



**HYDROGENUS**  
*the future of power*

# Annual Report

Financial year ending 30 June 2022

Hydrogenus Energy Limited | ABN 56 163 460 884

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## **CORPORATE INFORMATION**

ABN : 56 163 460 884

### Directors

Mark A Smith  
Marcus A Clayton  
Martin J Sheahan  
Robert J Tindall  
Pieter J Bruinstroop

### Company Secretary

Pieter J Bruinstroop  
[info@hydrogenus-energy.com](mailto:info@hydrogenus-energy.com)

### Registered Office

Level 2 South  
11 – 19 Bank Place  
MELBOURNE VIC 3000

### Workshop

17 Eugene Terrace  
RINGWOOD VIC 3134

[www.hydrogenus-energy.com](http://www.hydrogenus-energy.com)

## CHAIRPERSON'S LETTER

Welcome

Hydrogenus Energy Limited was founded in November 2019, founded to further develop the Intellectual Property in Bennett Clayton Pty Ltd. At that time the name of the company was Bennett Clayton Hydrogen Engine Systems and Bennett Clayton initially held about 77% of the issued capital.

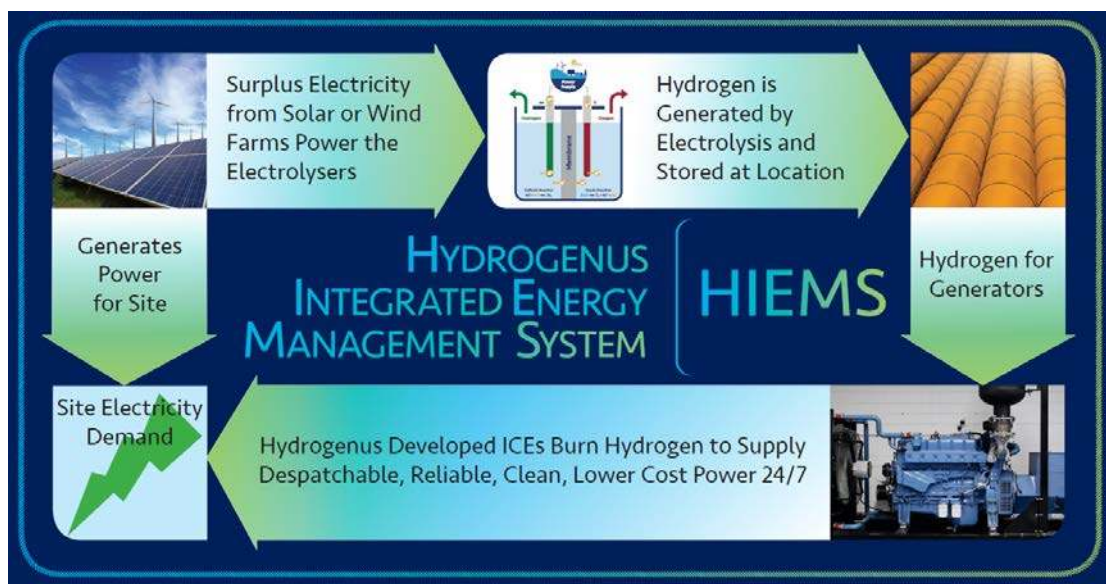
The original aim of the company was to develop the Intellectual Property of the modifications required for an Internal Combustion Engine to operate safely, effectively and efficiently using Hydrogen as its fuel. The commercial purpose was to use such an engine as a component of a system to deliver zero carbon electricity on demand, at a lower cost than any other system, for off-grid areas; effectively replacing diesel gen sets.

Seed funding was secured in November 2020, which enabled the purchase of test engines and establishment of our workshop in Ringwood. A second funding program was initiated in April 2022 and completed in June.

By the date of this report, Hydrogenus has invested about \$1.32m in the development of our IP, of which \$1.03m is equity that has been raised, and about \$0.36m sourced from the Australian Government's Research & Development Tax Incentive scheme, including some borrowing against the payment we expect to receive in the next week.

The following diagram shows our system, which comprises :

- Primary energy produced by solar panels and / or wind turbines which, for the bulk of the Australian land mass, is the lowest cost of electricity, though only when the sun is shining and / or the wind is blowing;
- An electrolyser which stores excess primary energy by producing Hydrogen;
- Hydrogen stored at site;
- A Hydrogenus modified Internal Combustion Engine is used to convert the stored energy into zero carbon electricity on demand; and
- The system is controlled through the Hydrogenus Integrated Energy Management System (HIEMS).



Our R&D programme has 3 principal steps :

- (i) Stage 1 Engine modifications based on port injection (using proprietary hardware and software);
- (ii) Stage-2 Initial development of the HIEMS, which will be done as an integral part of a demonstration project; and
- (iii) Stage 3 of our engine modifications will build on the IP developed in Stage 1, but use direct injection into the combustion chamber, which promises greater fuel efficiency.

As at the date of this report, we believe we are on the cusp of completing Stage 1 of our programme.

As can be expected with any R&D programme, there have been twists and turns, but my personal view, watching the R&D from a short distance away, is that I have been impressed by the way that our Chief Technology Officer, Marcus Clayton, just keeps over-coming set-backs, when things we do not work as we expect. One outcome of this work is that there are results of the programme which appear they will be much better than we thought possible, in particular the response time for changes in load.

There is still a little more work to do on Stage 1; to optimise energy efficiency and test exhaust composition.

Having (almost) completed Step 1 we are about to seek further funding to develop a demonstration operation which will also require the development of the Hydrogenus Integrated Energy Management System to ensure electricity on demand across multiple energy sources and multiple demands for energy, including managing a spinning reserve.

We have prepared an application for partial funding for this from Government related sources, to mitigate dilution of equity values.

After developing our demonstration operation, we will then seek agreement(s) to develop one or two commercial scale pilot operation(s), which will have greater complexity than our demonstration plant. To this end Hydrogenus Energy has in place :

- A draft agreement with an engineering company for the final design, construction and commissioning of projects;
- An indicative agreement for at least one commercial pilot project, the timetable for which is development in the second half of 2023; and
- An indicative agreement with a Melbourne based company that is developing a higher efficiency electrolyser system, which has the potential to significantly lower our already low costs.

As part of this process for raising further capital, we have engaged an independent analyst to review Hydrogenus Energy to help us develop appropriate pricing for further, new equity.

Finally, I am pleased to be able to report that Hydrogenus Energy has engaged Frank Mucso of Musco Engineering to provide support to Marcus Clayton, and significantly mitigate our key man risk.

We look forward to being able to share these result with our shareholders.

Mark A Smith  
Chair

## DIRECTORS REPORT

The Directors of Hydrogenus Energy Limited, present their Report together with the financial statements of the company (there being no Controlled Entities) for the year ended 30 June 2022.

### Director Details

The following persons are currently Directors of Hydrogenus Energy.

Mark A Smith MAICD B App.Sc. (Geol.) Chairperson Director since 2 September 2021	Mark is a petroleum geologist with over 40 years of geoscience and management experience in Australia, South East Asia, South America and North America. Mark was a founding Director of Karoon Energy (KAR.ASX), from start-up to a market cap of \$A 1.5B. He stepped down from the Board of Karoon at the November 2019 Annual General Meeting, finally ceasing with Karoon in June 2021. Mark has had a long-held interest and involvement in renewables and associated developing technologies through Bennett Clayton Pty Ltd.
Mark A Clayton (Marcus)  Co-founder Director since 1 October 2019	Marcus formally trained and served in the RAAF, where he was charged with looking after “everything that did not fly.”, which included air traffic control towers, radio, radar, computer networks and some classified work. He then worked in Factory Automation and robotics for 15 years before joining John Bennett to establish Bennett Clayton. Marcus has managed several innovative projects, and Bennett Clayton has been a finalist in the Australian Clean Tech Open, and past winner of the Green Globe award, a member of the Federal Cleantech Industry Capability Team, and a member of the WG7 advisory committee to the South Australian Government.
Robert J Tindall, MAICD M. Tax, BA Director since 1 July 2021	Rob worked for Westpac for 14 years, holding positions including Executive Director – Private Banking, National Manager Superannuation and National Technical Manager HNW. Rob subsequently co-founded a boutique corporate advisory firm, GTG Corporate and in November 2015, co-founded The True Origins Company, which distributed New Zealand manufactured infant formula into China under a 50/50 Joint Venture with the South African pharmaceutical giant Aspen Pharma. As the enterprise moved from start-up to operational, Rob stood and subsequently founded the ASX listed company Montem Resources, where he is now a Non-Executive Director.
Martin J Sheahan  Director since 1 October 2019	Martin is an experienced Sales Director with a demonstrated high-performance history in the IT and Telecommunications industry over 30 years. He is skilled in Telco Services, Professional Services, Data Centre Systems and Sales Team Management. In January 2017 Martin joined Bennett Clayton to assist in sales.

Pieter J Bruinstroop  
BEcon, B,Com (Hons), MAICD  
Director since 1 October 2019  
Company Secretary since  
11 August 2020

In 1985, Pieter drafted the economic sections of Photo-Voltaic and Wind Turbine R&D funded through the National Energy Research, Development & Demonstration programme. He subsequently worked for the Commonwealth Government on the North West Shelf project. Subsequently Pieter was a fund manager for 11 years, adding significant value in each of his 3 positions. He also worked for 7 years as an equity analyst for 3 different stockbrokers prior to establishing Beer & Co where he has been responsible for corporate advising and commissioned research.

### Principal Activities

The principal activity of Hydrogenus Energy is the development of the Intellectual Property required to safely, effectively and efficiently operate an Internal Combustion Engine using Hydrogen as its fuel, and the subsequent commercial development and exploitation of this IP.

The focus of Hydrogenus Energy during the financial year was the Research & Development of the modifications required for the ICE.

As this objective is now clearly within sight, the focus of Hydrogenus Energy is shifting from the engine and associated electricity generator, which is one component of a system to be able to supply zero carbon electricity, on demand, at a lower price for off-grid areas, to the system to manage and integrate all the components

### Review of Operations

Hydrogenus has successfully progressed its engine R&D programme so that stage 1, using port injection, is almost completed.

A major issue has been the re-coding of the Engine Control Unit (ECU) and also the integration of the control of the engine with the associated generator.

After trying to work with the unit we purchased as a test unit, in February 2022 we approached MoTeC, a globally renown supplier of high end engineering components to the automotive sector, including nearly all the Formula 1 teams, based in Croydon South, to be able to use a MoTeC research ECU. Since then, we have made good progress.

The MoTeC ECU offers high security; the code can only be accessed using a key that only Hydrogenus Energy has access to. The unit is very powerful and flexible; instead of having separate control units for the engine and the generator, both are now operated from the same unit and response times to changes in load have been better than we hoped.

By the end of June 2022, Hydrogenus Energy had made good progress, but had not yet completed our stage 1 engine R&D programme.

### People

During FY22, Hydrogenus had only one employee, Marcus Clayton. Pieter Bruinstroop, Martin Sheahan and Shay O'Brien provide services to Hydrogenus on a contracting basis, as the workload is not full-time.

In August 2022, Hydrogenus contracted with Musco Engineering for Frank Musco to provide services to Hydrogenus Energy, nominally 40% of his time, to support Marcus Clayton in engine, and system, development as well as reducing our key man risk.

### Financial Review

As at 1 July 2021, Hydrogenus had \$168,362 in cash. In November, we received a payment, net of associated fees, of \$155,8974, under the Australian Government's Research & Development Tax Incentive Scheme. In May, we successfully raised a further \$250,000 in equity at a value double that of the equity raised 13 months earlier, acknowledging the progress made.

In April, we also borrowed \$95,531 against the R&D TI payment we can expect to receive in next few weeks. We also borrowed another \$50,000 from an entity associated with one of our Directors.

Of these funds, \$422,105 was invested in our R&D, including market research and marketing.

As a company that is still focussed on R&D, Hydrogenus Energy has yet to produce operating revenue, while all our R&D is expensed.

The reported financial result is a loss of \$562,308, bringing our accumulated accounting losses to \$933,002.

### Corporate matters

The name of the company at the previous financial report was Bennett Clayton Hydrogen Engine Systems Pty Ltd.

At its Meeting on 8 December 2021, the Board agreed to seek the approval of the company's members to change the name of the company to Hydrogenus, to emphasis Hydrogen rather than Engines as the medium term focus of the company is to generate revenue through the sale of electricity, and not the sale of engines or components. The company's analysis shows there is significant financial benefit from the Hydrogenus concept, while we cannot see significant, profitable, demand for engines.

This was endorsed by shareholders at a General Meeting held on 21 December.

The Board subsequently determined to further change the name of the company to Hydrogenus Energy Limited, so that the company name captures our focus, and also to change the company's status from a private company limited by shares to a public company limited by shares.

The General Meeting to affect this change was held on 3 May and was endorse by shareholders. However, ASIC was not satisfied that shareholders had endorsed all the conditions of a public company and a subsequent General Meeting was held on 1 July to rectify this. The change in status was endorsed by ASIC on 12 August and the company's name is now Hydrogenus Energy Limited.

In April 2022, the major shareholder in Hydrogenus, which was Bennett Clayton Pty Ltd, determined to distribute its shares in Hydrogenus to its shareholders.

This means that, together with the equity raised in April 2022, Hydrogenus Energy had 21 shareholders as at 30 June 2022 and 22 at the date of this report.



## Capital Structure

At 30 June 2021, the company had 2,150,000 fully paid ordinary shares and 640,000 Convertible Notes, which were issued at a price of \$1.00 each.

In September 2021, the company issued a further 40,000 Convertible Notes.

In December 2021, the company elected to convert these notes into fully paid ordinary shares, increasing the total number of shares issued to 2,830,000.

In May 2022, the company raised a further \$250,000 in equity by issuing 125,000 further shares. The number of shares on issue at 30 June 2022 was 2,955,000.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company not otherwise stated herein.

## Dividends

There were no dividends declared or paid during the reporting period and the directors recommend that no dividend be paid.

## Events Arising Since the End of The Reporting Period

In July 2022, the company raised a further \$50,000 in equity through the issue of 25,000 new shares.

Hydrogenus Energy is now preparing to a more significant equity raising, having achieved the goals of Stage 1 of our R&D programme, with the short term objective being the development of a demonstration project, in which some solar power is used to produce Hydrogen which is used by a Hydrogenus modified Internal Combustion Engine to provide electricity on demand.

Hydrogenus Energy has also begun developing 3 agreements to further our development.

The first agreement is with an engineering company that is globally renown in its sector, which is in Coal Handling and Preparation Plants, but the company is now actively seeking work in another sector.

Hydrogenus Energy has agreed to progress to a non-binding Heads of Agreement with a company that is developing a high grade silica project at Mourilyan, in Far North Queensland. That project is scheduled to begin construction during H2 of 2023.

Hydrogenus Energy has an indicative agreement, which we are expecting to turn into a non-binding Heads of Agreement soon, with a Melbourne based company that is developing a higher efficiency electrolyser system. Their lab results so far indicate that they can significantly reduce the energy required to split water into Hydrogen and Oxygen.

The attraction of Hydrogenus Energy to this company is that with a lower cost, more efficient electrolyser system producing hydrogen, less electrolysers and solar panels are required, improving margins.

## Likely Developments

There are no likely developments that will impact on the Company other than as disclosed elsewhere in this report.

## Directors' Meetings

During the period from 1 July 2021 to 30 June 2022, Hydrogenus Energy had 5 Directors, three of whom are Executives in the business. The Board formally met on 8 occasions.

	Number of meetings eligible	Number of meetings attended
Mark Smith	7	7
Marcus Clayton	8	8
Martin Sheahan	8	8
Robert Tindall	8	7
Pieter Bruinstroop	8	8

The Company also has a weekly Executive Committee meeting to which the Non-Executives have a standing invitation and they participate in nearly all such meetings.

## Directors' Holdings in Hydrogenus Energy

	30 June 2021			30 June 2022		
	Direct	Indirect	Beneficially	Direct	Indirect	Beneficially
Marcus Clayton	0	1,453,848	579,113	0	0	579,113
Martin Sheahan	0	161,538	161,538	0	161,538	161,538
Earle Harper	0	1615,38	1615,38	0	161,538	161,538
Pieter Bruinstroop	0	0	80,769	0	591,538	502,307
Mark Smith	0	0	307,247	0	307,247	307,247

## Notes

1. Marcus Clayton is a significant shareholder in Bennett Clayton Pty Ltd, which held 1,453,848 shares in Hydrogenus Energy, prior to the distribution of these shares to the shareholders of Bennett Clayton Pty Ltd in April 2022. He has a beneficial interest in about 39.8% of Bennett Clayton Pty Ltd.
2. Earle Harper's holding is held through his private company.
3. Pieter Bruinstroop a Director of Beer & Co, which were retained for Corporate Advisory and capital raising purposes in 2019 and for these services received 161,583 shares. Pieter Bruinstroop's Self-Managed Superannuation Fund holds 50% of the equity in Beer & Co. At balance date, his SMSF held 430,000 shares in Hydrogenus Energy, as the company exercised its option, in December 2021, to convert the notes originally subscribed for into ordinary shares of Hydrogenus Energy.

## Options

R Tindall holds 600,000 options in Hydrogenus Energy, of which 500,000 have an exercise price of \$1.25 and 100,000 have an exercise price of \$2.50. The exercise date for these options ranges from 31 July 2025 to 30 June 2026.

P Bruinstroop holds 300,000 options in Hydrogenus Energy, of which 250,000 have an exercise price of \$1.25 and 50,000 have an exercise price of \$2.50. The exercise date for these options ranges from 31 July 2025 to 30 June 2026.

### Other Interests

R Tindall, a Non-Executive Director of Hydrogenus Energy, is the Managing Director of the company developing the high grade silica project in Far North Queensland.

P Bruinstroop is also a Director of Beer & Co, and his superannuation fund holds 50% of the shares in Beer & Co, which has been approached to assist in the expected major equity raising. He has stood aside from deliberations by Hydrogenus Energy and by Beer & Co of these services and has had no involvement in these discussions.

### Environmental Legislation

The operations of Hydrogenus Energy are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Hydrogenus Energy is seeking to develop a demonstration project, which may require certain planning approvals, though we have not progressed this to a sufficient stage to know what might be required.

### Proceedings On Behalf Of The Company

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

### Audit

These financial statements have NOT been audited as at 30 June 2022 the company was still a private company. This status has since been changed.

## INCOME STATEMENT

For the year ended 30 June 2022

		2021-22	2020-21
	Notes	\$	\$
<b>Continuing operations</b>			
Revenue	3	0	0
Other income	3	198,539	186,904
Corporate and administrative expenses	4	324,477	161,935
Research and development expenses	5	422,105	378,163
Losses on sale of assets		0	2,500
<b>Loss before financing costs</b>		<b>548,044</b>	<b>355,695</b>
Finance income		0	0
Interest Expense	6	4,597	0
Finance costs	6	14,264	15,000
<b>Loss before income tax</b>		<b>566,905</b>	<b>370,695</b>
Income tax benefit		0	0
<b>Loss attributable to owners</b>		<b>566,905</b>	<b>370,695</b>
<b>Total comprehensive loss attributable to owners</b>		<b>\$ 566,905</b>	<b>\$ 370,695</b>
Basic loss per share (cents per share)	7	19.4	17.2
Diluted loss per share (cents per share)	7	14.9	17.2

## BALANCE SHEET

For the year ended 30 June 2022

	Notes	2021-22 \$	2020-21 \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	8	153,512	168,362
Loans	9	2,000	11,311
Trade and other receivables	10	9,108	9,108
R&D Tax Incentive		198,491	186,676
<b>Total current assets</b>		<b>363,111</b>	<b>375,458</b>
Non-current assets			
Intangible Assets	11	2,100,000	2,100,000
Property, plant and equipment		0	719
<b>Total non-current assets</b>		<b>2,100,000</b>	<b>2,100,719</b>
<b>Total Assets</b>		<b>2,463,111</b>	<b>2,476,176</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	12	108,961	25,092
Employee benefits	13	15,405	0
Borrowings	14	210,712	0
GST Balance		(14,245)	(1,062)
<b>Total current liabilities</b>		<b>320,832</b>	<b>24,029</b>
<b>Total Liabilities</b>		<b>320,832</b>	<b>24,029</b>
<b>Net Assets</b>		<b>2,142,279</b>	<b>2,452,147</b>
Equity			
Issued capital	16	3,040,000	2,150,000
Reserves		39,878	672,841
Accumulated losses		(937,599)	(370,695)
<b>Total equity</b>		<b>2,142,279</b>	<b>2,452,147</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2022

	Issued Capital	Reserves	Accumulated Losses	Total Equity
<b>Balance as at 1 July 2021</b>	2,150,000		(370,695)	1,779,305
Conversion of Notes	640,000			640,000
New Equity Issued	250,000	35,281		285,281
Loss for the reporting year			(562,308)	(562,308)
<b>Balance as at 30 June 2022</b>	<b>3,040,000</b>	<b>35,281</b>	<b>(933,002)</b>	<b>2,142,279</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2022

	Notes	2021-22 \$	2020-21 \$
<b>Cashflows from Operating Activities</b>			
Receipts from customers		0	0
Research and Development Funded	3	(422,105)	(378,163)
Payments to suppliers and employees	4, 5	<u>(324,477)</u>	<u>(161,935)</u>
<b>Net cash outflows from operating activities</b>		(746,583)	(540,098)
<b>Cash flows from investing activities</b>			
Property, plant and equipment		0	(719)
Loans		(9,311)	(11,311)
changes in net working capital		247,102	(156,413)
Research and Development	2	<u>0</u>	<u>0</u>
<b>Net cash flows from investing activities</b>		237,791	(168,443)
<b>Cashflows from financing activities</b>			
Net proceeds from convertible notes issued		0	640,000
Net proceeds from equity raised	15	250,000	50,000
Research & Development Tax Incentive	3	198,491	186,876
Net Borrowings		50,000	0
Interest income	3	48	28
Interest expense	6	<u>(4,597)</u>	<u>0</u>
<b>Net cash inflows from financing activities</b>		493,942	876,904
Net increase / (decrease) in cash and cash equivalents		(14,850)	168,362
Cash and cash equivalents at start of year		<u>168,362</u>	<u>0</u>
<b>Cash and cash equivalents at 30 June</b>		<u>153,512</u>	<u>168,362</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes To the Consolidated Financial Statements for the Year Ended 30 June 2021

The financial statements cover the business of Hydrogenus energy Limited and have been prepared to meet the needs of stakeholders and to assist in the preparation of the tax return.

#### Note 1: Basis of Preparation

The special purpose financial statements have been prepared in accordance with the significant accounting policies described below and do not comply with any Australian Accounting Standards unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### Note 2: Summary of significant accounting policies

##### Revenue and other income

###### Interest revenue

Interest is recognised using the effective interest method.

###### Other

Other income is recognised on an accruals basis when the company is entitled to it.

###### Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

###### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

###### Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

###### Research and Development Expenses

All Research and Development is expensed.



## Notes To the Consolidated Financial Statements for the Year Ended 30 June 2022

<b>Note 3 - Revenue</b>	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Interest Income	47.89	28.04
R&D Grants	198,490.92	186,875.90

### **Note 4 - Corporate and administrative expenses**

	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Wages & Salaries Expenses	0.00	1,530.00
Accounting/Book-keeping Fees	21,310.00	13,973.48
Business Establishment & Development Consulting	42,217.79	11,590.88
Consultancy - Other	23,818.00	28,001.38
Marketing - Business Development Consulting	80,200.00	46,454.78
Business Development Hydrogenus Expenses	561.68	0.00
Marketing - Seminars & Advertising General	5,459.66	326.45
Other Consultancy & Research Costs	0.00	71.82
Bank Fees	37.61	190.09
Rent	33,570.00	22,080.00
Council Rates	2,497.00	1,156.88
Cleaning Expenses	68.18	454.54
Electricity Expenses	1,245.78	773.86
Gas (Street Gas) Expenses	178.63	0.00
Water Expenses	1,462.06	405.92
Waste Removal	195.45	0.00
Filing Fees	1,901.00	273.00
Legal Fees	12,565.05	450.00
Parking/Tolls Expenses	69.89	0.00
General Repairs & Maintenance	0.00	1,002.13
Computer Expenses	1,429.20	1,195.77
Internet	3,079.27	1,306.92
Furniture & Fittings	0.00	1,640.91
Plant & equipment	0.00	2,906.33
Stationery	1,388.06	642.47
Postage	11.41	9.82
Work Cover Premiums	3,464.36	2,949.66
Uniforms	310.65	0.00
Staff / Office Amenities	1,806.85	893.77
Safety equipment	102.68	1,330.32
Security Expenses	1,088.90	1,366.14
Director's Fees	60,000.00	0.00
Travel & Accom. Expenses	1,309.79	1,136.99
MV fuel	7,788.16	2,390.87
MV Expenses MC	89.09	0.00
Mobile Phone Expenses	113.63	1,402.73
Business Insurance	2,363.58	2,927.24
Public Liability Insurance	12,773.88	11,100.00

**Note 5 - Research and development expenses**

	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Engine & Power Research	72,000.00	32,727.25
Workshop Set-up	250.00	14,204.58
Engine Test Cell Set-up	2,070.00	18,687.34
Engine	0.00	52,114.79
Engine Parts & injection systems (OS) etc	81.37	3,220.65
Engine Parts & Injection Systems - Local	4,477.01	4,130.96
Engine Control Systems	8,046.32	10,967.79
Bennet Clayton Consultancy	32,500.00	60,500.00
Bennett Clayton parts	0.00	425.37
Consumables	3,549.73	4,501.40
Fuels & Gas consumed	26,599.92	6,225.82
Tools	15,600.13	10,222.18
Direct Labour	170,900.00	135,000.00
Direct Labour - Car Allowance	10,000.00	0.00
Direct Labour - Superannuation	18,000.00	12,825.00
Direct Labour - Oncosts	26,716.12	0.00
Plant/Equipment Hire	30,095.00	12,410.00

**Note 6 - Finance costs**

	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Interest Expense	4,596.89	
Borrowing Expenses	14,263.90	0.00
Equity raising costs		15,000.00

**Note 7 - Shares on Issue**

	<b>2021-22</b>	<b>2020-21</b>
At Establishment		2,100,000
Convertible Notes issued 31 October 2020	300,000	
Convertible Notes issued 1 March 2021	50,000	
Convertible Notes issued 31 March 2021	20,000	
Convertible Notes issued 13 April 2021	20,000	
Convertible Notes issued 19 April 2021	300,000	
Notes Converted 19 April 2021	(50,000)	<u>50,000</u>
	2,150,000	<u>2,150,000</u>
Notes Converted 8 December 2021	640,000	
Equity issued May 2022	<u>125,000</u>	
	<u>2,915,000</u>	
<b>Options On Issue</b>		
Exercisable at \$1.25 each	750,000	0
Exercisable at \$2.50 each	<u>150,000</u>	<u>0</u>
	<u>900,000</u>	<u>0</u>

<b>Note 8 : Cash and cash equivalents</b>	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Trading Account	150,326	161,424
Working Debit Card	2,827	6,635
Petty Cash/Cash On Hand	359	303

<b>Note 9 : Loans</b>	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Bennett Clayton P/L Loan	2,000	0
Bennett Clayton Loan HV June 21	0	11,311

<b>Note 10 : Trade and other receivables</b>	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Deposits To Suppliers	9,108	9,108

**Note 11 : Intangible Assets**

Hydrogenus Energy was founded to fund the further development of the Intellectual Property of Bennett Clayton Pty Ltd from the modification of engines to operate on simpler hydro-carbons to the modifications required for an Internal Combustion Engine to be able to be operated safely, effectively and efficiently using Hydrogen as its fuel. The initial capital raised, of \$730,000, was for a stake of 25.8% in Hydrogenus, which gives a valuation of the Intellectual Property vended into Hydrogenus initially of \$2,100,000

<b>Note 12 : Trade and other payables</b>	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Trade Creditors	73,730	25,092
PAYG Withholding Payable	10,071	0
Accrued Expenses	23,818	32,841

<b>Note 13 : Employee benefits</b>	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Accrued Annual Leave	7,112	0
Sick Leave Accrued	8,293	0

<b>Note 14 : Borrowings</b>	<b>2021-22</b>	<b>2020-21</b>
	\$	\$
Radium Capital R&D loan	99,196	0
Directors Fees Due	60,000	0
Business Loan #1	51,516	0

**Note 15 : Changes in Equity**

On 31 October 2020, GOH-PJB Superannuation Fund, an entity associated with a Director of the company (Pieter Bruinstroop), subscribed for 300,000 Convertible Notes at a price of \$1.00 each

These notes were issued with a coupon of 12% annual interest, with the Company having the option to convert the Notes into full paid ordinary shares, at the rate of 1 share for each note

This option for the Company was able to be exercised only after 1 July 2021 and before 31 December 2021.

If the Company failed to exercise the option, the note holders had the option of redeeming their notes, together with accumulated interest, or converting them into fully paid ordinary shares in the Company.

On 1 March 2021, GOH-PJB Superannuation Fund subscribed for a further 50,000 Convertible Notes

On 31 March 2021, GOH-PJB Superannuation Fund subscribed for a further 20,000 Convertible Notes

On 13 April 2021, GOH-PJB Superannuation Fund subscribed for a further 20,000 Convertible Notes, to bring the total to 390,000

On 19 April 2021, investors unrelated to the company subscribed for a total of 300,000 Convertible Notes

On 19 April 2021, the Company exercised its option to convert 50,000 of the Notes subscribed for by GOH-PJB Superannuation Fund into fully paid ordinary shares

On 29 September 2021, GOH-PJB Superannuation Fund subscribed for a further 40,000 Convertible Notes

On 10 December 2021, the Company exercised its option to convert the 690,000 Notes on issue into fully paid ordinary shares

In April 2022, the major shareholder of Hydrogenus Energy, Bennett Clayton Pty Ltd, resolved to distribute its shares in Hydrogenus to the shareholders of Bennett Clayton

In May 2022, the Company issued 125,000 new shares at a price of \$2.00 each, raising \$250,000

In July 2022, the Company issued a further 25,000 new shares at a price of \$2.00 each

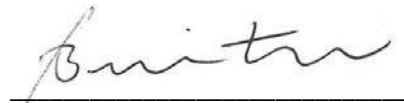
## DECLARATION BY DIRECTORS

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The Directors of the company declare that:

1. The financial statements and notes present fairly the company's financial position as at 30 June 2022 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements;
2. In the opinion of the Directors 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 Directors



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Pieter Jan Bruinstroop

Director

Dated 28 October 2022


## MINUTES OF THE MEETING OF DIRECTORS

Held at:	Level 2 South, 11-19 Bank Place MELBOURNE VIC 3000
Held on:	Thursday, 1 September 2022 at 1:00pm
Minutes:	The minutes of the previous meeting, on 29 June 2021 were tabled and Directors endorsed the minutes of the meeting.
Dividend:	Directors do not recommend the payment of a dividend.
Financial statement and notes to the financial statements:	The chair tabled the financial statements and notes to the financial statements of the entity in respect of the year ended 30 June 2022 and it was resolved that they be and are hereby adopted as tabled.
Company's solvency:	It was resolved after reviewing the cash flow budgets and considering the ability of the company to realise assets and raise further capital that the company would be able to pay its debts as and when they become due and payable.
Directors' report and declaration:	The chair tabled the report of the Directors and Directors' declaration in respect of the year ended 30 June 2022 and it was resolved that the report and declaration be approved and signed by 2 of the Directors.
Annual statement:	It was resolved that the contents of the annual statement be adopted and that 2 of the Directors sign the declaration certifying that: <ul style="list-style-type: none"><li>– the information contained in the statement is correct;</li><li>– there are reasonable grounds to believe that the entity will be able to pay its debts when they become due and payable; and</li><li>– the annual fee will be paid.</li></ul>
Compilation:	It was noted that the compilation report would be signed following the signing of the Directors' declaration.  There being no further business the meeting then closed.

Signed as a true record



Mark Allen Clayton  
Director



Pieter Jan Bruinstroop  
Director

Dated 2 September 2022