

ASX Announcement | 19 February 2021  
Hexagon Energy Materials Limited (ASX: HXG)

## Off-market takeover bid for Ebony Energy Limited

### Completion of Dispatch of Bidders Statement

We attach, by way of service pursuant to item 8 of section 633(1) of the *Corporations Act 2001* (Cth), a notice stating that Hexagon Energy Materials Limited (ACN 099 098 192) has today completed sending the bidder's statements in relation to its off market takeover for all the shares in Ebony Energy Limited (ACN 149 240 657).

*This announcement has been authorised by a Joint Company Secretary of Hexagon, Mr Rowan Caren.*

#### Investor & Corporate Enquiries

Charles Whitfield

Chairman

Hexagon Energy Materials Limited

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#### HEXAGON ENERGY MATERIALS LIMITED

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Hexagon Energy Materials Limited (ACN 099 098 192)

Section 633(1), items 7, 8 and 9 of the *Corporations Act 2001* (Cth)

Notice that bidder's statement has been sent to Ebony securityholders

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TO:       **Ebony Energy Limited**  
              **ASX Limited**  
              **Australian Securities and Investments Commission**

Hexagon Energy Materials Limited (ACN 099 098 192) (**Hexagon**) gives notice that it has today completed sending its bidder's statement dated 16 February 2021 (the **Bidder's Statement**) (containing an offer dated 19 February 2021 (**Offer**)) to all persons registered as the holder of ordinary shares in Ebony Energy Limited (ACN 149 240 657) (**Ebony**) in the register of Ebony shareholders, as at 5.00pm (WST) on 16 February 2021 (being the date set by Hexagon under section 633(2) of the *Corporations Act 2001* (Cth)) (**Act**).

A copy of the Bidder's Statement (which contains the Offer) sent to Ebony shareholders is attached to this notice.

Date: 19 February 2021

Signed for and on behalf of Hexagon Energy Materials Limited by:



.....  
Justyn Stedwell  
Director  
Hexagon Energy Materials Limited

# **Hexagon Energy Materials Limited**

ACN 099 098 192

## **Bidder's Statement**

# **ACCEPT**

the offer to purchase all of your shares in

## **Ebony Energy Limited**

ACN 149 240 657

of 1 Hexagon Share for every 1.32 of Your Ebony Energy Shares (with any fractional entitlements to be rounded up to the next whole number of Hexagon Shares)

**Ebony Energy Directors UNANIMOUSLY RECOMMEND you accept the Offer in the absence of a Superior Proposal**

**This is an important document and requires your immediate attention.**

If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

The Offer is dated 19 February 2021 and will close at 5.00pm (WST) on 19 March 2021, unless extended. If you have any questions about this Bidder's Statement, please call the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), Monday to Friday.

## Key dates

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| <b>ASX Announcement of Offer</b> | 21 December 2020 |
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| <b>Date of this Bidder's Statement</b> | 16 February 2021 |
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| <b>Date of Offer</b> | 19 February 2021 |
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| <b>Offer closes (unless extended or withdrawn)</b> | 5.00pm (WST) on 19 March 2021 |
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## Key Contacts

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### Hexagon share registrar for the Offer

Automic Pty Ltd  
Level 5, 126 Philip Street  
Sydney NSW 2000

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### Offer Information Questions

1300 288 664 (within Australia)  
+61 2 9698 5414 (outside Australia)  
Monday to Friday between 9am and 5pm (WST)

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## **Important Notices**

### **Nature of this document**

This Bidder's Statement is issued by Hexagon Energy Materials Limited ACN 099 098 192 (**Hexagon**) under Part 6.5 of the *Corporations Act 2001* (Cth) and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your shares in Ebony Energy Limited ACN 149 240 657 (**Ebony Energy**).

A copy of this Bidder's Statement was lodged with ASIC. Neither ASIC nor its officers takes any responsibility for the content of this Bidder's Statement.

### **No investment advice**

In preparing this Bidder's Statement, Hexagon has not taken into account the individual objectives, financial situation or needs of individual Ebony Energy Shareholders. The information and recommendations contained in this Bidder's Statement do not constitute, and should not be taken as, financial product advice. Accordingly, before making a decision whether or not to accept the Offer, the Hexagon Board encourages you to consult with your financial, legal, taxation or other professional adviser.

This Bidder's Statement is important and requires your immediate attention. It should be read in its entirety before making a decision on whether or not to accept the Offer. In particular, it is important that you consider the key risks associated with the Offer, as set out in section 10 of this Bidder's Statement.

### **Disclaimer as to forward looking statements and information**

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Bidder's Statement should not be taken to be forecasts or predictions that those events will occur. All forward looking statements in this Bidder's Statement reflect views only as at the date of this Bidder's Statement, and generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of Hexagon or any member of the Hexagon Group may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Ebony Energy and Hexagon and the members of Ebony Energy Group and Hexagon Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Any such statements are also affected by a range of variables which include, but are not limited to, the price performance of Hexagon Shares and Ebony Energy Shares, commodity price fluctuations, input price fluctuations, currency fluctuations, actual demand, geotechnical factors, mineral resource and ore reserve estimates, operating results, governmental and regulatory factors, economic, financial and political conditions in various countries, approvals and cost estimates. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Hexagon, its Subsidiaries or their respective officers, directors, employees or advisers, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (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.

### **Responsibility for information**

Except as outlined below, the information contained in this Bidder's Statement has been prepared by Hexagon and is its responsibility alone.

### **Disclaimer as to Ebony Energy and Merged Group information**

The information on Ebony Energy, Ebony Energy's securities and the Ebony Energy Group contained in this Bidder's Statement should not be considered to be comprehensive and has been prepared by Hexagon using information made available to Hexagon by Ebony Energy.

The information on Ebony Energy, Ebony Energy's securities and the Ebony Energy Group has not been independently verified by Hexagon. Accordingly Hexagon does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Ebony Energy and the Ebony Energy Group, has been prepared using information made available to Hexagon by Ebony Energy. Accordingly, information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

Further information relating to Ebony Energy's business may be included in the Target's Statement.

### **Ebony Energy Shareholders outside Australia**

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These requirements may be different from those in other jurisdictions.

Restrictions in jurisdictions outside Australia may make it impractical or unlawful for Hexagon Shares to be issued under the Takeover Bid to, or received under the Takeover Bid by, Ebony Energy Shareholders in those jurisdictions. This Bidder's

Statement does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the securities or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia, New Zealand, Canada or the United States (to the extent such persons are an investor as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act (**US Accredited Investors**)).

Ebony Energy Shareholders with registered addresses outside Australia, New Zealand, Canada or the United States should refer to sections 11.10 and 12.7 of this Bidder's Statement for more information.

No action has been taken to register or qualify Hexagon or to otherwise permit the offering of Hexagon Shares outside Australia.

#### *New Zealand*

This Bidder's Statement is not a New Zealand product disclosure statement or other similar offering or disclosure document under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Financial Markets Conduct Act 2013* or any other relevant New Zealand law. In making the Offer available to Ebony Energy Shareholders with registered addresses in New Zealand, Hexagon is relying on an exemption contained in the *New Zealand Securities Act (Overseas Companies) Exemption Notice 2013* in relation to disclosure documents and investment statement requirements in New Zealand. This Bidder's Statement may not contain all the information that a bidder's statement or disclosure document under New Zealand law is required to contain.

#### *Canada*

This Bidder's Statement, and the Offer contained in it, have been prepared in accordance with securities laws, stock exchange rules and other legal requirements of jurisdictions other than Canada and any province or territory of Canada. The making of this Offer in Canada, or to a resident in Canada, is exempt from the requirements of applicable Canadian provincial and territorial securities laws.

This Bidder's Statement is not a Canadian prospectus. This Bidder's Statement has not been reviewed by any provincial or territorial securities commission in Canada.

Accordingly, both the terms and conditions of the Offer and the disclosures and any other information contained in the Bidder's Statement may not be comparable to the terms and conditions and disclosures and other information that would be contained in Canadian takeover material prepared in accordance with applicable Canadian provincial and territorial securities laws. Ebony Energy Shareholders in Canada should consult their professional advisers regarding the Bidder's Statement and the Offer contained in it (including the tax implications of accepting such Offer).

In making the Offer available to persons in Canada, Hexagon is relying on the foreign take-over bid exemption contained in Part 4 of National Instrument 62-104 - *Take-Over Bids and Issuer Bids* (NI 62-104). The Offer is also exempt from the 'insider bid' requirements of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* given the foregoing exemption.

#### *United States*

This Bidder's Statement has not been filed with, or reviewed by, the US Securities and Exchange Commission (**SEC**) or any state security authority and none of them has passed upon or endorsed the merits of the offer of Hexagon Shares or the accuracy, adequacy or completeness of this document.

The Hexagon Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any US State or other jurisdiction. The Hexagon Shares are not being offered in any US state or other jurisdiction where it is not legally permitted to do so.

Ebony Energy Shareholders should note that the Offer is made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of the ASX. The Offer is subject to disclosure requirements of Australia that are different from those in the US. Any financial statement included in the Bidder's Statement have been prepared in accordance with Australian accounting standards and may not be comparable to the financial statements of US companies.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since Hexagon is incorporated in Australia and its officers and directors are residents of Australia. It may be difficult to compel Hexagon and its affiliates to subject themselves to a US court's judgment.

Any pro forma historical financial information included in this Bidder's Statement does not purport to be in compliance with Article 11 of the SEC's Regulation S-X. The pro forma adjustments made in arriving at the pro forma historical financial information included in this Bidder's Statement may not be permissible under the SEC's rules and regulations on pro forma financial presentations.

#### **Implied value of Offer**

As you are being offered Hexagon Shares as consideration for your Ebony Energy Shares, the implied value of the Offer will vary with the price at which Hexagon Shares trade on the ASX. Further information about the recent trading prices of Hexagon Shares is set out in section 5.2.

## **Websites**

Hexagon maintains an internet site at <https://hexagonresources.com/>. Information contained in, or otherwise accessible through, that internet site is not a part of this Bidder's Statement. All references in this Bidder's Statement to that internet site are inactive textual references to that internet site and are for your information only.

## **Privacy**

Hexagon has collected your information from the Ebony Energy register of shareholders for the purpose of making the Offer and, if accepted, administering a record of your acceptance of the Offer for your holding of Ebony Energy Shares. The type of information Hexagon has collected about you includes your name, contact details and information on your shareholding in Ebony Energy. Without this information, Hexagon would be hindered in its ability to issue this Bidder's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Personal information of the type described above may be disclosed on a confidential basis to Hexagon's Related Bodies Corporate and external service providers (such as print and mail service providers) and may be required to be disclosed to regulators such as ASIC and ASX. The registered address of Hexagon is Suite 3/7 Kintail Road, Applecross, WA, 6153.

## **Defined terms and abbreviations**

A number of terms and abbreviations used in this Bidder's Statement have defined meanings. These terms and abbreviations are capitalised and have the meanings given to them in section 14 of this Bidder's Statement. In addition, unless the contrary intention appears, or the context requires otherwise, words and phrases used in this Bidder's Statement that are defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

## **Charts, maps and diagrams**

Any diagrams, charts, maps, graphs or tables appearing in this Bidder'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 immediately prior to the date of this Bidder's Statement.

## **Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this Bidder's Statement.

## **Questions about the Offer**

If you have any questions about the Offer please call the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia, Monday to Friday between 9am and 5pm (WST)).

## **Why you should **ACCEPT** the Offer**

- 1 The Ebony Energy Directors unanimously recommend that Ebony Energy Shareholders accept the Offer, in the absence of a Superior Proposal.**
- 2 If the Offer becomes or is declared unconditional, you will become a shareholder in Hexagon and have the opportunity to benefit from strategic benefits and diversity in the Merged Group.**
- 3 Accepting Ebony Energy Shareholders will receive Hexagon shares tradeable on the official list of the ASX (subject to the Offer becoming or being declared unconditional).**
- 4 The conditions of the Offer are limited.**
- 5 Removes possible minority shareholder risks.**
- 6 The likelihood of a counterbidder emerging with a Superior Proposal is considered low.**
- 7 You may be eligible for capital gains tax rollover relief.**

## **ACCEPT THE OFFER**

For more information on the reasons why you should accept the Offer, please refer to section 1 of this Bidder's Statement. For information on how to accept the Offer, please refer to sections 2 and 12.3 of this Bidder's Statement.



