

ASX Announcement | 25 November 2020
Hexagon Energy Materials Limited (ASX: HXG)

Chairman's Address and Presentation to Annual General Meeting

Hexagon Energy Materials Limited (ASX: HXG) advises that Chairman, Mr Charles Whitfield, is addressing shareholders at the Annual General Meeting (AGM) at 10.30am AWST today.

A copy of the Chairman's Address and Presentation is enclosed.

Ends

This announcement has been authorised by Charles Whitfield, Chairman

About Hexagon Energy Materials Limited

Hexagon Energy Materials Limited (ASX:HXG) is an Australian company focused on resources, energy materials, and clean energy. Hexagon is currently exploring at its two wholly-owned assets in Western Australia, the Halls Creek Gold Project and the McIntosh Graphite Project.

Hexagon is also actively seeking ways to progress value-added businesses that are consistent with its strategy, skill set, and focus on clean energy. The company is currently assessing new opportunities in the space while continuing to develop its highly prospective exploration assets.

To learn more, please visit www.hxgenergymaterials.com.au

Investor & Corporate Enquiries

Mike Rosenstreich
Managing Director
Hexagon Energy Materials Limited
info@hxgenergymaterials.com.au
+ 61 8 6244 0349

Media Enquiries

Julia Maguire
The Capital Network
E: julia@thecapitalnetwork.com.au
T: + 61 2 8999 3699

HEXAGON ENERGY MATERIALS LIMITED

Australian Business Number (ABN) 27 099 098 192

Registered Office: Suite 3, 7 Kintail Road, Applecross, Western Australia 6153
t: (+61 8) 6244 0349 e: info@hxgenergymaterials.com.au w: hxgenergymaterials.com.au



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AGM Chairman's Address to Shareholders

Fellow shareholders,

2020 has been an unconventional year and one in which when many things that we have taken for granted have been turned on their head. While this has presented challenges, it has also highlighted opportunities and hence, 2020 has been useful for both reflection and transition.

The challenges of overseas travel and managing international relationships and operations has certainly been marked. While we hope and expect that this will improve over the coming year, it does highlight the benefits of running businesses closer to home and simple business plans. Nevertheless, the global trend for solutions to energy needs and climate awareness has not changed and despite a swing back to more climate focused government in North America, it is Asia that is still at the forefront of this trend and where Australian operations can have the greatest relevance.

Hexagon already has strong prospective mineral projects, but I want the company to have a project which is a standout in its merits and can have scale and international relevance. We believe Ebony's Pedirka hydrogen project is just such a venture. Ebony's aim is to be the largest hydrogen producer in the region and thus Pedirka be a project of global significance.

We have got an excellent working relationship with the Ebony team and are working towards an agreement that we think will be beneficial for both sets of shareholders. While the deal is yet to be finalised and will still need to pass requisite approvals, we feel optimistic that there is a great opportunity for the project and Hexagon to create a world class business.

As part of this proposed development, Hexagon's MD, Mike Rosenstreich, has indicated that he intends to leave the company to pursue opportunities outside Hexagon. This will assure a smooth transition and allow the company to draw together a team that can support the initiatives ahead. In anticipation of this I would like to acknowledge the effort that Mike has made over the past three years and convey our very best wishes for his future endeavours. Hexagon will make a further announcement once the arrangements with respect to Mike's transition are finalised.

Hexagon's shareholders have demonstrated a level of resilience and support that I am extremely grateful for and humbled by. The management of Hexagon are acutely aware of our responsibility to our shareholders and are highly motivated to make sure that we can deliver value to them in return. I hope the coming opportunity allows us to make good on that pledge.

I thank you and look forward to being able to meet with as many of you in person over the coming year as is possible and in the mean time convey my ongoing thanks and best wishes.

Charles Whitfield
Chairman
Hexagon Energy Materials

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Corporate & Strategy Update

Hexagon Energy Materials Ltd
AGM Presentation

November 2020



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The purpose of this presentation is to provide background information to assist in obtaining a general understanding of the Company's proposals and objectives. This presentation may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. This presentation is not to be considered as a recommendation by the Company or any of its subsidiaries, directors, officers, affiliates, associates or representatives that any person invest in its securities. It does not take into account the investment objectives, financial situation and particular needs of each potential investor. Investors should make and rely upon their own enquires and assessments before deciding to acquire or deal in the Company's securities. If you are unclear in relation to any matter or you have any questions, you should seek advice from an accountant or financial adviser.

All references to dollars (\$) in this presentation are to US dollars, unless annotated otherwise e.g. A\$ for AUD.

FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of Hexagon Energy Materials Limited.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the presentation as they are relevant only at or near the date of issue. Subject to any continuing obligations under applicable law and ASX Listing Rules, Hexagon Energy Materials Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this presentation or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

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Important Notices (cont.)

COMPETENT PERSONS' ATTRIBUTIONS



McIntosh & Halls Creek Projects

The information within this report that relates to exploration results, Exploration Target estimates and geological data at the McIntosh and Halls Creek Projects is based on information compiled by Mr. Mike Rosenstreich, a full-time employee of the Company. Mr. Rosenstreich is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and he consents to the inclusion of this information in the form and context in which it appears in this report.



