

## **Innovation Metals Corp. and Hexagon Resources Limited Form Joint Venture for the Commercialization of RapidSX™ Technology for Rare-Earth Separation**

**TORONTO, October 10, 2019** – [Innovation Metals Corp.](#) (“IMC”) is pleased to announce the execution of a binding Investment Agreement (“BIA”) with [Hexagon Resources Limited](#) (ASX:HXG) (“Hexagon”), on the formation of American Innovation Metals Inc. (“AIM”), a new joint-venture company focused on the commercialization of IMC’s RapidSX™ technology for the separation of rare-earth elements (“REEs”).

Through the BIA with IMC, Hexagon has an Option to acquire 49% of AIM with an exercise price of US \$2.0 million, plus US\$4.0 million in deferred consideration. Hexagon will also contribute commercial and marketing capabilities to identify and to secure feedstocks, generate licensing opportunities for the RapidSX technology and sales/offtakes for REE oxides (“REOs”) produced. The exercise of the Option is conditional on Hexagon shareholder approval, to be sought at Hexagon’s AGM on November 22, 2019.

Hexagon is an Australian-listed energy-materials development company, with natural-flake graphite assets in Australia and the USA. The company has recently pivoted its graphite-development strategy from upstream mine development to now focusing solely on the downstream processing of graphite and other energy materials in the United States. Hexagon has for the past two years focused on the transformation of graphite into battery materials and products for highly-specified industrial applications. A positive downstream scoping-level study, examining the purification and production of a diverse range of high-quality graphite products, was successfully completed in May 2019. This ongoing work has led to the development of a strong technical and commercial network in North America, spanning the entire battery supply chain. It was through this network that Hexagon was introduced to IMC and the present joint-venture opportunity.

The US\$2.0 million investment by Hexagon will be utilized to build a commercial demonstration plant (“CDP”) in North America. The CDP will have a planned production capacity of 60,000 to 80,000 kg of REOs per year, with construction and commissioning planned for completion in Q3 2020. The investment will also be utilized to complete the protection of the RapidSX IP via global patent applications.

“IMC has long recognized the need for cost-effective REE separation and purification capabilities in the USA and beyond,” commented Dr. Gareth Hatch, Chairman and CEO of IMC. “In addition to ongoing US-China trade tensions, in recent years the authorities in China have been more strictly enforcing environmental protection and pollution-control measures, leading to the closure of non-conforming industrial plants and facilities. The REE industry is no exception, and these steps have led to a gradual reduction in REE production capacity, tightening supply. The joint venture with Hexagon represents a unique opportunity to support the much-needed diversification of the REE supply chain, and we look forward to working with the Hexagon team to realise our shared objectives.”

IMC developed the RapidSX separation technology with the assistance of US\$1.8 million in funding from the US Department of Defense, resulting in the production of commercial-grade separated REOs at the pilot scale. The technology combines the time-proven chemistry of solvent extraction with a new column-based platform, which significantly reduces time to completion and plant footprint, as well as lowering capital and operating costs. It has also been successfully applied to the separation and purification of other metals in solution, such as Ni, Co and Fe in leach solutions produced from Ni laterite ores, as well as Li from Li brines.

“Hexagon is excited to be working with the IMC team to commercialize the RapidSX technology for REE separation, particularly with respect to the US supply chain,” said Mike Rosenstreich, Managing Director of Hexagon. “The lack of US-based operational REE separation capacity presents a serious vulnerability to US national and economic security and the security of its allies, as REEs are critical for defense technologies, electric vehicles and US economic growth plans. Without downstream capacity to separate and purify REEs, the USA and its allies are vulnerable to potential supply disruptions, price spikes and trade disagreements related to REEs. It is our intention to remedy this situation with the successful commercialization of the RapidSX approach to REEs.”

The CDP will be used to conduct staged scoping- to feasibility-level studies on the performance, capital and operating costs of a full-scale, RapidSX-based REE separation plant.

Initial commercialization by AIM will focus on licencing of the RapidSX technology to mixed REE chemical-concentrate producers for fixed and revenue-based fee structures. Ahead of these licensing agreements, clients will have the opportunity to utilize the CDP to test the separation of their mixed REE chemical concentrates, while covering the plant operating costs.

Following Hexagon’s initial investment, AIM could potentially be self-funding through to commercialization with operating costs covered via client projects. It may also attract government grants and incentives, particularly from the USA, with respect to the future construction of a US-based independent, full-scale RapidSX-based REE separation plant, to be owned and operated by AIM.

#### **About Innovation Metals Corp.**

Innovation Metals Corp. (“IMC”) is a private Canada-based company and developer of the proprietary RapidSX™ process, for the low-cost separation and purification of rare-earth elements (“REEs”), Ni, Co, Li and other technology metals, via an accelerated form of solvent extraction. IMC is commercializing this approach for a number of metals, to help enable mining and metal-recycling companies to compete in today’s global marketplace.

#### **About Hexagon Resources Limited.**

Hexagon Resources Limited (“Hexagon”) is listed on the Australian Securities Exchange (“ASX”) under the ASX code “HXG”. The company holds a 100% interest in the McIntosh Graphite Project in Western Australia and also has an 80% interest in the Ceylon Graphite Project in Alabama, USA. With a current focus on the downstream processing of graphite and other energy materials, Hexagon has built up formidable technical knowledge based on test work of its McIntosh project flake material, which is applicable and highly valuable for a range of flake precursor material applications. The company’s focus is on creating sustained shareholder value by maximizing near-term growth opportunities to commercialize that downstream business in the USA, where it has forged strong technical, commercial and investor relationships.

### **Forward-Looking Statements**

*This news release contains projections and statements that may constitute "forward-looking statements" within the meaning of applicable Canadian, United States, Australian and other laws. Forward-looking statements in this release may include, among others, statements regarding the future plans, costs, objectives or performance of Innovation Metals Corp. ("IMC") and Hexagon Resources Limited ("Hexagon"), or the assumptions underlying any of the foregoing. In this news release, words such as "may", "could", "would", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "goal", "estimate" and similar words and the negative forms thereof are used to identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that are beyond the control of IMC and Hexagon, and which may cause the actual results, level of activity, performance or achievements of IMC and Hexagon to be materially different from those expressed or implied by such forward-looking statements. Such risks and uncertainties could cause actual results, plans and objectives of IMC and Hexagon to differ materially from those expressed in the forward-looking information. IMC and Hexagon can offer no assurance that their plans will be completed. These and all subsequent written and oral forward-looking information are based on estimates and opinions of IMC and Hexagon management on the dates they are made and expressly qualified in their entirety by this notice. Except as required by law, IMC and Hexagon assume no obligation to update forward-looking information should circumstances or the estimates or opinions of IMC and Hexagon management change.*

### **Contacts:**

Dr. Gareth Hatch, Chairman and CEO  
Innovation Metals Corp.  
Telephone: +1-416-477-2412  
Email: [info@innovationmetals.com](mailto:info@innovationmetals.com)  
Web: [www.innovationmetals.com](http://www.innovationmetals.com)

Mr. Mike Rosenstreich, Managing Director  
Hexagon Resources Limited  
Telephone: +61-8-6244-0349  
Email: [info@hexagonresources.com](mailto:info@hexagonresources.com)  
Web: [www.hexagonresources.com](http://www.hexagonresources.com)

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