



Market Announcement

16 July 2024

Attached for the information of the market are ASX's query letters to Pure Hydrogen Corporation Limited (ASX:PH2) dated 3 June 2024 and 5 July 2024, and PH2's responses dated 11 June 2024 and 12 July 2024.

For personal use only



Pure Hydrogen

11 June 2024

ASX Limited
105 20 Bridge Street
Sydney NSW 2000
Attention: ListingsComplianceSydney@asx.com.au

Dear Sirs

Pure Hydrogen Corporation Limited (PH2): Query Letter

Pure Hydrogen Corporation Limited refers to the above matter received on 3 June 2024. Pure Hydrogen responds to the ASX's request for information as follows:

- Please provide all relevant information required by section 4.15 of Guidance Note 8 concerning the agreement referred to in the Hdrive Announcement under which PH2 agreed to (among other things) acquire a 60% security holding in H-Drive International Pty Ltd ('HDI') ('Agreement'). In your answer, please specifically include (without limitation):*

- 1.1 the counterparty to the Agreement;*

The Counter parties to the Agreements are Gao Dongmei and Macau Silkia Trading Co Ltd.

- 1.2 confirmation of whether the counterparty to the Agreement was a related party or an associate of a related party of PH2 (or a party otherwise covered by Listing Rule 10.1 or 10.11) at the time of entry into the Agreement; and*

The parties are not related parties or an associate of Pure Hydrogen at the time of entering the agreements.

- 1.3 an overview of the assets and liabilities (including any goodwill) of HDI at the time of entry into the Agreement.*

At the time of entry into the Agreements, Hdrive's assets were approximately \$2.158m and \$3.470m for liabilities. Goodwill was \$1.312m.

- 2. Have the transactions contemplated by the Agreement been fully completed? No*

- 3. If the answer to question 2 is "no":*

- 3.1 Please outline when PH2 expects completion of all transactions contemplated by the Agreement to occur.*

We expect the transaction to be completed in Q1 of FY25 ie Qtr ended 30 September 2024.

- 3.2 Please provide details of any transactions, conditions precedent, terms or obligations under the Agreement that remain incomplete, unsatisfied or undischarged.*

There is assignment or transfer of loans and a transfer of shares. Pure Hydrogen has not been able to confirm the amounts of the loans that will be assigned. It expects this matter will be agreed and finalised in the next few months, with appropriate documentation and execution.

- 3.3 Please explain why Note 8 "Interest in subsidiary" of the Half Year Report shows HDI as a subsidiary of PH2 and why PH2 included HDI's financial statements in PH2's consolidated financial statements in the Half Year Report.*

At 31 December 2023, HDI was 100% owned subsidiary of Pure Hydrogen as the Hdrive transaction had not settled. HDI was established by the Company and operates a business that was formerly operated by Hdrive Pty Limited.

If the answer to question 2 is "yes", please explain why PH2 only issued Consideration Shares with a deemed value of \$401,560.16 instead of \$2.2 million as contemplated by the Hdrive Announcement.

N/A

4. *Please explain why PH2's interest in HDI was reported as 100% in Note 8 "Interest in subsidiary" of the Half Year Report.*

At 31 December 2023, HDI was a 100%-owned subsidiary of PH2 as the Hdrive transaction(s) had not settled. HDI was established by the Company and operates a business that was formerly operated by Hdrive Pty Limited.

5. *Does HDI manufacture the vehicles it offers for sale?*

Yes – HDI designs and contracts the assembly of vehicles.

6. *If the answer to question 6 is "no": N/A*

6.1 *Please identify the manufacturer of these vehicles. –*

6.2 *Please provide details of the material terms of the arrangement HDI has with the manufacturer (including, but not limited to, any terms concerning exclusivity and minimum sales contract conditions).*

6.3 *Please explain how PH2 apprises itself of any material information concerning the supply of these vehicles which may require disclosure by PH2 to ASX under Listing Rule 3.1.*

7. *If the answer to question 6 is "yes", please provide an outline of the manufacturing facilities now owned or leased by PH2 (whether via a controlling stake in HDI or otherwise).*

Vehicles are assembled under contract by Wisdom Motors, with HDI providing the design and specification. HDI will specify the components for the assembly that will be used on the vehicles.

8. *If the answer to question 6 is "yes", please provide an outline of the manufacturing facilities now owned or leased by PH2 (whether via a controlling stake in HDI or otherwise). N/A*

9. *Noting that publicly available records of the Australian Securities and Investments Commission ('ASIC') indicate that PH2 owns a 51% interest in 'Hdrive Pty Ltd', please explain why Hdrive Pty Ltd does not appear in the Note 8 "Interest in subsidiary" section of the Half-Year Report.*

Pure Hydrogen did not include Hdrive Pty Ltd as a subsidiary in Note 8 of its Half year Report as the transactions with the shareholders of Hdrive Pty Ltd had not settled as at the 31 December 2023.

At 31 December 2023, HDI was 100% owned subsidiary of Pure Hydrogen as the Hdrive transaction had not settled. HDI was established by the Company and operates a business that was formerly operated by Hdrive Pty Limited.

10. *Please explain the role of Hdrive Pty Ltd in PH2's operations.*

Hdrive Pty Limited has ceased operations and it has no role in PH2's operations.

11. *Please advise whether the financial statements of Hdrive Pty Ltd were included in PH2's consolidated financial statements.*

Pure's financial statements for the 6 months ended 31 December 2023 fully included entries relating to Hdrive Pty Limited.

12. *If the answer to question 11 is "no", please explain why not, having regard to the ASIC records referred to in question 9.*

N/A

13. Please advise whether PH2 controls any other entities which were not disclosed in Note 8 "Interest in subsidiary" of the Half Year Report.

Pure Hydrogen controls Pure X Mobility Pty Limited and Atlas Energy Corporation Pty Limited. Both of these companies are dormant with no assets. We omitted to disclose in note 8 of the financial statements in error but they have no material effect on the financial statements for Pure Hydrogen.

14. Noting that PH2 represented in the Half Year Report that 'Pure Hydrogen Australia Pty Ltd' is 100% owned by PH2 but ASIC records indicate that there are other shareholders in Pure Hydrogen Australia Pty Ltd:

- 14.1 Please explain this apparent discrepancy.

Pure Hydrogen Australia Pty Limited has changed its name and is now known as Turquoise Group Pty Limited (effective 11 April 2023). The ASX are correct in stating that the reference to Pure Hydrogen Australia Pty Limited and Turquoise Group Pty Limited in Note 8 (of its Half Year Report) should have been deleted.

- 14.2 Please confirm the extent to which any of the shareholders of Pure Hydrogen Australia Pty Ltd are directors (or their associates) of PH2

Entities associated with Mr Ron Prefontaine have acquired 18 million fully paid ordinary shares in Turquoise Group Pty Ltd (previously called Turquoise Hydrogen Pty Ltd and previously Pure Hydrogen Australia Pty Limited). The shares were acquired after Pure Hydrogen executed a Term Sheet with Mr Andrew Thompson and Samuel Taubert which, inter alia, outlined their investment of \$1.6M (see PH2 ASX announcement dated 29 June 2023).