Corporate

November 2020



HXG

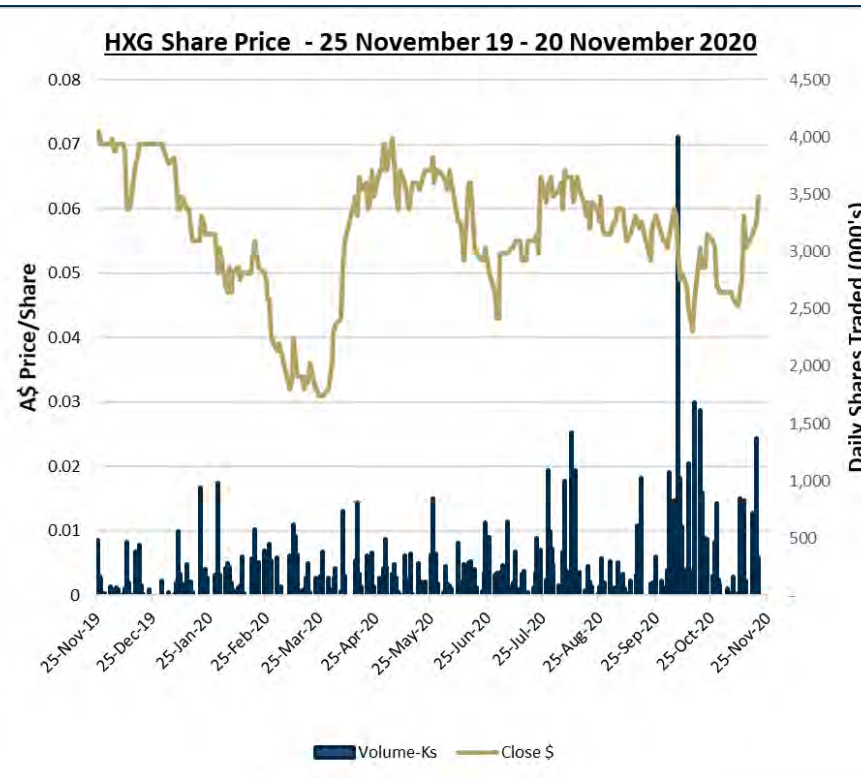


Corporate Overview



Hexagon Energy Materials Ltd

ASX Code HXG
Share Price (20/11/20) A\$0.062
Market Capitalisation A\$18.1M
Shares on Issue 292.4M
Options/Rights Nil
52-week high: A\$0.074
52-week low: A\$0.030
Average daily volume: 278,929
 (13-Nov-19 through to 12-Nov-20)



Top five shareholders:
 (as at 16 November 2020, sourced from HXG 2020 Annual Report)

Holder	Shares Millions	Holding %
1. Citicorp Nominees Pty Ltd	21.57	7.38
2. UBS Nominees Pty Ltd	19.16	6.55
3. HSBC Custody Nominees (Aust) Ltd	13.62	4.66
4. Custodial Services Ltd Beneficiaries Holding A/C	10.83	3.7
5. Mineral Resources Limited	10.53	3.6

Substantial shareholder- Tribeca Investment Partners Pty Limited, 11.07%

Current Leadership Team



Mike Rosenstreich
Managing Director

Formerly: Founding MD base / precious metals producer, Bass Metals. Banking – Rothschild. Mining and exploration, Homestake Gold & Dominion Mining.



Lianne Grove
Commercial/ CFO

Extensive experience in project development. Formerly: Commercial management and financial control in Oil & Gas projects at AWE Ltd and Sea Trucks Group and mining experience at Rio Tinto.

Further strategic enhancements to the board and management team would be made upon the completion of the contemplated transaction with Ebony Energy.

Charles Whitfield
Chairman

Formerly: Executive Director at lithium producer Galaxy Resources Ltd. Investment Banking – Citigroup & Deutsche Banks.



Garry Plowright
Non-Executive Director

Extensive experience in the resource sector, having a background in mining law and administration as well as regulatory process and mine development.





Projects

November 2020



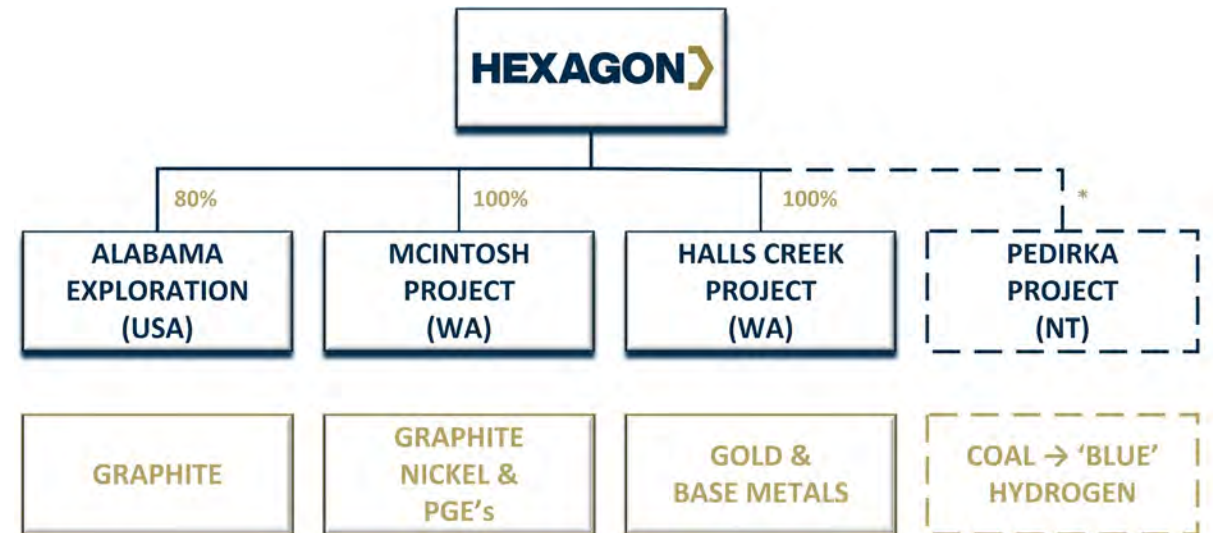
Corporate Strategy



Hexagon's strategy is focused on exploration and development of clean-energy and energy materials projects

