30 November 2015 hence N/A for periods before admission.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
Ordinary shares					
Geoff Pocock[1]	4,200,000	-	3,000,000	-	7,200,000
Tim Goldsmith[2]	358,422	-	200,000	-	558,422
Rick Hopkins[3]	800,010	-	-	-	800,010
Danielle Lee	-	-	150,000	-	150,000
Andrew Harris	-	-	-	-	-
Terry Walsh[4]	50,000	-	-	-	50,000
Simon Rushton[5]	-	-	-	-	-
Mark Edwards	-	-	-	-	-
	5,408,432	-	3,350,000		8,758,432

1 Closing balance represents ordinary shares held on resignation (6 April 2018)
2 Opening balance represents ordinary shares held on appointment (24 July 2017)
3 Closing balance represents ordinary shares held on resignation (24 July 2017)
4 Closing balance represents ordinary shares held on resignation (6 April 2018)
5 Opening balance represents ordinary shares held on appointment (20 April 2018)

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
Options over ordinary shares					
Geoff Pocock[1]	8,050,000	6,250,000	(3,000,000)	(1,500,000)	9,800,000
Tim Goldsmith[2]	62,500	3,750,000	-	-	3,812,500
Rick Hopkins[3]	1,500,003	-	-	-	1,500,003
Danielle Lee[4]	950,000	150,000	(150,000)	-	950,000
Andrew Harris	1,150,000	-	-	-	1,150,000
Terry Walsh[5]	140,000	900,000	-	(450,000)	590,000
Simon Rushton[6]	-	-	-	-	-
Mark Edwards	200,000	2,000,000	-	-	2,200,000
	12,052,503	13,050,000	(3,150,000)	(1,950,000)	20,002,503

1 Closing balance represents ordinary shares held on resignation (6 April 2018). 3,000,000 of the options granted represent the issue of Series B on the exercise of Series A options. The Series A options are primary Options which upon exercise result in the issue of one Share and one Series B Option (a secondary option).
2 Opening balance represents ordinary shares held on appointment (24 July 2017)
3 Closing balance represents ordinary shares held on resignation (24 July 2017)
4 Options granted represent the issue of Series B on the exercise of Series A options. The Series A options are primary Options which upon exercise result in the issue of one Share and one Series B Option (a secondary option).
5 Closing balance represents ordinary shares held on resignation (6 April 2018)
6 Opening balance represents ordinary shares held on appointment (20 April 2018)

Other transactions with key management personnel and their related parties

During the financial year, the following payments were made to key management personnel and their related parties:

- Mac Equity Partners (International) Pty Ltd a company of which former Directors Bryant McLarty and Geoff Pocock were directors and shareholders received $26,000 pursuant to a corporate services agreement to provide office space, internet, telephone, company secretarial and accounting services to the Company. This agreement was terminated on 31 August 2017.

- Walsh Consulting (WA) Pty Ltd, a company controlled by Terry Walsh received fees totalling $128,565 pursuant to a consulting agreement to provide the services of Terry Walsh. This consulting agreement ceased on 13 May 2018.

All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Hazer Group Limited under option at the date of this report are as follows:

Option series	Grant date	Expiry date	Exercise price	Number under option
Series C	16 September 2015	31 December 2018	$0.25	5,250,000
Series D	16 September 2015	31 December 2019	$0.40	4,850,000
Listed options	28 April 2016	31 December 2018	$0.30	24,969,838
Series F	1 July 2016	30 June 2019	$0.55	575,000
Series G	1 July 2016	30 June 2020	$0.75	575,000
Series G	22 August 2016	30 June 2020	$0.75	100,000
Series G	31 October 2016	30 June 2020	$0.75	600,000
Series F	15 November 2016	30 June 2019	$0.55	575,000
Series G	15 November 2016	30 June 2020	$0.75	575,000
Series H	20 March 2017	31 December 2019	$0.70	4,166,667
Series G	20 March 2017	30 June 2020	$0.75	350,000
Series J	6 April 2017	31 December 2020	$0.95	750,000
Series K	6 April 2017	31 December 2021	$1.20	1,000,000
Series G	13 June 2017	30 June 2020	$0.75	1,300,000
Series G	6 September 2017	30 June 2020	$0.75	300,000
Series G	11 December 2017	30 June 2020	$0.75	5,450,000
Series J	11 December 2017	31 December 2020	$0.95	3,000,000
Series K	11 December 2017	31 December 2021	$1.20	2,500,000
Series B	29 December 2017	31 December 2020	$0.40	11,500,000
Total	**30 June 2018**			**68,386,505**

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Hazer Group Limited were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date options granted	Date shares issued	Exercise price	Number of shares issued
28 April 2016	31 October 2017	$0.30	5,000
28 April 2016	8 December 2018	$0.30	40,000
30 January 2015	29 December 2017	$0.25	8,000,000
9 February 2015	29 December 2017	$0.25	3,000,000
16 September 2015	29 December 2017	$0.25	500,000
2 December 2015	1 February 2018	$0.30	100,000
28 April 2018	1 February 2018	$0.30	6,250
2 December 2015	5 February 2018	$0.30	100,000
Total			11,751,250

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of RSM Australia Partners
There are no officers of the company who are former partners of RSM Australia Partners.

