

Market Announcement Platform
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

26 February 2021

HEXAGON ENERGY MATERIALS LIMITED - RECEIPT OF EBONY ENERGY LIMITED'S TARGET'S STATEMENT

The Board of **Hexagon Energy Materials Limited (ASX:HXG) (Hexagon)** attaches a copy of Ebony Energy Limited's Target's Statement in relation to Hexagon's off-market takeover bid under Chapter 6 of the *Corporations Act 2001 (Cth)* for all of the fully paid ordinary shares in Ebony Energy Limited (ACN 149 240 657) (**Ebony**), which was announced to the market on 21 December 2020.

For and on behalf of the Board of Hexagon



Rowan Caren

Company Secretary

ENDS

TARGET'S STATEMENT

Ebony Energy Limited

in response to the takeover offer by Hexagon Energy Materials
Limited for all of the ordinary shares in Ebony Energy Limited

The directors of Ebony Energy Limited
unanimously recommend that you

ACCEPT

the offer from Hexagon in the absence of a Superior Proposal

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

Important Notices

Nature of this document

This document is a Target's Statement issued by Ebony Energy Limited ACN 149 240 657 under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the off-market takeover bid made by Hexagon Energy Materials Limited ACN 099 098 192, for all the ordinary shares in the capital of Ebony Energy Limited (**Takeover Bid**).

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and given to ASX on 26 February 2021. Neither ASIC nor ASX nor any of their respective officers take responsibility for the contents of this Target's Statement.

Definitions and interpretation

A number of defined terms are used in this Target's Statement. These terms are explained in Section 15 of this Target's Statement. The rules of interpretation that apply to this Target's Statement are also set out in Section 15 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

Investment decisions

Nothing in this Target's Statement constitutes investment, legal, tax or other advice. This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. You should seek your own independent legal, financial and taxation advice before deciding whether to accept or reject the Offer.

Forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Ebony and the industry in which Ebony operates as well as general economic conditions, conditions in the financial markets, exchange rates and interest rates and regulatory changes, many of which are outside the control of Ebony and its Board. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

None of Ebony, Ebony's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Hexagon information in this Target's Statement

Except where disclosed otherwise in this Target's Statement, the information on Hexagon contained in this Target's Statement has been prepared by Ebony using publicly available information including the Bidder's Statement, which has not been independently verified by Ebony. Accordingly, Ebony does not, subject to the Corporations Act, make any representation or warranty, expressed or implied, as to the accuracy or completeness of such information.

Maps, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. In addition, any numerical information may not add up due to rounding.

Notice to foreign shareholders

The release, publication or distribution of this Target's Statement may, in some jurisdictions, be restricted by law or regulation and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in the Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Privacy

Ebony has collected your information from the Ebony register of shareholders for the purpose of providing you with this Target's Statement. The type of information Ebony has collected about you includes your name, contact details and information on your holding of Ebony Securities (as applicable) in Ebony. Without this information, Ebony would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Ebony's related bodies corporate and external service providers (such as the share registry of Ebony and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

Date of this document

This document is dated 26 February 2021.

1. IMPORTANT DATES

Key dates

ASX Announcement of Offer	21 December 2020
Date of the Bidder's Statement	16 February 2021
Date of this Target's Statement	26 February 2021
Commencement of Offer Period	19 February 2021
Date for Hexagon to provide Notice of status of conditions	10 March 2021
Offer closes (unless extended or withdrawn)	5:00 pm (WST) on 19 March 2021

Further information

If you have any questions in relation to the Offer or this Target's Statement please email any of the Ebony Energy Ltd directors at the emails below:

- Stephen Gerlach: sgerlach@stephengerlach.com
- James Chisholm: James.Chisholm@CokingCoals.net
- Scott Humphries: Scott_Humphries@me.com
- Adam Bacon: Adam.Bacon@EbonyEnergy.net

2. EBONY ENERGY LTD: CHAIRMAN'S LETTER

24 February, 2021

Dear fellow Ebony Shareholder

On 21 December 2020, Ebony Energy Limited (**Ebony**) announced that it had agreed terms with Hexagon Energy Materials Limited (**Hexagon**) on which Hexagon will make an off-market takeover bid to acquire all of the issued capital in Ebony.

Under the Hexagon Offer, Ebony Shareholders are being offered 1 new Hexagon Share for every 1.32 Ebony Shares they hold, representing an implied value of A\$0.045 per Ebony Share based on Hexagon's closing share price on 16 December 2020 (being the last day of trading in Hexagon Shares prior to the Announcement Date) of A\$0.06 per share.

In addition, the closing price of Hexagon Shares on 23 February 2021, being the last practicable trading date before the date of this Target's Statement, was \$0.105 per share giving an implied value of approximately \$0.08 per share.

Ebony Shareholders should note that the price of Hexagon Shares is likely to fluctuate during the Offer Period.

I am confident that the Offer by Hexagon will (if successful) provide an opportunity to unlock the value of the Pedirka Project for the benefit of all Ebony Shareholders.

Your Directors have carefully considered the Offer and believe it is in the best interests of Ebony Shareholders. Accordingly, your Directors unanimously recommend that Ebony Shareholders ACCEPT the Offer in the absence of a Superior Proposal.

Each Director intends to accept the Offer in relation to the Ebony Shares they own or control, in the absence of a Superior Proposal. Details of the Relevant Interests of the Directors in Ebony securities are set out in Section 8.1 of this Target's Statement.

Your Directors believe that the Offer provides Ebony Shareholders with an attractive opportunity to realise value for their investment in Ebony by receiving shares in a listed entity that has stated its plans to accelerate the Pedirka Hydrogen Project.

The key reasons for your Directors' recommendation to ACCEPT the Offer in the absence of a Superior Proposal are summarised below:

- The Hexagon offer allows Ebony shareholders to gain liquidity for their investment. As you know, Ebony is a non-listed public company and trading shares in such a structure has proven to be difficult. Hexagon's shares are publicly traded on the Australian Securities Exchange.
- Being a publicly traded company, Hexagon can raise funding more quickly than Ebony and is a more attractive investment opportunity with greater funding capability, as investors typically prefer tradeable scrip over untradeable scrip when it comes to investing.
- As a publicly traded company, Hexagon enjoys a higher public profile than Ebony which will enable Hexagon to promote the Pedirka Hydrogen Project more effectively than Ebony.
- Subject to the Offer becoming or being declared unconditional, the Hexagon offer may complete much faster than if Ebony undertook an Initial Public Offering. As Hexagon is already publicly traded, there are brokers and investors who follow the stock. If Ebony elected to undertake an Initial Public Offering, the Ebony Board would not only spend considerable funds and time in an attempt to achieve the listing, but once listed, would need to spend more time and money gathering interested investors and brokers.

This Target's Statement details matters that may be relevant to your decision whether to ACCEPT the Offer, including a detailed explanation of the reasons why you should ACCEPT the Offer in Section 5 of this Target's Statement. You should read this Target's Statement and the Bidder's Statement carefully in full, including the taxation implications of the Offer in Section 12.5, and if necessary, seek your own legal, financial and taxation or other professional advice.

To ACCEPT the Offer, you should carefully follow the instructions in Sections 2 and 12.3 of the Bidder's Statement. The Offer is scheduled to close at 5:00pm (WST) on 19 March 2021, unless withdrawn or extended.

I encourage you to consider the merits of the Offer as described in this Target's Statement and if you have any questions in relation to the Offer please email any of the Ebony directors, whose emails appear earlier in this document.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Gerlach', with a stylized, cursive script.

Mr Stephen Gerlach

Non-Executive Chairman

CONTENTS

1.	IMPORTANT DATES.....	4
2.	EBONY ENERGY LTD: CHAIRMAN'S LETTER	5
	TARGET'S STATEMENT	10
3.	HOW TO ACCEPT THE OFFER.....	10
4.	DIRECTORS' RECOMMENDATION.....	10
4.1	Summary of Offer	10
4.2	Directors of Ebony	10
4.3	Directors' recommendations	10
4.4	Intentions of your Directors in relation to the Offer	10
5.	WHY YOU SHOULD ACCEPT THE OFFER	11
5.1	Financial Capacity.	11
5.2	Access to Capital.....	11
5.3	Capitalisation.....	12
5.4	Board Recommendation.....	12
5.5	No Superior Proposal.	13
5.6	CGT Rollover relief.....	13
5.7	Limited conditionality.....	13
5.8	There are risks in not accepting the Offer.....	13
5.9	Reasons not to accept the Hexagon Offer.....	14
6.	FREQUENTLY ASKED QUESTIONS.....	14
7.	INFORMATION ABOUT EBONY.....	20
7.1	Overview of Ebony	20
7.2	Ebony Directors.....	20
7.3	Overview of Ebony's activities and projects.....	21
7.4	Ebony financial information.....	23
7.5	Ebony Securities.....	27
7.6	Ebony Convertible Notes.....	27
7.7	Ebony website	29
8.	INFORMATION RELATING TO YOUR DIRECTORS	29
8.1	Interests of Directors in Ebony.....	29
8.2	Dealings by Directors in Ebony Securities.....	30
8.3	Interest and dealings in Hexagon Shares.....	30
8.4	Benefits and agreements.....	30
9.	INFORMATION ABOUT HEXAGON	31
9.1	Disclaimer.....	31
9.2	Overview of Hexagon	31
9.3	Information about the Combined Entity and Hexagon' intentions	31

9.4	Relationship with Ebony	31
9.5	Corporate governance	31
10.	INFORMATION ABOUT HEXAGON SHARES	32
10.1	Capital structure	32
10.2	Recent performance of Hexagon Shares	32
10.3	Quotation of Hexagon Shares comprising Offer Consideration	32
10.4	Hexagon Shares	32
11.	KEY FEATURES OF THE OFFER	33
11.1	The Offer	33
11.2	Consideration payable to Ebony Shareholders who accept the Offer	33
11.3	Unmarketable parcels	33
11.4	Foreign Shareholders	33
11.5	Conditions to the Offer	33
	(a) Minimum acceptance	33
	(b) Hexagon Shareholder Approval	33
	(c) Regulatory approvals and consents	33
	(d) No regulatory action	33
	(e) No persons exercising rights under certain agreements or instruments	34
	(f) No change of control rights	34
	(g) No material disposals, cancellations or new commitments	34
	(h) No material adverse change	35
	(i) Conduct of business	36
	(j) Tenements	36
	(k) Litigation	37
	(l) Equal access	37
	(m) Full and final satisfaction of Outstanding Ebony Liabilities	37
	(n) No prescribed occurrences	37
	(o) No distributions	38
	(p) Escrow condition	38
11.6	Notice of status of Conditions	38
11.7	Offer Period	38
11.8	Extension of the Offer Period	38
11.9	Withdrawal of Offer	39
11.10	Effect of acceptance	39
11.11	Your ability to withdraw your acceptance	39
11.12	Effect of an improvement in Offer Consideration	39
11.13	Lapse of Offer	39
11.14	Compulsory acquisition	39
12.	OTHER IMPORTANT MATTERS	40

12.1	Hexagon's intentions with respect to the Offer and Ebony	40
12.2	Future employment of Ebony current employees	40
12.3	Minority ownership consequences.....	40
12.4	Other alternatives to the Offer	40
12.5	Taxation consequences.....	40
12.6	Risk factors in investing in Hexagon Shares.....	40
12.7	Risk factors in continuing to hold Ebony Shares.....	41
13.	YOUR CHOICES AS AN EBONY SHAREHOLDER.....	41
13.1	Accept the Offer.....	41
13.2	Reject the Offer	42
13.3	Sell your Ebony Shares	42
14.	ADDITIONAL INFORMATION	42
14.1	Due diligence.....	42
14.2	Effect of the takeover on Ebony's material contracts.....	42
14.3	Material litigation.....	43
14.4	Consents	43
14.5	Competent Persons statement	43
14.6	Dispatch of takeover documents	43
14.7	No other material information	43
15.	GLOSSARY AND INTERPRETATION	44
16.	APPROVAL OF TARGET'S STATEMENT	47
17.	CORPORATE DIRECTORY	47

TARGET'S STATEMENT

3. HOW TO ACCEPT THE OFFER

Please refer to Section 12.3 of the Bidder's Statement and your personalised Acceptance Form (which accompanies the Bidder's Statement) for full details on how to accept the Offer.

You may only accept the Offer for all of your Ebony Shares.

For any further information on acceptance of the Offer, including who may accept, please refer to the Offer terms set out in Section 12 of the Bidder's Statement.