Current and potential asset suite:

- McIntosh – Graphite, Nickel & PGE Project
- Halls Creek Gold and Base Metals Project
- Alabama Graphite
- Pedirka 'Blue' Hydrogen Project (potential under evaluation)

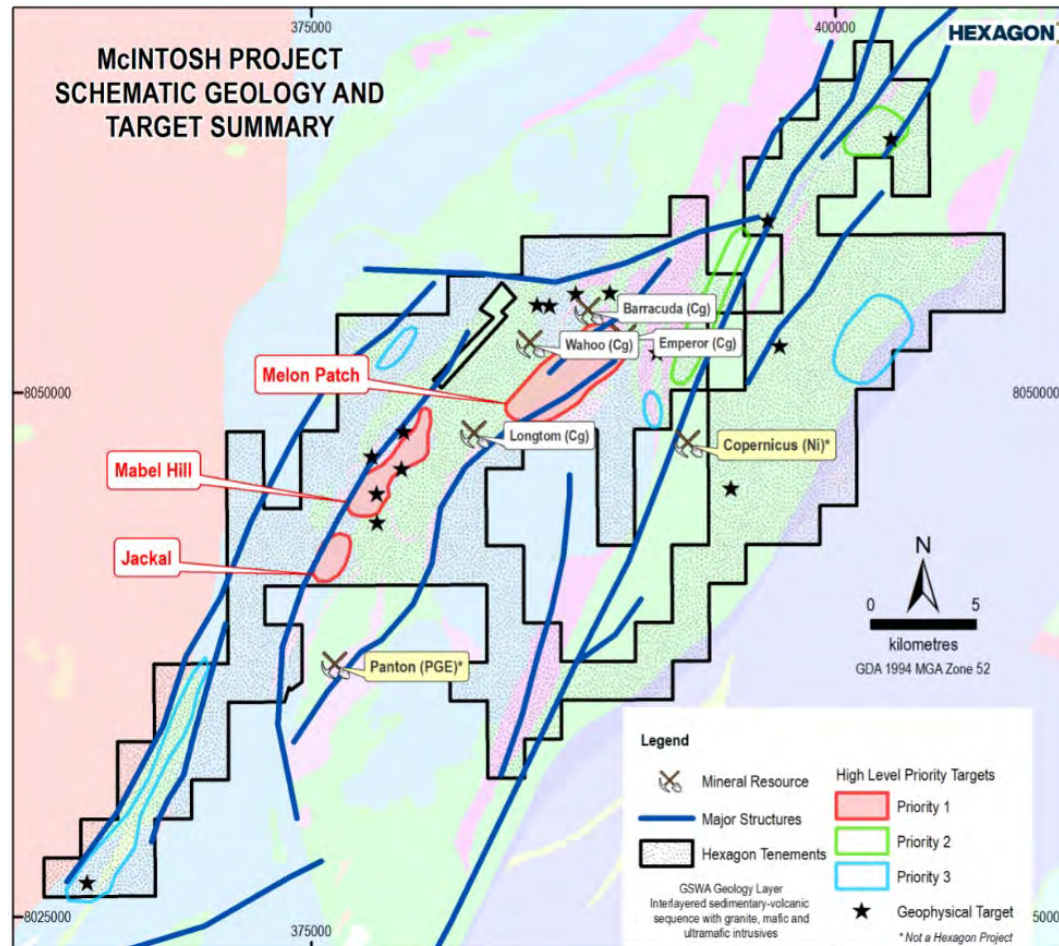


*Subject to successful completion of the proposed Ebony Energy transaction

HXG's McIntosh Project



Highly prospective nickel and PGE targets and existing graphite resources at McIntosh Project