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 the following page.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Tim Goldsmith

Tim Goldsmith
Chairman

31 August 2018
Melbourne

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hazer Group Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 31 August 2018

TUTU PHONG
Partner

CONTENTS

Contents

General information

The financial statements cover Hazer Group Limited as a single entity. The financial statements are presented in Australian dollars, which is Hazer Group Limited's functional and presentation currency.

Hazer Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
2/29 The Avenue Nedlands WA 6009	2/29 The Avenue Nedlands WA 6009

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2018. The directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 $	2017 $
Revenue			
Interest received		40,376	56,414
R&D Rebate		758,501	281,371
Expenses			
Administration expenses		(1,215,780)	(951,299)
Consulting and research expenses		(1,535,813)	(642,946)
Share based payments		(6,102,841)	(1,210,531)
Finance costs		(2,283)	(1,369)
Employee benefits expense		(2,306,353)	(1,409,147)
Amortisation expense		(645,138)	-
Loss before income tax expense		(11,009,331)	(3,877,507)
Income tax expense	10	-	-
Loss after income tax expense for the year		(11,009,331)	(3,877,507)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(11,009,331)	(3,877,507)
		Cents	**Cents**
Basic loss per share	22	13.37	5.74
Diluted loss per share	22	13.37	5.74

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	5	6,185,009	8,144,451
Other current assets	6	136,713	95,450
Total current assets		6,321,722	8,239,901
Non-current assets			
Capitalised development costs for pilot plant	7	793,238	1,081,114
Total non-current assets		793,238	1,081,114
Total assets		7,114,960	9,321,015
Liabilities			
Current liabilities			
Trade and other payables	8	165,462	274,067
Provisions	9	65,152	166,258
Total current liabilities		230,614	440,325
Total liabilities		230,614	440,325
Net assets		6,884,346	8,880,690
Equity			
Issued capital	11	16,030,724	13,120,578
Reserves	12	8,752,066	2,649,225
Accumulated losses	13	(17,898,444)	(6,889,113)
Total equity		6,884,346	8,880,690

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

2017	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2016	**5,993,682**	**1,438,694**	**(3,011,606)**	**4,420,770**
Loss after income tax expense for the year	-	-	(3,877,507)	(3,877,507)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,877,507)	(3,877,507)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 11)	7,126,896	-	-	7,126,896
Share- based payments (note 21)	-	1,210,531	-	1,210,531
Balance at 30 June 2017	**13,120,578**	**2,649,225**	**(6,889,113)**	**8,880,690**

2018	Issued capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2017	**13,120,578**	**2,649,225**	**(6,889,113)**	**8,880,690**
Loss after income tax expense for the year	-	-	(11,009,331)	(11,009,331)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(11,009,331)	(11,009,331)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 11)	2,910,146	-	-	2,910,146
Share-based payments (note 21)	-	6,102,841	-	6,102,841
Balance at 30 June 2018	**16,030,724**	**8,752,066**	**(17,898,444)**	**6,884,346**

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	-
Payments to suppliers and employees (inclusive of GST)		(5,308,920)	(2,929,224)
		(5,308,920)	(2,929,224)
Interest received		40,376	67,030
Interest and other finance costs paid		(2,283)	(1,369)
Research and development tax rebate received		863,821	281,371
Net cash used in operating activities	20	(4,407,006)	(2,582,193)
Cash flows from investing activities			
Payments for pilot plant		(462,582)	(1,078,171)
Net cash used in investing activities		(462,582)	(1,078,171)
Cash flows from financing activities			
Proceeds from issue of shares		-	7,133,882
Share issue transaction costs		(40,229)	(43,129)
Proceeds from exercise of share options		2,950,375	36,143
Net cash from financing activities		2,910,146	7,126,896
Net increase in cash and cash equivalents		(1,959,442)	3,466,532
Cash and cash equivalents at the beginning of the financial year		8,144,451	4,677,919
Cash and cash equivalents at the end of the financial year	5	6,185,009	8,144,451

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Hazer Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (Cont'd)

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is primarily the research and development tax refund received for a claim under the Commonwealth Government's Research and Development Tax Incentive Regime. Revenue is recognised when the company is reasonably assured of receiving the benefit.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (Cont'd)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Hazer Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (Cont'd)

Share-based payments
The company provides benefits in the form of share-based payments, whereby persons render services in exchange for shares or rights over shares ('equity settled transactions'). The company does not provide cash settled share-based payments.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the period in which the service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (the 'vesting period'). The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Research and development
Research costs are expensed in the period in which they are incurred.