4. DIRECTORS' RECOMMENDATION

4.1 Summary of Offer

Hexagon is offering Ebony Shareholders 1 Hexagon Share for every 1.32 Ebony Shares that they hold. The Offer is subject to a number of conditions. Those conditions are summarised in Section 11.5 of this Target's Statement and set out in full in Section 12.8 of the Bidder's Statement.

You may only accept the Offer for all of your Ebony Shares.

The Offer is scheduled to close at 5:00 pm (WST) on 19 March 2021 unless it is extended or withdrawn.

4.2 Directors of Ebony

As at the date of this Target's Statement, the directors of Ebony are:

- Mr Stephen Gerlach – Non- Executive Chairman;
- Mr James Chisholm – Non-Executive Director;
- Mr Scott Humphries – Non-Executive Director; and
- Mr Adam Bacon – Executive Director

4.3 Directors' recommendations

Your Directors unanimously recommend that you accept the Offer (in the absence of a Superior Proposal) for the reasons set out in Section 5 of this Target's Statement.

In considering whether to accept the Offer, your Directors encourage you to:

- read this Target's Statement and the Bidder's Statement in their entirety;
- consider the alternatives noted in Section 13 of this Target's Statement;
- refer to Section 11.10 of this Target's Statement for information regarding the effect of acceptance of the Offer;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain independent professional advice in relation to the Offer.

4.4 Intentions of your Directors in relation to the Offer

Each of your Directors intends to accept the Offer in respect of all Ebony Shares that they own or control, in the absence of a Superior Proposal.

The Ebony Shares which are owned or controlled by your Directors, represent approximately 28%, in aggregate, of all the Ebony Shares on issue as at the date of this Target's Statement.

The Directors also hold interests in other securities in Ebony as set out in Sections 7.5, 8.6 and 8.1 of this Target's Statement.

5. WHY YOU SHOULD ACCEPT THE OFFER

The key reasons for your Directors' recommendation to ACCEPT the Offer in the absence of a Superior Proposal are listed below:

- You will likely benefit from Hexagon's greater financial capacity to advance exploration activities at Pedirka
- You will become a shareholder in Hexagon and have the opportunity to benefit from potential strategic benefits and diversity in the Combined Entity if the Offer is successful. (However, you will not receive Hexagon Shares as the Offer Consideration if you are a Foreign Shareholder or would become a holder of less than a Marketable Parcel of Hexagon Shares if you accept the Offer and were to receive the Offer Consideration. Refer to Section 11.4 of this Target's Statement and Sections 11.10 and 12.7 of the Bidder's Statement for further information)
- You will become a shareholder in a better capitalised company with improved access to capital to better fund the growth of Ebony's assets
- The Ebony Board unanimously recommends that you accept the Offer, in the absence of any Superior Proposal
- No Superior Proposal has emerged to date
- Ebony Shareholders may be entitled to CGT rollover relief
- The Offer is subject to limited conditions, including a Minimum Acceptance Condition
- There are risks in not accepting the Offer

Further explanation of each reason is provided in the remainder of this Section.

Your directors unanimously recommend that you ACCEPT the Hexagon Offer in the absence of a Superior Proposal.

You should read this entire Target's Statement before deciding whether to accept Hexagon's Offer.

In deciding to recommend the Offer, your Directors have had regard to each of the matters in this Target's Statement and the Bidder's Statement. A more detailed overview of the principal reasons for your Directors' recommendation to accept the Offer in the absence of a Superior Proposal follows:

5.1 Financial Capacity.

You will likely benefit from Hexagon's greater financial capacity to advance exploration activities at Pedirka. Hexagon has some large institutions that have supported Hexagon over a number of years and, we understand from discussions with Hexagon directors, are interested in gaining exposure to hydrogen projects. Ebony does not have such financial capacity.

5.2 Access to Capital.

Being a publicly listed company, Hexagon has much easier access to capital and is in a much stronger financial position than Ebony.

As Ebony shareholders may be aware from the various Shareholder Updates, raising capital over the last few years has been difficult, and only a handful of Ebony Shareholders and the Directors themselves, have provided funding to Ebony to enable it to progress the Pedirka Hydrogen Project.

This situation is untenable in the longer term. Now that the Pedirka Hydrogen Project has advanced at the same time as the increase in awareness of the Hydrogen Economy, the Directors believe that being part of a financially strong and listed company will benefit the Pedirka Project. If the Offer becomes or is declared unconditional, you will become a shareholder in Hexagon and have the opportunity to benefit from potential strategic benefits and diversity in the Combined Entity.¹

Since Hexagon is listed on ASX and Hexagon is offering to issue Hexagon Shares as consideration for your Ebony Shares, you will, if you accept the Offer and the Offer becomes or is declared unconditional, receive a shareholding in Hexagon in exchange for your Ebony Shares, which is expected to provide many advantages to Ebony Shareholders, through being a shareholder of the enlarged combined group.

Since Hexagon is listed on ASX and Hexagon is offering to issue Hexagon Shares as consideration for your Ebony Shares, if you accept the Offer and the Offer becomes or is declared unconditional, you will gain the ability to trade on the ASX the Hexagon Shares that you receive as Offer Consideration in exchange for your Ebony Shares.

As noted above, over the last few years funding to keep the Pedirka Hydrogen Project moving forward has fallen onto a small number of committed shareholders including the directors, so being part of a listed company is expected to make any capital raising an easier process, which will be spread across a significantly larger number of interested investors.

Refer to further information regarding Hexagon in Section 9.

5.3 **Capitalisation.**

You will become a shareholder in a better capitalised company with improved access to capital to better fund the growth of Ebony's assets.

The Pedirka Hydrogen Project has been progressed to the point that there are a number of on-going discussions being undertaken in relation to partial or full funding of the plant on a Build-Own-Operate arrangement, transport of the hydrogen, hydrogen offtake and CO₂ sequestration and conversion. A number of resources will be required in order to progress all these discussions and these resources need to be full-time. The Ebony Directors can no longer maintain all the relationships and project schedules on a part-time basis. Being a part of Hexagon, with improved access to capital, will potentially allow the Pedirka Hydrogen Project to be accelerated over what would be possible if Ebony remained a stand-alone entity. Please note, however, that the aforementioned on-going discussions are confidential and incomplete and there is no certainty that terms will be reached with any of the current parties

5.4 **Board Recommendation.**

The Ebony Board unanimously recommends that you accept the Offer, in the absence of any Superior Proposal.

All Ebony Directors intend to accept the Offer in respect of all Ebony Shares they own or control, in the absence of a Superior Proposal.

The Ebony Shares which are owned or controlled by your Directors, represent approximately 28%, in aggregate, of all the Ebony Shares on issue as at the date of this Target's Statement and these are set out immediately below

- Stephen Gerlach – 3,126,112 (3.08%) fully paid ordinary shares held by S Gerlach Pty Ltd
- James Chisholm: - 12,254,978 (12.07%) fully paid ordinary shares held by Lenark Pty Ltd atf Lenark Investment Trust and 4,091,396 (4.03%) fully paid ordinary shares held by Left Brain Strategies Pty Ltd atf Left Brain Strategies Trust
- Scott Humphries: - 8,578,056 (8.45%) fully paid ordinary shares held by S. S. Winter Pty Ltd atf Winter Superannuation Fund and 809,609 (0.80%) fully paid ordinary shares held by Scott Humphries atf Humphries Goldsmid Trust.

In addition to the above shareholdings in Ebony, the Directors hold interests in other securities in Ebony as set out in Sections 8.5, 8.6 and 9.1 of this Target's Statement.

¹ However, you will not receive Hexagon Shares as the Offer Consideration if you are a Foreign Shareholder or would become a holder of less than a Marketable Parcel of Hexagon Shares if you accept the Offer and were to receive the Offer Consideration. Refer to Section 11.4 of this Target's Statement and Sections 11.10 and 12.7 of the Bidder's Statement for further information.

5.5 **No Superior Proposal.**

No superior proposal has emerged to date.

Before recommending the Offer, your Directors considered a range of other options (including funding and asset transaction opportunities and an initial public offering by Ebony) to best fund the growth of the Pedirka Project and to maximise value for Ebony Shareholders. After careful consideration of these other alternatives, your Directors formed the view that the Offer provides Ebony Shareholders with an attractive opportunity to realise value for their investment in Ebony. As well, with the growing awareness of the Hydrogen Economy, it is likely that a number of smaller exploration companies may seek to capitalise on the interest in the sector. Being a part of a listed company is expected to increase the profile of the Pedirka Hydrogen Project, enabling Hexagon to raise additional funds to accelerate the Pedirka Hydrogen Project.

Hexagon announced the proposed Offer to the market on 21 December 2020. As at the date of this Target's Statement, no Competing Proposal or Superior Proposal has emerged.

In the event that the Ebony Board determines that a Competing Proposal is a Superior Proposal, Hexagon has a right to be notified of the Competing Proposal and a right to match any Superior Proposal.

Further information on the choices available to Ebony Shareholders is contained in Section 13.

5.6 **CGT Rollover relief.**

Ebony Shareholders **may** be entitled to CGT rollover relief.

If Hexagon acquires 80% or more of the Ebony Shares on issue under the Offer, accepting Ebony Shareholders who are Australian tax residents **may** be entitled to CGT rollover relief in respect of the capital gains they would have otherwise made as a result of the effective sale of their Ebony Shares under the Offer. In summary, rollover relief means that, if available, the effective sale of your Ebony Shares will not crystallise a taxation event for the market value of the Hexagon Shares you receive, and any potential tax liability on that gain will be deferred until a later CGT event happens, for example you sell the Hexagon Shares issued to you under the Offer.

Ebony Shareholders should refer to Section 13 of the Bidder's Statement and consult their professional advisers in relation to how accepting the Offer will affect their individual circumstances.

5.7 **Limited conditionality.**

The Offer is subject to limited conditions, including the Minimum Acceptance Condition.

The Offer is subject to the fulfilment or waiver of a number of conditions before the end of the Offer Period, which are summarised in Section 11.5 of this Target's Statement and set out in full in Section 12.8 of the Bidder's Statement.

A key condition of the Offer is that, at the end of the Offer Period, Hexagon has a Relevant Interest in at least 50.1% of Ebony Shares then on issue.

Hexagon is required to give a notice of its voting power in Ebony during the bid period when its voting power reaches certain thresholds, including when its voting power reaches 25% and 50%. Ebony will make these notices available to Ebony Shareholders on the Ebony's website located at www.ebonyenergy.net

The Directors believe that the Hexagon Offer provides the best path for the development of the Pedirka Hydrogen Project and have recommended that all shareholders accept the Hexagon Offer.

5.8 **There are risks in not accepting the Offer.**

If you do not accept the Offer and Hexagon closes the Offer after acquiring more than 50.1% of all Ebony Shares, but before it receives acceptances resulting in it being entitled to at least 90% of all Ebony Shares, then you will remain a minority Ebony Shareholder.

For further information on the implications of Hexagon acquiring less than 90% of all Ebony Shares, refer to Section 12.3 of this Target's Statement and Sections 8.4 and 8.5 of the Bidder's Statement.

If, as a result of the Offer, Hexagon becomes entitled to compulsorily acquire outstanding Ebony Shares under the Corporations Act, Hexagon has stated its intention (at the date of the Bidder's Statement) to proceed with compulsory acquisition of Ebony Shares.

5.9 Reasons not to accept the Hexagon Offer

Despite your Directors unanimously recommending that Ebony Shareholders ACCEPT the Offer in the absence of a Superior Proposal, some Ebony Shareholders may not agree with that recommendation. Individual Ebony Shareholders are not obliged to follow the recommendation of the Directors.

Possible reasons why individual Ebony Shareholders may choose not to accept the Hexagon Offer are:

- The potential upside available to all existing shareholders should Ebony be able to fund the development of the Pedirka Hydrogen Project and then undertake an Initial Public Offering on the Australian Securities Exchange at some point in the future; and
- The fact that control of the Pedirka Hydrogen Project remains with Ebony and control is not passed to another party, that may not make the same decisions as to development as the existing directors and shareholders.

6. FREQUENTLY ASKED QUESTIONS

This Section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Ebony Shareholders. This Section should be read together with all other parts of this Target's Statement.

Question		Answer	Further Information
1.	Who is Hexagon?	<p>Hexagon is a listed mineral exploration company with a focus on resources, energy related materials and clean energy.</p> <p>Hexagon Shares are listed on the ASX under the code "HXG" with Hexagon having a market capitalisation of approximately A\$31.63 million (as at 23 February 2021 being the last trading day prior to the date of this Target's Statement) and holds cash as at 31 December 2020 (as reflected in the 31 December 2020 half year accounts) of A\$640,036.</p>	Section 4 of the Bidder's Statement
2.	What is the Offer for my Ebony Shares?	<p>Hexagon is making an offer of 1 Hexagon Share for every 1.32 Ebony Shares held by you on the terms and conditions set out in Section 12 of Hexagon's Bidder's Statement.</p> <p>The Offer extends to any Ebony Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of the exercise or conversion of Ebony Options or Ebony Convertible Notes, on the terms set out in the Bidder's Statement.</p> <p>You may only accept the Offer in respect of all of your Ebony Shares.</p> <p>If the calculation of the number of Hexagon Shares you are to receive as part of the Offer Consideration results in an entitlement to a fraction of a Hexagon Share, that fraction will be rounded up to the next whole number of Hexagon Shares.</p> <p>The Offer is subject to the satisfaction or waiver of the conditions to the Offer.</p>	Sections 11.2 and 11.3

Question		Answer	Further Information
3.	What is the implied value of the Offer?	<p>The Offer consideration is 1 Hexagon Share for every 1.32 Ebony Shares (with any entitlement to a fraction rounded up to the nearest whole number of Hexagon Shares).</p> <p>Based on the closing price of Hexagon Shares on 16 December 2020 (being the last day of trading in Hexagon Shares prior to the Announcement Date) of \$0.06 per share, the implied value of the Offer is \$0.045 for each Ebony Share.</p> <p>Based on the closing price of Hexagon Shares on 23 February 2021, being the last practicable trading date before the date of this Target's Statement, of \$0.105 per share, the implied value of the Offer is approximately \$0.08 for each Ebony Share.</p> <p>Ebony Shareholders should note that the price of Hexagon Shares is likely to fluctuate during the Offer Period, and accordingly the implied value of Ebony Shares will vary having regard to the price of Hexagon Shares traded on the ASX from time to time.</p>	Section 2
4.	What is the Bidder's Statement?	<p>The Bidder's Statement was prepared by Hexagon and describes the terms of the Offer for your Ebony Shares and other information that Hexagon considers relevant to your decision as to whether or not to accept the Offer made to you.</p> <p>You should read the Bidder's Statement together with this Target's Statement in their entirety and seek your own legal, financial and taxation or other professional advice.</p>	N/A
5.	What is this Target's Statement?	This Target's Statement was prepared by Ebony in response to the Bidder's Statement and sets out your Directors' recommendations in relation to the Offer, the reason for that recommendation and other information that is material to your decision as to how to respond to the Offer.	N/A
6.	What choices do I have as an Ebony Shareholder?	<p>As an Ebony Shareholder, you have the following choices in respect of your Ebony Shares:</p> <ul style="list-style-type: none"> (a) accept the Offer; (b) sell some or all your Ebony Shares (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or (c) do nothing. <p>There are implications in relation to each of the above choices. A summary of these implications is set out in Section 13 of this Target's Statement.</p>	Section 13
7.	What is the Ebony Board recommending ?	Your Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal.	Section 4
8.	Why is the Ebony Board recommending that I accept	Section 5 of this Target's Statement sets out the reasons why your Directors are recommending you accept the Offer, in the absence of a Superior Proposal.	Section 5

Question		Answer	Further Information
	the Offer (in the absence of a Superior Proposal)?	However, you are encouraged to read this Target's Statement in its entirety.	
9.	What do the Ebony Directors intend to do with any Ebony Shares that they hold?	Each of your Directors intend to accept the Offer in respect of all Ebony Shares that they own or control, in the absence of a Superior Proposal.	Section 4.4
10.	How do I accept the Offer?	To accept the Offer, you must follow the instructions set out in Section 12.3 of Hexagon's Bidder's Statement.	Section 3
11.	How do I reject the Offer?	If you do not wish to accept the Offer, you should do nothing with the documents you receive from Hexagon.	N/A
12.	What happens if Hexagon increases the Offer Consideration?	If Hexagon increases the Offer Consideration, you will obtain the benefit of that higher consideration even if you have already accepted the Offer.	Section 11.12
13.	What are the conditions to the Offer?	<p>The Offer is subject to a number of conditions. These conditions include (by way of summary only):</p> <ul style="list-style-type: none"> (a) Hexagon having a Relevant Interest in at least 50.1% of the Ebony Shares on issue at the end of the Offer Period; (b) Hexagon Shareholder Approval is obtained before the end of the Offer Period; (c) no 'prescribed occurrences' occurring in relation to Ebony; and (d) no material adverse change occurring. <p>If any of these conditions (or the other conditions set out in section 12.8 of the Bidder's Statement) are not satisfied or waived by Hexagon by the end of the Offer Period, then the Offer will lapse and not proceed (i.e. you will retain your Ebony Shares).</p> <p>In addition, there is a statutory condition relating to the ASX quotation of Hexagon Shares to be issued under the Offer. If this condition is not fulfilled, the Offer will lapse and not proceed (i.e. you will retain your Ebony Shares).</p>	Section 11.5
14.	What are the consequences of accepting the Offer now?	<p>If you accept the Offer while the Offer remains conditional:</p> <ul style="list-style-type: none"> • unless withdrawal rights are available (detailed below), you will give up your right to sell your Ebony Shares or otherwise deal with your Ebony Shares while the Offer remains open; and • you will relinquish control of your Ebony Shares and the rights attached to them to Hexagon with no guarantee of payment until the Offer becomes unconditional, subject to your right to withdraw your 	Section 11.10

Question		Answer	Further Information
		<p>acceptance of the Offer in limited circumstances (see below).</p> <p>If you accept the Offer while it remains conditional, you will not be able to deal with your Ebony Shares until the conditions to the Offer are satisfied or waived (in which case, you will receive the Offer Consideration in accordance with the payment terms set out in Section 12.6 of the Bidder's Statement) or the Offer lapses, in which case you will be able to deal with your Ebony Shares as you see fit.</p>	
15.	If I accept the Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if Hexagon varies the Offer in a way that postpones the time when Hexagon is required to satisfy its obligations by more than 1 month.	Section 11.11
16.	Will I get any warning when the Minimum Acceptance Condition is about to be satisfied?	Hexagon has indicated in its Bidder's Statement that it will give a notice of status of Conditions to ASIC and Ebony on 10 March 2021 unless the Offer Period is extended.	N/A
17.	Does satisfaction of the Minimum Acceptance Condition mean that I will definitely receive the Offer Consideration if I accept?	<p>All conditions of the Offer must be satisfied or waived for the Offer to become Unconditional and for the Offer Consideration to be provided to you.</p> <p>Even if the Minimum Acceptance Condition is satisfied or waived, other conditions may still remain outstanding, and satisfaction (or waiver) of those conditions may take some time or may not occur at all.</p>	Section 11.5
18.	What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived on or before the end of the Offer Period (or in the case of Prescribed Occurrences within 3 Business Days thereafter), the Offer will lapse, your Ebony Shares will not be transferred to Hexagon and you will not be provided with your Offer Consideration (even if you had accepted the Offer as your acceptance will be void). However, you would then be free to deal with your Ebony Shares.	Section 11.13
19.	Did Ebony engage an independent expert to opine on the Offer?	<p>Under section 640 of the Corporations Act, Ebony is not required to commission an independent expert's report in connection with the Offer. In deciding not to engage an independent expert to assess the merits of the Offer, your Directors considered a range of factors, including:</p> <ul style="list-style-type: none"> (a) the implied premium of the Offer Consideration compared to the most recent capital raises and issue of convertible notes as outlined in Ebony's annual report for the financial year ended June 2020; (b) the current alternatives available to Ebony regarding funding solutions for Ebony's upcoming work at the Pedirka Project, which are limited as a non-listed public company; 	N/A

Question		Answer	Further Information
		<p>(c) your Directors' understanding of the value of Ebony's prospects and the fact that the Offer provides Ebony Shareholders with the ability to continue to retain exposure to all (or a majority of) Ebony's existing Pedirka Hydrogen Project; and</p> <p>(d) that Hexagon is listed on ASX with an informed and liquid market for its shares.</p> <p>Given these factors, your Directors decided not to engage an independent expert to assist them in assessing the Offer and have recommended that Ebony Shareholders accept the Offer in the absence of a Superior Proposal, for the reasons set out in Section 5 of this Target's Statement.</p>	
20.	When will I receive my Offer Consideration if I accept the Offer?	<p>If you accept the Offer and the Offer becomes or is declared unconditional, you will receive your Offer Consideration from Hexagon on or before the earlier of:</p> <p>(a) one month after the date of your acceptance Offer or one month after all the conditions to the Offer have been freed or fulfilled (whichever is the later); and</p> <p>(b) 21 days after the end of the Offer Period.</p> <p>If the conditions of the Offer are not satisfied or waived by the end of the Offer Period, the Offer will lapse. In those circumstances, you will not receive the Offer Consideration and you will retain your Ebony Shares.</p> <p>Further details on when Hexagon will provide the Offer Consideration are set out in Section 12.6 of the Bidder's Statement.</p>	N/A
21.	Can I accept the Offer if I would receive an unmarketable parcel of Hexagon Shares?	<p>If the Hexagon Shares that would have been issued to you if you accept the Offer do not constitute a Marketable Parcel (the value of which is less than A\$500), you will not receive Hexagon Shares. Instead, the Hexagon Shares to which you would otherwise be entitled will be issued to a sale nominee approved by ASIC who will sell those Hexagon Shares on ASX and provide you with the net sale proceeds.</p>	Section 11.3
22.	What if I am a Foreign Shareholder?	<p>Generally speaking, if your address on Ebony's register of members is in a jurisdiction other than Australia, New Zealand, Canada or the United States you will be considered to be a Foreign Shareholder.</p> <p>If you are a Foreign Shareholder you are entitled to accept the Offer just like any other Ebony Shareholder. However, you will not be entitled to receive Hexagon Shares as a result of acceptance. Instead, the Hexagon Shares to which you would otherwise be entitled will be issued to a sale nominee approved by ASIC who will sell those Hexagon Shares on ASX and provide you with the net sale proceeds. This amount will be in addition to the cash component of the Offer Consideration you will receive.</p>	Section 11.4
23.	What are the tax	<p>If Hexagon acquires more than 80% of the Ebony Shares on issue under the Offer, accepting Ebony</p>	Section 12 of the Bidder's Statement

Question		Answer	Further Information
	implications of accepting the Offer?	<p>Shareholders who are Australian tax residents may be entitled to partial CGT rollover relief in respect of the capital gains they would have otherwise made as a result of the effective sale of their Ebony Shares under the Offer.</p> <p>A general outline of the tax implications of accepting the Offer is set out in Section 13 of the Bidder's Statement.</p> <p>As the outline is a general outline only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.</p>	
24.	What happens if the Offer is successful but Hexagon does not acquire 90% of Ebony Shares.	<p>If the Offer is successful and Hexagon acquires more than 50.1% of all Ebony Shares, but less than 90% of all Ebony Shares, then Ebony Shareholders who do not accept the Offer will remain as minority shareholders in Ebony.</p> <p>The possible implications of being a minority Ebony shareholder are summarised in Section 12.3.</p>	Section 12.3
25.	Can I be forced to sell my Ebony Shares?	You cannot be forced to sell your Ebony Shares unless Hexagon acquires a Relevant Interest in at least 90% of all Ebony Shares by the end of the Offer Period, and proceeds to compulsory acquisition. If that happens, you will be forced to sell your Ebony Shares to Hexagon.	Section 11.14
26.	When does the Offer close?	<p>The Offer is scheduled to close at 5:00pm (WST) on 19 March 2021, but the Offer Period can be extended in certain circumstances.</p> <p>See Section 11.8 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>	Sections 11.7 and 11.8
27.	What happens if the Offer lapses?	Assuming there is no other offer for Ebony Shares, Ebony will seek to continue to develop its Pedirka Hydrogen Project and your Directors will continue to work to generate value for Ebony Shareholders. However, it should be noted that in order to meet upcoming commitments in relation to joint ventures, partnerships and JORC reports on the Pedirka Hydrogen Project, your Directors will need to undertake another capital raise, and then either seek another potential partner or undertake an Initial Public Offering to raise additional funds. This course of action is uncertain and any capital raise may be dilutive to existing Ebony Shareholders.	N/A
28.	Who do I contact if I have further queries in relation to the Offer?	You should contact your legal, financial, taxation or other professional adviser. If you have any questions in relation to the Offer or this document, please email any of the Ebony Directors, whose contact details are set out in Section 2 of this Target Statement.	N/A

7. INFORMATION ABOUT EBONY

7.1 Overview of Ebony

Ebony is an Australian exploration and development company with a focus on exploring, advancing technical planning and ultimately developing its Pedirka Hydrogen Project in the Northern Territory with the aim of supplying hydrogen and / or ammonia to global markets.

Ebony was incorporated as Ebony Coal on 10 February 2011 and commenced activities as a private company. Ebony has been an unlisted public company since 23 August 2011, having passed a special resolution to convert from a proprietary company and to adopt a new constitution for a public company.

Further information about Ebony can be obtained from its website: www.ebonyenergy.net.

Ebony's main business activity and plan has been to analyse, explore and (if justified) develop its sole asset, the Pedirka Hydrogen Project.

Hydrogen has been used for many years in the industrialised world, and its usage is growing. Hydrogen is considered an environmentally friendly, cost-effective source of energy which is beneficial given the ever-growing need for energy while not adding to carbon emissions when consumed.

With continual advances in fuel cell technology, and with a growing consensus that the use of hydrogen is a viable way to decarbonise industry, it is hoped that the Pedirka Hydrogen Project can take a role in the production of hydrogen in Australia. In addition to being 'clean', hydrogen is a versatile energy source with applications across the transport, electricity, industrial and heating sectors.

As described in Hexagon's announcement to the ASX on 21 December 2020, Research firm Markets & Markets estimates that the hydrogen market will expand from US\$135bn in 2018 to US\$199bn by 2023, with the highest compound annual growth rate in China, Japan and Korea.²

7.2 Ebony Directors

As at the date of this Bidder's Statement, the directors of Ebony are:

- Mr Stephen Gerlach – Non- Executive Chairman;
- Mr James Chisholm – Non-Executive Director;
- Mr Scott Humphries - Non-Executive Director; and
- Mr Adam Bacon – Executive Director

Brief profiles of the directors of Ebony are set out below:

Stephen Gerlach

Non-Executive Chairman

Mr Stephen Gerlach is a Company Director and Corporate Advisor. Mr Gerlach is the Chancellor of Flinders University, and is also the Chairman of Adelaide Capital Partners Pty Ltd and Gerlach Asset Development Pty Ltd, a Director of Beston Global Foods Ltd and Beston Pacific Asset Management Pty Ltd.

Mr Gerlach was formerly the Chairman of Santos Limited, Futuris Corporation Ltd (subsequently known as Elders Ltd), Equatorial Mining Ltd, Elders Australia Ltd, Challenger Listed Investments Limited, Amdel Ltd, and Penrice Ltd and a Director and Chairman of resource companies located in the United States of America and Chile. Mr Gerlach was also a Director of a number of other public companies including Southcorp Ltd, AMP Australia, Brunner Mond Holdings Ltd (UK) and Elders Rural Bank. Stephen was a partner of the Adelaide legal firm Finlaysons for 23 years and its Managing Partner from 1985 to 1991. Mr Gerlach has also been involved in a number of community and professional associations.

² Source: <https://www.marketsandmarkets.com/PressReleases/hydrogen.asp>

James Chisholm

Non-Executive Director

Mr James Chisholm has worked in the engineering, oil, gas and mining sectors for over 30 years. Mr Chisholm has extensive experience in the coal sector. He is a founding shareholder of Ebony, having previously co-founded The Chairmen1 Pty Ltd which sold its assets to Guildford Coal (ASX:TER), Ebony Iron Pty Ltd which sold its assets to Strategic Minerals PLC (AIM:SML), and Atrum Coal Ltd (ASX:ATU). He is currently a non-executive Director of Fertoz Ltd (ASX: FTZ), and Commercial Manager of metallurgical coal company, Coking Coal LLC.

Scott Humphries

Non-Executive Director

Mr Scott Humphries is a director and consultant within the Mining, Finance and Medical and Veterinary sectors. Mr Humphries is currently the Chair and founder of Synergy Resource Capital. With Synergy Mr Humphries has a specific focus on resource opportunities in Latin America. Synergy has direct interest in Lithium in Salta and northern Argentina. Mr Humphries has direct investments in resource and energy projects in Australia, Mongolia and Argentina. He was one of the founding investors in Ebony.

Adam Bacon

Executive Director

Mr Adam Bacon is the former Head of Gas and Power at Australian Industrial Energy, He is an experienced industrial executive, with extensive global expertise in growing successful businesses, leading integrated multi-cultural, multi-disciplinary teams in the energy, resources and transportation sectors. Skilled in commercial negotiation, operational leadership, financial management, as well as contract and project management, Adam is also the contract Chief Executive Officer for the Company.

7.3 Overview of Ebony's activities and projects

Ebony undertook a preliminary conceptual 'desk-top' study, which was completed in July 2020, to analyse potential mining of any coal deposits at the Pedirka Hydrogen Project to feed a surface gasification plant and hydrogen converter to produce 'clean' zero-emission 'blue' hydrogen. While Ebony has progressed other aspects of the potential business, it has not undertaken any further feasibility activities, including any exploration activity, at the Pedirka Hydrogen Project prior to or following the conceptual study.

With respect to any potential coal mineralisation at the Pedirka Hydrogen Project, the 2020 conceptual study considered, in part, previous analysis undertaken for Ebony in a similarly 'high-level' conceptual study dated December 2013. The 2013 study considered information gathered from activities undertaken by other entities on tenements surrounding the Pedirka Hydrogen Project in the Pedirka Basin.

In preparing the 2013 study, Ebony reviewed this analysis and extrapolated the information in an attempt to assess the possible presence of coal mineralisation at Pedirka. The 2020 study then assessed potential mining options if coal mineralisation were confirmed at sufficient levels to justify development. The 2013 study noted that drill holes at the Pedirka Hydrogen Project would be necessary to confirm any presence of coal mineralisation. To date, although there has been drilling at the site which intersected thick coal seams, there has been no exploration at the Pedirka Project to provide a JORC-compliant statement.

It is intended that, if developed, the Pedirka Project would utilise a conventional surface gasification plant to produce 'blue' hydrogen for export and domestic markets with 'clean' zero carbon emissions. In order to do so, Ebony would likely utilise the process of coal gasification, as well as hydrogen extraction and conversion.

The practice of coal gasification has been in use for decades in many countries and is well-developed. Coal gasification is the process of producing syngas—a mixture consisting primarily of carbon monoxide

(CO), hydrogen (H₂), carbon dioxide (CO₂), natural gas (CH₄), and water vapour (H₂O) - from coal and water, air and / or oxygen. The carbon monoxide is reacted with water to produce additional hydrogen. This method is the cheapest, most efficient, and most common method of producing syngas.

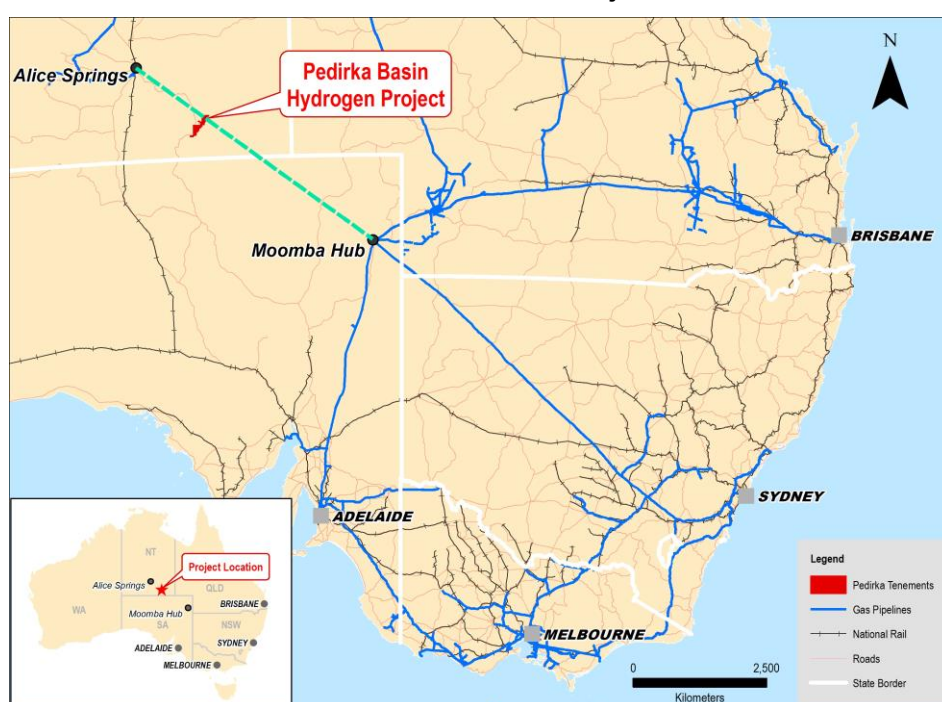
Gasification can occur on the surface (using a coal gasification plant) or underground. It is planned that the likely approach at the Pedirka Hydrogen Project would be to utilise a surface gasification plant. This would involve underground mining being used to extract any coal that may be found, transport it to the surface and feed it into the coal gasification plant for the production of hydrogen.

It is uncertain whether exploration results will be able to be reported in accordance with the JORC code. The only work that has been completed in respect of the Pedirka Hydrogen Project are the preliminary conceptual studies, discussions with potential suppliers and partners, and the limited drilling on the site.

The Pedirka Project is located approximately 150km south east of Alice Springs in the Northern Territory, as shown in Figure 6.1.1 below. The Pedirka Project is located in the Pedirka Basin which covers an area of approximately 796km².

It is understood that the coal geology of the Pedirka Basin is contained in the Upper Permian aged sediments of the Purni Formation and formed on top of the Devonian basement of marine sediments. The actual geological characteristics at the Pedirka Project would need to be the subject of further exploration.

Location the Pedirka Project³



Ebony, through its wholly owned subsidiary Pedirka Basin Pty Ltd (ACN 604 326 516), holds two exploration licences over the area covering the Pedirka Project being, EL/29237 and EL/29239.

Further details of these exploration licences are provided in the table below:

Project	Tenement	End Date ⁴	Area (km ²)
Pedirka Project	EL/29237	Ongoing	475.07
Pedirka Project	EL/29239	Ongoing	321.11

³ The broken green line in Figure 1 represents the approximate path of a combined new and existing pipeline that may be developed for transport of CO₂ and/or Syngas, if further activities at the Pedirka Hydrogen Project justified such development.

⁴ Each exploration licence is the subject of a renewal application lodged with the Northern Territory Department of Industry, Tourism and Trade on 29 December 2020 to renew the licence for a further 2-year period from 3 January 2021 until 3 January 2023. Under the Mineral Titles Act 2010 (NT), section 68, the exploration licences continue in force during the application period. The Company expects that both licences will be renewed in the coming months.

7.4 **Ebony financial information**

The historical statements of financial position and income statements of Ebony are set out below and have been extracted from the audited accounts of as at the end of the financial years ended 30 June 2019 and 30 June 2020, being the last 2 audited accounts prior to the date of this Target's Statement, together with the unaudited statements of financial position as at 31 December 2020.

Profit and Loss	Consolidated	Consolidated
	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Revenue	6,521	18
<u>Expenses</u>		
Accounting and other professional fees	(10,700)	(22,661)
Finance costs	(509)	(2,104)
Consultants	(157,667)	(172,931)
Employee benefits expense	-	-
Exploration and evaluation costs	(125,954)	(93,180)
Insurance expenses	(10,815)	(11,468)
Other expenses	(15,627)	(22,168)
Loss before income tax expense	(314,751)	(324,494)
Income tax expense	-	-
Loss attributable to members of Ebony Energy Limited	(314,751)	(324,494)
Other Comprehensive Income, net of tax	-	-
Total Comprehensive (Loss)	(314,751)	(324,494)
Earnings per share for Loss from continuing operations attributable to owners of Ebony Energy Limited		
Basic and diluted loss per share	(0.01)c	(0.01)c

Balance Sheet	Consolidated	Consolidated
	30 June 2020	30 June 2019
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	55,381	16,597
Trade and other receivables	20,000	(396)
TOTAL CURRENT ASSETS	75,381	16,201
NON-CURRENT ASSETS		
Exploration and evaluation	2,550,000	-
TOTAL NON-CURRENT ASSETS	2,550,000	-
TOTAL ASSETS	2,625,381	16,201
CURRENT LIABILITIES		
Trade and other payables	1,343,808	1,122,588
Other liabilities	464,223	311,511
TOTAL CURRENT LIABILITIES	1,808,031	1,434,099
TOTAL LIABILITIES	1,808,031	1,434,099
NET LIABILITY	(817,350)	(1,417,898)
EQUITY		
Contributed equity	7,227,661	7,227,661
Share based payments reserve	130,500	130,500
Reserves	2,550,000	-
Retained earnings/Accumulated losses	(9,090,811)	(8,776,059)
TOTAL (DEFICIENCY)	(817,350)	(1,417,898)

1 July 2020 – 31 December 2020 Accounts

Profit and Loss	31 December 2020	30 June 2020
	\$	\$
Total Income	9	6,521
<u>Expenses</u>		
Accounting and other professional fees	(31,238)	(10,700)
Bank Charges	(164)	(133)
Exploration Expenditure	(55,974)	(125,954)
Director Fees	(143,833)	(157,667)
Information Technology	(520)	(1,951)
Interest Expense	(270)	(376)
Insurance Costs	(12,384)	(10,815)
Legal Costs	-	(5,633)
Subscriptions	(355)	(1,252)
Telephone and Internet	-	(105)
Travel Expenses	-	(497)
TOTAL EXPENSES	(244,738)	(321,272)
Profit/(Loss) before Tax	(244,729)	(314,751)
Net Profit After Tax	(244,729)	(314,751)
Net Profit After Dividends Paid	(244,729)	(314,751)

Balance Sheet	31 December 2020	30 June 2020
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	17,729	55,381
Trade and other receivables	4,641	20,000
TOTAL CURRENT ASSETS	22,370	75,381
NON-CURRENT ASSETS		
Exploration and evaluation	2,550,000	2,550,000

TOTAL NON-CURRENT ASSETS	2,550,000	2,550,000
TOTAL ASSETS	2,572,370	2,625,381
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,456,691	1,343,808
Financial Liabilities	543,058	464,223
TOTAL CURRENT LIABILITIES	1,999,749	1,808,031
NON-CURRENT LIABILITIES		
Financial Liabilities	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	1,999,749	1,808,031
NET ASSETS	572,621	817,350
EQUITY		
Retained Earnings	(9,335,540)	(9,090,811)
Reserve – Project Valuation	2,550,000	2,550,000
Reserves – Share Based Payments	130,500	130,500
Share Capital	7,227,661	7,227,661
Total Equity	572,621	817,350

NB: Contingent liability agreements

Ebony is party to various contingent liability agreements with entities associated with a number of its directors and other parties, including Drumrock Capital Advisory, an entity associated with Hexagon's Chairman, Charles Whitfield. These agreements relate to remuneration of directors, management and consultants (present and former) which has historically been accrued rather than paid. As noted in the Note 17 of the Year Ending June 2020 audit, the liabilities under each of these agreements represent accrued salaries and fees owed to directors and former management and consultants which are not liable to be paid until Ebony has excess cash. These contingent liabilities are not part of the proposed transaction and will remain with Ebony Energy Ltd.

7.5 **Ebony Securities**

As at the date of this Target's Statement the following Ebony Securities are on issue:

Class of security	Number
Ebony Shares	101,564,052
Ebony Options	Refer table below

The Ebony Options are comprised as follows:

Class of security	Number	Exercise Price	Expiry date
Class 1	1,000,000 Options	\$9	14 December 2022
Class 2	1,000,000 Options	\$6	14 December 2022
Class 3	552,500 Options	\$0.20	240,000 27 Aug 2021 262,500 26 May 2021 50,000 27 Sept 2021
Class 4 – Employee Share Option Plan	3,455,369	\$0.16 (3,442,647) \$0.04 (12,722)	31 August 2032 and 18 February 2035

If any Ebony Options are exercised into Ebony Shares prior to the end of the Offer Period, the Hexagon Offer extends to those Ebony Shares issued on exercise such that those Ebony Shares can be accepted into the Offer in accordance with the terms of the Offer. Hexagon will seek to negotiate the cancellation of these options by agreement with each option holder.

7.6 **Ebony Convertible Notes**

Ebony currently has Ebony Convertible Notes on issue.

A summary of the Ebony Convertible Notes is set out below.

Convertible Note Holder	Face value	Expiry date
Left Brain Strategies Pty Ltd as trustee for Left Brain Strategies Trust	\$250,000	30 June 2021
Belle Invest P/L ATF Belle Invest Superannuation Fund	\$20,000	1 February 2022
Scott Humphries and Sarah Humphries as trustees for The Goldsmid Trust	\$80,000	1 February 2022
Left Brain Strategies Pty Ltd as trustee for Left Brain Strategies Trust	\$50,000	1 February 2022
Lekir Holdings Pty Ltd as trustee for Lekir Holdings Super Fund	\$20,000	1 February 2022
Culars No159 Pty Ltd as trustee for Stanwell Group Superannuation Fund	\$20,000	1 February 2022
NC Robson Pty Ltd (as trustee for NC Robson Superannuation Fund)	\$20,000	1 February 2022
Majol Pty Ltd Trust	\$10,000	1 February 2022
Gary Gynn and Barbara Gynn as trustee for Gary Gynn Superannuation Fund	\$10,000	1 February 2022
Mark Russell	\$10,000	1 February 2022
Drumrock Capital Advisory	\$52,500	30 June 2021
Left Brain Strategies Pty Ltd as trustee for Left Brain Strategies Trust	\$55,253	30 June 2021
Belle Invest P/L ATF Belle Invest Superannuation Fund	\$5,000	30 June 2021
Culars No159 Pty Ltd (as trustee for Stanwell Group Superannuation Fund)	\$15,000	30 June 2021
NC Robson Pty Ltd (as trustee for NC Robson Superannuation Fund)	\$10,000	30 June 2021
SS Winter Pty Ltd ATF The Winter Superannuation Fund	\$50,000	30 June 2021
Lekir Holdings Pty Ltd as trustee for Lekir Holdings Super Fund	\$10,000	30 June 2021
Total	\$687,753	

The Ebony Convertible Notes have variable terms and conversion prices. However, all the Ebony Convertible Notes noted in the table above have a change in control conversion mechanism. The change in control mechanism is triggered if Hexagon acquires a Relevant Interest in greater than 50% of Ebony Shares. All Convertible Notes with an expiry date of 1 February 2022 have change of control provisions which will be triggered if Hexagon's offer becomes unconditional and, if triggered, will require Ebony to convert the notes into new Ebony Shares. For all other Convertible Notes, if the change of control provisions are triggered, either Ebony or the note holder can elect to convert the Ebony Convertible Notes into new Ebony Shares.

Subject to the conversion of Ebony Convertible Notes into Ebony Shares prior to the end of the Offer Period, the Hexagon Offer extends to those Ebony Shares issued on conversion such that those Ebony Shares can be accepted into the Offer in accordance with the terms of the Offer.

Assuming Hexagon achieves a Relevant Interest in greater than 50% of Ebony Shares and the change in control mechanism under the terms of the Ebony Convertible Notes is triggered, the Ebony Board intends to issue conversion notices to all the holders of the Ebony Convertible Notes which will mean the note holders will have their Ebony Convertible Notes converted and will be issued with Ebony Shares on conversion.

The Ebony Convertible Notes will convert into a number of Ebony Shares calculated on the basis of the face value of the notes and a conversion ratio. The conversion ratio is calculated by taking into account a value of \$0.06 per Hexagon Share and the ratio of the Offer Consideration, which, at the date of this Target's Statement, is 1 Hexagon Share for every 1.32 Ebony Shares.

Hexagon's Offer extends to Ebony Shares that are issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the conversion of the Ebony Convertible Notes.

7.7 **Ebony website**

Ebony maintains a website, www.ebonyenergy.net, which contains further information about Ebony and its operations.

Information about the Hexagon Offer, including a copy of the Bidder's Statement, this Target's Statement, any supplementary statements that may be issued, and any notices by Hexagon as to its voting power during the bid period will be made available on Ebony's website at www.ebonyenergy.net

8. **INFORMATION RELATING TO YOUR DIRECTORS**

8.1 **Interests of Directors in Ebony**

As at the date of this Target's Statement, your Directors have a Relevant Interest in the number of Ebony Securities set out in the table below:

Director	Ebony Securities	Number	Nature of interest
Stephen Gerlach	Ebony Shares	3,126,112	
	Ebony Options	2,955,369	Start-Up Options
James Chisholm	Ebony Shares	16,346,374	
	Ebony Options	Nil	
Scott Humphries	Ebony Shares	9,387,665	
	Ebony Options	Nil	
Adam Bacon	Ebony Shares and Options	Nil	Nil

In addition to the interests of Directors outlined above, each of the following Directors have interests in the Ebony Convertible Notes as follows:

Director	Face value of Ebony Convertible Notes
James Chisholm ⁵	\$355,253 ⁶

⁵ Left Brain Strategies Pty Ltd as trustee for Left Brain Strategies Trust, Scott Humphries and Sarah Humphries as trustees for The Goldsmid Trust.

⁶ Details of the terms of these Convertible Notes is set out in Section 8.6 of this Target's Statement.

Scott Humphries ⁷	\$130,000 ⁸
------------------------------	------------------------

Entitles associated with a number of Directors are also parties to contingent liability agreements, details of which are set out in Section 8.4 of this Target's Statement.

Each of your Directors intends to accept the Offer in respect of all Ebony Shares that they own or control, in the absence of a Superior Proposal.

As noted in Sections 5.4 and 6.4, your Directors recommend Ebony Shareholders accept the Offer, in the absence of a Superior Proposal.

The Ebony Shares which are owned or controlled by your Directors, represent approximately 28%, in aggregate, of all the Ebony Shares on issue as at the date of this Target's Statement.

8.2 Dealings by Directors in Ebony Securities

James Chisholm and Scott Humphries, along with a number of shareholders, participated in a convertible note issue by Ebony to provide sufficient working capital to pay the expenses related to the proposed transaction with Hexagon. The convertible note issue raised \$240,000 of which Mr Chisholm and Mr Humphries provided \$130,000. If Hexagon achieves a Relevant Interest in greater than 50% of Ebony Shares triggering the change in control mechanism under the terms of the Ebony Convertible Notes, Ebony intends to issue conversion notices to convert all the Ebony Convertible Notes into Ebony Shares as outlined in section 7.6.

Other than the above, none of your Directors have acquired or disposed of a Relevant Interest in any Ebony Securities in the 4-month period ending on the date immediately before the date of this Target's Statement.

8.3 Interest and dealings in Hexagon Shares

As at the date of this Target's Statement neither Ebony nor any of its Directors holds a Relevant Interest in Hexagon Shares.

There have been no acquisitions or disposals of Hexagon Shares by any of your Directors in the 4 months ending on the date of this Target's Statement.

8.4 Benefits and agreements

Save as disclosed:

- no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Ebony or Related Body Corporate of Ebony, as a result of the Offer;
- there are no agreements made between any of your Directors and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a holder of Ebony Securities;
- none of your Directors have agreed to receive, or are entitled to receive any benefit from Hexagon which is conditional on, or related to, the Offer, other than in their capacity as a holder of Ebony Securities; and
- none of your Directors have any interest in any contract entered into by Hexagon.

⁷ Scott Humphries and Sarah Humphries as trustees for The Goldsmid Trust and S S Winter atf the Winter Superannuation Fund are the holders of the notes; both trusts are associated with Non-Executive Director, Scott Humphries.

⁸ Details of the terms of these Convertible Notes is set out in Section 8.6 of this Target's Statement.

9. INFORMATION ABOUT HEXAGON

9.1 Disclaimer

All information concerning Hexagon contained in this Target's Statement has been prepared by Ebony using publicly available information.

The information in this Target's Statement concerning Hexagon has not been independently verified. Ebony does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Hexagon is not considered to be comprehensive.

9.2 Overview of Hexagon

For information about Hexagon, refer to Section 4 of the Bidder's Statement.

Hexagon is an ASX listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Hexagon is subject to the ASX Listing Rules which require continuous disclosure of any information Hexagon has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

Hexagon separately has disclosure obligations in relation to the progress of the Offer under the Corporations Act. Hexagon must issue a substantial holding notice to Ebony and ASX, including details of its and their Associates' Relevant Interests in Ebony Shares, and consideration paid for such shares (where relevant) at the commencement of the Offer Period, and each time acceptance by Ebony Shareholders under the Offer increases renewal uses holding by 1%.

Hexagon is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Hexagon may be obtained from, or inspected at, an ASIC office.

On request to Hexagon and free of charge, Ebony Shareholders may obtain a copy of:

- the annual financial report of Hexagon for the year ended 30 June 2020 lodged by Hexagon with ASX on 20 October 2020 (being the annual financial report most recently lodged with ASIC before lodgement of the Bidder's Statement with ASIC); and
- any half-year financial report lodged with ASIC by Hexagon after the lodgement of that annual financial report for Hexagon referred to above and before lodgement of this Bidder's Statement with ASIC; and
- any continuous disclosure notice given to ASX by Hexagon since the lodgement with ASIC of the annual financial report for Hexagon referred to above and before lodgement of the Bidder's Statement with ASIC.

A list of the announcements Hexagon has lodged with ASX since 20 October 2020 (being the date of lodgement of the annual financial report referred to above) is set out in Attachment 2 to the Bidder's Statement.

A substantial amount of information about Hexagon is available in electronic form from <https://hexagonresources.com/> and on the ASX website.

9.3 Information about the Combined Entity and Hexagon's intentions

For information about the Combined Entity and Hexagon's intentions regarding Ebony and the Combined Entity if the Offer becomes Unconditional, refer to Sections 8 and 9 of the Bidder's Statement.

9.4 Relationship with Ebony

As at the date of this Target's Statement and the date of the Offer, the Bidder does not have a Relevant Interest in Ebony Shares.

9.5 Corporate governance

The Hexagon Board seeks to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations.

Details on Hexagon's corporate governance procedures, policies and practices can be obtained at Hexagon's website <https://hexagonresources.com/>.

10. INFORMATION ABOUT HEXAGON SHARES

10.1 Capital structure

As at the date of this Bidder's Statement, Hexagon has the following securities on issue:

Class of security	Number
Hexagon Shares currently on issue ¹	301,205,327

Notes:

1. The rights attaching to the Hexagon Shares are summarised in Section 5.4 of the Bidder's Statement.

10.2 Recent performance of Hexagon Shares

Set out below is a table showing relevant trading prices of Hexagon Shares on ASX:

Comparative Trading Period	Price of Hexagon Shares
Highest trading price in the 4 months prior to the date this Target's Statement was lodged with ASIC on 26 February 2021	A\$0.14
Lowest trading price in the 4 months prior to the date this Target's Statement was lodged with ASIC on 26 February 2021	A\$0.045
Closing trading price on the last trading day (being 16 December 2020) before the Announcement Date	A\$0.06
Last available closing sale price (as at 23 February 2021) on ASX prior to the date this Target's Statement was lodged with ASIC	A\$0.105
5-day VWAP before the date this Target's Statement was lodged with ASIC	A\$0.099

The implied value of the Offer will change as a consequence of changes in the market price of Hexagon Shares from time to time.

10.3 Quotation of Hexagon Shares comprising Offer Consideration

Hexagon will lodge an application for admission to quotation of the Hexagon Shares comprising part of the Offer Consideration to trading on ASX within 7 days of the start of the Offer Period. The Offer is conditional on quotation being granted.

10.4 Hexagon Shares

The Hexagon Shares offered are fully paid ordinary shares in the capital of Hexagon, and from the date of their issue will rank equally with existing Hexagon ordinary shares and will have the same rights and liabilities attaching to them. The rights and liabilities attaching to Hexagon Shares are governed by the constitution of Hexagon, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Under section 140(1) of the Corporations Act, the constitution of Hexagon has effect as a contract between Hexagon and each member and between a member of Hexagon and each other member. Accordingly, if you accept the Offer and receive Hexagon Shares as consideration you will, as a result, become liable to comply with the constitution of Hexagon.

A summary of the rights and liabilities attaching to Hexagon Shares is set out in Section 5.4 of the Bidder's Statement. Full details of the rights and liabilities attaching to Hexagon Shares are set out in the constitution of Hexagon, a copy of which is available for inspection at Hexagon's registered office during normal business hours.

11. KEY FEATURES OF THE OFFER

11.1 The Offer

Hexagon announced its intention to make its takeover bid for Ebony on 21 December 2020. The terms of the Offer are contained in Section 12 of the Bidder's Statement.

11.2 Consideration payable to Ebony Shareholders who accept the Offer

The consideration being offered by Hexagon under the Offer is 1 Hexagon Share for every 1.32 Ebony Shares held by an Ebony Shareholder.

11.3 Unmarketable parcels

If the Hexagon Shares that would have been issued to you if you accepted the Offer do not constitute a Marketable Parcel (the value of which is less than A\$500), you will not receive Hexagon Shares. Instead, the Hexagon Shares to which you would otherwise be entitled will be issued to a sale nominee approved by ASIC who will sell those Hexagon Shares on ASX and provide you with the net sale proceeds.

In each case, these amounts will be in addition to the cash component of the Offer Consideration you will receive.

Please see Sections 11.10 and 12.7 of the Bidder's Statement for further information.

11.4 Foreign Shareholders

If you are a Foreign Shareholder you are entitled to accept the Offer just like any other Ebony Shareholder. However, you will not be entitled to receive Hexagon Shares as part of the Offer Consideration. Instead, the Hexagon Shares to which you would otherwise be entitled will be issued to a sale nominee approved by ASIC who will sell those Hexagon Shares on ASX and provide you with the net sale proceeds. This amount will be in addition to the cash component of the Offer Consideration you will receive.

Please see Sections 11.10 and 12.7 of the Bidder's Statement for further information.

11.5 Conditions to the Offer

The Offer is subject to the fulfilment or waiver number of a number of conditions before the end of the Offer Period. Those conditions are set out in full in Section 12.8 of the Bidder's Statement, which is substantially replicated below:

(a) Minimum acceptance

At the end of the Offer period, Hexagon has a Relevant Interest in at least 50.1% of Ebony Shares then on issue.

(b) Hexagon Shareholder Approval

Hexagon Shareholders provide the approval to comply with Listing Rule 11.1 for the change in nature resulting from the completion of the Offer in accordance with the Corporations Act and Listing Rules, before the end of the Offer period.

(c) Regulatory approvals and consents

Before the end of the Offer period, all approvals or consents that are required by law or by any Government Agency, as are necessary to permit:

- (i) the Takeover Bid to be lawfully made to and accepted by the Ebony Shareholders;
- (ii) the transactions contemplated by the Bidder's Statement to be completed; and
- (iii) Ebony to be in material compliance with each of its and its subsidiaries' contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(d) No regulatory action

Between the Announcement Date and the end of the Offer period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by Hexagon or any associate of Hexagon),

in consequence of or in connection with the Takeover Bid (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Bid Offers and the completion of any transaction contemplated by the Bidder's Statement or which requires the divestiture by Hexagon of any Ebony Shares or any material assets of Ebony or any Subsidiary of Ebony (including any Tenement).

(e) **No persons exercising rights under certain agreements or instruments**

Between the Announcement Date and the end of the Offer period, no person exercises any rights under any provision of any agreement or other instrument to which a member of Ebony Group is a party, or by or to which a member of Ebony Group or any of its assets (including any Tenement) may be bound or be subject to which:

- (i) requires monies borrowed by, or other financial accommodation provided to, a member of Ebony Group to be paid or repaid immediately or earlier than the repayment or maturity date stated in such agreement or other instrument other than in relation to the Ebony Convertible Notes whereby they are satisfied upon conversion;
- (ii) terminates or modify any such agreement or instrument or require that any action be taken thereunder (including the acceleration of the performance of any obligation thereunder);
- (iii) terminates or modify the interest of a member of Ebony Group in any farm-in, farm-out, partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest); or
- (iv) requires that any assets (including any Tenement), shares or business of a member of Ebony Group be sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, as a result of the acquisition of Ebony Shares by Hexagon.

(f) **No change of control rights**

Between the Announcement Date and the end of the Offer period, no person has or will have any right as a result of Hexagon making the Takeover Bid or announcing its intention to make the Takeover Bid, or acquiring Ebony Shares under the Takeover Bid, to:

- (i) acquire, or require the disposal of, or require any entity within Ebony Group to offer to dispose of, any Tenement, assets, shares or business (or any interest in) of any entity within Ebony Group;
- (ii) terminate, or vary the terms of performance of, any agreement with any entity within Ebony Group; or
- (iii) terminate, or vary the terms of any material approvals, licenses or permits issued by any Government Agency to any entity within Ebony Group.

(g) **No material disposals, cancellations or new commitments**

None of the following events occur between the Announcement Date and the end of the Offer period:

- (i) Ebony or any of its subsidiaries disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses, Tenements or assets (or any interest in one or more companies, businesses, Tenements or assets) relating in any way to the Pedirka Hydrogen Project;

- (ii) a member of the Ebony Group enters into or agrees to enter into any purchase, sale, farm-in, farm-out, joint venture, mineral rights or partnership (or series of agreements) that requires or is reasonably likely to involve payments, expenditure or the foregoing of revenue, by a member of the Ebony Group in excess of A\$150,000 in aggregate with other such matters arising after the Announcement Date; or
- (iii) a Tenement granted to or held by any member of Ebony Group is revoked, surrendered, relinquished or terminated or a member of Ebony Group agrees to the same without there being a reasonable likelihood of such tenement, permit or licence being allowed to continue, renewed or extended on terms which are no less favourable to the member of Ebony Group.

(h) **No material adverse change**

Between the Announcement Date and the end of the Offer period (each inclusive) none of the following occurs:

- (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (ii) information is disclosed or announced by Ebony concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Hexagon (whether or not becoming public),

(each of paragraphs (i), (ii) and (iii) being a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (iv) a material adverse effect on the business, assets (including the Tenements), liabilities, financial or trading position, profitability or prospects of Ebony or its subsidiaries taken as a whole; or
- (v) without limiting the generality of the Takeover Bid Condition at Section 11.5(d)(iv), the effect of a diminution in the value of the consolidated net assets of the Ebony Group, taken as a whole, by at least A\$250,000 against what it would reasonably have been expected to have been but for such Specified Event,

other than:

- (vi) an event, matter, change or circumstance caused, or materially contributed to, by Hexagon;
- (vii) anything required or permitted to be done or not done under the offer between Hexagon and Ebony or otherwise required to be done in connection with the legal obligations for the implementation of the Takeover Bid;
- (viii) any event, matter, change or circumstance:
 - (A) fairly disclosed by Ebony to Hexagon or any Related Party of Hexagon;
 - (B) disclosed in public filings by Ebony to ASIC; or
 - (C) otherwise known by Hexagon or any Related Party of Hexagon,

at any time prior to the date of the offer between Hexagon and Ebony provided that the event, matter, change or circumstances (as the case may be) continues to be, in all material respects, as disclosed or otherwise known to Hexagon at that time;

- (ix) an event, matter, change or circumstance in or relating to:
 - (A) economic, business, regulatory or political conditions in general;
 - (B) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
 - (C) any change affecting the industry in which Ebony operates generally;

- (x) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which Ebony's insurers have agreed to pay; or
- (xi) anything done with the prior written consent of Hexagon.

(i) **Conduct of business**

Between the Announcement Date and the end of the Offer period (each inclusive), neither Ebony nor any of its subsidiaries:

- (i) makes any changes to its constitution or passes any special resolution or amends the terms of issue of any shares, options, performance rights or other convertible securities;
- (ii) borrows or agrees to borrow any money (except to cover expenses associated with the Takeover Bid), including incurring trade credit or other payables, or as otherwise agreed to in writing by both parties;
- (iii) provides a guarantee or indemnity or both to a third party (not being Hexagon or one of its subsidiaries);
- (iv) other than to the extent included in the Bidder's Statement does any of the following:
 - (A) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or employee;
 - (B) makes or agrees to make any substantial change in the basis or amount of remuneration of any director, employee or consultant;
 - (C) except as provided under any superannuation, provident or retirement scheme or contract in effect on the Announcement Date, pays or agrees to pay any retirement benefit or allowance to any director or employee;
 - (D) make or agree to make any payments to any third party (either alone or in aggregate) that is above A\$50,000, including to any employee, director or consultant to Ebony that is contingent on the Takeover Bid or the outcome of the Takeover Bid (or a similar transaction); and
 - (E) amends or agrees to amend in any material respect any arrangement with its advisers, or enter into arrangements with any new advisers, in respect of the Takeover Bid or a similar transaction;
- (v) other than to the extent included in the or as otherwise agreed to in writing by both parties, acquires, offers to acquire, agrees to acquire or acquires any one or more businesses, assets, entities or undertakings valued at, or involving a financial commitment of more than A\$50,000 (individually or when aggregated with all other such matters arising after the Announcement Date), or makes an announcement or enters into an agreement in relation to such an acquisition, undertaking or financial commitment; or
- (vi) incurs or commits to incur an amount of capital expenditure in excess of A\$50,000 (either alone or in aggregate) other than as otherwise agreed to in writing by both parties.