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## CHAIRMAN'S LETTER

### Dear Ebony Energy Shareholder,

On behalf of the Hexagon Board, I am pleased to present you with this compelling Offer to acquire all of Your Ebony Energy Shares. If you accept the Offer you will receive 1 Hexagon Share for every 1.32 of Your Ebony Energy Shares.

The Ebony Energy Directors unanimously recommend that Ebony Energy Shareholders accept the Offer, in the absence of a Superior Proposal. As at the date of this Bidder's Statement, Hexagon's offer is the only offer that has been made for Ebony Energy Shares.

The Offer extends to Ebony Energy Shares that are issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the exercise or conversion of Ebony Energy Options or Ebony Energy Convertible Notes on issue at the Register Date that confer rights to be issued Ebony Energy Shares.

Our Offer for Your Ebony Energy Shares has been structured so that you receive an attractive valuation for Your Ebony Energy Shares and gain liquidity, whilst also retaining exposure to the Pedirka Project. By accepting the Offer and becoming a Hexagon Shareholder, you will also become a part owner of the assets owned by Hexagon which, combined with the Pedirka Project, which we believe is an attractive opportunity.

The Offer is subject to a limited number of conditions including that Ebony Energy's Assets are maintained in their current form, and that there are no "prescribed occurrences" or material adverse changes. We advise that the Offer is subject to a minimum acceptance threshold of 50.1%. A full list of the bid conditions is provided in section 12.8 of this Bidder's Statement.

### ***Background and Rationale for the Offer***

Hexagon's current projects comprise the McIntosh Project and the Halls Creek Project. Hexagon also has an interest, through Charge Minerals LLC (USA) (**Charge Minerals**), in the Ceylon Mine Graphite Project in Alabama. Further details regarding the Projects are provided at section 4.3 of this Bidder's Statement.

Hexagon considers that the Takeover Bid provides an opportunity for Hexagon to continue its strategy, as described in Hexagon's latest Quarterly Activity and Cashflow Report, of seeking ways in which Hexagon can progress value-added businesses that are consistent with its strategy, skill set and focus on energy materials and clean energy.

Hexagon is of the view that the Pedirka Project is consistent with its strategy to become a diversified minerals explorer with a focus on clean energy opportunities.

The Hexagon Directors consider the following as the advantages of the Takeover Bid.

- (a) the Takeover Bid furthers Hexagon's ability to continue its strategy to become a diversified minerals explorer with a focus on clean energy opportunities;
- (b) the Takeover Bid provides exposure to the rapidly developing hydrogen market; and
- (c) the Takeover Bid creates a greater profile in capital markets due to its larger market capitalisation and greater scale and diversity of Hexagon's operations, widening the range of potential investors for Hexagon and providing a greater ability to source equity funding on more favourable terms.

### ***Compelling Offer for Ebony Energy Shareholders***

By accepting the Offer you will become a shareholder in a company with asset diversification and very attractive growth prospects<sup>1</sup>. The Hexagon Board invite Ebony Energy Shareholders to be part of our exciting growth strategy.

Hexagon believes the Offer made to Ebony Energy Shareholders is attractively priced and designed to provide liquidity in the form of Hexagon Shares while retaining ongoing exposure to the share price upside Hexagon believes may be generated through the proposed transaction.

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<sup>1</sup> If you are a Foreign Ebony Energy Shareholder or Unmarketable Parcel Shareholder, you will not receive Hexagon Shares as part of the Offer Consideration. Please see sections 11.10 and 12.7 of this Bidder's Statement for further details.

I urge you to ACCEPT the Offer as soon as possible and take the opportunity to be part of an established, rapidly growing, diversified exploration and development company with strong future growth prospects.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'C. Whitfield', is positioned above the printed name.

Charles Whitfield

**Chairman**  
**Hexagon Energy Materials Limited**

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## **1. WHY YOU SHOULD ACCEPT THE OFFER**

### **1.1 The Ebony Energy Directors unanimously recommend Ebony Energy Shareholders accept the Offer, in the absence of a Superior Proposal**

The Ebony Energy Directors unanimously recommend Ebony Energy Shareholders accept the Offer in absence of a Superior Proposal.

The Offer provides Ebony Energy Shareholders with the ability to retain exposure to the Pedirka Project while receiving an attractive valuation for Your Ebony Energy Shares and becoming part of a broader mineral exploration and development company with a focus on resources, energy related materials and clean energy at a consideration of 1 share in Hexagon for every 1.32 shares in Ebony Energy.

### **1.2 If the Offer becomes or is declared unconditional, you will become a shareholder<sup>2</sup> and have the opportunity to benefit from strategic benefits and diversity in the Merged Group**

The Hexagon Board and management team has a significant depth of experience in the resources sector including all aspects of financing, exploration, development and operations. This team has established a strong track record of delivery on its core growth objectives and built Hexagon into a successful mineral exploration company.

The merger is expected to result in a significantly enhanced ability to fund exploration and development activities on the expanded portfolio, including the Pedirka Project which is currently in an unlisted public company.

Through Hexagon's listing on the ASX, and greater scale and diversity of the Merged Group's operations, the profile of the Merged Group is expected to be raised in capital markets and therefore widen the range of potential investors for the Merged Group. As such, there is expected to be a greater ability to source equity funding on more favourable terms than would currently be available to Ebony Energy, thereby reducing reliance on Ebony Energy Shareholders to continue funding its business.

### **1.3 You will gain ASX share trading liquidity (subject to the Offer becoming or being declared unconditional)**

If successful, the Offer will ensure Ebony Energy and the Pedirka Project achieve access to Hexagon's listing on the ASX. An alternative listing of Ebony Energy on the ASX via an initial public offer would not be guaranteed. With no other emerging Superior Proposal, the Offer from Hexagon represents a significantly de-risked route towards publicly listing of Ebony Energy Shareholders' current investment.

As noted above, the merger will result in Ebony Energy Shareholders sharing in the many advantages that are anticipated to come from being a shareholder in a larger company with an expanded shareholder base and an existing listing on ASX.

### **1.4 The conditions of the Offer are limited**

The Offer is subject to a limited number of conditions, including that Ebony Energy's Assets are maintained in their current form, that there being no "prescribed occurrences" or material adverse changes and Hexagon having at least 50.1% of the Ebony Energy Shares on issue at the end of the Offer Period.

The level of conditionality should provide Ebony Energy Shareholders with a high level of certainty that they will receive consideration for their Ebony Energy Shares following their acceptance of the Offer.

Please see section 12.8 for a full list of the conditions to the Offer.

### **1.5 Removes possible minority shareholder risks**

If you do not accept the Offer and Hexagon acquires a majority of Ebony Energy Shares but does not become entitled to compulsorily acquire your Ebony Energy Shares, you will become a minority shareholder in Ebony Energy with reduced influence in the running of the business.

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<sup>2</sup> If you are a Foreign Ebony Energy Shareholder or an Unmarketable Parcel Shareholders, you will not receive Hexagon Shares as part of the Offer Consideration. Please see section 11.10 and 12.7 of this Bidder's Statement for further details.

In this scenario, decisions made in respect of the business of Ebony Energy under the control of Hexagon may impact those Ebony Energy Shareholders who do not accept the Offer.

Please see section 8 of this Bidder's Statement for further information regarding Hexagon's intent regarding Ebony Energy.

#### **1.6 The likelihood of a counterbidder emerging with a Superior Proposal is considered low**

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

In the event that the Ebony Energy Board does determine 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.

#### **1.7 You may be eligible for capital gains tax rollover relief**

Ebony Energy Shareholders may have access to scrip for scrip rollover relief, in which case you will not incur capital gains tax (**CGT**) as a result of accepting the Offer. Should the Offer be successful and result in Hexagon acquiring a Relevant Interest in 80% or more of the voting shares in Ebony Energy as at the close of the Offer Period, Ebony Energy Shareholders who would otherwise make a capital gain from the disposal of their Ebony Energy Shares pursuant to the Offer may be able to choose to obtain full scrip for scrip rollover relief.

If scrip for scrip rollover relief is available and is chosen by Ebony Energy Shareholders who would otherwise have made a capital gain on the disposal of their Ebony Energy Shares under the Offer, all of the capital gain from the disposal may be disregarded.

However, Ebony Energy Shareholders may be subject to capital gains tax as a result of a later taxable event (such as a disposal) happening to the Hexagon Share received as consideration under the Offer.

Please refer to section 13 of this Bidder's Statement for further information.

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## 2. HOW TO ACCEPT THE OFFER

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

You may accept the Offer only in respect of all of Your Ebony Energy Shares.

**Your acceptance must be received by no later than 5.00 pm (WST) on 19 March 2021, unless the Offer is extended or withdrawn.**

If you have any questions about how to accept the Offer please call the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), Monday to Friday between 9am and 5pm (WST).

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### 3. SUMMARY OF THE OFFER AND FREQUENTLY ASKED QUESTIONS

The information in this section 3 is a summary of the Offer only and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement and the Target Statement in full before deciding whether or not to accept the Offer for your Ebony Energy Shares. If you are in any doubt as to how to deal with this document, please consult your financial, legal, taxation or other professional adviser.

The terms and conditions of the Offer are contained in section 12 of this Bidder's Statement.

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| <b>What is the Bidder's Statement?</b> | This Bidder's Statement relates to the Offer by Hexagon to acquire all of Your Ebony Energy Shares and sets out the terms and conditions of the Offer, information relating to the Offer and the Offer Consideration you will receive if you accept the Offer (subject to satisfaction or waiver of the conditions of the Offer). |
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| <b>Who is Hexagon?</b> | <p>Hexagon is a listed mineral exploration company with a focus on resources, energy related materials and clean energy. Hexagon Shares are listed on the ASX under the code "HXG" with Hexagon having a market capitalisation of approximately A\$27.41 million and cash at 31 December 2020 of A\$640,036.</p> <p>Further details about Hexagon and the Hexagon Group are contained in section 4 of this Bidder's Statement.</p> |
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| <b>What is Hexagon offering to buy?</b> | <p>Hexagon is offering to buy all of the Ebony Energy Shares, including any Ebony Energy Shares that are issued during the period from the Register Date to the end of the Offer Period (inclusive) due to exercise of rights conferred by or conversion of Ebony Energy Options or Ebony Energy Convertible Notes, on the terms set out in this Bidder's Statement.</p> <p>You may accept the Offer only in respect of all of Your Ebony Energy Shares.</p> |
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|---|---|
| <b>What will I receive if I accept the Offer?</b> | <p>If you accept the Offer, subject to the satisfaction or waiver of the conditions to the Offer, you will receive 1 Hexagon Share for every 1.32 of Your Ebony Energy Shares.</p> <p>If the calculation of the number of Hexagon Shares to which you are entitled under 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> |
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| <b>What is the value of the Offer Consideration?</b> | <p>The Offer Consideration is comprised of 1 Hexagon Share for every 1.32 Ebony Energy Shares (with any entitlement to a fraction rounded up to the next whole number of Hexagon Shares).</p> <p>As Hexagon Shares are listed on the ASX, the market price of Hexagon Shares can fall as well as rise and may be subject to varied and unpredictable influences.</p> <p>See section 5.2 of this Bidder's Statement for further details regarding the valuation of the Hexagon Shares.</p> |
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| <b>What are the conditions of the Offer?</b> | The Offer is subject to a number of conditions, which are set out in full in section 12.8 of this Bidder's Statement. These conditions include (by way of summary only): |
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- (a) Hexagon having a Relevant Interest in at least 50.1% of the Ebony Energy Shares on issue at the end of the Offer Period;
- (b) Ebony Energy's Assets are maintained in their current form;
- (c) no 'prescribed occurrences' occurring in relation to Ebony Energy; and
- (d) no material adverse change occurring.

If any of these conditions (or the other conditions set out in section 12.8 of this 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 Energy Shares).

In addition, there is a statutory condition (see section 12.11 of this Bidder's Statement) 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 Energy Shares).

