

Half Year Consolidated Financial Report

For the half year ended
31 December 2021

Pure Hydrogen Corporation Limited
ABN 27 160 885 343



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Directors' Report

The Directors of Pure Hydrogen Corporation Limited ('the Company' or 'Pure Hydrogen') present their report, together with the consolidated Financial Report of Pure Hydrogen and its controlled entities for the half-year ended 31 December 2021.

The Directors

The names of the directors and company secretary of Pure Hydrogen during and since the end of the half year are:

Mr Scott Brown (*B. Bus, M.Com*) – Managing Director
Mr Ron Prefontaine (*B.Sc.*) – Non Executive Chairman
Mr Dang L Nguyen (*B.Sc., M.Sc.*) – Non Executive Director

Company Secretary

Mr Ron Hollands (*B. Bus., M.B.A*) - Company Secretary

Principal and development activities

Pure Hydrogen is an Australian east coast focused Clean Energy Company, with Hydrogen, Gas and mobility businesses.

Pure Hydrogen has been attracted to the key advantages of Hydrogen as a fuel including:

- Its similarities to natural gas from a handling and safety perspective;
- It has high specific energy, making it very efficient when used in fuel cells for transport, buildings and power generation;
- Its use today is dominated by industries such as oil refining, ammonia production, methanol production and steel production, and with almost all of this hydrogen manufactured using fossil fuels (grey hydrogen), there is significant potential for emission reductions from Pure Hydrogen's cleaner manufacturing processes.

Pure Hydrogen is building a hydrogen eco system using green, turquoise and emerald hydrogen production techniques and is developing a multi-faceted and integrated growth strategy that capitalises on the sector's strong tailwinds.

During the half year, the Company continued developing its ongoing projects which include:

Hydrogen Projects

Pure Hydrogen completed the transaction with H2X Global Limited and now owns 24% of the company with options to increase its ownership to 48%.

H2X launched a range of hydrogen fuel cell power generation units, the Power H2 Unit, that can supply electricity without emissions using Hydrogen fuel. Pure Hydrogen is focused on providing solutions to customers for transport and/or the supply of power generation units. The Company now offers customers a packaged solution and can supply both the Hydrogen together with the power generation units.



During half year, Pure Hydrogen signed a Term Sheet with CAC-H2 to build three Waste to Hydrogen Plants (Emerald Hydrogen) on the east coast of Australia. The Company is also developing projects in Green Hydrogen and Turquoise Hydrogen, where natural gas can be converted to Hydrogen and Carbon products including Graphene.

In addition, a Joint Venture was signed with Advik High-Tech Pvt Ltd for products and components for Hydrogen vehicles and powered products for the Indian global market. Further agreements were signed with BLK Auto to supply Hydrogen and resell Hydrogen Fuel Cell Electrical vehicles to customers.



Gas Projects

There are three gas projects, being Windorah Gas Project in the Cooper Basin, Australia's most prolific onshore producing petroleum basin, Project Venus CSG in the Surat Basin in Queensland and the Serowe Project CSG in Botswana.

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Project Venus

In September 2021, the completion of the Venus-1 well test confirmed gas flows. Commercial discussions are progressing with potential hydrogen customers as gas from Venus is planned to convert to hydrogen under Project Saturn. Project Venus has Contingent Resources 2C of 130 Pj and Prospective Gas Resource of 536Pj.

Serowe Gas Project

Following the formation of the Joint Operating Agreement (JOA) between the Company and Botala Energy Ltd (formerly known as BotsGas Pty Ltd) in December 2020, the six-well drilling program commenced from June 2021 in Botswana. Excellent preliminary results were achieved on the Serowe 2 and 3 wells, with third party certified 2C resources of 160.6 BCF and Prospective Resources of 10.07 TCF materialising. The Contingent Resources will be revised in 2022 after results of Serowe 4 and 5. An additional pilot program is also planned for the first half of 2022 by Botala Energy.

In addition, work has commenced on assessing this gas project as potential feeder feedstock for Hydrogen supply within Botswana. Pure Hydrogen is free carried on the first \$6 million of expenditure in the Serowe Gas Project with the project partner funding 100% of the farm-in appraisal programs. Botala Energy recorded \$1,078,734 project costs at the ended of 31 December 2021.

Windorah Gas Project

The Company continues to review development options for the Windorah Gas Project and is likely to apply for the PCA or retention license for large parts of the Project.