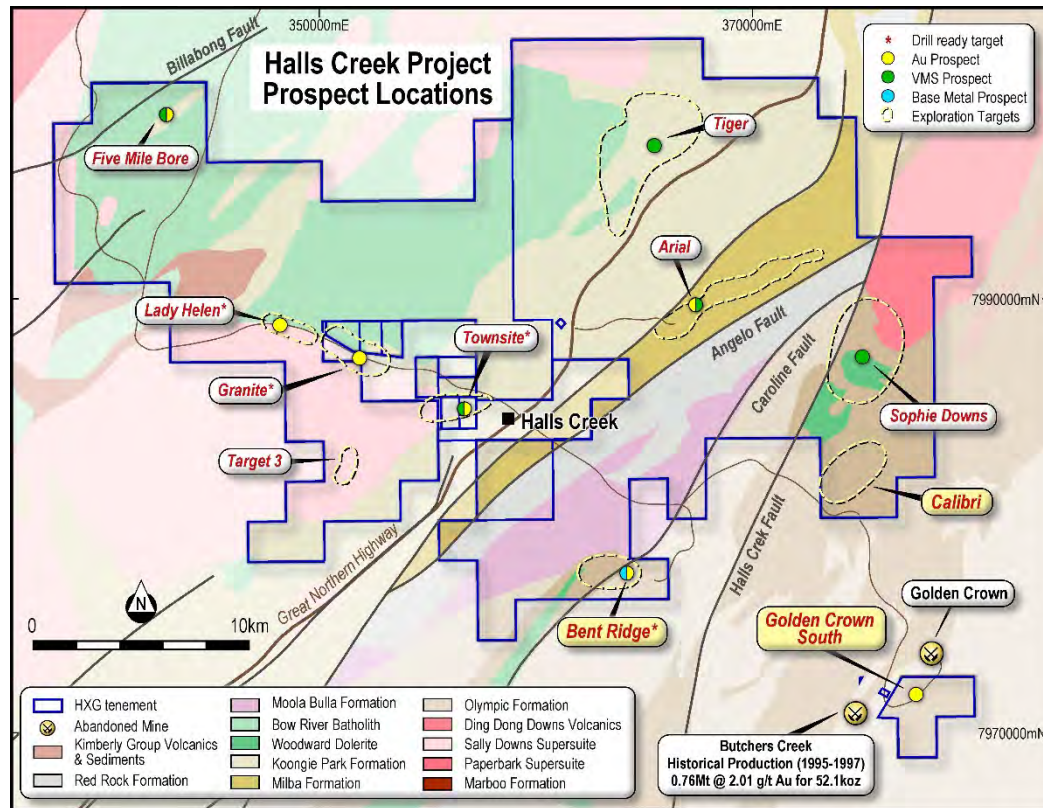
- 15-year hiatus of Ni exploration creates opportunity to utilise new exploration technology such as enhanced geophysics and new deposit models to make new Ni and PGE discoveries.
- Vast geological database available and being compiled by HXG for the first time.
- Savannah Nickel deposit and the Panton Sill PGE deposits* – located nearby and hosted in similar rocks.
- Numerous, highly prospective Ni & PGE targets identified – high priority, Melon Patch, Mabel Hill and Jackal targets.
- Follow-up geochemical sampling and drilling planned for Q2 of 2021 (end of Wet Season).

**owned by Panoramic Resources Ltd ASX PAN)*

HXG Halls Creek Project



High-grade gold targets and base metal prospects – Halls Creek Project

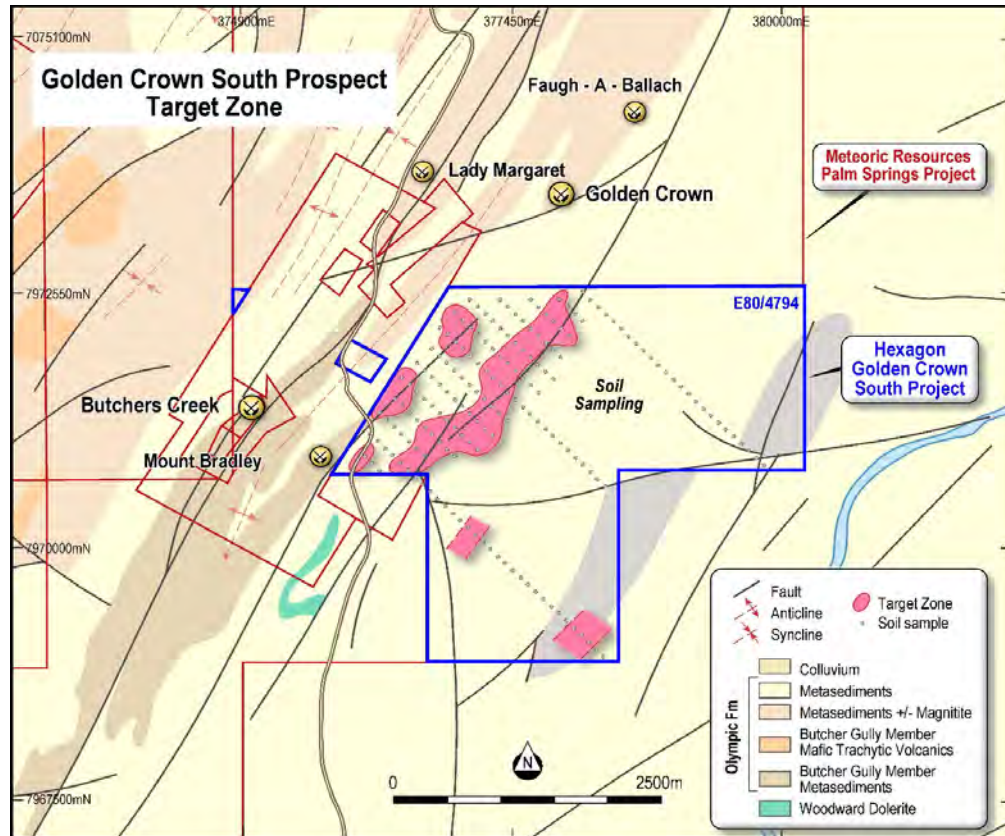


- New gold in soil anomalies at Bent Ridge and Golden Crown South, to add to existing high-grade gold targets at Lady Helen-Townsite trend.
- Bent Ridge prospect was recently successful in its application for co-funding through the WA Government's Exploration Incentive Scheme for drill testing greenfield prospects.
- Major drilling program planned for Q2 2021 (end of the Wet Season).