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**What happens if the conditions of the Offer are not satisfied or waived by the time the Offer closes?**

If the conditions of the Offer are not satisfied or waived by the time the Offer closes, the Offer will lapse and your acceptance will be void. In those circumstances, you will not receive the Offer Consideration for Your Accepted Shares and you will retain Your Accepted Shares.

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**When will I receive my Offer Consideration under the Offer?**

Generally, Hexagon will issue the Offer Consideration to you under the Offer on or before the earlier of:

- (a) one month after the Offer is accepted or one month after all of the conditions have been freed or fulfilled (whichever is the later); and
- (b) 21 days after the end of the Offer Period.

If the conditions of the Offer are not satisfied or waived by the time the Offer closes, the Offer will lapse and your acceptance will be void. In those circumstances you will not receive the Offer Consideration for Your Accepted Shares and you will retain Your Accepted Shares.

Full details of when your Offer Consideration will be provided is set out in section 12.6 of this Bidder's Statement.

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**Broker handling fees**

Hexagon may offer to pay a commission to brokers who solicit acceptances of the Offer from their clients, but has not made a final decision in relation to the matter at this stage. If Hexagon decides to offer such a commission to brokers, it will make an announcement to ASX confirming this (which will include information on any caps applicable to such payments).

The commission is payable to brokers only and subject to the condition that no part of the fee will be able to be passed on or paid to Ebony Energy Shareholders.

It is Hexagon's intention that, once an offer of commission has been made to any broker by Hexagon, the commission arrangement will remain in place for the balance of the Offer



Period and the amount of the commission offered will not be increased during the Offer Period.

|  |  |
|--|--|
| <b>Will my new Hexagon Shares be quoted on the ASX?</b>                                    | Hexagon will apply for the Hexagon Shares to be issued under the Offer to be quoted on the ASX within 7 days after the date of this Bidder's Statement. Quotation of these Hexagon Shares will not be automatic but will depend on the ASX exercising its discretion. However, as Hexagon is already admitted to the official list of the ASX and Hexagon Shares in the same class as to those to be issued under the Offer are already quoted, Hexagon believes quotation of the new Hexagon Shares will be granted.  |
| <b>When does the Offer close?</b>  | The Offer closes at 5.00pm (WST) on 19 March 2021, unless it is extended under the Corporations Act.   |
| <b>Can I accept the Offer for only some of my Ebony Energy Shares?</b>                     | <p>No. You can accept the Offer only in respect of all of Your Ebony Energy Shares.</p> <p>Full details on the effect of your acceptance of the Offer are set out in section 12.5 of this Bidder's Statement.</p>  |
| <b>How do I accept the Offer?</b>  | Full details on how to accept the Offer are set out in section 12.3 of this Bidder's Statement.  |
| <b>What if I am a Foreign Ebony Energy Shareholder?</b>                                    | <p>Generally speaking, if your address on Ebony Energy'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 Ebony Energy Shareholder.</p> <p>If you are a Foreign Ebony Energy Shareholder you are entitled to accept the Offer just like any other Ebony Energy 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 the ASX and provide you with the net sale proceeds.</p> <p>See sections 11.10 and 12.7 of this Bidder's Statement for further details.</p> |
| <b>Can I accept the offer if I would receive an Unmarketable Parcel of Hexagon Shares?</b> | <p>Yes. 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 sold on the ASX and you will be provided with the net sale proceeds.</p> <p>See sections 11.10 and 12.7 of this Bidder's Statement for further details.</p>  |
| <b>What happens if I do not accept the Offer?</b>  | <p>If you do not accept the Offer, subject to what is stated below, you will remain an Ebony Energy Shareholder and will not receive the Offer Consideration.</p> <p>If Hexagon becomes entitled to compulsorily acquire Your Ebony Energy Shares, it intends to proceed with the compulsory acquisition. If Your Ebony Energy Shares are compulsorily acquired by Hexagon, it will be on the same terms (including the same consideration for each Ebony Energy Share acquired) as the Offer.</p>   |

See section 8.3 of this Bidder's Statement for further details.

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**Once accepted, can I withdraw my acceptance?**

Once you accept the Offer, you will be unable to revoke your acceptance unless a withdrawal right exists or arises under the Corporations Act. Such a right may arise if, after you have accepted the Offer and the Offer remains conditional, Hexagon varies the offer in a way that postpones, for more than one month, the time by which Hexagon has to meet its obligations under the Offer. If this occurs, a notice will be sent to you at the relevant time that explains your rights to withdraw your acceptance of the Offer.

See section 12.5 of this Bidder's Statement for further details.

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**Can I sell the Hexagon Shares I receive as part of the Offer Consideration?**

Yes, you will be able to sell the Hexagon Shares you receive as part of the Offer Consideration on-market on the ASX.

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**Does Hexagon currently have a Relevant Interest in Ebony Energy?**

No.

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**What if I accept the Offer and Hexagon improves the Offer Consideration?**

In accordance with the Corporations Act, if Hexagon improves the Offer Consideration under the Takeover Bid, all Ebony Energy Shareholders, whether or not they have accepted the Offer before that improvement in the Offer Consideration, will be entitled to the benefit of that improved Offer Consideration.

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**What are the tax implications if I accept the Offer?**

Refer to section 13 of this Bidder's Statement for some general comments around potential tax implications of the Offer. However, tax implications for accepting the Offer for Your Ebony Energy Shares will vary for each individual and you are advised to consult your financial, tax or other professional adviser on the tax implications of acceptance.

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**How will the Ebony Energy Options be treated under the Offer?**

Hexagon is offering to acquire Shares issued on the exercise of the Ebony Energy Options under the Offer, subject to the terms of set out in this Bidder's Statement.

See sections 7.2 and 12.1(g) of this Bidder's Statement for further details.

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**Are there any risks in accepting the Offer?**

If you accept the Offer you will become a Hexagon Shareholder (unless you are a Foreign Ebony Energy Shareholder).

There are risks associated with holding Hexagon Shares, which are summarised in section 10 of this Bidder's Statement. In deciding whether or not to accept the Offer, you should carefully consider these risks.

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**Where do I go for further information?**

This Bidder's Statement contains detailed information about the Offer, including the terms and conditions of the Offer contained in section 12 of this Bidder's Statement. For queries on how to accept the Offer, Ebony Energy Shareholders should also refer to the enclosed Acceptance Form.

For all other queries in relation to the Offer, please call the Offer Information Line on 1300 288 664 (within Australia) or

+61 2 9698 5414 (outside Australia), Monday to Friday between 9am and 5pm (WST).

Ebony Energy Shareholders should also read the Target's Statement in full for further information about the Offer and before deciding whether or not to accept Hexagon's Offer.

If you are in any doubt as to how to deal with this Bidder's Statement, please consult your financial, legal, taxation or other professional adviser.

## 4. PROFILE OF HEXAGON AND THE HEXAGON GROUP

### 4.1 Overview of Hexagon

Hexagon is a listed mineral exploration company with a focus on resources, energy related materials and clean energy. Hexagon has been listed since 30 October 2008 under various names, the ASX code is "HXG". Hexagon has announced a clear and consistent strategy to develop its key Projects with Hexagon looking to accelerate its exploration programmes for the Projects.

In the past 2 years Hexagon has spent approximately \$3.4 million on the Projects, with a similar rate of expenditure (pro rata) planned for the next 12 months.

### 4.2 Structure and Ownership of Hexagon

An overview of the corporate structure of Hexagon is set out below:



As at 15 February 2021, Hexagon had 1,858 registered shareholders, with the Top 20 shareholders owning 48.52% of Hexagon. See section 5.6 of this Bidder's Statement for a list of the substantial shareholders of Hexagon.

### 4.3 Hexagon' principal operations and projects

Hexagon's current projects comprise the following:

#### (a) McIntosh Project

The McIntosh Project involves sixteen tenements spanning approximately 550km<sup>2</sup> in the East Kimberley region of Western Australia. Hexagon's main activities in recent years has been to define significant graphite JORC Code compliant Mineral Resources, complete a prefeasibility study (PFS) on mining and processing graphite into a flake concentrate and also downstream test work on graphite concentrates to examine opportunities for vertical integration to capture additional value. Hexagon has recently engaged an independent consulting group to review the Project's potential to host other base and precious metal deposits in addition to the existing graphite Mineral Resources.

This work indicated the McIntosh project, with its rare combination of a consolidated large land package spread across highly prospective geology with abundant mineralised surface occurrences, warranted further investigation. Hexagon is now examining whether this East Kimberley province has the right criteria to host world-class deposits. Hexagon is currently planning exploration on the project to be undertaken in 2021.

#### (b) Halls Creek Project

The Halls Creek Project involves thirteen granted tenements spanning approximately 657km<sup>2</sup>, hosting known gold and base metal surface mineralisation. In December 2019, Hexagon completed a detailed aeromagnetic survey and target generation program. This survey and programme identified major regional structures controlling the location of new targets and providing geological context to enable the ranking of pre-existing targets. Geophysical survey and interpretational work have greatly enhanced the commercial and technical appeal of the Halls Creek Project. Hexagon recently completed surface geochemical sampling and has defined significant new gold-in-soil anomalies at the Bent Ridge and Golden Crown South prospects which are planned to be followed up in the 2021 field season.

(c) **Charge Minerals LLC (USA)**

Charge Minerals LLC (USA) is an 80% subsidiary of Hexagon which holds the Ceylon Mine Graphite Project in Alabama. Detailed mapping and sampling programs were completed culminating in a preliminary metallurgical test work programme. Charge Minerals LLC., through its US based director, is continuing to assess 'energy materials' related opportunities in the US including rare earths and lithium.

#### 4.4 Hexagon's Mineral Resources

Hexagon's current published Mineral Resources<sup>1</sup> are tabled below.

| JORC<br>Classification     | Tonnes<br>(Mt) | TGC<br>(%) | Contained Graphite<br>(kt) |
|----------------------------|----------------|------------|----------------------------|
| Total Indicated & Inferred | 21.3           | 4.5%       | 964                        |

<sup>1</sup> The resource data and statement referenced in the above table have previously being lodged by Hexagon with the ASX via the announcement dated 17 April 2019 'March 2019 Quarterly Activities & Cash Flow Report'. Hexagon is not aware of any new information or data that materially affects the information included in the original market announcement referred to above, and that all material assumptions and technical parameters have not materially changed.

#### 4.5 Hexagon Directors

Brief profiles of the Hexagon Directors are as follows.

(a) **Charles Whitfield**

Chairman

Mr. Whitfield is the Principal Investment Officer at Drumrock Capital, an investment firm providing capital and advisory services to start-up and early round companies. He has undertaken board and supporting roles in several companies in the specialty resource and new energy space.

He was formerly a Managing Director with Citigroup where he held the position of head of the corporate equity solutions group (Asia Pacific). Prior to this, he worked for Deutsche Bank where he was head of the strategic equity transactions group (Asia Pacific).

Mr. Whitfield received his Masters in Business Administration (majoring in Finance and Strategy) from Columbia Business School (New York) in 1998 and his Bachelor of Economics from The University of Exeter (UK).

(b) **Justyn Stedwell**

Non-Executive Director and Joint Company Secretary

Mr. Stedwell is an experienced company secretary consultant and director with close to 15 years' experience with ASX listed companies in various industries including IT, telecommunications, mining and exploration, bio-technology and agriculture. Since January 2007, Mr. Stedwell has acted as company secretary for many ASX listed companies and has been involved in several successful IPO's and back door listings. He is currently a director of Lifesport Health Limited (ASX: LSH) and Fertoz Ltd (ASX: FTZ) and was previously a director of ECS Botanics Limited (ASX: ECS) and Tymlez Group Limited (ASX:TYM).

Mr. Stedwell has a Bachelor of Commerce (Management & Economics) from Monash University, a Graduate Diploma of Accounting from Deakin University, Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia and a Graduate Certificate in Applied Finance at Kaplan Professional.

(c) **Garry Plowright**

Non-Executive Director

Mr. Plowright has extensive experience in the resources sector, having a background in mining law and administration, as well as regulatory process and mine development. Mr. Plowright has held board and senior management positions in both Australia and South Korea.

