
TARGET MARKET DETERMINATION

Made by: Hydrocarbon Dynamics Limited (ABN 75 117 387 354) at Level 6, 412 Collins Street, Melbourne VIC 3000 Australia (**Company**)

Product: New Options which are being issued under an Entitlement Offer Prospectus dated 17 April 2023

Effective date: 17 April 2023

This target market determination (**TMD**) has been prepared by the Company in relation to an offer made pursuant to an Entitlement Offer Prospectus dated 17 April 2023 (**Prospectus**) of:

- a pro-rata non-renounceable issue of 1 New Share for every 4 Existing Shares held on the Record Date, for an issue price of 1.2 cents per New Share; plus
- a pro-rata non-renounceable issue of 1 New Option for every New Share issued, at a zero issue price exercisable at 2 cents expiring on 12 May 2025,

together with a Shortfall Offer for Entitlements not subscribed for.

(together, the **Offer**).

A copy of the Prospectus is available on ASX at <https://www2.asx.com.au>. Expressions used in this TMD have the same meanings as used in the Prospectus, unless the contrary intention applies.

Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire New Options under the offer will need to complete the application form that will be in, or will accompany, the Prospectus. There is no cooling off period in respect of the issue of the New Options. This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth), and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission.

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. This TMD is not intended to provide financial advice or take into account your objectives, financial situations or needs. The Company is not licensed to provide financial product advice in relation to the New Options.

1. TARGET MARKET

| Factor | Target market |
|-----------------------------|--|
| Investment Objective | The Company expects that an investment in New Options will be suitable to investors who wish to gain exposure to equities in a small-cap oil technology company listed on the Australian Securities Exchange. Particularly, it will be those investors that are allocated Shares pursuant to the offer of New Options made by the Company under the Prospectus. |
| Investment Timeframe | The target market of investors will take a short to medium term outlook on their investment. Investors with a short-term outlook for their investment will benefit from an ability to exercise New Options and trade the underlying Shares issued on exercise should the New Option exercise price of the New Options be lower than the trading price of Shares. Investors with a medium-term outlook will benefit from an ability to exercise New Options within the approximate 2 year term of the New Options and increase their shareholding and exposure to the potential upside in the Company's Shares into the future. Given the need to pay the exercise price in order to acquire Shares, investors in the target market are in a financial position that is sufficient for them to invest their funds on exercise of the New Options over this approximate 2 year time horizon, during which their ability to liquidate their New Options in the Company may be limited by a lack of liquidity in the New Options and by the trading price of shares. |
| Investment Metrics | While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment. The New Options offer no guaranteed income or capital protection. |
| Risk | The Company considers that an investment in the New Options is speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment. Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in an Australian listed oil technology company. The Prospectus sets out greater detail in relation to risk factors associated with the Company. |

2. DISTRIBUTION CONDITIONS

The offer of New Options under the Prospectus is being made to applicants identified by the Company. The Prospectus includes jurisdictional conditions on eligibility.

Investors will be provided with a copy of the Prospectus which refers to this TMD and how to access it before they apply for or are issued the New Options.

The Company considers that these distribution conditions will ensure that persons who invest in the New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

3. REVIEW TRIGGERS

The New Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the New Options will no longer be available for investment. It follows that the TMD will only apply in the period between the commencement of the offer of the New Options and the issue of the New Options shortly after the close of the Offer (**Review Period**), after which the TMD will no longer apply.

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the New Options and should be reviewed, the following review triggers apply for the Review Period:

- (a) a new offer of options that requires preparation of a disclosure document is made after completion of the Review Period;
- (b) any event or circumstance that would materially change a factor taken into account in making this TMD;
- (c) the existence of a significant dealing of the New Options that is not consistent with this TMD. The Company does not consider that an on-sale of the New Options on market is a significant dealing;
- (d) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the New Options or this TMD; or
- (e) material changes to the regulatory environment that applies to an investment in the New Options.

4. REVIEW PERIOD

If a review trigger occurs during the Review Period, the Company will undertake a review of the TMD in light of the review trigger.

The Company will otherwise complete a review of the TMD immediately prior to the issue of New Options under the offer.

5. INFORMATION REPORTING

The reporting requirements of all distributors is set out in the table below.

| Reporting requirement | Period for reporting to the Company by the distributor | Information to be provided |
|--|--|--|
| Whether the distributor received complaints about the New Options. | <ul style="list-style-type: none"> For such time as the Review Period remains open, within 10 business days after the end of each quarter. Within 10 business days after the end of the Review Period. | <ul style="list-style-type: none"> The number of complaints received. A summary of the nature of each complaint or a copy of each complaint. |
| A significant dealing of the New Options that is not consistent with this TMD. | As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs. | <ul style="list-style-type: none"> Details of the significant dealing. Reasons why the distributor considers that the significant dealing is not consistent with this TMD. |
| A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD. | Within 10 business days after the end of the close of the offer of New Options in accordance with the Prospectus. | A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD. |

6. CONTACT DETAILS

Contact details in respect of this TMD for the Company are:

Julie Edwards
Company Secretary
Phone: (03) 9642 0655
Email: juliee@lowell.net.au

This TMD has been authorised for release by the board of directors of Hydrocarbon Dynamics Limited.