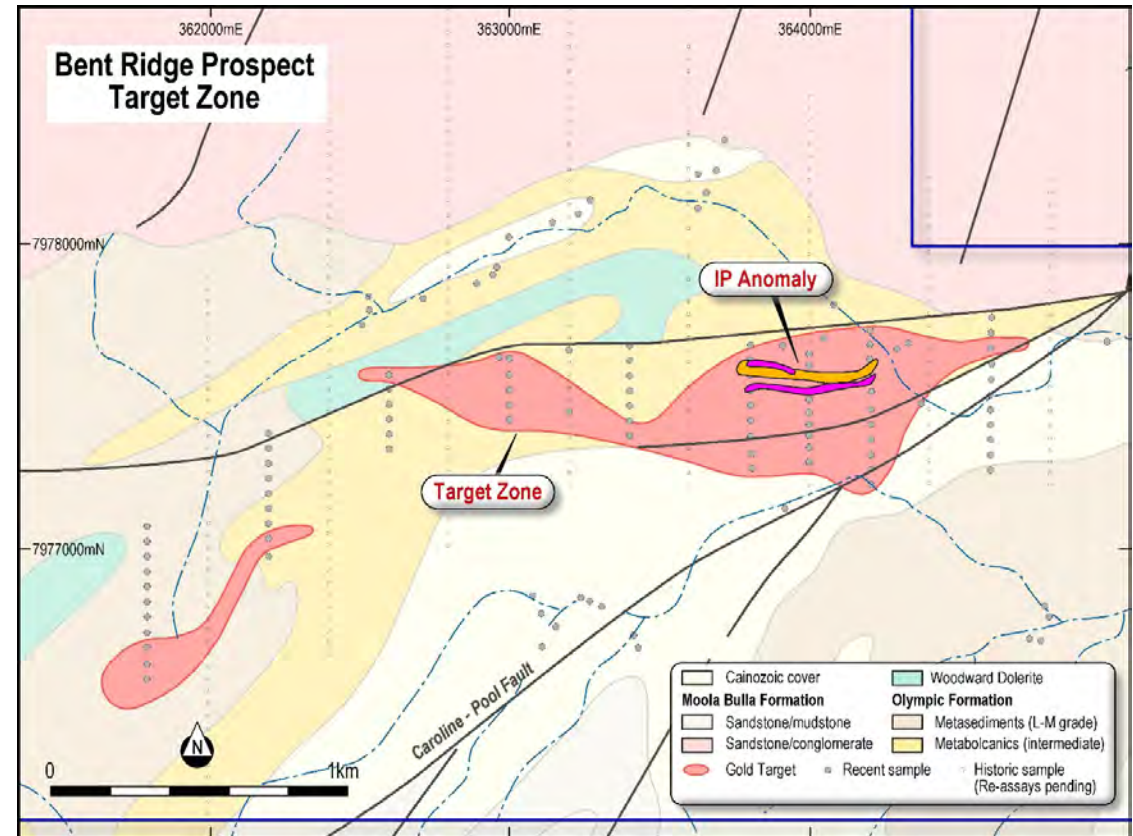
HXG Halls Creek Project



Systematic exploration reveals new gold prospects



- New 1.4km gold in soil anomaly defined
- Coincident with favourable structures and rocks associated with regional gold deposits



- New 2.4 & 0.8 km gold (+As/Cu) in soil anomalies defined
- Coincident with historical geophysical (IP) anomaly, favourable structure and rocks



Ebony Energy / Pedirka

November 2020



HXG



Ebony Energy's Pedirka Project

HXG is seeking to acquire 100% of Ebony Energy



1. Transaction next steps

- a. Completion of Due Diligence process
- b. Agreement of terms and structure
- c. Seeking and obtaining requisite approvals

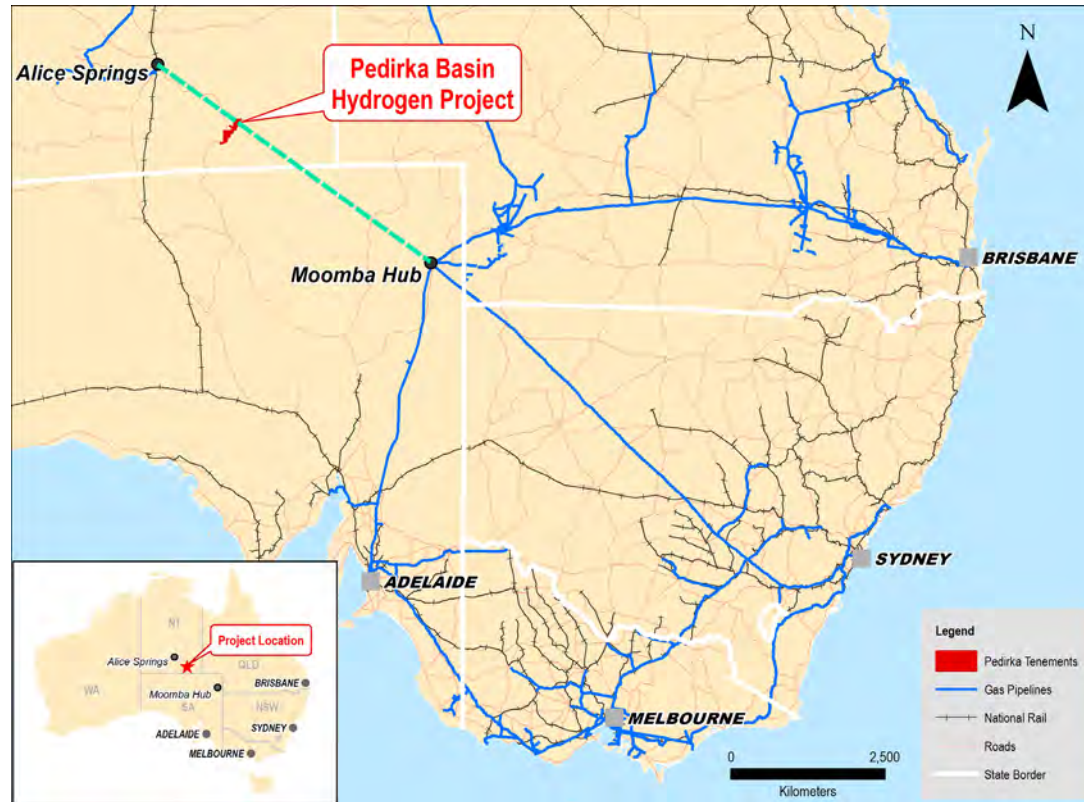
2. Assuming a successful transaction, operational steps for Pedirka would include:

- a. Drilling of the Pedirka coal deposits aimed at defining a JORC compliant resource
- b. Review of regional downhole geophysical data to better target drill program
- c. Advancing commercial opportunities with regards to :
 - Gasification technology and offtake, JV or partnership relations
 - Access to pipeline infrastructure for CO₂ and or H₂ distribution
 - CO₂ sales for EOR or access to depleted reservoirs for CCS
- d. Preparation of PFS key objectives and study plans

Ebony Energy Pedirka Project



Hydrogen from coal gasification proposed investment project

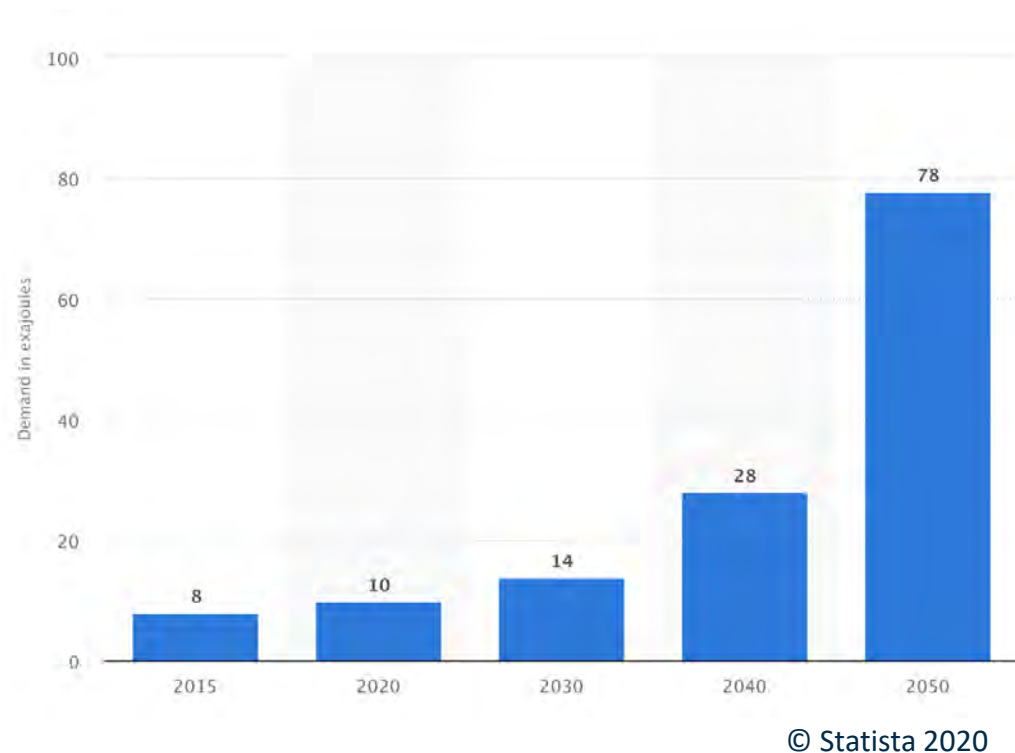


- HXG is seeking to acquire Ebony Energy, which is focused on developing the Pedirka Hydrogen Project (Pedirka) in the Northern Territory.
- The development is based on 'clean' zero carbon emissions.
- Ebony plans to extract coal as a feedstock to a gasification plant, converting the coal to produce 'blue' hydrogen for export or domestic markets.
- Uniquely located with respect to oil & gas infrastructure to offer unique advantages for large scale H₂ gas production with zero carbon emissions through CO₂ sequestration in enhanced oil recovery projects.
- Strong global growth outlook for clean, portable energy sources such as hydrogen.

Hydrogen Overview



Hydrogen is a clean, versatile fuel with strong demand forecast growth



“Bloomberg NEF estimates that hydrogen could meet 24% of the world’s energy needs by 2050, with annual sales of \$200 billion to \$700 billion. At the higher end, that’s almost half the size of the current oil market, where turnover is typically in the region of \$1.5 trillion or more a year.”

