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## HEXAGON RESOURCES LIMITED

ACN 099 098 192

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Meeting will be held at:

**TIME:** 2:00pm (WST)

**DATE:** Friday, 22 November 2019

**PLACE:** Hay Room at BDO in Subiaco  
Perth Western Australia

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (WST) on Wednesday, 20 November 2019.***

***The ASX takes no responsibility for the contents of this Notice.***

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## BUINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GARRY PLOWRIGHT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 7.3(b) of the Constitution, and for all other purposes, Mr Garry Plowright, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – CHANGE OF NAME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That pursuant to and in accordance with section 157 of the Corporations Act and for all other purposes, approval is given for the name of the*

*Company to be changed to "Hexagon Energy Materials Limited" with effect from the date that ASIC alters the details of the Company's registration."*

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## 5. RESOLUTION 4 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

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## 6. RESOLUTION 5 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature of its activities, as described in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Dated: 18 October 2019**

**By order of the Board**



**Rowan Caren**

**Company Secretary**

### **Voting in person**

To vote in person, attend the Meeting at the time, date and place set out above.

### **Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Rowan Caren, Company Secretary on +61 8 6244 0349.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at:

<http://hexagonresources.com>

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will

cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GARRY PLOWRIGHT**

### **3.1 General**

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Garry Plowright, who has served as a director since 10 June 2015 and was last re-elected on 29 November 2017, retires by rotation and seeks re-election.

Mr Plowright is a non-executive director.

### **3.2 Qualifications and other material directorships**

Mr. Plowright is an experienced executive with over 25 years' experience in finance, commercial and technical development within the mining and exploration industry, working for some of Australia's leading resource companies.

He had been involved in gold, base metals and iron ore exploration and mining development projects in Australia and worldwide. Previous experience with the supply and logistics of services to the mining and exploration industry including capital raising, corporate governance and compliance, project management, mining and environmental approvals and regulations, contract negotiations, tenure management, land access, stakeholder and community engagement. Mr Plowright has extensive experience in mining law and has provided services to the industry in property acquisitions, project generation and joint venture negotiations.

Mr Plowright has held global operational and corporate roles with Gindalbie Metals Ltd, Mt Edon Gold Ltd, Pacmin Mining, Atlas Iron Ltd, Tigris Gold (South Korea) and Westland Titanium (New Zealand).

### **3.3 Independence**

If elected the board considers Mr Plowright will continue to be an independent director.

### **3.4 Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – CHANGE OF NAME

### 4.1 General

Hexagon has established a strong commercial and technical network in the US through its graphite developments. The US investment community, industry and government is intensely interested and concerned about the sustainable supply thematic of “critical minerals”, particularly given China's dominance of markets in energy-related materials such as battery-grade graphite, lithium, cobalt and rare-earth elements (REEs).

During discussions regarding development of its downstream graphite business, Hexagon's potential strategic funding partners have expressed a clear desire that the Company expand its focus to encompass this suite of energy/critical materials. This evolution in strategy would present exciting complementary opportunities for Hexagon to access within its downstream commercialisation strategy, with a continued focus on fast-tracking towards cashflow

The new name reflects more clearly this improved strategy.

### 4.2 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

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## 5. RESOLUTION 4 – REPLACEMENT OF CONSTITUTION

### 5.1 General

A company may modify or repeal its constitution or a provision of its constitution by a special resolution of Shareholders.

Resolution 4 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in May 2015.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted in Resolution 3;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and

- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website at [www.hexagonresources.com](http://www.hexagonresources.com) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6244 0349 or [info@hexagonresources.com](mailto:info@hexagonresources.com)). Shareholders are invited to contact the Company if they have any queries or concerns.

## **5.2 Summary of material proposed changes**

### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the proposed changes to ASX Listing Rule 15.12 which is due to be finalised and released in December 2019. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Shareholding (clause 3)**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Fee for registration of off market transfers (clause 8.4(c))**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to as "off-market transfers".



Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by a direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and

- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 4.

### 5.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

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## 6. RESOLUTION 5 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

### 6.1 Background

The Company is an Australian public company listed on the official list of ASX (ASX Code: HXG). The company was incorporated on 19 December 2001 and was admitted to the official list of the ASX on 30 October 2008.

The Company has historically been involved in mineral exploration, with interests in the following projects:

- (a) the McIntosh Graphite Project (100%);
- (b) the Ceylon Graphite Project (80%); and
- (c) Halls Creek Gold/Base Metals Project (100%).

The Company aims to become a vertically integrated energy materials business supplying high-specification energy materials to the energy storage sector, sophisticated technology applications and high-end industrial uses.

Since late 2017, HXG has been mindful of the end market and supply chain issues in developing its graphite business and has therefore been undertaking extensive test work on assessing a downstream component to its business through transforming flake graphite into battery/energy related materials. In May 2019, this culminated in the completion of the Downstream Scoping Study (**DSS**) highlighting the robust nature of a downstream graphite business.

Resolution 5 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities as a result of the Acquisition. Following completion of the Acquisition, the Company will continue its existing activities in parallel with development of the RapidSX technology, further details of which are set out below and in the Company's announcement dated 10 October 2019.

**In the event that Shareholders do not approve Resolution 5, the Company will not exercise the AIM Option and the Acquisition will not proceed.**

## 6.2 The Acquisition

Consistent with its intention to expand into all energy materials, the Company has executed a binding Investment Agreement (**Agreement**) with Innovation Metals Corp (**IMC**), a company incorporated in Canada (Corporation Number: BC0903804), pursuant to which the Company has an option (the **AIM Option**) to acquire (**Acquisition**) a 49% interest in IMC's proprietary RapidSX™ technology, further details of which are set out in Section 6.4 below (**RapidSX**).

The Acquisition will be structured through a newly incorporated company that will be the owner of the RapidSX™ technology, American Innovation Metals Inc (**AIM**), in which the Company's wholly owned subsidiary, Energy Materials of America LLC, will hold a 49% joint venture interest.



## 6.3 IMC

As developers of the RapidSX technology, IMC is a highly credentialled and regarded private technical research company, incorporated in Canada and based in the greater Toronto area. The principals of IMC include Chairman & CEO, Dr. Gareth Hatch, and President & COO, Mr. Patrick Wong.

IMC utilises a test work facility at the Process Research Ortech Inc. compound in Ontario, Canada. IMC was set up to provide low-cost separation and purification processes to the rare earth element (**REE**) industry, based on commercially scalable processes and materials. To that end, the primary focus has been on solvent extraction (**SX**), with the most advanced work focused on the extraction, separation and purification of REEs, the separation and purification of cobalt (Co) and nickel (Ni), and the extraction and purification of lithium (Li) from brines.

IMC contributes high-level technical skills and commercial contacts associated with REEs on a global scale.

#### 6.4 The RapidSX Technology

The RapidSX approach to REE separation has been piloted to prove that its enhanced separation kinetics cuts the number of stages required for separation by up to 90%, with significantly faster flow-through rates for the metals, while maintaining commercial-level recoveries and product purities. This offers major capital and operating costs savings.

IMC developed the RapidSX approach to REE separation through a highly successful REE separation test program in Canada, with the assistance of US\$1.8 million in funding from the US Department of Defence (**DoD**). The process circuits utilise proprietary column-based reactors, with similar unit operations within each circuit as those used for conventional SX, but with far fewer separation stages.

Since 2016, when the RapidSX approach was initially demonstrated, additional applications such as the separation and purification of Ni and Co, and the direct extraction of Li from brines, further demonstrated a robust technology with wide applications. IP protection in the form of patent applications is anticipated to be finalised on the technology on completion of the Acquisition.