- 14.3 If any one or more of PH2's directors (or their associates) are shareholders of Pure Hydrogen Australia Pty Ltd, please identify the announcement on MAP in which this was disclosed and explain why PH2 considers this to be an appropriate structure of operations for a listed entity (as required by Listing Rule 12.5). In your answer, please specifically address how PH2 manages potential conflicts of interest arising between PH2's interests and directors' (or their associates') interests in relation to any transactions, agreements or arrangements between PH2 and Pure Hydrogen Australia Pty Ltd

The shareholding disclosed in 14.2 above has not been announced through MAP.

Concerning the ASX's question about appropriate structure of operations, Pure Hydrogen believes the structure of its operations is appropriate.

Pure Hydrogen cannot fund every project that it would like to pursue. Pure's capital management strategy and funding are structured in a way that maximises the potential upside for its shareholders while minimising downside risks by not funding every project at 100%. In this case, Pure Hydrogen has diluted in its ownership percentage to 40% (non-dilutive) for 3.5 years while Turquoise Group's other shareholders have committed to fund the operations through to commercialisation.

Turquoise Group represents a high reward/high risk technology opportunity. We have adopted this approach to other projects e.g. Botala Energy where Pure Hydrogen is no longer responsible for funding the project but has significant upside through our shareholding. We hold stakes in H2X Global, Hdrive and Turquoise Group where we do not own 100% of the shares but have significant upside in these companies.

Pure Hydrogen has 4 directors, including an independent Chair, Adam Giles. Ron Prefontaine recuses himself from any matter that concerns Turquoise Group.

15. Noting that ASIC records indicate that PH2 directors and their associates hold an interest in Turquoise Hydrogen Pty Ltd, of which PH2 owns 40%

Please see previous item 14 for answers. Turquoise Group Pty Ltd (previously Pure Hydrogen Australia Pty Limited and Turquoise Hydrogen Pty Limited).

15.1 Please confirm the extent to which any of the shareholders of Turquoise Hydrogen Pty Ltd are directors (or their associates) of PH2. Please see previous item 14 for answers

15.2 If any one or more of PH2's directors (or their associates) are shareholders of Turquoise Hydrogen Pty Ltd, please identify the announcement on MAP in which this was disclosed and explain why PH2 considers this to be an appropriate structure of operations for a listed entity (as required by Listing Rule 12.5). In your answer, please specifically address how PH2 manages potential conflicts of interest arising between PH2's interests and directors' (or their associates') interests in relation to any transactions, agreements or arrangements between PH2 and Turquoise Hydrogen Pty Ltd. Please see previous item 14 for answers

16. Please outline whether and the extent to which PH2's directors (and/or their associates) have a personal interest in any other entities in which PH2 holds an equity interest or with which PH2 has a strategic partnership or other material commercial relationship.

At this time the only material interest that directors of Pure Hydrogen have a personal interest in entities that Pure holds an equity interest is Botala Energy Limited (ASX:BTE) and H2X Global Pty Limited. In Botala Energy, Pure has a significant interest of 18.48%. Entities associated with Mr Scott Brown and Mr Ron Prefontaine have acquired shares in the IPO of that Company being 150,000 and 2,233,333 shares respectively. The other entity that a director has an interest in is H2X Global Limited. Entities associated with Mr Scott Brown holds a shareholding of 1,350,000 shares in that Company which was acquired in a private placement with other investors.

Entities associated with Mr Scott Brown holds shareholdings in Pure Hydrogen International Pty Limited and Atlas Energy Corporation Pty Limited – both of these companies are dormant with no assets and have no value, therefore are not material. Entities associated with Mr Scott Brown also holds shares in Pure X Mobility Pty Limited on behalf of Pure Hydrogen. The Company is not aware of any other shareholding by directors at this time in entities that Pure has an interest in or a material commercial relationship.

17. Noting that ASIC records indicate that HDI, Pure Hydrogen Australia Pty Ltd and Turquoise Hydrogen Pty Ltd were partially owned subsidiaries of PH2 for the half-year ended 31 December 2023, please explain why PH2 did not record a profit or loss attributable to non-controlling interests on its statement of comprehensive income in the Half-Year Report.

At 31 December 2023, HDI was 100% owned subsidiary as the Hdrive transaction had not settled and therefore we showed the interest at 100%. HDI was established by the Company and operates a business that was formerly operated by Hdrive Pty Limited. Pure believes its accounting approach in relation to treatment of HDI in its half financials statements is appropriate. As mentioned previously, Pure Hydrogen Australia Pty Limited did change its name Turquoise Group Pty Limited. The transactions for Turquoise Group the six months ended 31 December 2023 were costs in relation to R&D and developing technology and have been capitalised. Therefore, there was no material impact on the profit and loss or financial statements for the half year ended 31 December 2023 attributable to Turquoise Group Pty Limited.

18. If any of the above questions reveal accounting errors in the Half Year Report, and noting that PH2 was required to revise its half year accounts for the six months ended 31 December 2022 after errors were found, does PH2 consider that it has adequate resources, policies and procedures to produce accurate financial statements in accordance with the applicable accounting standards? If the answer to this question is yes, please explain the basis of this view.

Pure does not believe there are any accounting errors for the half year financial statements.

19. Please explain the relevance of Mynt Technologies to PH2, and identify the announcement on MAP in which this was disclosed.

Mynt Technologies have developed with Pure Hydrogen's cooperation a 50Kw Hydrogen Generator. The Generator uses a Hydrogen Fuel Cell to produce electricity. Pure Hydrogen has rented the H2 generator from Mynt to Australian Meat Processing Corporation (AMPC) and will be supplying the hydrogen to run the generator for a trial in Queensland. The initial trial is not material, but AMPC is the peak body for meat processing in Australia, and they keen to roll out this technology to their members if the trial works well.

In the investor presentation released on MAP on the 12 February 2024 disclosed the trial to AMPC on page 10. In the March 2024 quarterly report, we included more details on this project.

20. Please confirm whether PH2 owns 100% of the entity described as 'Omni Conversion Technologies' in the Investor Presentation. If not, please explain why PH2 represented that it owns 100% of that entity in the Investor Presentation. If so, please explain why this entity did not appear in Note 8 "Interest in subsidiary" of the Half Year Report.