Schedule of petroleum tenements

Project/Permit	Location	% Interest	Net Acres
Venus	Queensland, Australia	100%	38,054
Windorah Gas	Queensland, Australia	100%	259,460
Serowe CSG	R. Botswana	51%	449,766
ATP 1194 PA	Queensland, Australia	100%	255,771
Total			1,003,051

Review of operations and financial position.

During the half year, the Company entered into an agreement to purchase a 24% interest in H2X Global Limited in exchange for 8.6 million shares in Pure Hydrogen. The Company also received options which would allow the Company to increase its shareholding to 48% in the future.

A total of 12,095,147 Pure Hydrogen options have been exercised during the period and resulted in the Company receiving \$3.1 million in cash.

The net cash balance is \$12 million at the end of 31 December 2021, an increase of \$2 million during the half year. The Company had no debt as at 31 December 2021.

Pure Hydrogen recorded a consolidated loss of \$807,571 for the half year ended 31 December 2021 (2020: \$794,606 loss). Management continues to maintain a tight control on costs and managed to reduce general corporate and administrative expenses in the last two years.

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Dividends

No dividends have been declared or paid by the Company during the half year since the last annual reporting period.

Events occurring after reporting date

No matter or circumstance has arisen since 31 December 2021 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 the future financial years.

Rounding

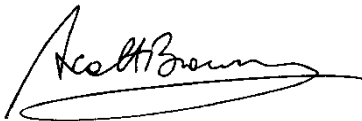
The consolidated result has applied to the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Auditor's Declaration

A copy of the auditor's independent declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report for the half year ended 31 December 2021.

This report is made in accordance with a resolution of Board of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Sydney, 11th March 2022
On behalf of the Directors



Scott Brown
Managing Director



A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
Audit & Assurance Services

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**Auditor's Independence Declaration
Under Section 307c of the Corporations Act 2001
To the Directors of Pure Hydrogen Corporation Limited
A.B.N. 27 160 885 343
And Controlled Entities**

I declare that, to the best of our knowledge and belief, during the half year ended 31 December 2021, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A D DANIELI AUDIT PTY LTD

**Sam Danieli
Director**

Sydney, 11 March 2022

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PURE HYDROGEN CORPORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	Consolidated Half Year ended 31-Dec-2021 \$'000	Consolidated Half Year ended 31-Dec-2020 \$'000
Continuing operating			
Revenue	2	16	-
Government grant		15	-
Profit from the sale of shares		175	-
Total revenue		206	-
Expenses			
Advertising and marketing		(123)	-
Depreciation and amortisation expenses		(1)	-
Consultant services		(212)	-
Insurance		(40)	-
Listing/share registry expenses		(110)	-
Employee benefits & expenses		(408)	-
Other operating expenses		(120)	(514)
Total expenses		(1,014)	(514)
Loss from operating activities before income tax		(808)	(514)
Income tax expense		-	-
Other comprehensive income/(loss)		-	(281)
Total comprehensive loss for the half year		(808)	(795)
Earnings per share			
		Cents	Cents
Basic loss per share	6	(0.25)	(0.64)
Diluted loss per share	6	(0.25)	(0.64)

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

PURE HYDROGEN CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	Consolidated As at 31-Dec-2021 \$'000	Consolidated As at 30-Jun-2021 \$'000
Current assets			
Cash and cash equivalents		12,215	10,100
Other assets		73	18
Trade & other receivables		308	594
Inventories		42	42
Total current assets		12,638	10,754
Non-current assets			
Property, plant & equipment		3	4
Exploration, evaluation & development assets	3	12,981	12,796
Other investments	4(b)	2,500	-
Total non-current assets		15,484	12,800
Total assets		28,122	23,554
Current liabilities			
Trade & other payables		408	672
Deposit received		44	40
Leave provisions		165	148
Total Current Liabilities		617	860
Non-current liabilities			
Leave provisions		63	63
Rehabilitation provisions		450	450
Other provisions		-	10
Total Non-current liabilities		513	523
Total liabilities		1,130	1,383
Net assets		26,992	22,171
Equity			
Equity contribution	4(a)	81,573	75,852
Reserves		407	503
Contributed surplus		30,060	30,060
Accumulated losses	5	(85,048)	(84,244)
Total equity		26,992	22,171