Capitalised Development Cost for Pilot Plant
Costs directly attributable to create, produce and prepare the pilot plant to be capable of operating in the manner intended by management are recognised as an intangible asset when the following criteria are met:

- It is technically feasible to complete the pilot plant so that it will be available for use;
- Management intends to complete the pilot plant and use it;
- There is an ability to use the pilot plant;
- It can be demonstrated how the pilot plant will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the pilot plant; and
- The expenditure attributable to the pilot plant during its development can be reliably measured.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset will begin when the development is complete and the asset is available for use. It will be amortised over the period of expected future benefit. Amortisation will be recorded in profit and loss.

Note 1. Significant accounting policies (Cont'd)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of Australian Accounting Standards that have been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2018. The effect of these new or amended Accounting Standards is expected to give rise to additional disclosures and new policies being adopted. Refer below for the Standards relevant to the Company that are not yet effective and have not been early adopted.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The entity has made an assessment and determined that this standard will have little to no impact on the entity as it does not have any financial instruments.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The entity has made an assessment and determined that this standard will have little to no impact on the entity as it currently does not earn revenue.

Note 1. Significant accounting policies (Cont'd)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The entity has made an assessment and determined that this standard will have little to no impact on the entity only had short term leases of 12 months or less for the period ended 30 June 2018.

Note 2: Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Capitalised development costs of pilot plant
The company capitalises developments costs for the pre-pilot plant in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when the project moves from the research phase into the development phase. In determining the amounts to be capitalised, management makes assumptions in relation to what costs relate to the development stage.

Impairment of capitalised development costs of pilot plant
The company has assessed the capitalised development costs at the reporting date. This requires determining the recoverable amount of the asset either using the fair value less costs of disposal or a value-in-use calculation, which require management to use a number of key estimates and assumptions.

Note 3. Operating segments

The company has considered the requirements of AASB8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The company operates as a single segment being research and development of novel graphite and hydrogen production technology. There is no difference between the audited financial report and the internal reports generated for review. The company is domiciled in Australia and is currently in the development phase and hence has not begun to generate revenue from operations. All the assets are located in Australia.

Note 4. Financial risk management objectives and policies

The company's principal financial instruments comprise cash and short term deposits.

The company manages its exposure to key financial risks, including interest rate and liquidity risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Interest rate risk
At reporting date, the entity had $6,185,008 (2017: $8,144,451) in cash and cash equivalents exposed to interest rate risk.

The entity's exposure to market interest rates relates primarily to cash and short-term deposits.

At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and equity would have been affected as follows:

	Net loss Higher / (lower)		**Equity Higher / (lower)**	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
+1% (100 basis points)	61,850	81,444	61,850	81,444
-1% (100 basis points)	(61,850)	(81,444)	(61,850)	(81,444)

The movements are due to higher / lower interest revenue from cash balances.

Liquidity Risk

Liquidity risk is managed through the entity's objective to maintain adequate funding to meet its needs, currently represented by cash and short term deposits sufficient to meet the current cash requirements.

Note 4. Financial risk management objectives and policies (Cont'd)

Capital management

The primary objective of the entity's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The entity manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the entity may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2018 and 30 June 2017.

The entity monitors capital with reference to the net debt position. The entity's current policy is to keep the net debt position negative, such that cash and cash equivalents exceeds debt.

Note 5. Cash and cash equivalents

	2018 $	2017 $
Cash at bank	6,114,755	8,094,197
Cash on deposit	70,254	50,254
	6,185,009	8,144,451

Note 6. Other current assets

	2018 $	2017 $
Prepayments	36,102	-
GST refundable	97,971	87,330
Other receivables	2,640	8,120
Accrued interest	-	-
	136,713	95,450

Note 7. Capitalised development costs of Pilot Plant

	2018 $	2017 $
Capitalised development cost of Pilot Plant	793,238	1,081,114
	793,238	1,081,114

Note 7. Capitalised development cost (Pilot plant) (Cont'd)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Pilot plant First Generation	Pilot plant Second Generation	Total
Balance at 1 July 2017	1,081,114	-	1,081,114
R&D tax offset	(105,321)	-	(105,321)
Additions	-	462,583	462,583
Amortisation expense	(645,138)	-	(645,138)
Balance at 30 June 2018	330,655	462,583	793,238

The pilot plant is a key stage in the development of the Hazer process and the first stage in its transition from laboratory based standard equipment to customer-designed constructed plant. Development costs directly attributable to create, produce and prepare the pilot plant for the purpose intended by management is recognised as an intangible asset when the criteria under AASB 138 are satisfied.