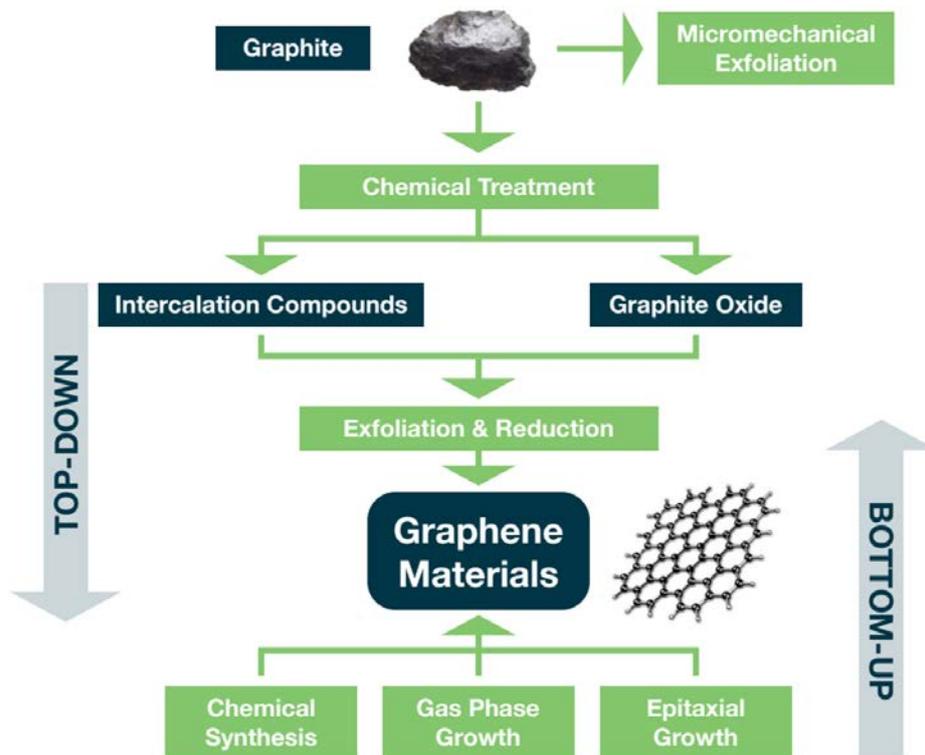
The reference you make in your question is missing some critical words. Immediately before the 100% were the words "Emerald Hydrogen" – which is a company that Pure owns 100% as a wholly owned subsidiary. Pure does not own any shares in Omni Conversion Technologies but instead has an agreement to potential use the technology in Australia. Emerald Hydrogen Pty Limited is disclosed as a subsidiary in Note 8 of the financial statements.

21. Please provide further details on the testing outlined in the CDP Announcement, including (but not limited to):
 21.1 The basis for PH2's representation that it can produce "up to 100's of kilograms (of graphene) per day from one unit";

The indicating design production capability of Turquoise Group Commercial Demonstration Plant (CDP) is 7kg Hydrogen per hour, or ~168kg/day. and the carbon powder (Graphene) flow rate is also listed at 19kg/hour, or 456kg/day. At the heart of Turquoise's CDP is Plenesys plasma torch technology and this unique technology and is detailed in the attached Plenesys white paper. On Page 8 details the specification of the technology and production unit, which is the same as the Turquoise Group's CDP.

21.2 The basis for PH2's representation that the graphene produced is of "high quality";

As classified by the Graphene Council, there are two ways to produce graphene: 'top-down' and 'bottom-up'.



Graphene produced via 'top-down' (majority of graphene produced on the global market today) starts with graphite and is reduced to layers of graphene (through mechanical and chemical processes). However, the starting feedstock is graphite rock, which contains impurities such as SiO₂, Al₂O₃, FeO₃, MgO, CaO, K₂O, and trace elements and heavy metals. When these impurities are removed it results in defects in the produced graphene platelets (holes). The 'bottom-up' approach (Turquoise Group) starts with methane gas (CH₄) and builds graphene after breaking down the methane gas into hydrogen gas (H₂) and solid carbon (C). As the methane is only composed of carbon and hydrogen atoms, this produces a product with few defects, or high-quality compared to most of the graphene produced in the global market today, via top-down methods. Hence that is why call it high quality.

21.3 The basis for PH2's representation that "The manufacturing process consumes five times less electricity than an equivalent capacity green hydrogen electrolysis process";

Also listed in the attached Plenesys paper is also the energy efficiency breakdown of the technology (page 10), this highlights the energy efficiency of the system at 13kw/kilogram of hydrogen produced. Pure Hydrogen's electrolyser to used at the Archerfield Airport Site is expected to use approx. 67.4kws per kilogram of hydrogen produced. Therefore, this is approximately five times less electricity.

21.4 The quantum of hydrogen and graphene produced; and

As reported, Turquoise Group is undertaking a detailed test program with our commercial demonstration plant. The program is designed to test different variables. Initial tests have only involved short test runs of 5-30minutes (at varying power and gas flow rates), with less than 1 kg of graphene produced. Likewise, the amount of hydrogen is of a similar magnitude. Over the coming months the company will perform longer production runs, and further tests, and report the results to the market as required (which is common practice for R&D).

21.5 The volume of methane used to produce the hydrogen and graphene.

As discussed above, to date only short production runs have been performed with different variables. For reference, a specific recent test run used 210 litres of methane per minute to produce graphene and hydrogen.

22. Noting that PH2's exploration expense in the Half Year Report was \$221,000 (capitalised), and that PH2 has since disposed of its direct interest in the Serowe CBM project, is PH2 of the view that the most appropriate category for its listing remains as an oil and gas exploration entity? If so, please explain the basis for that view.

The Company is an Energy company where most of its assets and activities are focused on gas development and hopefully soon gas production. The gases are both methane and hydrogen gas. Pure has maintained its exposure to the Serowe Project through its significant investment in Botala Energy Limited (ASX:BTE) despite its disposal of its direct interest in the Project. If you ignore the cash balances and review the balance sheet as at 31 December 2023, there is an overwhelming amount of net assets are allocated to the gas industry. The board is regularly reviewing the appropriate categorisation for the Company.

23. Please confirm that PH2's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PH2 with delegated authority from the board to respond to ASX on disclosure matters.

The board has authorised and approved this response.

Yours sincerely,



Ron Hollands
Company Secretary



3 June 2024

Reference: 92230

Mr Ron Hollands
Company Secretary
Pure Hydrogen Corporation Limited

By email: newhollandsservices@hotmail.com

Dear Mr Hollands

Pure Hydrogen Corporation Limited ('PH2'): Query Letter

ASX refers to the following:

- A. PH2's announcement titled "Pure Hydrogen secures controlling Hdrive interest" released on the ASX Market Announcements Platform ('MAP') on 28 July 2023 ('Hdrive Announcement'), which disclosed (relevantly)¹:

"Under the agreement:

- *Pure Hydrogen will obtain a 60% interest in Hdrive International and access to global distribution rights..."*

...

"Under the terms of the agreement, Pure Hydrogen will be assigned existing loans and obligations of HDI amounting to approximately \$2.2 million. To obtain its 60% shareholding in HDI, Pure Hydrogen will issue shares equivalent to the value of the loans and obligations outstanding. The issue price will be calculated using a 5-day volume weighted average price ('VWAP') of Pure Hydrogen shares prior to the completion date of the transaction.

Post-completion, Pure Hydrogen has agreed to deploy additional working capital into HDI to assist with near-term development and distribution initiatives, which will be dependent on sales. Pure Hydrogen has commenced discussions with potential funders with the intention of securing a rental facility to support the sale of trucks, in the near term. Pure Hydrogen has several rights including a first right of refusal in the event of a proposed exit by an existing Hdrive shareholder. HDI will retain the existing management team."

