

The Manager
Market Announcements Office
ASX Limited
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

Dear Sir / Madam

Notice Pursuant to Section 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84

Hydrix Limited (ACN 060 369 048) (ASX: HYD) (**Hydrix** or the **Company**) today announced an accelerated pro-rata non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares in the Company (**Shares**), under which eligible shareholders are entitled to subscribe for 1 new Share for every 2 Shares held on the record date of 7.00pm (Melbourne time) on Monday 19 September 2022 (**Record Date**), at an issue price of \$0.06 per Share.

The Company gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 that:

1. Under the Entitlement Offer, the Company will offer the new Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
 - (a) the Company has complied with provisions of Chapter 2M of the Corporations Act as they apply to the Company;
 - (b) the Company has complied with sections 674 and 674A of the Corporations Act; and
 - (c) there is no “excluded information” within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act.
3. The effect of the Entitlement Offer on the control of Hydrix will depend on a number of factors including:
 - (a) the level of institutional and retail shareholder participation in the Entitlement Offer and the identity of shareholders who participate in the Entitlement Offer;
 - (b) the level of shareholder or investor participation in the shortfall facility under the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) (**Institutional Shortfall Facility**), and the identity of shareholders or investors who participate in the Institutional Shortfall Facility;

- (c) the level of shareholder participation in the shortfall facility under the retail component of the Entitlement Offer (**Retail Entitlement Offer**) (**Retail Shortfall Facility**), and the identity of shareholders who participate in the Retail Shortfall Facility; and
 - (d) if applicable, the level of investor participation in the placement of any remaining shortfall after the close of the Retail Entitlement Offer and Institutional Entitlement Offer (**Shortfall Placement**), and the identity of investors who participate in the Shortfall Placement.
4. The following can be said about the potential effect of the Entitlement Offer on the control of Hydrix:
- (a) if every eligible shareholder was to take up their full entitlement, there would be a minimal effect on the control of Hydrix (having regard to the small shareholdings of ineligible foreign shareholders), as the Entitlement Offer is made pro-rata and in that case there would not be any scope for any shareholder (or other investor) to apply for additional new Shares under the Institutional Shortfall Facility, Retail Shortfall Facility, or Shortfall Placement;
 - (b) the effect of the Entitlement Offer on the control of Hydrix will be limited by the 20% voting threshold under the general takeovers prohibition in section 606 of the Corporations Act. The Company has not appointed a nominee for the purposes of section 615 of the Corporations Act in respect of the Entitlement Offer. Accordingly, participation in the Entitlement Offer is subject to the 20% voting threshold under the general takeovers prohibition under section 606 of the Corporations Act, and no person will be permitted to acquire entitlement Shares in reliance on the 'rights issue' exception (in item 10, section 611 of the Corporations Act) to the general takeovers prohibition set out in section 606 of the Corporations Act;
 - (c) even where the Entitlement Offer is significantly undersubscribed by eligible shareholders, with the result that a large number of shortfall Shares reverts to the Shortfall Placement, Hydrix intends to mitigate the potential control effects of any such Shortfall Placement by ensuring that its allocation policy under the Shortfall Placement facilitates the allotment of shortfall Shares to a spread of investors; and
 - (d) eligible shareholders who subscribe for their full entitlement under the Entitlement Offer will not be diluted as a result of the Entitlement Offer. Ineligible shareholders, or shareholders who do not subscribe for their full entitlement under the Entitlement Offer, will be diluted as a result of the Entitlement Offer (as compared to their holdings and number of Shares on issue at the date of this cleansing notice).
5. The table below demonstrates the dilutionary impact of the Entitlement Offer on shareholders under the following scenarios:
- (a) where a shareholder subscribes for no Shares under the Entitlement Offer (including where the shareholder is an ineligible foreign shareholder);
 - (b) where a shareholder subscribes for 25% of its full entitlement; and

- (c) where a shareholder subscribes for 50% of its full entitlement.

Shareholding as at Record Date		Entitlement under Entitlement Offer	Shareholding after Entitlement Offer if 0% entitlement accepted		Shareholding after Entitlement Offer if 25% entitlement accepted		Shareholding after Entitlement Offer if 50% entitlement accepted	
Number	%		Number	%	Number	%	Number	%
30,000,000	15.18	15,000,000	30,000,000	10.12	33,750,000	11.38	37,500,000	12.65
10,000,000	5.06	5,000,000	10,000,000	3.37	11,250,000	3.79	12,500,000	4.22
5,000,000	2.53	2,500,000	5,000,000	1.69	5,625,000	1.90	6,250,000	2.11

6. The table above assumes that:
- (a) the Company has 197,643,280 Shares on issue as at the Record Date (being the number of Shares on issue as at the date of this cleansing notice;
 - (b) the entitlements not taken up are issued under the Retail Shortfall Facility, Institutional Shortfall Facility or Shortfall Placement, such that the maximum number of entitlement Shares available under the Entitlement Offer are issued; and
 - (c) no further Shares (other than under the Entitlement Offer) are issued.
7. In the event that all entitlements are not accepted, and some or all of the resulting shortfall was not subsequently placed under the Institutional Shortfall Facility, Retail Shortfall Facility, or Shortfall Placement, the dilution effect for each shareholder not accepting their full entitlement would be a lesser percentage.

Dated: 15 September 2022

Authorisation: This announcement has been authorised by the Board of Hydrix Limited.

Signed for **Hydrix Limited**



Alyn Tai
Company Secretary