Capitalised development costs are recognised as an intangible asset and amortised from the point at which the asset is ready for use. Commissioning of the first generation pre-pilot plant occurred on 6 July 2017. Prior to this, the asset was not available for use nor was it in a condition necessary for it to be capable of operating in the manner intended by management.

The company performed its annual impairment test as at reporting date. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Management have determined that, at reporting date the pre-pilot plant's fair value less costs of disposal was in excess of its carrying value.

Note 8. Trade and other payables

	2018 $	2017 $
Trade payables	125,180	61,937
Other payables	40,282	212,130
	165,462	274,067

Note 9. Provisions

	2018 $	2017 $
Employee benefits	65,152	66,258
Research agreement	-	100,000
	65,152	166,258

Note 10. Income Tax

The prima facie tax receivable on loss before income tax is reconciled to the income tax expense as follows:

	2018 $	2017 $
Prima facie benefit on operating loss at 27.5% (2017: 28.5%)	3,027,566	1,105,089
Tax losses not brought to account	(3,027,566)	(1,105,089)
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $4,880,748 (2017: $1,853,182) and has not been brought to account at reporting date because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and research and development expenditure to be realised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and research and development expenditure.

Note 11. Equity - issued capital

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares	88,302,245	76,550,995	15,884,073	12,973,415
Listed options	24,969,838	15,221,088	146,651	147,163

Ordinary share capital
Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2016	64,540,752		5,845,279
Issue of shares[1]	29 July 2016	33,632	$0.30	10,090
Issue of shares[1]	1 September 2016	11,132	$0.30	3,339
Issue of shares[1]	9 November 2016	13,000	$0.30	3,900
Issue of shares	20 March 2017	8,333,333	$0.60	5,000,000
Share issue transaction costs, net of tax	20 March 2017	-		(13,250)
Issue of shares[1]	21 March 2017	6,250	$0.30	1,875
Issue of shares	27 April 2017	3,556,434	$0.60	2,133,882
Share issue transaction costs, net of tax	27 April 2017	-		(29,879)
Issue of shares[1]	27 April 2017	11,962	$0.30	3,589
Issue of shares[1]	14 June 2017	44,500	$0.30	13,350
Transfer from listed options[1]	30 June 2017	-	$0.01	1,240
Balance	**30 June 2017**	**76,550,995**		**12,973,415**

Note 11. Equity - issued capital (Cont'd)

Details	Date	No of shares	Issue price	$
Balance	1 July 2017	76,550,995		12,973,415
Issue of shares[1]	31 October 2017	5,000	$0.30	1,500
Issue of shares[1]	8 December 2017	40,000	$0.30	12,000
Issue of shares	29 December 2017	11,500,000	$0.25	2,875,000
Share issue transaction costs, net of tax				(19,164)
Issue of shares[1]	1 February 2018	6,250	$0.30	1,875
Note 11. Equity - issued capital (Cont'd)				
Issue of shares	1 February 2018	100,000	$0.30	30,000
Issue of shares	5 February 2018	100,000	$0.30	30,000
Share issue transaction costs, net of tax				(21,065)
Transfer from listed options[1]	30 June 2018		$0.01	512
Balance	**30 June 2018**	**88,302,245**		**15,884,073**

Listed options

Movements in listed options

Balance	1 July 2016	15,041,564		148,403
Issue of shares	29 July 2016	(33,362)		-
Issue of shares	1September 2016	(11,132)		-
Issue of shares	9 November 2016	(13,000)		-
Quotation of unlisted Series E options	9 November 2016	300,000		-
Issue of shares	21 March 2017	(6,250)		-
Issue of shares	27 April 2017	(11,962)		-
Issue of shares	14 June 2017	(44,500)		-
Transfer to ordinary shares[1]	30 June 2017		$0.01	(1,240)
Balance	**30 June 2017**	**15,221,088**		**147,163**
Balance	1 July 2017	15,221,088		147,163
Exercise of options	31 October 2017	(5,000)		-
Exercise of options	8 December 2017	(40,000)		-
Exercise of options	1 February 2018	(6,250)		-
Quotation of unlisted Series E options	28 February 2018	3,266,667		-
Quotation of unlisted Series E options	21 June 2018	6,533,333		-
Transfer to ordinary shares[1]	30 June 2018	-	$0.01	(512)
	30 June 2018	**24,969,838**		**146,651**
Total issued capital	**30 June 2018**			**16,030,724**

[1] Relate to the issue of shares upon the exercise of listed options.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back scheme in place.