The Company has completed due diligence of RapidSX and alternative emerging REE separation technologies, supported by Perth based metallurgical engineering firm, Mintrex Pty Ltd. An important consideration for the Company's investment decision was that the RapidSX approach is based on well-established and demonstrated science – namely SX, albeit a significantly enhanced and unique version of it. This is not a new theory or process concept; it is an innovative evolution of an existing technology.

At a high level the comparative advantages offered by the RapidSX approach to REE separation compared to conventional SX and emerging technologies, include:

- (a) **Proven approach** – successfully developed and piloted with financial assistance from the US DoD.
- (b) **Robust process** – capable of taking light REE-rich, heavy REE-rich and even blends of REE feedstocks.
- (c) **Low capital costs** – due to the significantly reduced size and number of separation stages and resulting physical plant footprint, compared to conventional SX approaches.
- (d) **Low operating costs** – due to reduced separation times (days compared to weeks), reduced reagent and power consumption, reduced manpower requirements and reduced in-process metal inventories.
- (e) **No high-specification engineering** – all construction materials and equipment are readily available with no high-specification engineering or 'black-box' technology.
- (f) **Scalability** – The process lines are modular and scalable.

The Company has completed a review of the existing SX and alternative technologies and concluded that the RapidSX approach is the most advanced, proven process technology and is ready for commercialisation with the construction of a Commercial Demonstration Plant (**CDP**).

The CDP will be operated at a site in North America, with a final location yet to be determined, with a planned production capacity of 60,000 to 80,000 kg of rare earth oxides (**REOs**) per year, representing a conservative scale up of approximately 3-5-times compared to the pilot circuit previously developed. The CDP is expected to take approximately 6 months to construct, 3 months to commission and can be scaled up with the addition of new lines.

## 6.5 AIM

The objective of the Acquisition is to combine the relative skills of the two parties to commercialise RapidSX for REEs. The Agreement provides a 12 month option for Hexagon to earn a 49% interest in the application of the RapidSX technology for REE separation via equity in AIM.

The total consideration is US\$6.0 million, comprising:

- (a) an upfront payment of US\$2.0 million to fund the construction of the CDP and to complete the process of protecting the associated intellectual property via worldwide patent applications (**Initial Consideration**); and
- (b) US\$4.0 million in deferred consideration, payable to IMC from the Company's future AIM cash flows (**Deferred Consideration**), provided that, there is no recourse to the Company if the cash flow distributions from AIM are insufficient to meet the Deferred Consideration and Hexagon will be entitled to retain its 49% joint venture interest.

The Company has also agreed to make an additional US\$0.5 million available, if required, to meet any cost overruns which will be deducted from the Deferred Consideration component.

The initial consideration will be funded out of existing cash reserves, supplemented, if necessary, by additional capital. Assuming that HXG proceeds to expend all of the Initial Consideration, Hexagon will need to raise additional capital in the next 6-12 months. The exact quantum to be raised, the timing of any such raising, the terms on which those funds may be raised and the method of financing these activities is yet to be finalised.

In considering this transaction the Company considers that the key risk comprises securing of clients with mixed REE chemical concentrates to fully utilise the CDP and progress to finalise licencing agreements. AIM has already executed several Confidentiality Agreements with interested parties with operations and advanced projects across several continents. As with any new technology, there is a risk that it will not be as effective as anticipated, that development may take longer than anticipated or that costs to develop may exceed expectations. As the CDP essentially comprises pipes, tanks, pumps and electrical components assembled in an existing building; it can easily be placed on care and maintenance at little cost if there are no clients to utilise the facility.