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

PURE HYDROGEN CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Contributed equity	Reserves	Contributed Surplus	Accumulated losses	Total
Consolidated group	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 July 2020	52,744	4,401	30,060	(85,912)	1,293
Loss for the financial period	-	-	-	(795)	(795)
Transactions with shareholders Issue of shares	710	220	-	-	930
Balance as 31 December 2020	53,454	4,621	30,060	(86,707)	1,428
Opening balance 1 July 2021	75,852	503	30,060	(84,244)	22,171
Loss for the financial period	-	-	-	(808)	(808)
Transactions with shareholders Issue of securities	2,500	-	-	-	2,500
Options exercised / forfeited	3,221	(96)	-	4	3,129
Balance as 31 December 2021	81,573	407	30,060	(85,048)	26,992

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

PURE HDYROGEN CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Notes	Consolidated Half Year ended 31-Dec-2021 \$'000	Consolidated Half Year ended 31-Dec-2020 \$'000
Cash flow from operating activities		
Interest & other income	190	-
Government grant	15	2
Payments to suppliers	(846)	(352)
Net cash used in operating activities	(641)	(350)
Cash flow from investing activities		
Payments for plant & equipment	-	(17)
Proceeds from maturity of investments and discontinued operations	-	208
Payments for oil & gas assets	(373)	(71)
Net cash (used in)/provided by investing activities	(373)	120
Cash flow from financing activities		
Proceeds from the issue of securities	3,129	555
Funds raising expenses	-	(25)
Repayment of principal on lease liability	-	(23)
Proceeds from note payable, related party	-	100
Prepaid share capital funds received	-	150
Net cash provided by financing activities	3,129	757
Net increase in cash held	2,115	527
Effect of exchange rate translation	-	(209)
Cash at the beginning of the period	10,100	381
Cash at the end of 31 December	12,215	699

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

PURE HYDROGEN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 1. Summary of significant accounting policies

A) Basis of preparation

The interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 "Interim Financial Reporting", and Accounting interpretations and other authorities pronouncements of Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting".

The interim financial report is intended to provide users with an update on the latest annual financial statement of the Company and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore, recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2021, together with any public announcements made during the following half year.

B) New Accounting Standards and interpretations

The accounting policies applied in these interim financial statements are the same as those applied in the Company financial statements for year ended 30 June 2021.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the half-year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods. There are no standards issued but not yet effective that would have a material impact on the amounts recognised in the financial statements in the future.

	Consolidated As at 31-Dec-2021 \$'000	Consolidated As at 31-Dec-2020 \$'000
NOTE 2. Revenue		
Interest revenue	16	-

	Consolidated As at 31-Dec-2021 \$'000	Consolidated As at 30-Jun-2021 \$'000
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NOTE 3. Exploration, evaluation & development assets

Opening balance	12,796	1,668
Acquisition from merger	-	11,663
Expenditure during the period	185	382
Impairment provision	-	(917)
Closing balance	12,981	12,796

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PURE HYDROGEN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2021

	Consolidated No. of shares	Consolidated Capital \$'000
NOTE 4.		
(a) Issued capital/shares		
Existing shares at beginning of the reporting period	321,222,705	75,852
Options exercised – November 2021	4,058,924	515
Share issued – November 2021	8,620,690	2,500
Options exercised – November 2021	7,814,327	2,613
Options exercised – December 2021	221,896	93
Balance at end of 31 December 2021	<u>341,938,542</u>	<u>81,573</u>
Costs of equity		-
Balance at end of 31 December 2021		<u>81,573</u>

(b) Non-cash equity transaction

The Company issued 8,620,690 Pure Hydrogen shares with a transaction value of \$2.5 million in exchange for a 24% interest in H2X Global Limited.

	Consolidated As at 31-Dec-2021 \$'000	Consolidated As at 30-Jun-2021 \$'000
NOTE 5. Accumulated losses		
Accumulated losses at beginning of the period	(84,244)	(85,912)
Expiry of options	4	4,447
Net loss for the period	(808)	(2,779)
Accumulated losses at end of the period	<u>(85,048)</u>	<u>(84,244)</u>

	As at 31-Dec-2021 No. of shares	As at 31-Dec-2020 No. of shares
NOTE 6. Earnings per shares		
Weighted average number of ordinary shares used in calculating basic earnings per share:	<u>326,489,173</u>	<u>123,509,333</u>

	Consolidated As at 31-Dec-2021 \$'000	Consolidated As at 31-Dec-2020 \$'000
Net losses after income tax attributable to shareholders	<u>(808)</u>	<u>(795)</u>
	Cents	Cents
Earnings per share	(0.25)	(0.64)
Diluted earnings per share	(0.25)	(0.64)

NOTE 7. Commitments

There have been no changes since the last annual reporting period.