- B. PH2's announcement titled "Brisbane Mining Investor Conference 2024 Presentation" released on MAP on 13 March 2024 ('Investor Presentation') which (among other things):
- referred (on slide 19) to a hydrogen fuel cell generator manufactured by "Mynt Technologies"; and
 - represented (on slide 20) that PH2 owned 100% of "Omni Conversion Technologies".
- C. PH2's Half Year Consolidated Financial Report for the half year ended 31 December 2023 released on MAP on 15 March 2024 ('Half Year Report').
- D. PH2's announcement titled "Application for quotation of securities - PH2" released on MAP on 22 February 2024, which disclosed that PH2 had issued 3,318,679 shares ('Consideration Shares') with a deemed value of \$401,560.16 in "satisfaction of part of the Hdrive transaction (see ASX Announcement dated 28 July 2023) and services related to Hdrive."

¹ ASX notes these references have been repeated in various other presentations by PH2 released on MAP.

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- E. PH2's announcement titled "Sale of 30% interest in Botswana Serowe CBM project" released on MAP on 4 April 2024.
- F. PH2's announcement titled "CDP produces Hydrogen and Graphene Powder" released on MAP on 21 May 2024 ('CDP Announcement') which stated (relevantly):

"(PH2) is pleased to announce that Turquoise Group has reported that it has successfully produced both hydrogen and graphene powder from its commercial demonstration plant (CDP) located in Brisbane, Queensland. The results come from testing that was conducted at Turquoise Group's commercial demonstration plant located in Brisbane suburb of Darra, Queensland using natural gas (methane) as feedstock. The preliminary testing of solid carbon production at the CDP has confirmed the plant's capacity to produce graphene powder, a key development milestone for the Turquoise Group process, and demonstrates its potential as a sustainable technology capable of producing bulk-quantities – up to 100's of kilograms per day from one unit – of high-quality graphene powder. Significantly, this milestone also paves the way for a technology capable of producing low-cost zero-emission hydrogen, as the expected revenue from graphene sales ensures the commercial threshold for the system is easily reached.

...

The manufacturing process consumes five times less electricity than an equivalent capacity green hydrogen electrolysis process, consumes no water and produces no direct CO or CO2 emissions. When operated with renewable electricity and bio-methane, the process can also become carbon negative."

- G. Listing Rule 12.5, which states:
- "An entity's structure and operations must be appropriate for a listed entity."*
- H. Section 4.15 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* ('Guidance Note 8') which sets out the guidelines on the contents of announcements under Listing Rule 3.1.

Request for information

Having regard to the above, ASX asks PH2 to respond separately to each of the following questions and requests for information:

1. Please provide all relevant information required by section 4.15 of Guidance Note 8 concerning the agreement referred to in the Hdrive Announcement under which PH2 agreed to (among other things) acquire a 60% security holding in H-Drive International Pty Ltd ('HDI') ('Agreement'). In your answer, please specifically include (without limitation):
 - 1.1 the counterparty to the Agreement;
 - 1.2 confirmation of whether the counterparty to the Agreement was a related party or an associate of a related party of PH2 (or a party otherwise covered by Listing Rule 10.1 or 10.11) at the time of entry into the Agreement; and
 - 1.3 an overview of the assets and liabilities (including any goodwill) of HDI at the time of entry into the Agreement.
2. Have the transactions contemplated by the Agreement been fully completed?
3. If the answer to question 2 is "no":
 - 3.1 Please outline when PH2 expects completion of all transactions contemplated by the Agreement to occur.
 - 3.2 Please provide details of any transactions, conditions precedent, terms or obligations under the Agreement that remain incomplete, unsatisfied or undischarged.

3.3 Please explain why Note 8 "Interest in subsidiary" of the Half Year Report shows HDI as a subsidiary of PH2 and why PH2 included HDI's financial statements in PH2's consolidated financial statements in the Half Year Report.

4. If the answer to question 2 is "yes", please explain why PH2 only issued Consideration Shares with a deemed value of \$401,560.16 instead of \$2.2 million as contemplated by the Hdrive Announcement.
5. Please explain why PH2's interest in HDI was reported as 100% in Note 8 "Interest in subsidiary" of the Half Year Report.
6. Does HDI manufacture the vehicles it offers for sale?
7. If the answer to question 6 is "no":
 - 7.1 Please identify the manufacturer of these vehicles.
 - 7.2 Please provide details of the material terms of the arrangement HDI has with the manufacturer (including, but not limited to, any terms concerning exclusivity and minimum sales contract conditions).
 - 7.3 Please explain how PH2 apprises itself of any material information concerning the supply of these vehicles which may require disclosure by PH2 to ASX under Listing Rule 3.1.
8. If the answer to question 6 is "yes", please provide an outline of the manufacturing facilities now owned or leased by PH2 (whether via a controlling stake in HDI or otherwise).
9. Noting that publicly available records of the Australian Securities and Investments Commission ('ASIC') indicate that PH2 owns a 51% interest in 'Hdrive Pty Ltd', please explain why Hdrive Pty Ltd does not appear in the Note 8 "Interest in subsidiary" section of the Half-Year Report.
10. Please explain the role of Hdrive Pty Ltd in PH2's operations.
11. Please advise whether the financial statements of Hdrive Pty Ltd were included in PH2's consolidated financial statements.
12. If the answer to question 11 is "no", please explain why not, having regard to the ASIC records referred to in question 9.
13. Please advise whether PH2 controls any other entities which were not disclosed in Note 8 "Interest in subsidiary" of the Half Year Report.
14. Noting that PH2 represented in the Half Year Report that 'Pure Hydrogen Australia Pty Ltd' is 100% owned by PH2 but ASIC records indicate that there are other shareholders in Pure Hydrogen Australia Pty Ltd:
 - 14.1 Please explain this apparent discrepancy.
 - 14.2 Please confirm the extent to which any of the shareholders of Pure Hydrogen Australia Pty Ltd are directors (or their associates) of PH2.
 - 14.3 If any one or more of PH2's directors (or their associates) are shareholders of Pure Hydrogen Australia Pty Ltd, please identify the announcement on MAP in which this was disclosed and explain why PH2 considers this to be an appropriate structure of operations for a listed entity (as required by Listing Rule 12.5). In your answer, please specifically address how PH2 manages potential conflicts of interest arising between PH2's interests and directors' (or their associates') interests in relation to any transactions, agreements or arrangements between PH2 and Pure Hydrogen Australia Pty Ltd.
15. Noting that ASIC records indicate that PH2 directors and their associates hold an interest in Turquoise Hydrogen Pty Ltd, of which PH2 owns 40%:

- 15.1 Please confirm the extent to which any of the shareholders of Turquoise Hydrogen Pty Ltd are directors (or their associates) of PH2.
- 15.2 If any one or more of PH2's directors (or their associates) are shareholders of Turquoise Hydrogen Pty Ltd, please identify the announcement on MAP in which this was disclosed and explain why PH2 considers this to be an appropriate structure of operations for a listed entity (as required by Listing Rule 12.5). In your answer, please specifically address how PH2 manages potential conflicts of interest arising between PH2's interests and directors' (or their associates') interests in relation to any transactions, agreements or arrangements between PH2 and Turquoise Hydrogen Pty Ltd.
16. Please outline whether and the extent to which PH2's directors (and/or their associates) have a personal interest in any other entities in which PH2 holds an equity interest or with which PH2 has a strategic partnership or other material commercial relationship.
17. Noting that ASIC records indicate that HDI, Pure Hydrogen Australia Pty Ltd and Turquoise Hydrogen Pty Ltd were partially owned subsidiaries of PH2 for the half-year ended 31 December 2023, please explain why PH2 did not record a profit or loss attributable to non-controlling interests on its statement of comprehensive income in the Half-Year Report.
18. If any of the above questions reveal accounting errors in the Half Year Report, and noting that PH2 was required to revise its half year accounts for the six months ended 31 December 2022 after errors were found, does PH2 consider that it has adequate resources, policies and procedures to produce accurate financial statements in accordance with the applicable accounting standards? If the answer to this question is yes, please explain the basis of this view.
19. Please explain the relevance of Mynt Technologies to PH2, and identify the announcement on MAP in which this was disclosed.
20. Please confirm whether PH2 owns 100% of the entity described as 'Omni Conversion Technologies' in the Investor Presentation. If not, please explain why PH2 represented that it owns 100% of that entity in the Investor Presentation. If so, please explain why this entity did not appear in Note 8 "Interest in subsidiary" of the Half Year Report.
21. Please provide further details on the testing outlined in the CDP Announcement, including (but not limited to):
 - 21.1 The basis for PH2's representation that it can produce *"up to 100's of kilograms (of graphene) per day from one unit"*;
 - 21.2 The basis for PH2's representation that the graphene produced is of *"high quality"*;
 - 21.3 The basis for PH2's representation that *"The manufacturing process consumes five times less electricity than an equivalent capacity green hydrogen electrolysis process"*;
 - 21.4 The quantum of hydrogen and graphene produced; and
 - 21.5 The volume of methane used to produce the hydrogen and graphene.
22. Noting that PH2's exploration expense in the Half Year Report was \$221,000 (capitalised), and that PH2 has since disposed of its direct interest in the Serowe CBM project, is PH2 of the view that the most appropriate category for its listing remains as an oil and gas exploration entity? If so, please explain the basis for that view.
23. Please confirm that PH2's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PH2 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Tuesday, 11 June 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PH2's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require PH2 to request a trading halt immediately if trading in PH2's securities is not already halted or suspended.

Your response should be sent to by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PH2's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PH2's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PH2's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance



Pure Hydrogen

12 July 2024

ASX Limited
105 20 Bridge Street
Sydney NSW 2000
Attention: ListingsComplianceSydney@asx.com.au

Dear Sirs

Pure Hydrogen Corporation Limited (PH2): Query Letter

Pure Hydrogen Corporation Limited refers to the above matter received on 5 July 2024 and our previous letter dated 10 June 2024 to the ASX. Pure Hydrogen responds to the ASX's request for information as follows:

- In response to question 1.3 of the ASX Letter, PH2 stated "At the time of entry into the Agreements, Hdrive's assets were approximately \$2.158m and \$3.470m for liabilities. Goodwill was \$1.312m". Please provide an itemised breakdown of the assets and liabilities (and their respective values) acquired by PH2 pursuant to the Agreement.*

The respective items approximate value at the time of the transaction includes current receivables of \$200,000, Capitalised R&D Truck Developments of \$1,958,000, current liabilities and borrowings of \$3,470,000 and goodwill of \$1,312,000.
- In response to question 3.2 of the ASX Letter, PH2 stated "Pure Hydrogen has not been able to confirm the amounts of the loans that will be assigned. It expects this matter will be agreed and finalised in the next few months, with appropriate documentation and execution".*

Please explain why PH2 has been unable to confirm the amounts of the loans, and provide PH2's best estimate on the range of expected loan balances.

Most of the liabilities have been agreed and dealt with the exception of a loan provided by a former director and shareholder of Hdrive Pty Limited, which is disputed. One of the difficulties is there was little documentation or formal accounting records of Hdrive Pty Limited for the year ended 30 June 2023.

Pure Hydrogen currently believes the best estimate for the total amounts owing was approximately \$1,460,000 and it is proposed to be satisfied by the issuance of shares in Pure Hydrogen. At the time of entering into the above-mentioned agreement we believed that the total loan amounts was around \$2,200,000 but we no longer believe that to be the case.

3. In response to question 4 of the ASX Letter, PH2 stated "At 31 December 2023, HDI was a 100%-owned subsidiary of PH2 as the Hdrive transaction(s) had not settled". ASX notes that PH2 stated on 12 September 2023 unequivocally that it had a 60% interest in HDI (paragraph B). ASX further notes that ASIC records indicate that PH2 and its associates own 1,400,000 of the 2,000,000 HDI shares on issue (being 70%), and that no change in shareholding forms appear to have been lodged to indicate that the ownership structure was any different on 31 December 2023.

3.1 Noting that ASIC records indicate 600,000 HDI shares are owned by entities other than PH2, please explain and provide evidence for the basis of PH2's view that HDI was a 100% owned subsidiary of PH2 at 31 December 2023, commenting specifically on how PH2 can exercise control over shares it does not own.

Pure Hydrogen's ASX announcement you refer to dated 12 September 2023 was primarily concerned with the sales of order of 2 Ev Mini Buses although noting that a reference was made in announcement to ownership in Hdrive International being a "60% equity interest".

The announcement is in line with the previous announcement on 28 July 2023 announcing the Hdrive deal where it was stated that the agreement was subject to certain conditions precedent, which had not been incurred on 12 September 2023 and indeed only was partially met after 31 December 2023. The expectation at the time of preparing the announcement was that 40% of the shares would be issued to shareholders other than Pure Hydrogen.

In December 2023, Pure Hydrogen attempted to settle the agreement although were unable to until February 2024 when shares certificates were provided to two shareholders. This resulted in 30% of HDI being held by other shareholders and we had allocated another 10% to another party but the value of the above-mentioned loan account remains in dispute. At this time, Pure Hydrogen believes the most likely outcome is the additional 10% will be transferred by Pure Hydrogen in the next few months.

Pure Hydrogen as at 31 December 2023, believe they were the 100% owner of Hdrive International Pty Limited as the share certificates had not been provided to those shareholders.

3.2 Does PH2 consider the statement reproduced at paragraph B to be accurate and not misleading? If so, please explain the basis for that view.

Pure Hydrogen does not believe the statement is misleading. The statement needs to be in considered in conjunction with Pure Hydrogen's 28 July 2023 ASX announcement.

4. In response to question 13 of the ASX Letter, PH2 stated "Pure Hydrogen controls Pure X Mobility Pty Limited and Atlas Energy Corporation Pty Limited. Both of these companies are dormant with no assets. We omitted to disclose in note 8 of the financial statements in error but they have no material effect on the financial statements for Pure Hydrogen".

While ASX notes PH2's representation that Pure X Mobility Pty Limited and Atlas Energy Corporation Pty Limited have no material effect on PH2's financial statements, please confirm whether the inclusion of these entities would have had any impact on PH2's consolidated financial statements for the half year ended 31 December 2023 and, if so, please quantify that impact.

Pure X Mobility Pty Limited and Atlas Energy Corporation Pty Limited have no impact on the financial statements for the half year ended 31 December 2023.

5. In response to question 14.3 of the ASX Letter, PH2 stated (relevantly) *"In this case, Pure Hydrogen has diluted in [sic] its ownership percentage to 40% (non-dilutive) for 3.5 years while Turquoise Group's other shareholders have committed to fund the operations through to commercialisation."*

Please outline what information-sharing arrangements PH2 has in place to ensure that it has real-time access to information from Turquoise Group which may require disclosure under Listing Rule 3.1.