A summary of the likely effect of the transaction on the entity's planned annual expenditure is as follows:

|                               | 000's        |
|-------------------------------|--------------|
| Halls Creek Exploration       | 250          |
| Alabama Graphite Exploration  | 88           |
| McIntosh Graphite Exploration | 350          |
| Graphite Downstream           | 650          |
| REE IMC transaction           | 2,941        |
|                               | <u>4,279</u> |

A summary of the likely effect of the transaction on the entity's consolidated total assets and total equity interests is shown in the following table. This does not show the effect of the deferred consideration as such consideration is only payable from Hexagon's share of AIM's future cash flows:

#### Consolidated Statement of Financial Position

|  | Audited 30 June 2019 | Pro Forma 30 June 2019 excluding deferred consideration |
|--|----------------------|---|
| <b>ASSETS</b>  |                      |   |
| <b>Current Assets</b>  |                      |   |
| Cash and cash equivalents  | 4,203,294            | 357,706   |
| Trade and other receivables  | 34,022               | 34,022  |
| <b>Total current assets</b>  | <u>4,237,316</u>     | <u>391,728</u>  |
| <b>Non current Assets</b>  |                      |   |
| Trade and other receivables  | 5,500                | 5,500   |
| Equity investments at FVOCI  | 71,296               | 71,296  |
| Plant and equipment  | 21,667               | 21,667  |
| Acquisition  | -                    | 3,845,588   |
| Exploration and evaluation assets  | 12,144,259           | 12,144,259  |
| <b>Total non current assets</b>  | <u>12,242,722</u>    | <u>16,088,310</u>                                       |
| <b>Total Assets</b>  | <u>16,480,038</u>    | <u>16,480,038</u>                                       |
| <b>LIABILITIES</b>   |                      |   |
| <b>Current Liabilities</b>   |                      |   |
| Trade and other payables   | 343,213              | 343,213   |
| Provisions   | 29,070               | 29,070  |
| <b>Total current liabilities</b>   | <u>372,283</u>       | <u>372,283</u>  |
| <b>Total Liabilities</b>   | <u>372,283</u>       | <u>372,283</u>  |
| <b>Net Assets</b>  | <u>16,107,755</u>    | <u>16,107,755</u>                                       |
| <b>EQUITY</b>  |                      |   |
| Contributed equity   | 58,857,850           | 58,857,850  |
| Reserves   | 2,500,485            | 2,500,485   |
| Accumulated losses   | (45,268,027)         | (45,268,027)  |
| Capital and reserves attributable to owners of Hexagon Resources Limited | <u>16,090,308</u>    | <u>16,090,308</u>                                       |
| Non controlling interests  | <u>17,447</u>        | <u>17,447</u>   |
| <b>Total Equity</b>  | <u>16,107,755</u>    | <u>16,107,755</u>                                       |

A summary of the key terms of the Agreement is set out in Schedule 2.



## 6.6 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has confirmed to the Company that it requires the Company to obtain the approval of its Shareholders for the proposed change of scale and nature. For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

## 6.7 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

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## 7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

### 7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$17,215,220 (based on the number of Shares on issue and the closing price of Shares on the ASX on 7 October 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.



Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: HXG).

If Shareholders approve Resolution 6, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

## **7.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 5.2(a)(i), the date on which the Equity Securities are issued.

### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid), which for the avoidance of doubt will not be triggered by Resolution 5,

**(10% Placement Capacity Period).**

### **(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 7 October 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

| Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2) | Dilution                            |   |                        |   |
|--|-------------------------------------|---|------------------------|---|
|  | Issue Price (per Share)             | \$0.030<br>50% decrease<br>in Issue Price | \$0.059<br>Issue Price | \$0.089<br>50% increase<br>in Issue Price |
| 291,783,397<br>(Current Variable A)                                | Shares issued - 10% voting dilution | 29,178,340                                | 29,178,340             | 29,178,340                                |
|  | Funds raised                        | \$860,761                                 | \$1,721,522            | \$2,582,283                               |
| 437,675,096<br>(50% increase in Variable A)                        | Shares issued - 10% voting dilution | 43,767,510                                | 43,767,510             | 43,767,510                                |
|  | Funds raised                        | \$1,291,142                               | \$2,582,283            | \$3,873,425                               |
| 583,566,794<br>(100% increase in Variable A)                       | Shares issued - 10% voting dilution | 58,356,679                                | 58,356,679             | 58,356,679                                |
|  | Funds raised                        | \$1,721,522                               | \$3,443,044            | \$5,164,566                               |