Note 11. Equity - issued capital (Cont'd)

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the previous financial reporting year.

Note 12. Equity - reserves

	2018 $	2017 $
Option reserve	8,752,066	2,649,225
	8,752,066	2,649,225

Option reserve
The option reserve records items recognised as expenses on the valuation of share options.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	No of Options	Value $
Balance at 30 June 2017	42,166,667	2,649,225
Options issued during the prior year vesting over multiple periods	-	929,523
Options issued during the current year vesting over multiple periods	24,700,000	5,515,315
Options exercised during the period	(11,700,000)	-
Existing options quoted as listed options during the year	(9,800,000)	-
Forfeiture	(1,950,000)	(341,997)
Balance at 30 June 2018	43,416,667	8,752,066

Note 13. Equity – accumulated losses

	2018 $	2017 $
Accumulated losses at the beginning of the financial year	6,889,113	3,011,606
Loss after income tax expense for the year	11,009,331	3,877,507
Accumulated losses at the end of the financial year	17,898,444	6,889,113

Note 14. Key management personnel disclosures

Compensation
The aggregate compensation made to key management personnel of the company is set out below:

	2018 $	2017 $
Short-term employee benefits	708,647	469,750
Post-employment benefits	49,999	32,633
Long-term benefits	-	-
Share-based payments	2,509,367	325,360
	3,268,013	827,743

Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	2018 $	2017 $
Audit services		
Audit or review of the financial statements	41,000	37,500

Note 16. Contingent assets and liabilities

The company does not have any contingent assets or contingent liabilities at 30 June 2018.

Note 17. Commitments

Committed at the reporting date but not recognised as liabilities:

	2018 $	2017 $
Corporate services – including lease of Perth office space, company and secretarial services, lease of office space and warehouse space in Sydney and lease of equipment		
Within one year	38,617	64,457
One to five years	-	-
More than five years	-	-
Total	38,617	64,457
Research collaboration agreement		
Within one year	252,585	-
One to five years	-	-
More than five years	-	-
Total	252,585	-

Note 18. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 14 and the remuneration report in the directors' report.

Transactions with related parties

During the financial year, the following payments were made to key management personnel and their related parties:

- Mac Equity Partners (International) Pty Ltd a company of which former Directors Bryant McLarty and Geoff Pocock were directors and shareholders received $26,000 pursuant to a corporate services agreement to provide office space, internet, telephone, company secretarial and accounting services to the Company. This agreement was terminated on 31 August 2017.

- Walsh Consulting (WA) Pty Ltd, a company controlled by Terry Walsh received fees totalling $128,565 pursuant to a consulting agreement to provide the services of Terry Walsh. This consulting agreement ceased on 13 May 2018.

All transactions were made on normal commercial terms and conditions and at market rates.

Receivable from and payable to related parties

There were no amounts receivable or payable to related parties at 30 June 2018. There was $12,777 owing to PKF International Pty Ltd, a company of which former Director Rick Hopkins is partner, at 30 June 2017.

Note 19. Events after the reporting period

On 30 August 2018, the Company announced the appointment of a new Chief Executive Officer, Geoff Ward, commencing 8 October 2018. The Company has agreed to issue the following options to Geoff Ward, subject to any required shareholder approval (i) 2,000,000 options over ordinary shares with an exercise price of $0.50 and an expiry date of 30 June 2022, vesting 6 months after commencing employment, (ii) 2,000,000 options over ordinary shares with an exercise price of $0.70 and an expiry date of 30 June 2023, vesting 18 months after commencing employment and (iii) 2,000,000 options over ordinary shares with an exercise price of $0.90 and an expiry date of 30 June 2024, vesting 30 months after commencing employment. With Geoff's appointment Acting Chief Executive Officer Mark Edwards will return to the role of Chief Operating Officer.

On 30 August 2018, the Company agreed to issue 500,000 options over ordinary shares with an exercise price of $0.70 and an expiry date of 30 June 2023 to Mark Edwards.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

Note 20. Reconciliation of profit after income tax to net cash from operating activities

	2018 $	2017 $
Loss after income tax expense for the year	(11,009,331)	(3,877,507)
Adjustments for:		
Share-based payments	6,102,841	1,210,531
Amortisation	645,138	-
Change in operating assets and liabilities:		
- trade and other receivables	(41,967)	(19,682)
- trade and other payables	(2,580)	156,848
- employee benefits	(1,107)	47,617
- other provisions	(100,000)	(100,000)
Net cash used in operating activities	(4,407,006)	(2,582,193)