## 4.6 Hexagon Senior Management

Brief profiles of the senior management team of Hexagon as at the date of this Bidder's Statement are as follows.

(a) **Lianne Grove**

Chief Commercial Officer

Ms. Grove was appointed Hexagon's Chief Commercial Officer in September 2018.

Ms. Grove is an experienced senior finance executive with a wealth of commercial and finance experience and a strong track record in the development and implementation of business strategy, joint venture management and project planning and execution.

Prior to joining Hexagon, Ms. Grove held various senior positions in a number of Australian and international companies predominantly in mining and oil and gas, including AWE and Rio Tinto.

Ms. Grove holds a Bachelor of Commerce from the Australian National University, is a Certified Practising Accountant and a Graduate of the Australian Institute of Company Directors (GAICD).

(b) **Rowan Caren**

Joint Company Secretary

Mr. Caren is a Chartered Accountant and graduated with a B.Com from the University of Western Australia.

Mr. Caren has over 20 years of experience in the minerals exploration industry and has provided financial and corporate services to several listed and unlisted companies involved in the resources sector.

He joined Hexagon as Company Secretary in September 2017.

As disclosed in Hexagon's ASX Announcement dated 1 December 2020, there is currently a transition of the Company Secretary role. Mr. Stedwell and Mr. Caren currently both hold the role, however Hexagon's intends that, at completion of the Offer, Mr. Stedwell will assume the full Company Secretary role.

## 4.7 Historical financial information

The historical financial information set out below for Hexagon is extracted from Hexagon's full year financial statements as at 30 June 2018, 30 June 2019 and 30 June 2020. These financial statements were audited by BDO Audit (WA) Pty Ltd who issued an unqualified audit opinion. A copy of Hexagon's financial statements can be found on its website: <https://hexagonresources.com/investor-centre/reports/>.

The historical financial information in respect of Hexagon has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, and in accordance with its accounting policies, as set out in the financial reports of Hexagon for the full year ended 30 June 2018, 30 June 2019 and 30 June 2020.

**Table 4.7.1: Historical Financial Statement -  
30 June 2018, 30 June 2019 and 30 June 2020**

| Financial Position                   | HXG<br>30-Jun-18<br>(Audited) | HXG<br>30-Jun-19<br>(Audited) | HXG<br>30-Jun-20<br>(Audited) |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Current Assets</b>                |                               |                               |                               |
| Cash and cash equivalents            | 7,361,880                     | 4,203,294                     | 1,205,587                     |
| Trade and other receivables          | 18                            | 34,022                        | 18,509                        |
| <b>Total Current Assets</b>          | <b>7,361,898</b>              | <b>4,237,316</b>              | <b>1,224,096</b>              |
| <b>Non-Current Assets</b>            |                               |                               |                               |
| Development assets                   |                               |                               |                               |
| Exploration & Evaluation assets      | 928,992                       | 1,157,648                     | 1,583,396                     |
| Other assets                         | 97,522                        | 98,463                        | 252,297                       |
| <b>Total Non-Current Assets</b>      | <b>1,026,514</b>              | <b>1,256,111</b>              | <b>1,835,693</b>              |
| <b>Total Assets</b>                  | <b>8,388,412</b>              | <b>5,493,427</b>              | <b>3,059,789</b>              |
| <b>Current Liabilities</b>           |                               |                               |                               |
| Trade and other payables             | 322,009                       | 343,213                       | 269,147                       |
| Provisions and Other Liabilities     | 26,159                        | 29,070                        | 80,518                        |
| Provisions                           |                               |                               |                               |
| <b>Current liabilities</b>           | <b>348,168</b>                | <b>372,283</b>                | <b>349,665</b>                |
| <b>Non-Current Liabilities</b>       |                               |                               |                               |
| Other Liabilities                    | -                             | -                             | 27,439                        |
| <b>Total Non-Current Liabilities</b> | <b>-</b>                      | <b>-</b>                      | <b>27,439</b>                 |
| <b>Total Liabilities</b>             | <b>348,168</b>                | <b>372,283</b>                | <b>377,104</b>                |
| <b>Net Assets</b>                    |                               |                               |                               |
| Share Capital                        | 58,817,934                    | 58,857,850                    | 58,857,850                    |
| Reserves                             | 1,970,448                     | 2,500,485                     | 2,413,317                     |
| Retained Earnings/(Losses)           | ( 52,748,138 )                | ( 56,237,191 )                | ( 58,588,482 )                |
| Non-Controlling Interests            | -                             | -                             | -                             |
| <b>Total Equity</b>                  | <b>8,040,244</b>              | <b>5,121,144</b>              | <b>2,682,685</b>              |

| <b>Comprehensive Income</b>   | <b>HXG<br/>30-Jun-18<br/>(Audited)</b> | <b>HXG<br/>30-Jun-19<br/>(Audited)</b> | <b>HXG<br/>30-Jun-20<br/>(Audited)</b> |
|---|--|--|--|
| <b>Revenue</b>  |  |  |  |
| Revenue from continuing operations                                  | 5,572                                  | 383,890                                | 517,250                                |
| Disposal Investment/Gain on Derivative Liability                    | 1,079,822                              | -                                      | -                                      |
| Exchange differences on translation of foreign currencies           | 5,606                                  | 53,984                                 | 43,205                                 |
| <b>Total Revenue</b>  | <b>1,091,000</b>                       | <b>437,874</b>                         | <b>560,455</b>                         |
| <b>Expenses</b>   |  |  |  |
| Corporate and administration expenses                               | ( 1,345,092 )                          | ( 1,059,481 )                          | ( 1,542,434 )                          |
| Exploration and evaluation expenditure                              | ( 1,051,809 )                          | ( 1,801,732 )                          | ( 1,032,839 )                          |
| Personnel expenses and director fees                                | ( 384,726 )                            | ( 556,880 )                            | ( 354,812 )                            |
| Share-based payments expense  | ( 657,507 )                            | ( 542,586 )                            | 28,339                                 |
| <b>Total Expenses</b>   | <b>( 3,439,134 )</b>                   | <b>( 3,960,679 )</b>                   | <b>( 2,901,746 )</b>                   |
| <b>Loss from Continuing operations before income tax</b>            | <b>( 2,348,134 )</b>                   | <b>( 3,522,805 )</b>                   | <b>( 2,341,291 )</b>                   |
|   |  |  |  |
| <b>Other Comprehensive Income</b>                                   |  |  |  |
| Exchange differences/ Revaluation of equity investments at FYOCI    | 30,920                                 | 3,756                                  | ( 68,829 )                             |
| <b>Other comprehensive (loss) / income for the year, net of tax</b> | <b>30,920</b>                          | <b>3,756</b>                           | <b>( 68,829 )</b>                      |
|   |  |  |  |
| <b>Total comprehensive loss for the year</b>                        | <b>( 2,317,214 )</b>                   | <b>( 3,519,049 )</b>                   | <b>( 2,410,120 )</b>                   |

#### 4.8 Publicly available information about Hexagon

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

As Hexagon is offering Hexagon Shares as part of the Offer Consideration for the acquisition of Ebony Energy Shares under the Takeover Bid, the Corporations Act requires that this Bidder's Statement must include all material that would be required for a prospectus for an offer of Hexagon Shares under sections 710 to 713 of the Corporations Act.

By virtue of section 710 of the Corporations Act, this Bidder's Statement is required to contain all the information investors and their professional advisers would reasonably require to make an informed assessment of:

- (a) the rights and liabilities attaching to the Hexagon Shares to be issued pursuant to the Takeover Bid; and
- (b) the assets and liabilities, financial position and performance, profits and losses and prospects of Hexagon.

A summary of the rights and liabilities attaching to Hexagon Shares is set out in section 5.4 of this Bidder's Statement.

Hexagon's annual financial report to shareholders for the year ended 30 June 2020 was lodged with ASIC and ASX on 20 October 2020 (**Annual Financial Report**). The Annual Financial Report includes the directors' report, remuneration report and auditor's independence declaration, statements of comprehensive income, financial position, changes in equity and cash flows, comprehensive notes to the financial statements and an independent auditor's report.

Pursuant to section 712 of the Corporations Act, this Bidder's Statement incorporates by reference the Annual Financial Report and all continuous disclosure notices given by Hexagon to the ASX since 20 October 2020. A list of continuous disclosure notices given by Hexagon to the ASX since 20 October 2020 is set out in Attachment 2.



Ebony Energy Shareholders may call the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), Monday to Friday between 9am and 5pm (WST) to obtain a copy, free of charge during the bid period and within 2 business days of the request, of:

- (a) the most recent annual financial report lodged with ASIC by Hexagon before lodgement of this Bidder's Statement with ASIC;
- (b) 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
- (c) any continuous disclosure notice given to ASX by Hexagon since the lodgement with ASIC of that annual financial report for Hexagon referred to above and before lodgement of this Bidder's Statement with ASIC.

ASX maintains files containing publicly disclosed information about all listed companies. Hexagon's file is available for inspection at ASX during normal business hours.

In addition, 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.

A substantial amount of information about Hexagon is available in electronic form from <https://hexagonresources.com/>. There is no other information, other than as set out elsewhere in this Bidder's Statement, which investors or their professional advisers would reasonably require for the purpose of making an informed assessment of:

- (a) the rights and liabilities attaching to the Hexagon Shares to be issued pursuant to the Takeover Bid; or
- (b) the assets and liabilities, financial position and performance, profits and losses and prospects of Hexagon.

This Bidder's Statement contains details specific to the issue of Hexagon Shares. If Ebony Energy Shareholders require further information in relation to Hexagon, Hexagon recommends that they take advantage of the ability to inspect or obtain copies of the documents referred to above.

#### **4.9 Change to nature of activities**

The completion of the Offer will result in Hexagon undergoing a significant change in the nature of its activities as contemplated by Listing Rule 11.1.

ASX has indicated that Listing Rule 11.1.3 will not apply to the Takeover Bid, and as such Hexagon will not need to re-comply with Chapters 1 and 2 of the Listing Rules. However, Hexagon will need to comply with Listing Rule 11.1.2, due to the change of the nature of Hexagon's activities.

To comply with Listing Rule 11.1, Hexagon must obtain Hexagon Shareholder approval for the change in nature resulting from completion of the Offer (**Hexagon Shareholder Approval**).

As announced to the ASX on 8 February 2021, Hexagon has scheduled the Hexagon Shareholder meeting to obtain the Hexagon Shareholder Approval for 10 March 2021.

#### **4.10 Corporate governance**

The Hexagon Board aims 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/corporate/corporate-governance/>.

#### **4.11 Announcement by Hexagon in relation to the Offer**

On 21 December 2020, Hexagon made a public announcement to ASX in relation to the Offer. A copy of that announcement is contained in Attachment 1 of this Bidder's Statement.

## 5. INFORMATION ON HEXAGON'S SECURITIES

### 5.1 Hexagon issued securities

As at the date of this Bidder's Statement, Hexagon's issued securities consist of 301,205,327 Hexagon Shares.

### 5.2 Recent trading of Hexagon Shares

The latest recorded sale price of Hexagon Shares on ASX before the Announcement Date was A\$0.06 as at close of trading on ASX on 16 December 2020.

The latest recorded sale price of Hexagon Shares on ASX before the date on which this Bidder's Statement was lodged with ASIC was A\$0.09.

The highest recorded sale price of Hexagon Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was A\$0.14.

The lowest recorded sale price of Hexagon Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was A\$0.041.

The following chart shows the last sale price of Hexagon Shares on ASX in the 12 months prior to the Announcement Date.

**Figure 5.2.1: Hexagon 12 month share price history**



### 5.3 Dividend history

Hexagon does not currently pay dividends and has not paid any dividends in the past five years. Dividends may be payable on Hexagon Shares in the future at the discretion of the Hexagon Board and subject to the Corporations Act.

### 5.4 Rights and liabilities attaching to Hexagon Shares

#### (a) Introduction

The Hexagon Shares issued as part of the Offer Consideration under the Offer will be issued fully paid and will rank equally for dividends and other rights in all respects with all existing Hexagon Shares from the date of issue.