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 291,783,397 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 7 October 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) non-cash consideration for the continued exploration and development of the Company's existing projects and the acquisition of new assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration, in such circumstances, the Company intends to use the funds raised towards continued exploration and development of the Company's existing projects, development of the RapidSX technology (subject to the approval of Resolution 5) and working capital requirements.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;

- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 20 November 2018 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 20 November 2018, the Company otherwise issued a total of Nil Shares and 1,600,000 Performance Rights, which represents approximately 0.55% of the total diluted number of Equity Securities on issue in the Company on 20 November 2018, which was 291,783,397.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### **7.3 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an

issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

## 7.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.

**AIM Option** has the meaning given to that term in Schedule 2.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Hexagon Resources Limited (ACN 099 098 192).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 20 NOVEMBER 2018

| Date of Issue  | Quantity                                  | Class                           | Recipients               | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration  |
|--|---|---------------------------------|--------------------------|---|--|
| Issue – 4 February 2019<br>Appendix 3B – 4 February 2019 | 1,600,000 Performance Rights <sup>9</sup> | Performance Rights <sup>2</sup> | Chief Commercial Officer | Nil cash consideration  | <b>Consideration:</b> Issued to an employee as part of Company's Incentive Plans<br><br><b>Current value<sup>3</sup> =</b> \$66,588.80 |

### Notes:

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Performance Rights, subject to vesting criteria. Each performance right may be converted into one ordinary share. Rights will vest upon satisfaction of specific performance hurdles:
  - 325,000 Performance Rights shall convert upon the recipient, prior to 31 March 2019, developing a financial model for assessing the commercial viability of the downstream business case (these Performance Rights have vested);
  - 325,000 Performance Rights shall convert upon the recipient, prior to 30 June 2020 completing a business wide upgrade of the Company's financial management policies, periodic reporting and forecasting procedures;
  - 475,000 Performance Rights shall convert upon the recipient, prior to 30 June 2020 developing a contracting and implementation strategy for the Company's strategy to build and operate the graphite qualification facility and the 30-day volume weighted average price of the Company's fully paid ordinary shares being more than double the closing price of Shares on the date of allotment of the Performance Rights; and
  - 475,000 Performance Rights shall convert upon the Company, prior to 30 June 2020, completing a Feasibility Study for the downstream business to final investment decision status and the 30-day VWAP of Shares being more than double the Allotment Price,

If the relevant Milestone is not met, then the Performance Rights will lapse.
- Value was calculated using the following inputs:

| Tranche 1-2 (Valued at Share price on grant date of \$0.145) | Tranche 3-4 (Valued using Hoadleys Hybrid ESO Model) |
|--|--|
| Grant date 4-Feb-19  | Grant date 4-Feb-19                                  |
| Expiry date 4-Feb-24   | Expiry date 4-Feb-24                                 |
| Expected life (years) 5                                      | Expected life (years) 5                              |
| Vesting date 30-Jun-20                                       | Vesting date 30-Jun-20                               |
| Number issued 650,000  | Number issued 950,000                                |
| Share price current \$0.059                                  | Share price current \$0.059                          |
|  | Share price target \$0.260                           |
|  | Employment exit rate 5%                              |
|  | Expected volatility 97.4%                            |
|  | Risk-free rate 1.92%                                 |