PURE HYDROGEN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 8. Interest in subsidiary

The consolidated financial statements include the financial statements of Pure Hydrogen Corporation Limited and its controlled entities:

Company	Place of Incorporation	Region where business carried on	% of Interest	Principal Activities
Real Energy Corporation P/L	Australia	NSW	100%	Oil & gas exploration
Real Energy Queensland P/L	Australia	QLD	100%	Oil & gas exploration
Pure Energy Corporation P/L	Australia	QLD	100%	Oil & gas exploration
Pure Hydrogen Australia P/L	Australia	QLD	100%	Hydrogen production
Pure Hydrogen Operations P/L	Australia	NSW	100%	Operational support
Pure Hydrogen International P/L	Australia	QLD	60%	Hydrogen production
Pure Gas P/L	Australia	QLD	100%	Hydrogen production
Pure X Mobility P/L	Australia	NSW	100%	Hydrogen vehicles
Strata-X Australia P/L	Australia	QLD	100%	Oil & gas exploration
Strata-X, Inc.	USA	CO	100%	Oil & gas exploration

NOTE 9. Contingent assets and liabilities

In conjunction to the Company Annual Report Note 18 disclosure, the directors retain its opinion of the recognition of a provision in respect of the adverse finding received in 2019 financial year of the R & D tax incentive claims for the years ended 30 June 2014, 2015 and 2016.

The Company has appealed the findings to the Administrative Appeals Tribunal (AAT) and seeks a determination for the more recent financial years. In a full federal court judgement of *Moreton Resources Limited v Innovation and Science Australia* [2019], it found in favour of the taxpayer and supported our understanding of the law concerning R & D tax incentives and this judgement certainly assisted the Company's case.

Significantly, Innovation and Science Australia has requested a stay on the AAT proceedings for six months. The Company believes it has fully complied with the *Industry Research and Development Act (IRDA) 1986* and is confident in the eligibility of the R & D activities of the Windorah Gas Project located in the Cooper Basin, Queensland.

The Company has been paid approximately \$7.2 million for the R&D Tax Incentive claims for the 2014, 2015 and 2016 financial years and has the potential to receive unpaid R&D Tax Incentive claims of approximately \$6.5 million in respect of years ended 30 June 2017, 2018 and 2019.

NOTE 10. Events occurring after reporting date

No matter or circumstance has arisen since 31 December 2021 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 the future financial years.

PURE HYDROGEN CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2021

NOTE 11. Segment reporting

The Company operates in one segment, being energy development in Australia and Botswana. Accordingly, under the management approach outlined only one operating segment has been identified and no further disclosure is required in the financial statements.

Note 12. Fair value measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	Level	As at 31 December 2021		As at 30 June 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash & cash equivalents	1	12,215	12,215	10,100	10,100
Other assets	1	73	73	18	18
Inventories	1	42	42	42	42
Trade & other receivables	1	308	308	594	594
Other investments	1	2,500	2,500	-	-
Financial liabilities					
Trade & other payables	1	408	408	672	672

The financial assets and liabilities of the Company are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 1 of this Report.

The Company considers that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair value.

Note 13. Dividend

No dividends have been paid or declared by the Company during the half year since the last annual report period.

Note 14. Company details

The registered office and principal place of business of the Company is:
 119 Willoughby Road, Crows Nest NSW 2065

PURE HYDROGEN CORPORATION LIMITED
ABN 27 160 885 343

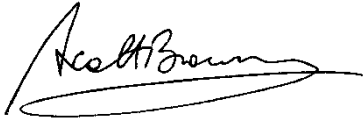
Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 14, are in accordance with the *Corporations Act 2001* and are in compliance with Accounting Standard AASB134 Interim Financial Reporting.
2. In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Sydney, 11th March 2022



Scott Brown
Director



A D Danieli Audit Pty Ltd

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**Independent Auditor's Review Report
To the Members of Pure Hydrogen Corporation Limited
A.B.N. 27 160 885 343
And Controlled Entities**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Pure Hydrogen Corporation Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors of Pure Hydrogen Corporation Limited (the company) are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Pure Hydrogen Corporation Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the company for the half-year ended 31 December 2021 included on the website of Pure Hydrogen Corporation Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pure Hydrogen Corporation Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusions

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pure Hydrogen Corporation Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

A D DANIELI AUDIT PTY LTD



Sam Danieli
Director

Sydney, 11 March 2022



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