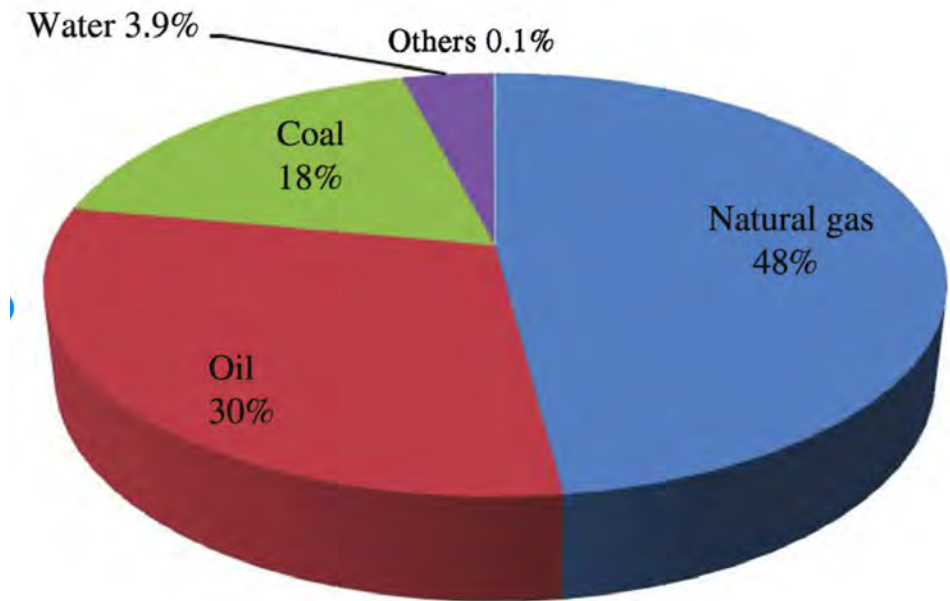
May 12, 2020, “The hydrogen economy’s time is approaching” by David Fickling, Bloomberg

- Asian countries are at the forefront of progressing the hydrogen economy. Japan, Korea and China all have strategic hydrogen ambitions, much of which depends on imported hydrogen.
- The hydrogen market could expand from US\$135.5bn in 2018 to US\$199bn by 2023.
- Hydrogen demand from China, Japan, and South Korea, key potential export markets for HXG, could experience high Compound Annual Growth Rates through to 2023. (Markets&Markets)
- The global production is currently over 600bn Nm² which is equivalent to about 54m tonnes of H₂ making Pedirka phase 1 about .6% of global supply.
- Hydrogen fulfils many of the energy gaps that battery technology struggles with.

Hydrogen Overview

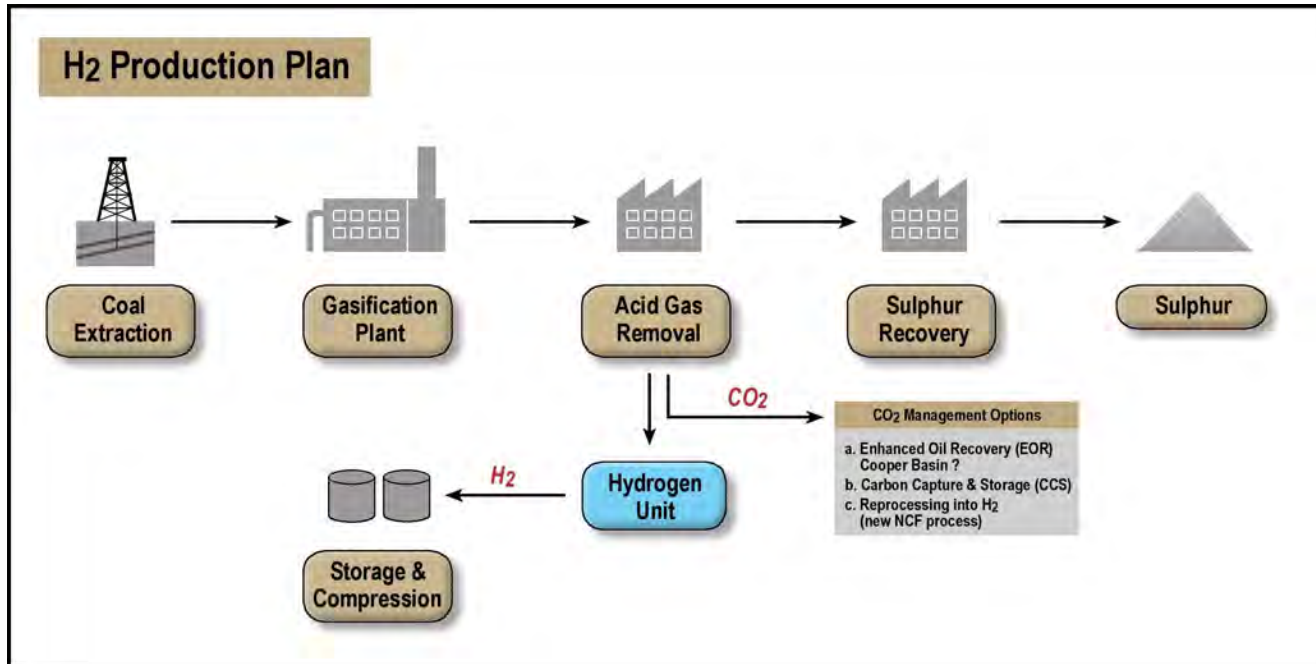
Majority of Hydrogen is produced via conversion of fossil fuel – the Pedirka difference is zero Carbon Emission

- Globally over 95% of hydrogen is “Blue” meaning it is produced from a fossil fuel energy source. In the USA 95% is from natural gas.
- Less than 4% is produced via electrolysis due to the cost and difficulty in scaling production.
- Unlike the vast majority of other producers, the Pedirka project aims to provide large volumes of Hydrogen, but because of its position near “senile” oil fields can capture and store any carbon dioxide with zero atmospheric emissions.
- Pedirka hopes to produce commercially attractive volumes and costed hydrogen without CO₂ emissions.