Note 21. Share based payments

For the year ended 30 June 2018:
Set out below are summaries of the movements of options granted to key management personnel, employees and contractors of the company:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised/ Quoted as Listed options	Expired/ forfeited/ other	Balance at the end of the year
30/01/2015	31/12/2017	$0.25	8,000,000	-	(8,000,000)	-	-
09/02/2015	31/12/2017	$0.25	3,000,000	-	(3,000,000)	-	-
16/09/2015	31/12/2017	$0.25	500,000	-	(500,000)	-	-
16/09/2015	31/12/2018	$0.25	5,250,000	-	-	-	5,250,000
16/09/2015	31/12/2019	$0.40	4,850,000	-	-	-	4,850,000
25/11/2015	31/12/2018	$0.30	10,000,000	-	(10,000,000)[1]	-	-
01/07/2016	30/06/2019	$0.55	575,000	-	-	-	575,000
01/07/2016	30/06/2020	$0.75	575,000	-	-	-	575,000
22/8/2016	30/06/2020	$0.75	100,000	-	-	-	100,000
31/10/2016	30/06/2020	$0.75	600,000	-	-	-	600,000
15/11/2016	30/06/2019	$0.55	575,000	-	-	-	575,000
15/11/2016	30/06/2020	$0.75	575,000	-	-	-	575,000
20/03/2017	30/06/2020	$0.75	350,000	-	-	-	350,000
06/04/2017	31/12/2020	$0.95	750,000	-	-	-	750,000
06/04/2017	31/12/2021	$1.20	1,000,000	-	-	-	1,000,000
13/06/2017	30/06/2020	$0.75	1,300,000	-	-	-	1,300,000
06/09/2017	30/06/2020	$0.75	-	300,000	-	-	300,000
04/12/2017	30/06/2020	$0.75	-	5,450,000[2]	-	-	5,450,000
04/12/2017	31/12/2020	$0.90	-	450,000	-	(450,000)	-
04/12/2017	31/12/2020	$0.95	-	3,000,000	-	-	3,000,000
04/12/2017	31/12/2021	$1.20	-	4,000,000	-	(1,500,000)	2,500,000
29/12/2017	31/12/2020	$0.40	-	11,500,000	-	-	11,500,000
			38,000,000	24,700,000	(21,500,000)	(1,950,000)	39,250,000
Weighted average exercise price			$0.39	$0.69	$0.27	$1.13	$0.57

1 9,800,000 unlisted options were quoted as listed options during the period.
2 Includes 2,250,000 of options with a vesting term conditional on Hazer signing a binding partnership with a third party within 18 months of execution of the original agreement. As at signing date, no contract has been signed and due to further uncertainty over meeting this vesting condition management has assigned a zero value to the options. The probability will be re-assessed at the next reporting period.

Note 21. Share based payments (Cont'd)

For the year ended 30 June 2017:
Set out below are summaries of the movements of options granted to key management personnel, employees and contractors of the company:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised/ Quoted as Listed options	Expired/ forfeited/ other	Balance at the end of the year
30/01/2015	31/12/2017	$0.25	8,000,000	-	-	-	8,000,000
09/02/2015	31/12/2017	$0.25	3,000,000	-	-	-	3,000,000
16/09/2015	31/12/2017	$0.25	500,000		-	-	500,000
16/09/2015	31/12/2018	$0.25	5,250,000		-	-	5,250,000
16/09/2015	31/12/2019	$0.40	5,250,000		-	(400,000)	4,850,000
25/11/2015	31/12/2018	$0.30	10,000,000		-	-	10,000,000
14/03/2016	31/12/2018	$0.30	300,000		(300,000) [1]	-	-
01/07/2016	30/06/2019	$0.55	-	575,000	-	-	575,000
01/07/2016	30/06/2020	$0.75	-	575,000	-	-	575,000
22/8/2016	30/06/2020	$0.75	-	100,000	-	-	100,000
31/10/2016	30/06/2020	$0.75	-	600,000	-	-	600,000
15/11/2016	30/06/2019	$0.55	-	575,000	-	-	575,000
15/11/2016	30/06/2020	$0.75	-	575,000	-	-	575,000
20/03/2017	30/06/2020	$0.75	-	350,000	-	-	350,000
06/04/2017	31/12/2020	$0.95	-	750,000	-	-	750,000
06/04/2017	31/12/2021	$1.20	-	1,000,000	-	-	1,000,000
13/06/2017	30/06/2020	$0.75	-	1,300,000	-	-	1,300,000
			32,300,000	6,400,000	(300,000)	(400,000)	38,000,000
Weighted average exercise price			$0.29	$0.81	$0.30	$0.40	$0.38

[1] 300,000 unlisted options were quoted as listed options during the period.