(j) **Tenements**

Between the Announcement Date and the end of the Offer period (each inclusive), otherwise than in the ordinary course of business, neither Ebony nor any of its subsidiaries:

- (i) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including without limitation any ore sale, ore processing, split commodity, joint venture, partnership, farm-in, royalty, marketing or off-take agreement) in relation to any of the Tenements;
- (ii) relinquishes, sells or disposes of any interest or creates any security Interest over any of the Tenements;
- (iii) takes any action or omits to take any action that results in or may reasonably be expected to result in a disposal of, or a breach of the terms of any of the Authorisations in connection with any Tenement; or

- (iv) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Tenements or any Authorisation relating to any Tenements,

including announcing an intention to do any of the above matters.

(k) **Litigation**

Between the Announcement Date and the end of the Offer period (each inclusive) no litigation against Ebony which may impact on the Pedirka Hydrogen Project or reasonably result in a judgment of A\$100,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Hexagon (whether or not becoming public) or Ebony regardless of whether the subject of prior resolution or otherwise.

(l) **Equal access**

Between the Announcement Date and the end of the Offer period, Ebony promptly, and in any event within two Business Days, provides to Hexagon (unless it has previously provided such information to Hexagon) a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to the Ebony Group, or their respective Tenements, assets, liabilities or operations, that has been provided by Ebony or any of its directors, officers, agents or representatives to any third party other than in the ordinary course of ordinary business, for the purposes of soliciting, encouraging or facilitating any proposal with respect to:

- (i) a takeover bid for, or scheme of arrangement proposed by, Ebony, under the Corporations Act;
- (ii) the acquisition by a third party or an associate (within the meaning in section 12(2) of the Corporations Act) of any interest (including directly or indirectly by way of farm-in, farm-out, joint venture, partnership or similar) in either the Pedirka Hydrogen Project or any of the assets (including Tenements) and operations of Ebony or any of its Subsidiaries; or
- (iii) any transaction having a similar economic effect.

(m) **Full and final satisfaction of Outstanding Ebony Liabilities**

Between the Announcement Date and the end of the Offer period, Ebony promptly settles its Outstanding Ebony Liabilities for full and final satisfaction of those liabilities.

(n) **No prescribed occurrences**

Between the Announcement Date and the date three business days after the end of the Offer period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (i) Ebony converting all or any of Ebony Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) Ebony or a subsidiary of Ebony resolving to reduce its share capital in any way;
- (iii) Ebony or a subsidiary of Ebony entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Ebony or a subsidiary of Ebony making an issue of Ebony Shares (other than an issue of Ebony Shares as a result of the exercise of rights conferred by or the conversion of Ebony Options or Outstanding Ebony Liabilities in accordance with full and final satisfaction of the Outstanding Ebony Liabilities) or granting an option over the Ebony Shares or agreeing to make such an issue or grant such an option;
- (v) Ebony or a subsidiary of Ebony issuing, or agreeing to issue, convertible notes (including any issue or grant of any Ebony Convertible Notes, apart from the \$240,000 convertible note to fund Ebony's transaction expenses);
- (vi) Ebony or a subsidiary of Ebony disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;

- (vii) Ebony or a subsidiary of Ebony granting, or agreeing to grant, a security interest in the whole, or a substantial part, of its business or property;
 - (viii) Ebony or a subsidiary of Ebony resolving that it be wound up;
 - (ix) the appointment of a liquidator or provisional liquidator of Ebony or of a subsidiary of Ebony;
 - (x) the making of an order by a court for the winding up of Ebony or of a subsidiary of Ebony;
 - (xi) an administrator of Ebony or of a subsidiary of Ebony being appointed under section 436A, 436B or 436C of the Corporations Act;
 - (xii) Ebony or a Subsidiary of Ebony executing a deed of company arrangement; or
 - (xiii) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Ebony or of a subsidiary of Ebony.
- (o) **No distributions**
- Between the Announcement Date and the end of the Offer period (each inclusive), Ebony does not announce, make, declare or pay any distribution to the Ebony Shareholders (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- (p) **Escrow condition**
- Ebony Shareholders with a holding of more than 5% of all Ebony Shares agree to an escrow arrangement with respect to the Hexagon Shares agreeing not to sell those Hexagon Shares for a period of 12 months from the date of issue of the Hexagon Shares subject to termination events if a bid is made for Hexagon or a scheme of arrangement is announced.

11.6 Notice of status of Conditions

The terms of the Offer set out in Section 12.12 of the Bidder's Statement indicate that Hexagon will give a notice of status of Conditions to ASX and Ebony on 10 March 2021.

Hexagon is required to set out in its notice of status of Conditions:

- whether the Offer is free of any or all of the Conditions;
- whether, so far as Hexagon knows, any of the Conditions have been fulfilled; and
- Hexagon's voting power in Ebony.

If the Offer Period is extended before the time by which the notice of status of Conditions is to be given, the date for giving the notice of status of Conditions will be taken to be postponed for the same period.

In the event of such an extension, Hexagon is required, as soon as practicable after the extension, to give a notice to ASX and Ebony that states the new date for the giving of the notice of status of Conditions.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period, but before the date on which the notice of status of Conditions is required to be given, Hexagon must, as soon as practicable, give ASIC and Ebony a notice that states that the particular Condition has been fulfilled.

11.7 Offer Period

Unless the Offer is extended or withdrawn, it is open for acceptance from 19 February 2021 until 5:00pm (WST) on 19 March 2021.

The circumstances in which Hexagon may extend or withdraw the Offer are set out in Sections 11.8 and 11.9 of this Target's Statement.

11.8 Extension of the Offer Period

Hexagon may extend the Offer Period at any time before giving the notice of status of Conditions (referred to in Section 0 in this Target's Statement) while the Offer is subject to Conditions. However, if

the Offer is Unconditional (that is, all the Conditions are fulfilled or waived), Hexagon may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- Hexagon improves the Offer Consideration; or
- Hexagon's voting power in Ebony increases to more than 50.1%.

If either of these 2 events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

11.9 Withdrawal of Offer

Hexagon may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Hexagon may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

11.10 Effect of acceptance

The effect of acceptance of the Offer is set out in detail in Section 12.5 of the Bidder's Statement. You should read these provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Ebony Shares and the things which you are deemed to have done by accepting of the Offer.

You should note that, if you accept the Offer, unless you are able to withdraw your acceptance in the circumstances described in Section 11.9 of this Target's Statement, you will forgo the opportunity to benefit from any Competing Proposal (including any Superior Proposal) which may be put forward by another party, unless the Offer does not become Unconditional at the end of the Offer Period and the Competing Proposal remains open for acceptance. As at the date of this Target's Statement, your Directors are not aware of any Competing Proposal.

11.11 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Hexagon varies the Offer in a way that postpones, for more than 1 month, the time when Hexagon needs to meet its obligations under the Offer. This will occur if Hexagon extends the Offer Period by more than 1 month and the Offer is still subject to Conditions.

11.12 Effect of an improvement in Offer Consideration

If Hexagon improves the Offer Consideration offered under the Offer, all Ebony Shareholders who accept the Offer, whether or not they have accepted the Offer before that improvement, will be entitled to the benefit of that improved Offer Consideration.

11.13 Lapse of Offer

The Offer will lapse if the Conditions are not satisfied or waived by Hexagon by the end of the Offer Period or in the case of Prescribed Occurrences within 3 Business Days after the end of the Offer Period, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Ebony Shares as you see fit.

11.14 Compulsory acquisition

Hexagon has indicated in Section 8.3 of the Bidder's Statement that if it satisfies the required 90% threshold it intends to compulsorily acquire any outstanding Ebony Shares. Ebony Shareholders should read these sections in full to understand the compulsory acquisition rights Hexagon may acquire under the Corporations Act and, if it acquires them, how Hexagon intends to exercise them.

12. OTHER IMPORTANT MATTERS

12.1 Hexagon's intentions with respect to the Offer and Ebony

Hexagon has indicated its intentions regarding Ebony and the Combined Entity if the Offer becomes Unconditional in Section 8 of the Bidder's Statement.

12.2 Future employment of Ebony current employees

Hexagon has indicated in Section 8.2 of the Bidder's Statement that it is possible that some employees, including those in senior management and/or non-executive director positions, may have their roles made redundant or the need for change in personnel identified.

12.3 Minority ownership consequences

If Hexagon closes the Offer after acquiring more than 50.1% of all Ebony Shares, but before it receives acceptances resulting in it being entitled to at least 90% of all Ebony Shares, then Hexagon will acquire a controlling interest in Ebony and will be actively involved in influencing the strategic direction of the business of Ebony to the greatest extent permitted by law. This has a number of possible implications, including:

- Hexagon will be in a position to be able to determine alone the outcome of ordinary resolutions (in respect of which it is entitled to vote) and will be in a position to control the composition of the Ebony Board; and
- if Hexagon acquires 75% or more of the Ebony Shares it will be able to ensure the passing of special resolutions of Ebony at general meetings. This will enable Hexagon to, among other things, change the constitution of Ebony.

12.4 Other alternatives to the Offer

Before recommending the Offer, your Directors considered a range of other options (including funding and asset transaction opportunities) to best fund the growth of Ebony's exploration and development assets and to maximise value for Ebony Shareholders. After careful consideration of these other alternatives, your Directors formed the view that the Offer represents the best proposal currently available to Ebony Shareholders to maximise the value of their shareholding.

Your Directors will keep Ebony Shareholders informed in a timely manner should any material developments occur in this regard.

12.5 Taxation consequences

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances.

If Hexagon acquires 80% or more of the Ebony Shares on issue under the Offer, accepting Ebony Shareholders who are Australian tax residents may be entitled to partial CGT rollover relief in respect of the capital gains they would have otherwise made as a result of the effective sale of their Ebony Shares under the Offer. In summary, rollover relief means that, if available, the effective sale of your Ebony Shares will not crystallise a taxation event for the market value of the Hexagon Shares you receive, and any potential tax liability on that gain will be deferred until a later CGT event occurs, for example you sell the Hexagon Shares issued to you under the Offer.

A general outline of the Australian taxation considerations of accepting the Offer is set out in Section 13 of the Bidder's Statement. Ebony Shareholders should refer to this outline and consult their professional advisers in relation to how accepting the Offer will affect their individual circumstances.

12.6 Risk factors in investing in Hexagon Shares

If you accept the Offer, unless withdrawal rights are available and you exercise them (refer to Section 11.11 of this Target's Statement), you will become a shareholder in Hexagon if the Offer becomes Unconditional. Section 10 of the Bidder's Statement outlines the risks that you may face when investing in Hexagon Shares. If you require further information regarding such risks in order to make a decision as to whether or not to accept the Offer, you should consult your legal, taxation, accounting or other professional advisers.

12.7 Risk factors in continuing to hold Ebony Shares

There are various risks associated with continuing to hold Ebony Shares that you should be aware of before deciding whether or not to accept the Offer. A summary of some of those risks is set out below. They are not exhaustive and are relevant to Ebony Shareholders as at the date of this Target's Statement and will continue to be relevant to Ebony Shareholders who remain Ebony Shareholders following completion of any successful Offer. However, you should note that many of these risks are similar to the risks you may face when investing in Hexagon Shares as outlined in Section 10.2 and 10.3 of the Bidder's Statement.

Of particular importance is the fact that funding to progress the Pedirka Hydrogen Project has come primarily from Ebony Directors and a small number of shareholders, often via convertible notes. If Hexagon's Offer is not successful, a number of these convertible notes will fall due and conversion of these notes will lead to significant dilution of existing Ebony shareholders.

In addition, if you do not accept the Offer during the Offer Period (and the Offer becomes Unconditional), you may remain as a minority Ebony Shareholder. Section 12.3 of this Target's Statement sets out a summary of some of the risks associated with being a minority shareholder in Ebony.

You should have regard to your own personal investment objectives and financial circumstances, and should consult your professional advisers, before deciding whether or not to accept the Offer.

Risks involved with continuing to hold Ebony Shares include:

- In order to meet the forecast expenditure on further development of the Pedirka Hydrogen Project in 2021, Ebony will need to undertake a capital raise. Any shareholders who do not participate in the capital raise will be diluted. If the capital raise is undertaken at the price of recent convertible notes, the dilution could be substantial. If the capital raise is underwritten, and the underwriter is called upon to meet a large portion of the capital raise, it may result in a control position being granted to the underwriter. This could significantly impact the direction of the company and future capital raisings and funding for Ebony.
- Should Ebony not be able to raise sufficient funds, the Pedirka Hydrogen Project development may need to be slowed or even placed on hold until such funds are available.
- If Ebony remains as a non-listed public entity, there is no transparent market for the sale of Ebony shares. This could impact shareholders' ability to sell their shares if they need to liquidate their holdings.
- Should Hexagon acquire a Relevant Interest in 50.1% of Ebony shares, Hexagon will assume control of Ebony and dictate future capital raises (which may be dilutive to existing shareholders) as well as the overall development strategy for Pedirka. In this case, shareholders who do not accept the Hexagon Offer will be minority shareholders in a subsidiary of a publicly traded company and will have the same limitations in terms of share sales as noted above.
- As noted above, should the Hexagon Offer not succeed, a number of the Ebony Convertible Notes outlined in this Target's Statement will become due and payable and this will lead to significant dilution of existing shareholders.