Turquoise Group Executives have regular conversations with the Management of Pure Hydrogen concerning material matters of Turquoise Group. In addition, Pure Hydrogen non-executive director Mr Ron Prefontaine is also a director of Turquoise Group and can provide oversight and additional information as required.

6. In response to question 16 of the ASX Letter, PH2 stated (relevantly) *"Entities associated with Mr Scott Brown also holds shares in Pure X Mobility Pty Limited on behalf of Pure Hydrogen."*

Notwithstanding PH2's representations that Pure X Mobility Pty Limited is dormant and thus immaterial, please explain why PH2 considers it appropriate to have its interests in this entity held by Mr Brown. Further, please outline what agreements PH2 has in place with Mr Brown to ensure its interests are protected.

Pure X Mobility Pty Limited was established in 2021 for a proposed transaction which for a variety of reasons did not proceed. The proposed transaction involved entities associated with Mr Scott Brown co investing with Pure Hydrogen. When the transaction did not proceed entities associated with Mr Scott Brown agreed to transfer his shares for no consideration, however, until recently we had not processed the transfer. There are no agreements in place as there is no value in this company.

7. In response to question 17 of the ASX Letter, PH2 stated (relevantly):

"HDI was established by the Company and operates a business that was formerly operated by Hdrive Pty Limited."

Please provide further information on the transfer of the business operations from Hdrive Pty Limited to HDI, given PH2 has an interest in both entities. In your answer, please include at a minimum:

7.1 *when PH2 acquired its interest in Hdrive Pty Limited;*

Pure Hydrogen understand that one of the former directors changed ASIC records on 4 October 2023.

7.2 *whether any consideration was paid to acquire PH2's interest in Hdrive Pty Limited;*

Pure hydrogen paid no consideration for its shares in Hdrive Pty Limited.

7.3 *when the transfer of business operations from Hdrive Pty Limited to HDI occurred; and*

There was no transfer of operations from Hdrive Pty Limited. Hdrive International Pty Limited commenced operation in July 2024 and Hdrive Pty Limited ceased operations around this time.

7.4 *the rationale behind the transfer of business operations to HDI.*

Pure Hydrogen sought to commence a new company that was clean and had no liabilities.

8. In response to question 17 of the ASX Letter, PH2 stated (relevantly) *"The transactions for Turquoise Group the six months ended 31 December 2023 were costs in relation to R&D and developing technology and have been capitalised. Therefore, there was no material impact on the profit and loss or financial statements for the half year ended 31 December 2023 attributable to Turquoise Group Pty Limited."*

Notwithstanding PH2's representations that the impact on the profit and loss or financial statements by Turquoise Group Pty Limited was not material, please confirm whether this entity had any impact on PH2's financial statements for the half year ended 31 December 2023 and, if so, please quantify that impact.

The profit and loss for the half year ended 31 December 2023 together with the Balance Sheet as at 31 December 2023 for Pure Hydrogen was not impacted by transactions concerning Turquoise Group Pty Limited.

9. In response to question 19 of the ASX Letter, PH2 stated (relevantly) "Mynt Technologies have developed with Pure Hydrogen's cooperation a 50Kw Hydrogen Generator. The Generator uses a Hydrogen Fuel Cell to produce electricity. Pure Hydrogen has rented the H2 generator from Mynt to Australian Meat Processing Corporation (AMPC) and will be supplying the hydrogen to run the generator for a trial in Queensland. The initial trial is not material, but AMPC is the peak body for meat processing in Australia, and they keen to roll out this technology to their members if the trial works well. In the investor presentation released on MAP on the 12 February 2024 disclosed the trial to AMPC on page 10. In the March 2024 quarterly report, we included more details on this project."

While ASX acknowledges PH2's decision to consider the Mynt / AMPC trial to not be material, any announcement published on MAP must be complete, accurate and not misleading (see section 14 of Guidance Note 14). Does PH2 consider the disclosure of the Mynt AMPC trial in the 12 February 2024 investor presentation was complete and contained all relevant information for investors? Please explain the basis for that view.

The purpose of the presentation in which the Hydrogen Generator was disclosed in an ASX announcement on 12 February 2024 (page 10) was about showing devices that use hydrogen and can create demand for hydrogen that Pure Hydrogen will hopefully sell to potential customers. The trial funded by Australian Meat Processing Corporation will likely only cover Pure Hydrogen's costs. The hope is that the trial may lead to further orders from AMPC or other customers for hydrogen generators that would create more demand for hydrogen. We did provide further information on page 14 of the abovementioned Announcement. Pure Hydrogen is not aware of any further information to disclose concerning this matter.

10. In response to question 21.2 of the ASX Letter, PH2 stated (relevantly) "The 'bottom-up' approach (Turquoise Group) starts with methane gas (CH₄) and builds graphene after breaking down the methane gas into hydrogen gas (H₂) and solid carbon (C). As the methane is only composed of carbon and hydrogen atoms, this produces a product with few defects, or high-quality compared to most of the graphene produced in the global market today, via top-down methods. Hence that is why call it high quality".

Please confirm whether any additional processing steps are required to convert the solid carbon output from the CDP into the 'high quality graphene' form. If so, please outline those processing steps.

The technology that Turquoise Group have developed is considered ground breaking and many other companies or organisations around the world are trying to do something similar, in making Hydrogen and Graphene flakes from methane. Unsurprisingly, the Turquoise Group regard the processing steps as critical commercial in confidence IP and are not prepared to divulge this publicly at this time.

Other financial statement queries

11. Please respond to the following questions in respect of PH2's Half year Consolidated Report for the half year ended 31 December 2023 released on MAP on 15 March 2024 ('Half Year Report'):

11.1 Noting that 'Investments in equity affiliates' as presented in PH2's consolidated statement of financial position is reduced to nil as at 31 December 2023 from \$2,253,000 as at 30 June 2023, please explain the nature of this change and how this change is accounted for in the consolidated statement of comprehensive income and consolidated statement of cash flows in the Half Year Report.

During the half year ended 31 December 2023, the investment Pure Hydrogen held in H2X Global Limited was reclassified (from an equity affiliate) as Pure Hydrogen's the ownership % fell below 20% as H2X Global Limited raised additional capital.

11.2 Noting that PH2 has recognised deferred consideration of \$1,460,000 in its consolidated statement of financial position, please advise whether this amount relates to PH2's interest in HDrive Pty Limited or HDrive International. Please also explain how the amount of deferred consideration is determined as at 31 December 2023.

Deferred consideration (\$1,460,000) disclosed in the financial statements of Pure Hydrogen for the half year ended 31 December 2023 represents an estimate of the amounts assigned to Hdrive International Pty Limited for loans and creditors not settled from Hdrive Pty Limited.

11.3 Noting that the consolidated statement of cash flows for the half year ended 31 December 2023 includes payments for investment in property, plant and equipment amounting to \$998,000 whereas the 'Property, plant and equipment' as presented in the consolidated statement of financial position has nil balance as at 31 December 2023, please explain the nature of the \$998,000 cash investment, and why this was not reflected in the 'Property, plant and equipment' account in the consolidated statement of financial position.