Note 21. Share based payments (Cont'd)

Set out below are the options exercisable at the end of the financial year:

Option series	Grant date	Expiry date	2018 Number	2017 Number
Series A	30/01/2015	31/12/2018	-	8,000,000
Series A	09/02/2015	31/12/2018	-	3,000,000
Series A	16/09/2015	31/12/2018	-	500,000
Series C	16/09/2015	31/12/2018	5,250,000	5,250,000
Series D	16/09/2015	31/12/2019	4,850,000	4,850,000
Series E	25/11/2015	31/12/2018	-	10,000,000
Series F	01/06/2017	30/06/2019	575,000	575,000
Series F	15/11/2016	30/06/2019	575,000	575,000
Series G	22/08/2016	30/06/2020	100,000	100,000
Series G	31/10/2016	30/06/2020	600,000	600,000
Series H	20/03/2017	30/06/2019	4,166,667	4,166,667
Series G	20/03/2017	30/06/2020	350,000	350,000
Series G	01/06/2017	30/06/2020	575,000	-
Series G	15/11/2016	30/06/2020	575,000	-
Series J	06/04/2017	31/12/2020	750,000	-
Series G	13/06/2017	30/06/2020	1,300,000	-
Series G	06/09/2017	30/06/2020	300,000	-
Series G	11/12/2017	30/06/2020	3,200,000	-
Series B	29/12/2017	31/12/2020	11,500,000	-
			34,666,667	37,966,667

The Series A Options are primary Options which upon the exercise of each Series A Option result in the issue of one Share and one Series B Option (a secondary Option). Series B Options have an exercise price of 40 cents and an expiry date of 31 December 2020.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.23 years (2017: 2.31 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
06/09/2017	30/06/2020	0.49	$0.75	100.00%	0.00%	1.95%	0.20
11/12/2017	30/06/2020	0.52	$0.75	100.00%	0.00%	1.91%	0.21
11/12/2017	31/12/2020	.52	$0.90	100.00%	0.00%	1.91%	0.21
11/12/2017	31/12/2020	.52	$0.95	100.00%	0.00%	1.91	0.20
11/12/2017	31/12/2021	0.42	$1.20	100.00%	0.00%	1.97%	0.15
29/12/2017	31/12/2020	0.53	0.40	100.00%	0.00%	2.13%	0.32

Note 21. Share based payments (Cont'd)

Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period were as follows:

	2018 $	2017 $
Options issued to KMP	2,509,367	332,591
Options issued to employees/consultants	3,935,469	885,171
Shares issued to employees/consultants	-	-
Less:		
Forfeiture – options granted to KMP	(341,997)	(7,231)
Total	6,102,841	1,210,531

Note 22. Earnings per share

	2018 $	2017 $
Loss after income tax	11,009,331	3,877,507
Non-controlling interest	-	-
Loss after income tax attributable to the owners of Hazer Group Limited	11,009,331	3,877,507

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	82,342,420	67,524,529

	Cents	Cents
Basic loss per share	13.37	5.74
Diluted loss per share	13.37	5.74

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Tim Goldsmith

Tim Goldsmith
Chairman

31 August 2018
Melbourne

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAZER GROUP LIMITED**

Opinion

We have audited the financial report of Hazer Group Limited (the Company) which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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* (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Intangible Assets - Capitalised Development Costs Refer to note 7 in the financial statements	
In accordance with AASB 138, the Company has capitalised development costs in relation to their pre-pilot plant. The amount of the capitalised development costs at the reporting date was $793,238. We have determined this to be a key audit matter as significant judgements are required to determine the appropriate carrying value of the development costs at the reporting date. In particular, the Company is required to; • demonstrate that the costs incurred in the construction of the pre-pilot plant are development costs in accordance with AASB 138; and • in accordance with AASB 136, the amount capitalised is required to be tested for impairment.	Our audit procedures included: • Reviewing the Company's accounting policy in relation to the capitalisation of development costs to ensure it is in accordance with Accounting Standards; • Obtaining a detailed understanding of the project; • Agreeing a sample of additions to capitalised development costs during the year to supporting documentation and ensuring that the amounts were directly attributable and necessary to create, produce and prepare the pre-pilot plant to be capable of operating in the manner intended by management; • Confirming with management and obtaining corroborative evidence, whether the pre-pilot plant was available for use that at the reporting date and if so, when it was commissioned during the year; • Challenging the reasonableness of key assumptions included in management's annual impairment test; and • Assessing the appropriateness of the Company's disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSM

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Hazer Group Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 31 August 2018

TUTU PHONG
Partner

SHAREHOLDER INFORMATION

ASX Additional Information

The Company's ordinary shares are quoted as 'HZR' on ASX. The Company's listed options are quoted as 'HZRO' on ASX.