13. YOUR CHOICES AS AN EBONY SHAREHOLDER

The choices that are available to you as Ebony Shareholders are set out below. Your directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Ebony Shares.

13.1 Accept the Offer

The consequences of accepting the Offer are described in Section 11.10 of this Target's Statement. In particular, if you accept the Offer and the Offer becomes Unconditional:

- you will receive 1 Hexagon Share for every 1.32 of your Ebony Shares; and
- you will not be able to sell your Ebony Shares to anyone else, including by accepting any Competing Proposal (including a Superior Proposal) that might emerge, unless either the Offer

does not become Unconditional or you are able to withdraw your acceptance in the circumstances described in Section 11.11 of this Target's Statement.

13.2 Reject the Offer

If you do not wish to accept the Offer and wish to retain your Ebony Shares, no action is required.

However, if you do not accept the Offer and Hexagon becomes entitled to compulsorily acquire your Ebony Shares under the Corporations Act, you may be provided with your Offer Consideration later than Ebony Shareholders who chose to accept the Offer.

Hexagon has stated in its Bidder's Statement that if it becomes entitled to 90% of all Ebony Shares it intends to progress to compulsory acquisition. Further details on compulsory acquisition are provided in Section 11.14 of this Target's Statement.

If the Offer becomes Unconditional, but Hexagon does not become entitled to compulsorily acquire your Ebony Shares, you will be a minority shareholder in Ebony. Some of the implications of becoming a minority Ebony shareholder are described in Section 12.3 of this Target's Statement.

13.3 Sell your Ebony Shares

You may decide to try to sell your Ebony Shares otherwise than by way of the Offer. If you do:

- you will receive payment based on the price at which you privately negotiate with a third party and will not be able to accept the Offer or any Competing Proposal that may emerge; and
- depending on the sale price achieved, you may receive more or less for your Ebony Shares than the value of the Offer Consideration.

The taxation implications of privately selling your Ebony Shares depend on a number of factors and will vary according to your particular circumstances.

You should seek your own specific professional advice regarding the taxation consequences for you of privately selling your Ebony Shares relative to accepting the Offer.

14. ADDITIONAL INFORMATION

14.1 Due diligence

Due diligence on Ebony was conducted on behalf of Hexagon prior to execution of the Announcement Date. The due diligence was a process undertaken under obligations of confidentiality.

14.2 Effect of the takeover on Ebony's material contracts

If there is a change of control event prior to the relevant repayment date of the Ebony Convertible Notes, the Ebony Convertible Notes are convertible into Ebony Shares at the option of the note holder or Ebony. Any such conversion is on the basis of a conversion ratio, which is the face value of the Convertible Note divided by a conversion price calculated as a price per Ebony Share, being a cash price offered under the change of control event or, if securities are offered as consideration, an amount that reflects the VWAP of a security of the acquirer in the 10 days prior to the date of the takeover or scheme of arrangement and the exchange ratio offered under the change of control event. The conversion ratio offered by Hexagon is calculated by taking into account a value of \$0.06 per Hexagon Share and the ratio of the Offer Consideration, which, at the date of this Target's Statement, is 1 Hexagon Share for every 1.32 Ebony Shares

A change of control event will occur where:

- in the case of a takeover offer, a bidder first acquires a Relevant Interest in greater than 50% of Ebony Shares; or
- in the case of a scheme of arrangement, all scheme conditions have been satisfied or waived and the scheme is approved at the second court hearing.

Hexagon's Offer extends to any new Ebony Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of conversion of the Ebony Convertible Notes.

Other than as outlined above, none of the material contracts to which Ebony is a party contain change of control provisions that may be triggered as a result of, or as a result of acceptances of, the Offer.

14.3 **Material litigation**

Ebony is not involved in any ongoing litigation that is material in the context of Ebony and its subsidiaries taken as a whole.

14.4 **Consents**

The following persons have given, and have not, before the date of this Target's Statement (being the date this Target's Statement is lodged with ASIC), withdrawn their consent to be named in this Target's Statement in the form and context in which they are so named:

- MinterEllison, to be named in this Target's Statement as Ebony's legal adviser for the Offer;
- Quest Accountants, to be named in this Target's Statement as Ebony's accountants.

Other than as specifically outlined above, each party referred to in this section 14.4 has not caused or authorised the issue of this Target's Statement, and does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Target's Statement other than any reference to its name.

This Target's Statement also includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by Hexagon. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Target's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, free of charge, during the bid period, and within 2 business days of the request, please email info@hxgenenergymaterials.com.au.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading data for Hexagon sourced from Weblink and the ASX official website.

14.5 **Competent Persons statement**

The Directors have determined that a Competent Persons Statement is not required in this Target Statement.

14.6 **Dispatch of takeover documents**

Ebony agreed that Hexagon could send the Bidder's Statement to Ebony Shareholders earlier than would otherwise be permitted under item 6 of section 633(1) of the Corporations Act.

14.7 **No other material information**

This Target Statement is required to include all the information that Ebony Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Ebony Director.

Your Directors are of the opinion that the information that Ebony Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target Statement);

- the information contained in Hexagon' releases to ASX, and in the documents lodged by Hexagon with ASX before the date of this Target Statement; and
- the information contained in this Target Statement.

Your Directors have assumed, for the purposes of preparing the Target Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target Statement). However, your Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target Statement, your Directors have had regard to:

- the nature of the Ebony Shares;
- the matters that Ebony Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Ebony Shareholders' professional advisers; and
- the time available to Ebony to prepare this Target Statement.

15. GLOSSARY AND INTERPRETATION

In this Target's Statement (including its Annexures), unless the context otherwise requires:

Acceptance Form means the form with that title that accompanies the Bidder's Statement.

Announcement Date means the date of the announcement of the Offer by Hexagon on the ASX, being 21 December 2020.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

ASX Settlement Operating Rules means the operating rules of ASX Settlement which govern the administration of the Clearing House Electronic Sub-register System.

ASX Listing Rules or Listing Rules means the official listing rules of ASX, as amended from time to time.

Associate has the meaning in section 12(2) of the Corporations Act

Bidder's Statement means the bidder's statement of Hexagon dated 16 February 2021 under Part 6.5 Division 2 of the Corporations Act relating to the Offer dated 19 February 2021 (including the Attachments).

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Perth, Western Australia.

Combined Entity means Hexagon and its Subsidiaries following the acquisition by Hexagon of all, or a portion of, Ebony Shares.

Competing Proposal means any expression of interest, proposal (including a scheme of arrangement), offer or transaction (or series of transactions) that would, if completed substantially in accordance with its terms, result in:

- any person or persons other than Hexagon, the Bidder or one of Hexagon' Associates acquiring:
 - an interest in all or a substantial part of the Tenements or assets of Ebony or any of its Subsidiaries;
 - a Relevant Interest in more than 15% of the voting shares of Ebony or any of its Subsidiaries;
 - control of Ebony or any of its Subsidiaries within the meaning of section 50AA of the Corporations Act; or

- Ebony and another person or persons (other than Ebony or one of Ebony's Associates) operating under a dual listed company, or similar structure.

Conditions means the conditions of the Offer set out in Section 12.8 of the Bidder's Statement.

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

Ebony means Ebony Energy Limited ACN 149 240 657.

Ebony Board means the board of directors of Ebony.

Ebony Convertible Note(s) means an option or some other form of instrument (for instance performance right or share) permitting the holder to subscribe for an Ebony Share. The current convertible notes on issue are detailed in section 0.

Ebony Directors or **Directors** means the directors of Ebony.

Ebony Group means Ebony and each of its Subsidiaries.

Ebony Option means an option to acquire an Ebony Share.

Ebony Securities means any Ebony Shares, Ebony Options or Ebony Convertible Notes.

Ebony Share means an ordinary share in the capital of Ebony.

Ebony Shareholder means a holder of an Ebony Share.

Foreign Shareholder means an Ebony Shareholder whose address shown in the register of members of Ebony is a place outside of Australia and its external territories or New Zealand, Canada or the United States of America.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.

Hexagon means Hexagon Energy Materials Limited ACN 099 098 192.

Hexagon Board means the board of directors of Hexagon.

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

Hexagon Shareholder means a holder of a Hexagon Share.

Hexagon Shareholder Approval means the approval of Hexagon Shareholders outlined in Section 12.5(b) of this Target's Statement.

Marketable Parcel has the meaning given in the ASX Operating Rules Procedures which, among other things, includes a parcel of shares, the value of which is not less than A\$500.

Minimum Acceptance Condition means at the end of the Offer Period, Hexagon has a Relevant Interest in at least 50.1% of Ebony Shares then on issue.

Offer means the off market takeover offer by Hexagon to acquire Ebony Shares on the terms and conditions set out in Section 12 of the Bidder's Statement.

Offer Consideration means 1 Hexagon Share for every 1.32 Ebony Shares held by an Ebony Shareholder.

Offer Period means the period during which the Offer is open for acceptance in accordance with Section 12.2 of the Bidder's Statement.

Outstanding Ebony Liabilities means the convertible notes or other convertible instruments issued by Ebony with the holders described in section 7.8 of the Bidder's Statement.

Pedirka Project or **Pedirka Hydrogen Project** has the meaning given in section 6.1 of the Bidder's Statement.

Prescribed Occurrence means the occurrence of an event referred to in Section 12.8(n) of the Bidder's Statement.

Related Party has the meaning given in the Corporations Act.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

Subsidiary has the meaning in section 46 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal that in the determination of the directors of Ebony acting in good faith:

- is reasonably capable of being valued and completed, taking into account all aspects of the transaction or proposed transaction, including the nature of the Competing Proposal, the conditions associated with the Competing Proposal and the likelihood of those conditions being satisfied within a reasonable period of time and the person or persons making it; and
- is more favourable to Ebony Shareholders than the Offer, taking into account all terms and conditions of the Competing Proposal,

provided that a financial adviser, independent of the Board, has provided a written opinion to the Board which supports the determination of the matters in the sub-paragraphs above.

Takeover Bid means the off-market takeover bid made by Hexagon Energy Materials Limited ACN 099 098 192, for all the ordinary shares in the capital of Ebony Energy Limited.

Target's Statement or **Target Statement** means this document being the statement of Ebony under Part 6.5 of Division 3 of the Corporations Act.

Tenements means any and all tenements that Ebony or its Subsidiaries have a direct or indirect interest in from time to time (including as holder, owner, operator or joint venturer), including any tenement that is a successor, renewal, modification, extension or substitute for the whole or part of any such tenement.

Unconditional means Hexagon issuing a notice in accordance with section 630(3) of the Corporations Act, declaring that the Offer is free or freed (as the case may be) from all defeating conditions otherwise applicable to the Offer, subject to compliance with section 650F(1)(a) of the Corporations Act.

VWAP means volume weighted average price.

WST means Australian Western Standard Time.

In this Target's Statement, unless the context otherwise requires:

- other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- words of any gender include all genders;
- words indicating the singular include the plural and vice-versa;
- an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice-versa;
- a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant;
- a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;
- a reference to time is a reference to Perth time in Western Australia; and
- a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

16. APPROVAL OF TARGET'S STATEMENT

This Target's Statement has been approved by a resolution passed by the Ebony Directors. All Ebony Directors voted in favour of that resolution.

Signed for and on behalf of Ebony.

26 February 2021



Mr Stephen Gerlach

Non-Executive Chairman

17. CORPORATE DIRECTORY

Directors

- Mr Stephen Gerlach – Non- Executive Chairman
- Mr James Chisholm – Non-Executive Director
- Mr Scott Humphries– Non-Executive Director
- Mr Adam Bacon– Executive Director

Registered Office & Principal Place of Business

16 Ferrabetta Avenue, **Eastwood, NSW 2122**

Email: info@EbonyEnergy.net or James.Chisholm@CokingCoals.net

Website

<https://www.ebonyenergy.net/>

Financial Adviser

Quest Accountants Pty Ltd

Suite 7.01 (North Tower), 6A Glen St, Milsons Point, NSW, 2061

Attn: Richard Hudson

Legal Adviser

Minter Ellison

Governor Macquarie Tower

1 Farrer Place, Sydney, NSW, 2000