The Consolidated Statement of Cash Flows for the half year ended 31 December 2023 on page 12 of The Financial Statements for Pure Hydrogen for the half year ended 31 December 2023 is not correct. We have attached an amended Consolidated Statement of Cash Flows for the half year ended 31 December 2023. There is no cash flow from payments for property, plant and equipment.

11.4 Noting that the consolidated statement of cash flows in the Half Year Report also includes payments for investment in hydrogen project development amounting to \$1,683,000, please explain the nature of the \$1,683,000 cash investment, and how this investment is accounted for in the financial statements of PH2 for the half year ended 31 December 2023.

The Consolidated Statement of Cash Flows for the half year ended 31 December 2023 on page 12 of The Financial Statements for Pure Hydrogen for the half year ended 31 December 2023 is not correct. We have attached an amended Consolidated Statement of Cash Flows for the half year ended 31 December 2023. The amended Consolidated Statement of Cash Flows for the half year ended 31 December 2023 has an amount of \$2,069,000 from payments for hydrogen project development including capitalised cost in relation to hydrogen fuel cell vehicle development In the half year ended 31 December 2023.

Securities Trading Policy Compliance

12. Is PH2 of the view that the Transaction complied with the Trading Policy? No

13. If the answer to question 12 is "yes", please explain the basis for that view.

14. If the answer to question 12 is "no":

14.1 Please explain why PH2 indicated that the Transaction did not occur during a closed period

This was an oversight in preparing the Appendix 3Y.

14.2 Please outline any remedial action PH2 intends to take in response to this breach.

Mr Scott Brown requested and was granted approval for the transaction.

In the instance of the above-mentioned transaction, the Pure Hydrogen board chose to override its own policy.

The Pure Hydrogen board is keen to encourage directors and employees to buy shares in the Company, as it provides a positive signal to the market and can be seen as an endorsement of the Company. The Pure Hydrogen board seeks to balance the encouragement of buying shares with not allowing inappropriate trading, which Pure Hydrogen does not believe happened in this case.

Concerning the two ASX 2 announcements made ('Capital Raising Update' and '.....Secures the supply of hydrogen Garbage truck- Newcastle', – the former announcement was not regarded as a positive one for the Company and the latter, the timing was unknown at the time of the request and approval for the transaction.

Pure Hydrogen first sent an agreement to the Newcastle City Council on or about 5 March 2024. Despite our many attempts with the City of Newcastle to engage with them on the timing of the agreement, Pure Hydrogen only received the signed agreement on the 26 June 2024 following our email of the same day querying the timing. Pure Hydrogen made the announcement the next day, 27 June 2024.

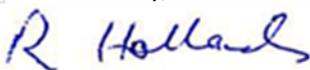
Pure Hydrogen's policy is being reviewed, as often the timing of announcements regarding sales is out of our control and extremely difficult to predict.

Other

15. Please confirm that PH2's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PH2 with delegated authority from the board to respond to ASX on disclosure matters.

The board of Pure Hydrogen has authorised and approved this response

Yours sincerely,



Ron Hollands
Company Secretary

**PURE HYDROGEN CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH
FLOWS FOR THE HALF YEAR ENDED 31
DECEMBER 2023**

Notes	Consolidated Half Year ended 31-Dec-2023 \$'000	Consolidated Half Year ended 31-Dec-2022 \$'000
Cash flow from operating activities		
Interest & other income	402	102
Research and development tax incentive	-	5,971
Payments to suppliers	(1,899)	(1,195)
Net cash used in operating activities	(1,497)	4,878
Cash flow from investing activities		
Payments for hydrogen project development and vehicle development	(2,069)	(991)
Receipts from investments	200	-
Payments for oil & gas assets	(672)	(43)
Net cash Used in Investing activities	(2,541)	(1,034)
Cash flow from financing activities		
Proceeds from the issue of securities	-	1,279
Net cash provided by financing activities	-	1,279
Net increase/(decrease) in cash held	(4,038)	5,123
Cash at the beginning of the period	12,602	9,532
Cash at the end of 31 December	8,564	14,655

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



5 July 2024

Reference: 92230

Mr Ron Hollands
Company Secretary
Pure Hydrogen Corporation Limited

By email only.

Dear Mr Hollands

Pure Hydrogen Corporation Limited ('PH2'): Query Letter

ASX refers to the following:

- A. PH2's response dated 11 June 2024 (the 'PH2 Response') to ASX's query letter dated 3 June 2024 (the 'ASX Letter').
- B. PH2's announcement titled "Secures Maiden Order to Supply Mini-Buses in NSW" released on MAP on 12 September 2023, which stated (relevantly, emphasis added):

"(PH2) is pleased to announce that its HDrive International subsidiary ('HDrive'), for which it has a 60% equity interest, has secured an executed sales agreement..."

- C. PH2's announcement titled "Change of Director's Interest Notice", which disclosed that PH2 director, Mr Scott Brown, acquired 145,948 PH2 shares on 24 June 2024 via an 'off market transfer'. Part 3 of the Appendix 3Y disclosed that the interests were not traded during a closed period (the 'Transaction').
- D. PH2's securities trading policy, available on its website¹ (the 'Trading Policy') which states (relevantly, emphasis added):

"A trading embargo exists in respect of which Key Personnel must refrain from dealing in PH2 Shares during the period being 2 weeks prior to the release of the annual accounts or half year accounts, 1 week prior to Company announcements and one day thereafter and 2 [sic] 1 week prior to the release of ASX quarterly reports."

- E. PH2's market-sensitive announcements titled "Capital Raising Update" and "Secures the supply of a hydrogen Garbage Truck – Newcastle" released on MAP respectively on 25 June 2024 and 27 June 2024. ASX notes that these announcements were released within a week of the Transaction.
- F. Section 14 of Guidance Note 14 which states:

"An announcement for release to the market must be accurate, complete and not misleading."

Capitalised terms used in this letter have the same meaning as those defined in the ASX Letter and PH2 Response (unless otherwise indicated).

Request for information

Having regard to the above, ASX asks PH2 to respond separately to each of the following questions:

PH2 Response

¹ <https://purehydrogen.com.au/wp-content/uploads/2022/11/PH2-Share-Trading-Policy.pdf>

1. In response to question 1.3 of the ASX Letter, PH2 stated *“At the time of entry into the Agreements, Hdrive’s assets were approximately \$2.158m and \$3.470m for liabilities. Goodwill was \$1.312m”*. Please provide an itemised breakdown of the assets and liabilities (and their respective values) acquired by PH2 pursuant to the Agreement.
2. In response to question 3.2 of the ASX Letter, PH2 stated *“Pure Hydrogen has not been able to confirm the amounts of the loans that will be assigned. It expects this matter will be agreed and finalised in the next few months, with appropriate documentation and execution”*.

Please explain why PH2 has been unable to confirm the amounts of the loans, and provide PH2’s best estimate on the range of expected loan balances.