The shareholder information set out below was applicable as at 29 August 2018

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of ordinary shares	Number of holders of ordinary shares
100,001 and over	57,750,626	125
10,001 to 100,000	25,591,869	751
5,001 to 10,000	2,998,321	362
1,001 to 5,000	1,885,529	656
1 to 1,000	75,900	176
	88,302,245	2,070
Holding less than a marketable parcel	231,720	286

	Number of listed options	Number of holders of listed options
100,001 and over	16,670,737	58
10,001 to 100,000	7,507,664	185
5,001 to 10,000	343,005	43
1,001 to 5,000	407,523	145
1 to 1,000	40,909	59
	24,969,838	490
Holding less than a marketable parcel	1,242,429	282

SHAREHOLDER INFORMATION

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of each class of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MINERAL RESOURCES LIMITED	10,333,333	11.70
POINT AT INFINITY PTY LTD	6,548,583	7.42
OOFY PROSSER PTY LTD	5,873,168	6.65
THE UNIVERSITY OF WESTERN AUSTRALIA	1,516,567	1.72
CITICORP NOMINEES PTY LIMITED	1,249,255	1.41
JAKANA PTY LTD	1,140,238	1.29
MR ADRIAN JOHN MCTIERNAN	1,080,000	1.22
MR NICHOLAS STUART BEATON DUNCAN	951,893	1.08
MR JAMIE PHILLIP BOYTON	780,000	0.88
J P MORGAN NOMINEES AUSTRALIA LIMITED	681,630	0.77
TILPA PTY LTD	628,173	0.71
MR PETER HOWELLS	625,000	0.71
MRS LORRAINE ALYSSA GOLDSMITH	558,422	0.63
SHERKANE PTY LTD	525,000	0.59
EDISON CAPITAL GROUP PTY LTD	504,615	0.57
MR JASON PAUL SKINNER	500,000	0.57
5150 CAPITAL PTY LTD	500,000	0.57
MRS JOANNE ROSEMARY LLOYD	500,000	0.57
MRS MEGAN LESLIE MCCAW	500,000	0.57
WYTHENSHAWE PTY LTD	500,000	0.57
	35,495,877	40.20

	Listed options	
	Number held	% of total shares issued
MR ROBERT DUNCAN MILLAR	1,200,000	4.41
POINT AT INFINITY PTY LTD	1,000,000	3.75
OOFY PROSSER PTY LTD	937,146	3.20
MR CHRISTOPHER JAMES BROWNE	800,000	2.80
MR COLIN ALISTER ROGER JOBLIN	590,000	2.69
MOJO METALS PTY LTD	570,000	2.28
GEBA PTY LTD	533,333	2.14
MINERAL RESOURCES LIMITED	507,190	2.00
MR ALEX JON FISCHER	500,000	2.00
MR CHRISTOPHER JOHN GIRLING & MS YVETTE LOUISE CLARK	490,000	1.96
MR GRAEME STANLEY AH KIT	425,000	1.90
MRS JENNIFER LOUISE WILLIAMS	413,744	1.60
JENSON SUPER PTY LTD	400,000	1.60
MR ANTHONY JOHN VETTER & MRS JEANNETTE VETTER	400,000	1.52
MR MICHAEL JAMES BROWNE & MRS ANGELA MARGARET BROWNE	374,000	1.40
MADEIROS PTY LTD	350,000	1.40
MS TARA VINAY SHAH	340,000	1.38
MR JOHN VANRAALTE	340,000	1.36
MRS CARLY ELIZABETH WILLIAMS	337,500	1.22
MR JAMES EDWARD BERTRAM	305,706	1.20
	10,448,064	41.84

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares – Series B	11,500,000	7
Options over ordinary shares – Series C	5,250,000	6
Options over ordinary shares – Series D	4,850,000	5
Options over ordinary shares – Series F	1,150,000	2
Options over ordinary shares – Series G	9,250,000	24
Options over ordinary shares – Series H	4,166,667	1
Options over ordinary shares – Series J	3,750,000	4
Options over ordinary shares – Series K	3,500,000	3
Total	43,416,667	

Mineral Resources Limited holds 4,166,667 Series H options issued as part of a capital raising. The remaining unquoted equity securities were issued to key management personnel, employees and contractors of the company.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held[1]	% of total shares issued
Geoff Pocock	7,200,000	8.15%
Andrew Cornejo	6,748,483	7.64%
Mineral Resources Limited	10,333,333	11.70%

[1] Number of shares held as per last substantial shareholder notice lodged on the ASX by the shareholder.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market Buy-back
There is no current on-market buy-back of the Company's securities in place.