Hexagon will apply for the Hexagon Shares to be issued under the Offer to be quoted on the ASX within 7 days after the date of this Bidder's Statement. Quotation of these Hexagon Shares will not be automatic but will depend on the ASX exercising its discretion. However, as Hexagon is already admitted to the official list of the ASX and Hexagon Shares in the same class as those to be issued under the Offer are already quoted, Hexagon believes quotation of the new Hexagon Shares will be granted. In accordance with the Corporations Act, the quotation of the Hexagon Shares to be issued under the Offer is a condition to the Offer under section 12.11 of this Bidder's Statement.

Since the Hexagon Shares issued as part of the Offer Consideration under the Offer will be issued credited as fully paid, no monetary liability attaches to them.

The rights and liabilities attaching to the Hexagon Shares which will be issued as part of the Offer Consideration under the Offer are set out in Hexagon's constitution (**Hexagon Constitution**) and in the Corporations Act. Under section 140(1) of the Corporations Act, the Hexagon Constitution 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 are issued Hexagon Shares you will, as a result, become liable to comply with the Hexagon Constitution.

The main rights and liabilities attaching to the Hexagon Shares are summarised below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Hexagon Shareholders.

(b) **General Meeting**

Each member is entitled to receive notice of, and to attend and vote at, general meetings of Hexagon and to receive all notices, accounts and other documents required to be sent to members under the Hexagon Constitution, the Corporations Act or the Listing Rules.

(c) **Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Hexagon Constitution, the Corporations Act or the Listing Rules, at a general meeting of Hexagon every holder of fully paid ordinary shares present in person or by a representative, proxy or attorney has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), Hexagon will count only the vote cast by the member whose name appears before the other(s) in Hexagon's register of members.

(d) **Issues of Further Shares**

The Directors may, on behalf of Hexagon, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Hexagon Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

(e) **Variation of Rights**

At present, Hexagon only has only one class of shares on issue, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of Hexagon and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(f) **Transfer of Shares**

Subject to the Hexagon Constitution, the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules, ordinary shares are freely transferable. The shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. Hexagon may decline to register a transfer of shares in the circumstances described in the Hexagon Constitution and where permitted to do so under the Listing Rules. If Hexagon declines to register a transfer, Hexagon must give the lodging party written notice of the refusal and the reasons for refusal. The Hexagon Directors must decline to register a transfer of shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(g) **Dividends**

Subject to the Corporations Act, the Hexagon Directors may determine that a dividend is payable and fix the amount, the time for payment and the method of payment. Dividends may be paid on shares of one class but not another and at different rates for different classes. Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up or credited as paid up on the shares.

(h) **Winding Up**

Subject to the rights of holders of shares with special rights in a winding up, if Hexagon is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of Hexagon in proportion to the amounts paid on their respective shares before the winding up began.

(i) **Dividend Plans**

The Hexagon Directors may establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by Hexagon be reinvested by way of subscription for shares in Hexagon or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of shares.

(j) **Directors**

Hexagon's Constitution states that the minimum number of Hexagon Directors is three.

(k) **Powers of the Board**

The Hexagon Directors have power to manage the business of Hexagon and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Hexagon Constitution.

## 5.5 Hexagon Directors' interests in Hexagon securities

As at the date of this Bidder's Statement, the Hexagon Directors have the following Relevant Interests in Hexagon securities:

| Director          | Hexagon securities        |
|-------------------|---------------------------|
| Charles Whitfield | 4,126,214 Hexagon Shares. |
| Justyn Stedwell   | Nil                       |
| Garry Plowright   | 1,000,000 Hexagon Shares. |

## 5.6 Substantial holders in Hexagon Shares

As at the close of trading on 15 February 2021, Hexagon has been notified that the following persons have a Substantial Holding of 5%, or more, in Hexagon Shares:

| Substantial holder                  | Person's votes | Voting Power |
|-------------------------------------|----------------|--------------|
| Tribeca Investment Partners Pty Ltd | 32,375,517     | 10.75%       |

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## 6. PROFILE OF EBONY ENERGY AND EBONY ENERGY GROUP

### 6.1 Overview of Ebony Energy

#### (a) Ebony Energy overview and background

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

Ebony Energy was incorporated as Ebony Coal on 10 February 2011 and commenced activities as a private company. Ebony Energy 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.

#### (b) Activities and opportunities

Ebony Energy's main business activity and plan is to analyse, explore and (if justified) develop its sole asset, the Pedirka 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 Project can take a role in the production of hydrogen in Australia. Hexagon believes that the large-scale adoption of hydrogen as a fuel source could provide a significant means of reducing global carbon output. Hexagon's proposed acquisition of the Pedirka Project is consistent with Hexagon's strategy to become a diversified minerals explorer, developer and operator with a focus on clean energy solutions.

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.<sup>3</sup>

To date Ebony Energy's only activity at the Pedirka Project has been to undertake an early stage preliminary analysis of the Pedirka Project - no physical exploration activity has been undertaken at the Pedirka Project. This analysis included the completion in July 2020 of a preliminary conceptual 'desk-top' study with respect to how the Pedirka Project could be developed should activities justify such development. The study was used to analyse a surface gasification plant and hydrogen converter to produce 'clean' zero-emission 'blue' hydrogen.

In Hexagon's view, while there is significant further work to be undertaken with respect to analysing, exploring and (if justified) developing, the Pedirka Project, the project represents an exciting opportunity which will allow Hexagon to procure a potentially value adding business that is consistent with its strategy, skill set and focus on energy materials and clean energy.

#### (c) Location

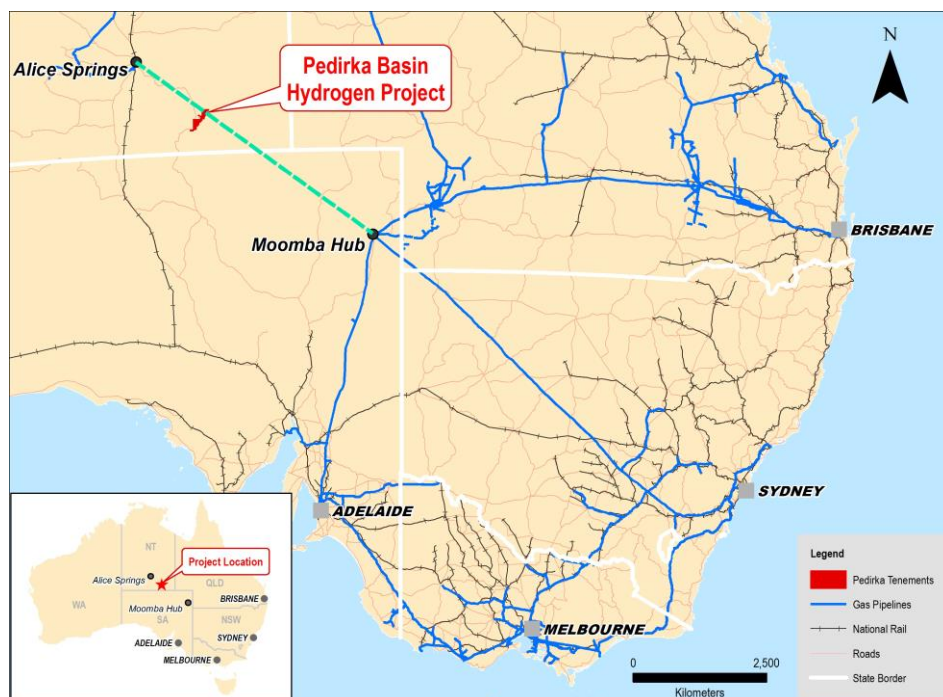
The Pedirka Project is located approximately 150km south east of Alice Springs in the Northern Territory, as shown in Figure 6.1.1 below. The Pedirka Project is located in the Pedirka Basin which covers approximately 796km<sup>2</sup>.

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 exploration as contemplated in section 6.1(g).

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<sup>3</sup> Source: <https://www.marketsandmarkets.com/PressReleases/hydrogen.asp>

**Figure 6.1.1: Location the Pedirka Project<sup>4</sup>**



**(d) Tenure**

Ebony Energy, 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 <sup>5</sup> | Area (km <sup>2</sup> ) |
|-----------------|----------|-----------------------|-------------------------|
| Pedirka Project | EL/29237 | Ongoing               | 475.07                  |
| Pedirka Project | EL/29239 | Ongoing               | 321.11                  |

**(e) Technology**

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 Energy would likely utilise the process of 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 (H<sub>2</sub>), carbon dioxide (CO<sub>2</sub>), natural gas (CH<sub>4</sub>), and water vapour (H<sub>2</sub>O) - 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.

<sup>4</sup> 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 CO<sub>2</sub> and/or Syngas, if further activities at the Pedirka Project justified the development of the Pedirka Project into production.

<sup>5</sup> 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. Ebony Energy expects that both licences will be renewed in the coming months.

Gasification can occur on the surface (using a coal gasification plant) or underground. It is planned that the likely approach at the Pedirka 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.

(f) **Activities undertaken**

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

With respect to any potential coal mineralisation at the Pedirka Project, the 2020 conceptual study considered, in part, previous analysis undertaken for Ebony Energy 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 Project in the Pedirka Basin.

In preparing the 2013 study, Ebony Energy reviewed this analysis and extrapolated the information in an attempt to assess the possible presence of coal mineralisation at the Pedirka Project. 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 Project would be necessary to confirm any presence of coal mineralisation. To date, there has been no exploration at the Pedirka Project to provide any JORC-compliant statement with respect to its exploration potential (including any exploration target).

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 Project to date are the preliminary conceptual studies.

The intention of the Merged Group is to conduct the work described in paragraph 6.1(g) below as its next steps.

(g) **Future plans**

The next stage in relation to the Pedirka Project would be to progress from the current preliminary conceptual stage by financing and undertaking the development and then execution of a drilling program with the aim of establishing a maiden JORC 2012 compliant Mineral Resource as part of a pre-feasibility study (**PFS**) program.

A successful Takeover Bid would allow the Merged Group to finance, develop and then execute a drilling programme for the Pedirka Project during the proposed PFS activities. As part of the progression of the PFS, the Merged Group would discuss future financing and off-take with interested parties. Upon the completion of a positive PFS, it is expected that a full partnership with a gasification group would be entered into, to provide engineering expertise and related financing.

Other activities, beyond developing and executing the drilling programme and analysis of results, that will be required to be undertaken in order to progress a PFS include:

- (i) technical and financial feasibility of developing the aspects of infrastructure that are listed in this section 6.1(g) and the preferred options for each (including regulatory approvals required);
- (ii) generate expected capital expenditure and operating expenditure; and
- (iii) life of project cash flow analysis.

With respect to the Pedirka Project itself, given the limited amount of activity that has been undertaken with respect to it, as is noted above, there are several aspects of infrastructure

that would need to be completed in order to be able to transport the hydrogen from the Pedirka Project. These include, among others:

- (i) a hydrogen gasification plant, complete with gasifier and hydrogen plant;
- (ii) a rail link between the south of Alice Springs to the Pedirka Project;
- (iii) a slurry pipeline from the Pedirka Project to Alice Springs possibly powered by intermediate solar stations;
- (iv) a power plant based at the Pedirka Project;
- (v) a power plant for mining and dewatering operations at the Pedirka Project; and
- (vi) road works, conveyors and settling ponds at the Pedirka Project.

Whilst Hexagon acknowledges that there is a significant amount of work that would be required to establish a JORC compliant indicated Mineral Resource, Hexagon considers that there is significant potential at the Pedirka Project notwithstanding its infancy.

Subject to securing financing, Merged Group would propose to spend approximately \$1.5 million on developing and then executing a drill program that would (if successful) underpin a PFS. Hexagon plans to undertake such works whilst advancing its other existing Projects with the next 6 months.

Subject to securing financing, the Merged Group would propose to spend approximately \$1.0 million on developing and then executing a drill programme that would (if successful) underpin a PFS and a further \$1.5 million on the activities to complete the PFS.

Hexagon plans to undertake the drilling programme within 8 months of completing the Takeover Bid, while advancing the PFS. Subject to a positive outcome from the drilling programme, Hexagon plans to finalise the PFS within 18 months of completing the Takeover Bid.

## **6.2 Ebony Energy's Mineral Resources and Ore Reserves**

Ebony Energy does not currently have a Mineral Resource or Ore Reserve. As noted in section 6.1, the next stage for Ebony Energy would be to finance and undertake a PFS (including a drill program) to establish a Mineral Resource at the Pedirka Project for advancing that project.

As noted above, if the Offer is successful, Hexagon proposed to spend approximately \$1.5 million on developing and executing a drill program to underpin a PFS.

## **6.3 Ebony Energy Directors**

The Ebony Energy Directors as at the date of this Bidder's Statement are as follows:

- (a) Stephen Gerlach (Non-Executive Chairman);
- (b) James Chisholm (Non-Executive Director);
- (c) Adam Bacon (Non-Executive Director); and
- (d) Scott Humphries (Non-Executive Director).



## 7. INFORMATION ON EBONY ENERGY'S SECURITIES

### 7.1 Ebony Energy's issued securities

According to documents provided by Ebony Energy, as at the date of this Bidder's Statement, Ebony Energy's issued securities consisted of:

- (a) 101,564,052 Ebony Energy Shares; and
- (b) 6,007,869 Ebony Energy Options.

### 7.2 Ebony Energy Options

The Ebony Energy Options comprise of:

| Class   | Number    | Exercise Price                        | Current Expiry date  |
|---------|-----------|---------------------------------------|--|
| Class 1 | 1,000,000 | \$9                                   | 14 December 2022   |
| Class 2 | 1,000,000 | \$6                                   | 14 December 2022   |
| Class 3 | 552,500   | \$0.20                                | 240,000 on 27 August 2021<br>262,500 on 25 May 2021<br>50,000 on 27 September 2021 |
| Class 4 | 3,455,369 | \$0.16 (3,442,647)<br>\$0.04 (12,722) | 31 August 2032 and 18 February 2035  |

Subject to the terms applicable to the Ebony Energy Options, each Ebony Energy Option confers on its holder the right to subscribe for and be issued one Ebony Energy Share, on payment of the specified exercise price.

In accordance with section 617(2) of the Corporations Act, the Offer extends to all Ebony Energy Shares that are issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the exercise of the Ebony Energy Options.

Hexagon intends to propose to holders of Ebony Energy Options to enter into cancellation deeds to effect the cancellation of the Ebony Energy Options for (unless otherwise stated in the table below) consideration payable in Hexagon Shares valued on a Black Scholes basis assuming the value of a Hexagon Share at \$0.06 per Hexagon Share (being the closing price prior to the trading halt with respect to Hexagon Shares which commenced pre-market opening on 17 December 2020). As such, the maximum number of Hexagon Shares to be offered for the cancellation of Ebony Energy Options (assuming full conversion and / or cancellation) is as follows:

| Class   | Number of Ebony Energy Options | Exercise Price    | Hexagon Shares to be Offered |
|---------|--------------------------------|-------------------|------------------------------|
| Class 1 | 1,000,000                      | \$9               | 200                          |
| Class 2 | 1,000,000                      | \$6               | 500                          |
| Class 3 | 552,500                        | \$0.20            | 39,062                       |
| Class 4 | 3,455,369                      | \$0.16 and \$0.04 | 0 <sup>6</sup>               |

<sup>6</sup> No Hexagon Shares will be offered for Class 4 Ebony Energy Options.

### 7.3 Substantial holders in Ebony Energy Shares

As at 15 February 2021, so far as is known to Hexagon, the following persons have a Substantial Holding of 5%, or more, of Ebony Energy Shares:

| Substantial holder | Persons votes | Voting power |
|--------------------|---------------|--------------|
| James Chisholm     | 16,346,374    | 16.09%       |
| Scott Humphries    | 9,387,665     | 9.24%        |
| Michael Stephens   | 8,450,000     | 8.32%        |

### 7.4 Hexagon's interests and dealings in Ebony Energy securities

#### (a) Hexagon interests in Ebony Energy Shares

As at the date of this Bidder's Statement and the date of the Offer, Hexagon does not have a Relevant Interest or voting power in any Ebony Energy Shares.

#### (b) Hexagon dealings in Ebony Energy Shares

Neither Hexagon nor any associate of Hexagon has provided, or agreed to provide, consideration for an Ebony Energy Share under any purchase or agreement during the 4 months before the date of this Bidder's Statement, other than as contemplated by this Offer.

### 7.5 Ebony Energy Directors' interests in Ebony Energy securities

So far as Hexagon is aware, as at the date of this Bidder's Statement, the Ebony Energy Directors have the following interests in Ebony Energy securities.

| Director        | Class of security interest | Number                  | Nature of security interest |
|-----------------|----------------------------|-------------------------|-----------------------------|
| Stephen Gerlach | Ebony Energy Shares        | 3,126,112 <sup>1</sup>  | Indirect                    |
|                 | Ebony Energy Options       | 2,955,369 <sup>2</sup>  | Indirect                    |
| James Chisholm  | Ebony Energy Shares        | 16,346,374 <sup>3</sup> | Indirect                    |
|                 | Ebony Energy Options       | Nil                     | N/A                         |
| Adam Bacon      | Ebony Energy Shares        | Nil                     | N/A                         |
|                 | Ebony Energy Options       | Nil                     | N/A                         |
| Scott Humphries | Ebony Energy Shares        | 9,387,665 <sup>4</sup>  | Indirect                    |
|                 | Ebony Energy Options       | Nil                     | N/A                         |

#### **Notes:**

<sup>1</sup> 3,126,112 Ebony Energy Shares are held by S. Gerlach Pty Limited, an entity controlled by Stephen Gerlach.

<sup>2</sup> comprising 2,942,647 Class 4 Ebony Energy Options exercisable at \$0.16 and 12,722 Class 4 Ebony Energy Options exercisable at \$0.04 (subject in both cases to the terms).

<sup>3</sup> 12,252,674 Ebony Energy Shares are held by Lenark Pty Ltd as trustee for Lenark Investment, 2,304 Ebony Energy Shares are held by ACN 148 886 686 Pty Ltd as bare trustee for Lenark Pty Ltd as trustee for the Lenark Investment Trust and 4,091,396 Ebony Energy Shares are held by Left Brain Strategies Pty Ltd as trustee for Left Brain Strategies Trust, entities controlled by James Chisholm.

<sup>4</sup> 8,578,056 Ebony Energy Shares are held by SS Winter Pty Ltd as trustee for The Winter Superannuation Fund and 809,609 Ebony Energy Shares are held by Scott Humphries as trustee for the Humphries Goldsmid Trust, entities controlled by Scott Humphries.

## **7.6 No pre-Offer benefits**

During the period of 4 months before the date of this Bidder's Statement, neither Hexagon nor any associate of Hexagon gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Ebony Energy Shares,

and which is not offered to all holders of Ebony Energy Shares under the Offer.

During the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Hexagon nor any associate of Hexagon gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Ebony Energy Options,

and which is not offered to all holders of Ebony Energy Options under the Offer.

## **7.7 No escalation agreements**

Neither Hexagon nor any associate of Hexagon has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

## 7.8 Ebony Energy Convertible Notes

According to documents provided by Ebony Energy, Ebony Energy currently has Ebony Energy Convertible Notes on issue.

The holders and book value of these notes are summarised in the table below.

| Convertible Note Holder   | Book value       | Hexagon Shares To Be Offered |
|---|------------------|------------------------------|
| Left Brain Strategies Pty Ltd                                     | \$305,253        | 5,087,550                    |
| 2020 Bonds  | \$240,000        | 4,000,000                    |
| - Scott Humphries Super Fund or Goldsmid Trust                    | \$80,000         | 1,333,333                    |
| - Left Brain Strategies Pty Ltd (atf Left Brain Strategies Trust) | \$70,000         | 1,166,667                    |
| - Lekir Holdings Super Fund                                       | \$20,000         | 333,333                      |
| - Culars No159 Pty Ltd (atf Stanwell Group Superannuation Fund)   | \$20,000         | 333,333                      |
| - NC Robson Pty Ltd (atf NC Robson Superannuation Fund)           | \$20,000         | 333,333                      |
| - Majol Pty Ltd Trust   | \$10,000         | 166,667                      |
| - Gary and Barbara Gynn (atf Fynn Superannuation Fund)            | \$10,000         | 166,667                      |
| - Mark Russell  | \$10,000         | 166,667                      |
| Drumrock Capital Advisory <sup>7</sup>                            | \$52,500         | 875,000                      |
| Belle   | \$5,000          | 83,333                       |
| Stanwell  | \$15,000         | 250,000                      |
| Robson  | \$10,000         | 166,667                      |
| Winter  | \$50,000         | 833,333                      |
| Lekir   | \$10,000         | 166,667                      |
| <b>Total</b>  | <b>\$687,753</b> | <b>11,462,550</b>            |

The terms of the Ebony Energy Convertible Notes on issue permit conversion of the notes into a number of Ebony Energy 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 the Bidder's Statement, is 1 Hexagon Share for every 1.32 Ebony Energy Shares.

Hexagon extends the Offer under section 617(2) of the Corporations Act to all Ebony Energy Shares that are issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of conversion of the Ebony Energy Convertible Notes in accordance with those terms.

## 8. HEXAGON'S INTENTIONS IN RELATION TO EBONY ENERGY

### 8.1 Overview

The following apply in relation to all of Hexagon's statements of intention.

<sup>7</sup> Drumrock Capital Advisory is an entity associated with Hexagon's Chairman, Charles Whitfield.

- (a) Hexagon's current intentions are summarised in this Bidder's Statement. To the extent that any of the intentions set out in this Bidder's Statement change materially before the close of the Offer as a result of new information coming to the attention of Hexagon, Hexagon will make supplementary disclosure about such material change to the extent such disclosure is necessary.
- (b) The business of Ebony Energy will be continued in substantially the same manner as it is presently being conducted, noting that (as described in section 6.1(g)) the Merged Group is likely to focus its activities on progressing the current conceptual stage by financing and undertaking the development and then execution of a drilling program with the aim of establishing a JORC compliant indicated Mineral Resource as part of a pre-feasibility study (PFS) program.. No other major changes will be made to the business of Ebony Energy and there will not be any deployment of the fixed assets of Ebony Energy.
- (c) The implementation of Hexagon's intentions in the event that Hexagon has a Relevant Interest in less than 100% of Ebony Energy Shares will be subject to the Corporations Act (including those provisions intended for the protection of minority shareholders), the Listing Rules, the Ebony Energy constitution and the statutory and fiduciary obligations of the Ebony Energy Directors at that time to act in the best interests of Ebony Energy and all Ebony Energy Shareholders, as well as the extent of Hexagon's representation on the Ebony Energy Board, and its shareholding at the relevant time. The extent of Hexagon's representation on the Ebony Energy Board together with its shareholding in Ebony Energy (at the close of the Offer) will determine the regulatory requirements for, and other practical matters associated with, implementing Hexagon's intentions.
- (d) Hexagon and its associates may also be excluded from voting on certain resolutions in general meeting, and Hexagon's nominee directors may potentially be precluded from voting at Ebony Energy Board meetings, to the extent of any conflict of interest. Further, in circumstances where a minority shareholder maintains a "blocking stake" or other substantial holding in Ebony Energy which provides them with a significant proportion of the Ebony Energy shares which are not held by Hexagon, then that shareholder's ability to determine the outcome of any such resolutions put to Ebony Energy Shareholders in general meeting may be disproportionate to its holding (for example, where that shareholder's holding in Ebony Energy is such that they alone could determine whether a resolution is passed or not, in circumstances where Hexagon and its associates are excluded from voting on that resolution).

## 8.2 Employees and directors of Ebony Energy

### *Employees*

As a result of implementing Hexagon's intentions (as set out in this section, section 6.1(g) and dependent on Hexagon's shareholding in Ebony Energy at the time), it is possible that some employees, including those in senior management positions, may have their roles made redundant or the need for change in personnel identified. Any Ebony Energy employees impacted by the actions implemented by Hexagon will be treated in accordance with their contractual and other legal rights.

### *Ebony Energy Board*

Hexagon will use its reasonable endeavours to ensure that any nominees of Hexagon to the Ebony Energy Board comply with their obligations and duties under the Corporations Act, the Listing Rules and Ebony Energy's constitution. Consistent with these obligations and duties, Hexagon's nominee directors may be potentially precluded from voting on resolutions before the Ebony Energy Board to the extent of any conflict of interest or material personal interest that arises in respect of the subject matter of those resolutions.

In a scenario where Hexagon controls Ebony Energy, but holds less than 100%, it would seek representation on the Ebony Energy Board. Necessarily, that objective may involve the replacement of some or all of the existing Ebony Energy Directors. The identity of any such existing Ebony Energy Directors would be determined at the relevant time.

The identity of the Hexagon nominees has not yet been determined but, it is expected that they will predominantly be drawn from the current directors and management of Hexagon.

### **8.3 Intentions if Hexagon acquires a Relevant Interest in 90% of more of Ebony Energy Shares**

Set out below are Hexagon's intentions if Hexagon acquires a Relevant Interest in 90% or more of Ebony Energy Shares.

If during, or at the end of, the Offer Period:

- (a) Hexagon and its associates together have Relevant Interests in at least 90% (by number) of all the Ebony Energy Shares; and
- (b) Hexagon and its associates have acquired at least 75% (by number) of the Ebony Energy Shares for which the Offers are made under the Offer,

Hexagon will be entitled to compulsory acquire all outstanding Ebony Energy Shares and presently intends to do so. Following completion of such compulsory acquisition process, Ebony Energy would be a wholly-owned Subsidiary of Hexagon and Hexagon would be entitled to exercise its rights as the sole shareholder of Ebony Energy.

#### *Ebony Energy Assets*

As described at section 6.1(g) above, the next stage in relation to the Pedirka Project would be to progress from the current conceptual stage by financing and undertaking the development and then execution of a drilling program with the aim of establishing a JORC compliant indicated Mineral Resource as part of a pre-feasibility study (**PFS**) program.

As part of the progression of the PFS, Hexagon would discuss future financing and off-take with interested parties. Upon the completion of a positive PFS, it is expected that a full partnership with a gasification group would be entered into, to provide engineering expertise and related financing.

Further, given the limited amount of activity that has been undertaken with respect to the Pedirka Project, there are several aspects of infrastructure that would need to be completed in order to be able to transport the hydrogen from the Pedirka Project. These include, among others:

- (a) a hydrogen gasification plant, complete with gasifier and hydrogen plant;
- (b) a rail link between the south of Alice Springs to the Pedirka Project;
- (c) a slurry pipeline from the Pedirka Project to Alice Springs possibly powered by intermediate solar stations;
- (d) a power plant based at the Pedirka Project;
- (e) a power plant for mining and dewatering operations at the Pedirka Project; and
- (f) road works, conveyors and settling ponds at the Pedirka Project.

Subject to securing financing Hexagon proposes to spend approximately \$1.5 million on developing and then executing a drill program that would (if successful) underpin a PFS.

#### *Compulsory Acquisition of Ebony Energy Shares*

If, as a result of the Offer, Hexagon becomes entitled to compulsorily acquire outstanding Ebony Energy Shares or securities convertible into Ebony Energy Shares under the Corporations Act, Hexagon presently intends to proceed with compulsory acquisition of those securities.

#### *Ebony Energy Board*

Hexagon currently intends to replace all members of the Ebony Energy Board with its own nominees. The identity of such nominee directors has not yet been finally determined, but it is expected they will be drawn from the current directors and management of Hexagon and Ebony Energy.

#### *Future employment of Ebony Energy current employees*

In the short-term, Hexagon intends to retain the Ebony Energy employees (noting that there are currently no Ebony Energy employees who are employed outside of the executive management) who

will continue to be responsible for the day-to-day management and operations of the Pedirka Project. However, it is possible that some employees may have their roles made redundant or the need for change in personnel identified. Any Ebony Energy employees impacted by the actions implemented by Hexagon will be treated in accordance with their contractual and other legal rights.

#### **8.4 Intentions for Ebony Energy as a part-owned controlled entity**

Set out below are Hexagon's current intentions if, at the end of the Offer Period, Hexagon has a Relevant Interest of more than 50%, but less than 90%, of all of the Ebony Energy Shares.

Hexagon would have a controlling interest in Ebony Energy and will be actively involved in influencing the strategic direction of the business of Ebony Energy to the greatest extent permitted by law.

If Hexagon acquires more than 50% of Ebony Energy Shares (but less than 90%), it will 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 Energy Board. However, in these circumstances, the provisions of the Corporations Act, the Listing Rules, the Ebony Energy constitution and the statutory and fiduciary obligations of the Ebony Energy Directors will continue to apply. If Hexagon acquires at least 75% of Ebony Energy Shares (but less than 90%), it will also be able to determine the outcome of special resolutions (in respect of which it is entitled to vote). Such special resolutions could involve amendments to the Ebony Energy constitution or a change to company type. However, again, the shareholder protections mentioned above would continue to be applicable.

##### *Ebony Energy Board*

In these circumstances, Hexagon intends to (subject to the formal requirements of the Corporations Act and of the Ebony Energy constitution) procure the appointment of a majority of Hexagon nominees to the Ebony Energy Board.

The identity of such nominee directors has not yet been finally determined, but it is expected that they will be predominantly drawn from the current directors and management of Hexagon.

##### *Operations, assets and employees*

Hexagon will seek, to the extent possible and appropriate in the circumstances, to, as has been detailed above in this Bidder's Statement, progress from the current conceptual stage by financing and undertaking the development and then execution of a drilling program with the aim of establishing a JORC compliant indicated Mineral Resource as part of a pre-feasibility study (PFS) program.

##### *Further acquisition of Ebony Energy Shares*

Any future purchases of Ebony Energy Shares by Hexagon will depend upon the level of acceptances achieved under the Offer and all other relevant circumstances at the time. Hexagon reserves its rights to, but makes no commitment to, further acquisitions of Ebony Energy Shares following completion of the Offer in any manner permitted by the Corporations Act.

#### **8.5 Intentions if Hexagon acquires a Relevant Interest in less than 50.1% of Ebony Energy Shares**

Set out below are Hexagon's current intentions if, at the end of the Offer Period, Hexagon has a Relevant Interest in less than 50.1% of all Ebony Energy Shares and Hexagon decides to proceed with acquiring a Relevant Interest in those Ebony Energy Shares notwithstanding the bid condition described at section 12.8(a).

In this situation, Hexagon may be in a position to influence but not necessarily determine the outcome of ordinary resolutions (in respect of which it is entitled to vote) and so, for example, it may not be in a position to control the composition of the Ebony Energy Board.

##### *Ebony Energy Board*

In these circumstances, Hexagon intends, subject to the formal requirements of the Corporations Act and of the Ebony Energy constitution, to seek representation on the Ebony Energy Board.

The identity of such nominee directors has not yet been finally determined, but it is expected that they

will be predominantly drawn from the current directors and management of Hexagon and Ebony Energy.

*Active minority Ebony Energy Shareholder*

In these circumstances, Hexagon intends to remain actively involved as a shareholder, including by way of influencing the strategic direction of the business of Ebony Energy, to the greatest extent permitted by law.

*Limitations in giving effect to intentions*

The implementation of Hexagon's intentions in the event that Hexagon has a Relevant Interest in less than 100% of Ebony Energy Shares will be subject to the Corporations Act, the Listing Rules, Ebony Energy's constitution and the obligations of the Ebony Energy Directors at that time to act in the best interests of Ebony Energy and all Ebony Energy Shareholders, and the extent of Hexagon's shareholding at the relevant time.

*Further acquisition of Ebony Energy Shares*

Any future purchases of Ebony Energy Shares by Hexagon will depend upon the level of acceptances achieved under the Offer and all other relevant circumstances at the time. Hexagon reserves its rights to acquire, but makes no commitment to acquire, further Ebony Energy Shares following completion of the Offer in any manner permitted by the Corporations Act.



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## **9. EFFECT OF THE OFFER ON HEXAGON AND PROFILE OF THE MERGED GROUP**

### **9.1 Introduction**

This section 9 provides a description of the effect of the Offer on Hexagon and a profile of the Merged Group, assuming that Ebony Energy becomes a wholly-owned Subsidiary of Hexagon. If Hexagon does not acquire at least 90% of the Ebony Energy Shares during the Offer Period and therefore does not become entitled to compulsorily acquire the remainder of the Ebony Energy Shares, some of the benefits that would otherwise accrue to Hexagon if Ebony Energy were to become a wholly-owned Subsidiary of Hexagon may not be fully realised.

For further information in this regard please see sections 8.4 and 8.5 of this Bidder's Statement.

### **9.2 Synergies**

Hexagon intends to conduct a review of Ebony Energy's operations on a financial level with a view to integrating Ebony Energy's operations into Hexagon's operational and corporate structure. This is likely to involve:

- (a) a consolidation of administrative and governance functions;
- (b) detailed review of the development plans for the Pedirka Project; and
- (c) review of the Ebony Energy exploration database and expenditure requirements and integration with the exploration activities of the Merged Group.

Each of these activities is likely to identify synergies that will result in cost savings for the Merged Group.

### **9.3 Prospects of the Merged Group**

Hexagon will formalise a new management team to evaluate and develop its assets with a clean energy focus. The group will be advantaged by leveraged market exposure through its multiple projects in high growth sectors and clean energy.

The assets of the merged group include the:

- (a) McIntosh Project (described at section 4.3(a));
- (b) Halls Creek Project (described at section 4.3(b));
- (c) Ceylon Mine Graphite Project (described at section 4.3(c)); and
- (d) Pedirka Project (described at section 6.1).

With consolidated governance, resources and systems the merged group is well positioned for future growth as it advances its projects and creates shareholder value.

### **9.4 Effect of the Offer on Merged Group's Mineral Resources Information**

No impact. As noted in section 6.1, the next stage for is the Merged Group would be to finance and undertake a PFS (including a drill program) to establish a Mineral Resource at the Pedirka Project for advancing that project.

Hexagon's most recent Mineral Resource results were last published in its December 2019 Quarterly Activities & Cash Flow Report, released to the ASX on 31 January 2020. Details are in section 4.4.

### **9.5 Effect of the Offer on the Merged Group's capital structure**

Under the Offer, Hexagon is offering to issue Hexagon Shares to Ebony Energy Shareholders (other than Foreign Ebony Energy Shareholders).

Hexagon has the capacity to issue the maximum number of Hexagon Shares which it may be required to issue under the Offer. No shareholder approvals or third party consents are required for the issue of the Hexagon Shares.

The effect of the Offer on the capital structure of Hexagon on a post-completion basis is set out in the table below:

| Securities   | Numbers            |
|--|--------------------|
| <b>Shares</b>  |                    |
| Current Hexagon Shares <sup>1</sup>  | 301,205,327        |
| Maximum Hexagon Shares to be issued under the Offer <sup>2</sup>                               | 77,037,758         |
| Total  | 378,243,085        |
| <b>Ebony Energy Options</b>  |                    |
| Maximum number of Hexagon Shares to be issued in respect of the Ebony Energy Options           | 39,721             |
| <b>Ebony Energy Convertible Notes</b>  |                    |
| Maximum number of Hexagon Shares to be issued in respect of the Ebony Energy Convertible Notes | 11,462,550         |
| <b>Maximum Potential Number of Hexagon Shares post Offer<sup>3</sup></b>                       | <b>389,745,356</b> |

Notes:

1. The rights attaching to the Hexagon Shares are summarised in section 5.4 of this Bidder's Statement.
2. Assuming a 100% acceptance under the Offer, that no Ebony Energy Shareholders are Foreign Ebony Energy Shareholders and that no Ebony Energy Options are exercised or other Ebony Energy Shares issued.
3. Assuming 100% acceptance under the Offer, that no Ebony Energy Shareholders are Foreign Ebony Energy Shareholders, that all Ebony Energy Options (other than as reflected in this Bidder's Statement) are cancelled in exchange for, Ebony Energy Shares and all Ebony Energy Convertible Notes are converted into Ebony Energy Shares at face value in each case consistent with section 7.