3. In response to question 4 of the ASX Letter, PH2 stated *“At 31 December 2023, HDI was a 100%-owned subsidiary of PH2 as the Hdrive transaction(s) had not settled”*. ASX notes that PH2 stated on 12 September 2023 unequivocally that it had a 60% interest in HDI (paragraph B). ASX further notes that ASIC records indicate that PH2 and its associates own 1,400,000 of the 2,000,000 HDI shares on issue (being 70%), and that no change in shareholding forms appear to have been lodged to indicate that the ownership structure was any different on 31 December 2023.
 - 3.1 Noting that ASIC records indicate 600,000 HDI shares are owned by entities other than PH2, please explain and provide evidence for the basis of PH2’s view that HDI was a 100% owned subsidiary of PH2 at 31 December 2023, commenting specifically on how PH2 can exercise control over shares it does not own.
 - 3.2 Does PH2 consider the statement reproduced at paragraph B to be accurate and not misleading? If so, please explain the basis for that view.
4. In response to question 13 of the ASX Letter, PH2 stated *“Pure Hydrogen controls Pure X Mobility Pty Limited and Atlas Energy Corporation Pty Limited. Both of these companies are dormant with no assets. We omitted to disclose in note 8 of the financial statements in error but they have no material effect on the financial statements for Pure Hydrogen”*.

While ASX notes PH2’s representation that Pure X Mobility Pty Limited and Atlas Energy Corporation Pty Limited have no material effect on PH2’s financial statements, please confirm whether the inclusion of these entities would have had any impact on PH2’s consolidated financial statements for the half year ended 31 December 2023 and, if so, please quantify that impact.

5. In response to question 14.3 of the ASX Letter, PH2 stated (relevantly) *“In this case, Pure Hydrogen has diluted in [sic] its ownership percentage to 40% (non-dilutive) for 3.5 years while Turquoise Group’s other shareholders have committed to fund the operations through to commercialisation.”*.

Please outline what information-sharing arrangements PH2 has in place to ensure that it has real-time access to information from Turquoise Group which may require disclosure under Listing Rule 3.1.

6. In response to question 16 of the ASX Letter, PH2 stated (relevantly) *“Entities associated with Mr Scott Brown also holds shares in Pure X Mobility Pty Limited on behalf of Pure Hydrogen.”*

Notwithstanding PH2’s representations that Pure X Mobility Pty Limited is dormant and thus immaterial, please explain why PH2 considers it appropriate to have its interests in this entity held by Mr Brown. Further, please outline what agreements PH2 has in place with Mr Brown to ensure its interests are protected.

7. In response to question 17 of the ASX Letter, PH2 stated (relevantly):

“HDI was established by the Company and operates a business that was formerly operated by Hdrive Pty Limited.”

Please provide further information on the transfer of the business operations from Hdrive Pty Limited to HDI, given PH2 has an interest in both entities. In your answer, please include at a minimum:

- 7.1 when PH2 acquired its interest in Hdrive Pty Limited;
- 7.2 whether any consideration was paid to acquire PH2's interest in Hdrive Pty Limited;
- 7.3 when the transfer of business operations from Hdrive Pty Limited to HDI occurred; and
- 7.4 the rationale behind the transfer of business operations to HDI.

8. In response to question 17 of the ASX Letter, PH2 stated (relevantly) *"The transactions for Turquoise Group the six months ended 31 December 2023 were costs in relation to R&D and developing technology and have been capitalised. Therefore, there was no material impact on the profit and loss or financial statements for the half year ended 31 December 2023 attributable to Turquoise Group Pty Limited."*

Notwithstanding PH2's representations that the impact on the profit and loss or financial statements by Turquoise Group Pty Limited was not material, please confirm whether this entity had any impact on PH2's financial statements for the half year ended 31 December 2023 and, if so, please quantify that impact.

9. In response to question 19 of the ASX Letter, PH2 stated (relevantly) *"Mynt Technologies have developed with Pure Hydrogen's cooperation a 50Kw Hydrogen Generator. The Generator uses a Hydrogen Fuel Cell to produce electricity. Pure Hydrogen has rented the H2 generator from Mynt to Australian Meat Processing Corporation (AMPC) and will be supplying the hydrogen to run the generator for a trial in Queensland. The initial trial is not material, but AMPC is the peak body for meat processing in Australia, and they keen to roll out this technology to their members if the trial works well. In the investor presentation released on MAP on the 12 February 2024 disclosed the trial to AMPC on page 10. In the March 2024 quarterly report, we included more details on this project."*

While ASX acknowledges PH2's decision to consider the Mynt / AMPC trial to not be material, any announcement published on MAP must be complete, accurate and not misleading (see section 14 of Guidance Note 14). Does PH2 consider the disclosure of the Mynt AMPC trial in the 12 February 2024 investor presentation was complete and contained all relevant information for investors? Please explain the basis for that view.

10. In response to question 21.2 of the ASX Letter, PH2 stated (relevantly) *"The 'bottom-up' approach (Turquoise Group) starts with methane gas (CH4) and builds graphene after breaking down the methane gas into hydrogen gas (H2) and solid carbon (C). As the methane is only composed of carbon and hydrogen atoms, this produces a product with few defects, or high-quality compared to most of the graphene produced in the global market today, via top-down methods. Hence that is why call it high quality"*.

Please confirm whether any additional processing steps are required to convert the solid carbon output from the CDP into the 'high quality graphene' form. If so, please outline those processing steps.

Other financial statement queries

11. Please respond to the following questions in respect of PH2's Half year Consolidated Report for the half year ended 31 December 2023 released on MAP on 15 March 2024 ('Half Year Report'):
 - 11.1 Noting that 'Investments in equity affiliates' as presented in PH2's consolidated statement of financial position is reduced to nil as at 31 December 2023 from \$2,253,000 as at 30 June 2023, please explain the nature of this change and how this change is accounted for in the consolidated statement of comprehensive income and consolidated statement of cash flows in the Half Year Report.
 - 11.2 Noting that PH2 has recognised deferred consideration of \$1,460,000 in its consolidated statement of financial position, please advise whether this amount relates to PH2's interest in HDrive Pty Limited or

HDrive International. Please also explain how the amount of deferred consideration is determined as at 31 December 2023.

11.3 Noting that the consolidated statement of cash flows for the half year ended 31 December 2023 includes payments for investment in property, plant and equipment amounting to \$998,000 whereas the 'Property, plant and equipment' as presented in the consolidated statement of financial position has nil balance as at 31 December 2023, please explain the nature of the \$998,000 cash investment, and why this was not reflected in the 'Property, plant and equipment' account in the consolidated statement of financial position.

11.4 Noting that the consolidated statement of cash flows in the Half Year Report also includes payments for investment in hydrogen project development amounting to \$1,683,000, please explain the nature of the \$1,683,000 cash investment, and how this investment is accounted for in the financial statements of PH2 for the half year ended 31 December 2023.

Securities Trading Policy Compliance

12. Is PH2 of the view that the Transaction complied with the Trading Policy?

13. If the answer to question 12 is "yes", please explain the basis for that view.

14. If the answer to question 12 is "no":

14.1 Please explain why PH2 indicated that the Transaction did not occur during a closed period.

14.2 Please outline any remedial action PH2 intends to take in response to this breach.

Other

15. Please confirm that PH2's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PH2 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 PM AEST Friday, 12 July 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PH2's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require PH2 to request a trading halt immediately if trading in PH2's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PH2's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PH2's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PH2's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance