

# Hazer Group Ltd

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## Hazer Group retains speculative buy (higher risk) recommendation from State One Stockbroking

Hazer Group Ltd (ASX:HZR) is adopting a multi-prong approach to commercialising its proprietary Hazer Process - the conversion of natural gas into hydrogen and graphite, using iron ore as a process catalyst.

Following is an extract from State One Stockbroking's research report on Hazer:

### Hydrogen-focused path

In September 2018, HZR successfully trialled the Hazer Process in an independently designed and operated external Fluidised Bed Reactor (FBR-EXT).

The FBR-EXT process is representative of a typical FBR design in industry and is focused on the production of hydrogen, with graphite as a co-product.

The purpose of the independent testing was to 1) obtain input from a FBR specialist on the operability and scale-ability of the Hazer Process and, 2) provide a comparison against Hazer's proprietary design FBR pilot plant (FBR-PP), which was relocated to Kwinana (near Perth) in Nov/Dec 2018.

On the back of the strong performances of both the internal and external FBR tests, HZR commenced a FEED study for a A\$10m Commercial Demonstration Plant (CDP) producing ~100tpa of hydrogen and 250-375tpa of graphite.

HZR expect to complete the CDP FEED Study in the current quarter (March 2019), and discussions are concurrently taking place with off-take partners, feedstock (biogas or natural gas) suppliers and project funding partners.

HZR is also progressing with design studies for a A\$30-35m commercial scale Hazer Plant (2,500tpa hydrogen, 8,750tpa graphite).

### Graphite-focused path

Running in parallel to the above, HZR is collaborating with its investment and commercial partner Mineral Resources (ASX:MIN), which is currently constructing a 1tpa graphite-focused Paddle Tube Reactor (PTR) pilot plant - also located at Kwinana.

In HZR's December quarter quarterly update, HZR disclosed that MIN has advised them that they anticipate completing construction and commissioning the PTR pilot plant in 1Q 2019.

Note: HZR has disclosed that as the PTR project is being managed and executed by MIN, HZR will not be providing ongoing commentary on project progress to the market.

**Price:** \$0.38

**Market Cap:** \$36.96 m

### 1 Year Share Price Graph



### Share Information

**Code:** HZR

**Listing:** ASX

**52 week High Low**  
0.45 0.21

**Sector:** Tech

**Website:** [www.hazergroup.com.au](http://www.hazergroup.com.au)

### Company Synopsis:

Hazer Group Ltd (ASX:HZR) is commercialising the Hazer Process, a low cost graphite and hydrogen production technology. The company is listed on the Australian Securities Exchange. &nbsp;

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Risk-adjusted SOTP target price: A\$0.45ps (A\$0.48 previously)

Although there has been slippage relative to the previously guided project timeframe, the news that the MIN-funded PTR pilot plant is targeting to be commissioned by March is a positive.

We see development progress at the PTR project - which requires zero funding from HZR - as the most likely catalyst for near-term share price gains.

At current share price levels we believe HZR offers upside to our risk-adjusted target price; we see further upside potential as the PTR and FBR projects are advanced and as the deep discounts of 50% and 90% respectively are unwound.

We maintain a Speculative Buy (Higher Risk) recommendation.

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