## SCHEDULE 2 – MATERIAL TERMS AND CONDITIONS OF AGREEMENT

|  |  |
|--|--|
| 1. <b>Parties</b>                              | <p>(a) Hexagon Resources Limited (ACN 099 098 192) or a 100% owned and controlled subsidiary entity (being Energy Materials of America Inc.) (<b>HXG</b>).</p> <p>(b) Innovation Metals Corp. (Corporation Number: BC0903804) (<b>IMC</b>).</p>  |
| 2. <b>AIM Option</b>                           | <p>HXG has an exclusive option to form and hold a 49% interest in an incorporated joint venture (<b>Joint Venture</b>) for the commercial development of IMC's RapidSX™ processing technology for the separation of rare earth elements (<b>AIM Option</b>), in consideration for:</p> <p>(a) satisfaction of the Expenditure Commitment (defined in Item 4 below) by HXG; and</p> <p>(b) the Deferred Consideration (defined in Item 9 below),</p> <p>The incorporated joint venture is intended to be a private special purpose company, American Innovation Metals Inc (<b>AIM</b>).</p>  |
| 3. <b>AIM Option Period</b>                    | From 9 October, 2019 until 12 months after that payment date.  |
| 4. <b>Conditions to exercise of AIM Option</b> | <p>Exercise of the AIM Option is conditional on HXG contributing USD\$2,000,000 for funding the construction of a commercial demonstration-scale multi-circuit pilot plant for the separation of rare earth elements utilising RapidSX™ technology (<b>CDP</b>) and securing initial patent protections in the name of IMC for AIM use with respect to rare earth elements and development of RapidSX™ technology (<b>Patent IP Protections</b>) (<b>Expenditure Commitment</b>).</p> <p>HXG may exercise the AIM Option at any time during the AIM Option Period after it has satisfied the Expenditure Commitment, provided that HXG will not commit funding to satisfaction of the Expenditure Commitment unless and until Shareholder approval has been obtained.</p> <p>There is a review event if the CDP has not been funded by 31 May 2020 and the Parties will review what steps are required in order to achieve that funding.</p> |
| 5. <b>Joint Venture</b>                        | <p>Upon exercise of the AIM Option, HXG and IMC will hold the following shareholdings in AIM:</p> <p>(a) IMC – 51%.</p> <p>(b) HXG – 49%.</p>  |
| 6. <b>CDP</b>                                  | The CDP will be owned and managed by AIM.  |



|   |  |
|---|--|
|   | Once the AIM Option has been exercised, IMC will use all reasonable endeavours to complete construction of the CDP and obtain the Patent IP Protections as soon as reasonably practicable and will provide HXG with monthly reports on the status of such activities.  |
| <b>7. Additional Expenditure Commitment</b> | <p>To the extent additional funds are required (after the exercise of the AIM Option by HXG) to obtain the Patent IP Protections and/or to complete construction of the CDP, upon HXG receipt of a written request from IMC, HXG will be required to contribute up to an additional USD\$500,000 for construction of the CDP and/or obtaining the Patent IP Protections (as applicable) (<b>Additional Expenditure Commitment</b>).</p> <p>Any Additional Expenditure Commitment will be offset against Deferred Consideration payments (per Item 9 below).</p>  |
| <b>8. Licensing</b>                         | <p>Upon exercise of the AIM Option, IMC will grant to AIM an exclusive worldwide licence to use the Patent IP Protections and IMC's RapidSX™ processing technology for the separation of rare earth elements including any associated intellectual property for the purposes of the Joint Venture at nil cost.</p> <p>Any new intellectual property developed by AIM as part of the Joint Venture including rare earth elements flowsheets, extractant combinations and re-utilisation of outputs will be owned by AIM with all associated patents for such new intellectual property assigned to AIM.</p> |
| <b>9. Deferred Consideration</b>            | <p>After exercise of the AIM Option, HXG USA will progressively pay to IMC a total of USD\$4,000,000 (<b>Deferred Consideration</b>) out of its proportionate share of AIM funds that are available for distribution, being funds that are not committed to Joint Venture activities including approved Joint Venture budgets and work programs.</p> <p>The amount of the Deferred Consideration will be reduced by the amount of any Additional Expenditure Commitment contributed by HXG after exercise of the AIM Option.</p>   |
| <b>10. Shareholder Deed</b>                 | The Agreement includes terms for a shareholders' agreement (Shareholder Deed) reflecting a comprehensive addendum to the Agreement which is designed to ensure protection of minority shareholder rights in decision making as well as include standard provisions relating to management, reporting obligations and divestment of joint-venture interests, amongst other matters.   |