Sources distribution in total industrial hydrogen production of 500 billion N m³/year (Gaudernack 1998, Ewan and Allen 2005).

Hydrogen Production flowsheet

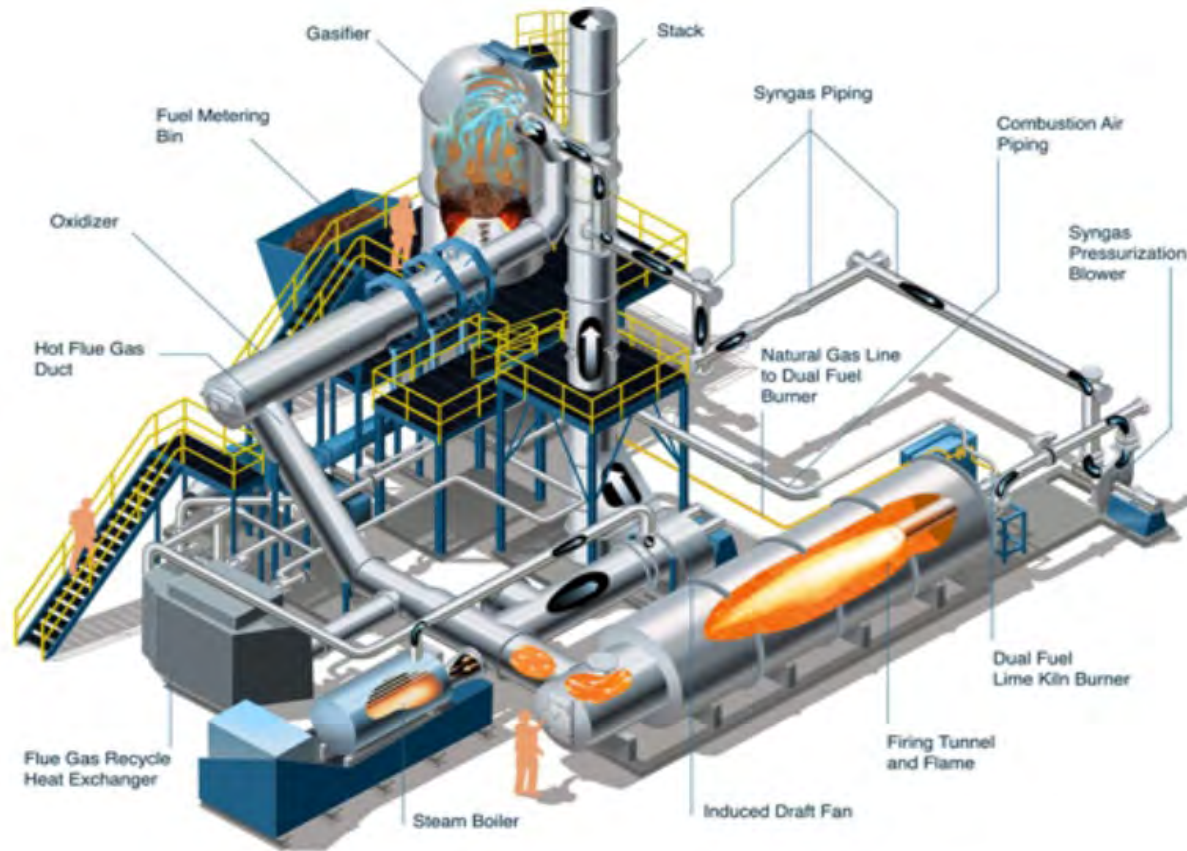


- Production plan based on coal extraction by drilling or conventional mining to feed a coal slurry to a conventional gasifier. Sulphur and CO₂ capture precede the Hydrogen stage.
- **Zero emissions** project – based on 3 CO₂ management options
 - Saleability for Enhanced Oil Recovery
 - Sequestration
 - Conversion (reprocessed to produce more Hydrogen and CO for industrial use)
- Hydrogen distribution options include utilising existing pipeline infrastructure, compression and conversion to ammonia.

Established Technologies



North American Clean Energy Hydrogen Plant



- Gasification technology was first established in the 1950's and is now utilised in 700 different facilities globally.
- Similarly, the conversion of hydrocarbons (typically methane) and water to hydrogen is a well-established industrial process.
- Hydrogen can be sent to market in a number of forms including via pipeline, in liquified form or converted to ammonia for ease of transport and to access additional markets.



Conclusion

November 2020



Next Steps Hexagon



1. Progress the Ebony acquisition – seeking to finalise diligence, terms and approvals
2. Focus company management and resources to progress projects
3. Undertake further work on Halls Creek and McIntosh projects to find ways to realise their potential value
4. Assuming a successful transaction with Ebony, initiate PFS on Pedirka with targeted resource identification



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START HERE

Charles Whitfield

Chairman

info@hxgenergymaterials.com.au

+61 (08) 6244 0349

hxgenergymaterials.com.au