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

## Vote by Proxy: HXG

Your proxy voting instruction must be received by **2.00pm (WST) on Wednesday, 20 November 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

Submit your Proxy Voting Form online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

#### ELECTRONIC COMMUNICATION

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.






#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



|                |   |  |  |   |
|----------------|---|--|--|---|
| <b>Contact</b> | <b>Return your completed form</b>   |  | <b>All enquiries to Automic</b>  |   |
|                |  <b>BY MAIL</b><br>Automic<br>GPO Box 5193<br>Sydney NSW 2001 |  <b>IN PERSON</b><br>Automic<br>Level 5, 126 Phillip Street<br>Sydney NSW 2000 |  <b>BY EMAIL</b><br>meetings@automicgroup.com.au |  <b>WEBCHAT</b><br><a href="https://automic.com.au/">https://automic.com.au/</a><br> <b>PHONE</b><br>1300 288 664 (Within Australia)<br>+61 2 9698 5414 (Overseas) |

|                                   |   |
|-----------------------------------|---|
| <b>STEP 1: Appoint Your Proxy</b> | <b>Complete and return this form as instructed only if you do not vote online</b><br>I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Hexagon Resources Limited, to be held at <b>2.00pm (WST) on Friday, 22 November 2019 at the Hay Room at BDO, 38 Station Street, Subiaco WA 6008</b> hereby:<br><b>Appoint the Chairman of the Meeting (Chair)</b> OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.<br><div style="border: 1px solid black; height: 20px; width: 100%;"></div> |
|                                   | <p><b>The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.</b><br/> Unless indicated otherwise by ticking the "for," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.</p> <p><b>AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS</b><br/> Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.</p>  |

|                                      |  |                          |                          |                          |
|--------------------------------------|--|--------------------------|--------------------------|--------------------------|
| <b>STEP 2: Your Voting Direction</b> | <b>Resolutions</b>   | <b>For</b>               | <b>Against</b>           | <b>Abstain</b>           |
|                                      | 1. ADOPTION OF REMUNERATION REPORT   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                      | 2. RE-ELECTION OF DIRECTOR – GARRY PLOWRIGHT   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                      | 3. CHANGE OF NAME  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                      | 4. REPLACEMENT OF CONSTITUTION   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                      | 5. CHANGE TO NATURE AND SCALE OF ACTIVITIES  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                      | 6. APPROVAL OF 10% PLACEMENT CAPACITY  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                      | <p><i>Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.</i></p> |                          |                          |                          |

|  |   |   |   |
|--|---|---|---|
| <b>STEP 3: Sign Here + Contact Details</b>   | <b>SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED</b>            |   |   |
|  | Individual or Securityholder 1  | Securityholder 2  | Securityholder 3  |
|  | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> |
|  | Sole Director and Sole Company Secretary                                | Director  | Director / Company Secretary  |
|  | Contact Name:   |   |   |
|  | <div style="border: 1px solid black; height: 20px; width: 100%;"></div> |   |   |
|  | Email Address:  |   |   |
|  | <div style="border: 1px solid black; height: 20px; width: 100%;"></div> |   |   |
| Contact Daytime Telephone  |   |   |   |
| <div style="border: 1px solid black; height: 20px; width: 100%;"></div>  |   |   |   |
| Date (DD/MM/YY)  |   |   |   |
| <div style="border: 1px solid black; height: 20px; width: 100%;"></div>  |   |   |   |
| By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible). |   |   |   |