## 9.6 Pro-forma financial information for the Merged Group

### (a) Basis of preparation

The pro-forma financial information of the Merged Group set out below is provided for illustrative purposes only.

The Hexagon information in the pro-forma consolidated statement of financial position for the Hexagon Group is based on the financial statements as at 30 June 2020. The financial statements were audited by BDO Audit (WA) Pty Ltd. A copy of Hexagon's financial statements can be found on its website: [www.hexagonresources.com](http://www.hexagonresources.com).

The Ebony Energy information in the pro-forma consolidated statement of financial position for the Ebony Energy Group is on financial statements as at 30 June 2020. The financial statements were audited by SCS Audit and Corporate Services Pty Ltd.

**Table 9.6.1: Pro Forma Balance Sheet**

| Pro-Forma Financial Position<br>A\$'000 | HXG<br>30-Jun-20<br>(Audited) | Ebony Energy<br>30-Jun-20<br>(Audited) | Transaction <sup>1</sup> | Merged<br>Group   |
|---|-------------------------------|--|--------------------------|-------------------|
| <b>Current Assets</b>                   |                               |  |                          |                   |
| Cash and cash equivalents               | 1,205,587                     | 55,381                                 | ( 55,381 )               | 1,205,587         |
| Trade and other receivables             | 18,509                        | 20,000                                 | ( 20,000 )               | 18,509            |
| <b>Total Current Assets</b>             | <b>1,224,096</b>              | <b>75,381</b>                          | <b>( 75,381 )</b>        | <b>1,224,096</b>  |
| <b>Non-Current Assets</b>               |                               |  |                          |                   |
| Exploration & Evaluation assets         | 1,583,396                     | 2,550,000                              | 4,705,383                | 8,838,779         |
| Other assets                            | 252,297                       | -                                      | -                        | 252,297           |
| <b>Total Non-Current Assets</b>         | <b>1,835,693</b>              | <b>2,550,000</b>                       | <b>4,705,383</b>         | <b>9,091,076</b>  |
| <b>Total Assets</b>                     | <b>3,059,789</b>              | <b>2,625,381</b>                       | <b>4,630,002</b>         | <b>10,315,172</b> |
| <b>Current Liabilities</b>              |                               |  |                          |                   |
| Trade and other payables                | 269,147                       | 1,343,808                              | ( 829 )                  | 1,612,126         |
| Provisions and Other Liabilities        | 80,518                        | 464,223                                | 135,777                  | 680,518           |
| <b>Current liabilities</b>              | <b>349,665</b>                | <b>1,808,031</b>                       | <b>134,948</b>           | <b>2,292,644</b>  |
| <b>Non-Current Liabilities</b>          |                               |  |                          |                   |
| Other Liabilities                       | 27,439                        | -                                      | -                        | 27,439            |
| <b>Total Non-Current Liabilities</b>    | <b>27,439</b>                 | <b>-</b>                               | <b>-</b>                 | <b>27,439</b>     |
| <b>Total Liabilities</b>                | <b>377,104</b>                | <b>1,808,031</b>                       | <b>134,948</b>           | <b>2,320,083</b>  |
| <b>Net Assets</b>                       |                               |  |                          |                   |
| Share Capital                           | 58,857,850                    | 7,227,661                              | ( 1,915,257 )            | 64,170,254        |
| Reserves                                | 2,413,317                     | 2,680,500                              | ( 2,680,500 )            | 2,413,317         |
| Retained Earnings/(Losses)              | ( 58,588,482 )                | ( 9,090,811 )                          | 9,090,811                | ( 58,588,482 )    |
| <b>Total Equity</b>                     | <b>2,682,685</b>              | <b>817,350</b>                         | <b>4,495,054</b>         | <b>7,995,089</b>  |

An entity associated with Hexagon's Chairman, Charles Whitfield, is currently the holder of contingent liability rights with respect to Ebony Energy for accrued prior director and consulting fees, and out-of-pocket expenses. These rights have an audited book value in Ebony Energy's accounts as at 30 June 2020 of \$195,085.

(b) **Accounting treatment**

In the event that Hexagon acquires control of Ebony Energy (as determined in accordance with Australian Accounting Standards) but does not hold 100% of the issued capital, Hexagon will still consolidate 100% of the earnings, assets and liabilities of Ebony Energy. However, it will then make an adjustment in the Profit and Loss Statement and in the Equity section of the Balance Sheet of the Hexagon Group which effectively removes the proportion of the profits or losses and the net assets that it does not own (referred to as the minority interest).

In the event that Hexagon acquires a sufficient number of shares in Ebony Energy to exert a significant influence in the affairs of Ebony Energy (in accordance with Australian Accounting Standards) then Hexagon will undertake an Equity Accounting approach to its investment in Ebony Energy. This will involve recognising as an asset (at cost) the Hexagon investment in Ebony Energy. This amount is then adjusted for Hexagon's share of any profits or losses that Ebony Energy make in any particular period.

## 9.7 Forecast financial information for the Merged Group

Hexagon has given consideration as to whether a reasonable basis exists to produce reliable and meaningful information in relation to the Merged Group and has concluded that a reasonable basis does

not exist for producing forecasts that would be sufficiently meaningful and reliable. This is mainly due to the intention to conduct the Strategic Review and the fact that the Ebony Energy Assets (including the Pedirka Project) are at an early stage of development and a reasonable basis does not exist for forecasting production and cost guidance or financial information for these assets.

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## **10. KEY RISKS ASSOCIATED WITH THE OFFER**

### **10.1 Introduction**

If the Offer becomes unconditional, Ebony Energy Shareholders who accept the Offer will become Hexagon Shareholders,<sup>8</sup> and Hexagon will acquire a Relevant Interest in Ebony Energy. In that event, Ebony Energy Shareholders will continue to be indirectly exposed to the risks associated with having an interest in Ebony Energy's Assets and general economic, share market and industry risks. There are also additional risks relating to the Offer and the Merged Group, to which Ebony Energy Shareholders will be exposed through their holding of Hexagon Shares.

### **10.2 Risks specific to Hexagon**

#### **(a) Contractual and completion risk**

The Takeover Bid is subject to certain conditions precedent being satisfied or waived. This includes Hexagon obtaining the Shareholder approval pursuant to the Hexagon Shareholder Approval. There is no assurance that this Shareholder approval will be obtained, in which case the transaction would not proceed. Should the transaction not complete, the monies paid or advanced by Hexagon in relation to the transaction may not be refunded.

#### **(b) Additional Requirements for Capital**

The capital requirements of Hexagon depend on a number of factors. Hexagon may require additional financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Hexagon is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

#### **(c) Exploration and Development Costs**

The exploration and development costs of Hexagon are based on certain assumptions with respect to the method and timing of exploration and development. By their nature, these estimates and assumptions are subject to significant uncertainties and, as a result, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Hexagon's viability.

#### **(d) Exploration and Development Success**

Hexagon's (including, following the completion of the Takeover Bid, Ebony Energy's) tenements are at various stages of exploration and development, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration and development of the tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

#### **(e) Mineral Resources Estimates**

No assurance can be given that any Mineral Resources that are estimated by Hexagon will be recovered or that they will be recovered at the rates estimated. Mineral Resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource estimates may require revision (either up or down) based on actual production experience. Any future Mineral Resource or Ore Reserve figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that it can be brought into profitable production. Furthermore, a decline in the

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<sup>8</sup> If you are a Foreign Ebony Energy Shareholder, you will not receive Hexagon Shares as part of the Offer Consideration. Please see sections 11.10 and 12.7 of this Bidder's Statement for further details.

market price for natural resources that Hexagon may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

(f) **Operational risk**

Future mining operations of Hexagon may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. The ability to procure feedstocks for any downstream operations is also a risk factor.

No assurances can be given that Hexagon will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

(g) **Exploration risks**

Mining exploration and development is a high-risk undertaking. The success of Hexagon depends on the delineation of economically minable Mineral Resources and Ore Reserves, access to required development capital, movement in the price of commodities, securing and maintaining title to Hexagon's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration of Hexagon's (and, following completion of the Takeover Bid, Ebony Energy's) existing mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements and diminution in the cash reserves of Hexagon. The exploration costs of Hexagon are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect Hexagon's viability.

(h) **Environmental**

The operations and proposed activities of Hexagon are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, Hexagon's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Hexagon's intention to conduct its activities to the highest standard of environmental obligations, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on Hexagon's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on Hexagon for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making Hexagon's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(i) **Mine development**

Possible future development of a mining operation at any of Hexagon's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the

necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding, commodity prices volatility, securing off-take contracts for the product(s) and contracting risk from third parties providing essential services.

If Hexagon commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that Hexagon will achieve commercial viability through the development or mining of its projects and treatment of ore.

(j) **Insurance risks**

Hexagon intends to insure its operations in accordance with industry practice. However, in certain circumstances, Hexagon's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Hexagon.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(k) **Commodity price volatility and exchange rate risks**

If Hexagon achieves success leading to mineral production or downstream processing operations, the revenue it will derive through the sale of commodities exposes the potential income of Hexagon to commodity price and exchange rate risks. Many factors influence the price of graphite, gold, nickel, copper and related commodities which are largely beyond the control of Hexagon. Such factors include supply and demand fluctuations in the global end-use industries for these materials, in particular:

- (i) for graphite, the steel industry, building and construction materials and energy storage and technical applications; and
- (ii) for the balance of the commodities general industrial applications and other macro-economic factors.

Other demand factors that present risk include possible substitution of graphite specifically for other materials or technological advances where these materials may no longer be required.

Supply aspects such as proposed new graphite projects, could also represent a risk to securing off-take contracts and assumed commodity prices.

Furthermore, international prices of various commodities are often denominated in United States dollars or another currency, whereas the income and expenditure of Hexagon are and will be taken into account in mainly Australian currency, exposing Hexagon to the fluctuations and volatility of the rate of exchange between the revenue currency such as the United States dollar and the Australian dollar as determined in international markets.

(l) **Tenure and access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

Hexagon's tenements are subject to the applicable mining acts and regulations in Western Australia. Ebony Energy's tenements are subject to the applicable mining acts and regulations in the Northern Territory.

The renewal of the term of a granted tenement is also subject to the discretion of the relevant minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising Hexagon's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Hexagon.

## 10.3 General Risks

### (b) Trading Price of Shares

Hexagon's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including, inflation rates and interest rates, variations in the general market for listed stocks, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global pandemics, hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that Hexagon's market performance will not be adversely affected by any such market fluctuations or factors.

### (c) Litigation Risks

Hexagon is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, Hexagon may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Hexagon's operations, financial performance and financial position. Hexagon is not currently engaged in any litigation.

### (d) Economic Risks

General economic conditions, movements in interest and inflation rates may have an adverse effect on Hexagon's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of Hexagon's securities regardless of Hexagon's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the lithium sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither Hexagon nor the Directors warrant the future performance of Hexagon or any return on an investment in Hexagon.

### (e) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of Hexagon depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on Hexagon if one or more of these employees cease their employment.

### (f) Force Majeure

Hexagon, now or in the future, may be adversely affected by risks outside the control of Hexagon including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions.

(g)

**Acquisitions**

As part of its business strategy, Hexagon may make acquisitions of, or significant investments in, companies, assets or projects complementary to Hexagon's existing operations. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, assets and projects, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the short term operational goals and retaining key staff and customer and supplier relationships.



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## **11. ADDITIONAL INFORMATION**

### **11.1 Date for determining holders of Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

### **11.2 Broker handling fee**

Hexagon may offer to pay a commission to brokers who solicit acceptances of the Offer from their clients, however has made no final decision in relation to the matter at this stage. If Hexagon makes a decision to offer such a commission to brokers, it will make an announcement to ASX confirming this (which will include information on any caps applicable to such payments).

If a commission is offered, it will be payable to brokers only and subject to the condition that no part of the fee will be able to be passed on or paid to Ebony Energy Shareholders.

It is Hexagon's intention that, once an offer of commission has been made to any broker by Hexagon, the commission arrangement will remain in place for the balance of the Offer Period and the amount of the commission offered will not be increased during the Offer Period.

### **11.3 Consents**

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

- (a) Allion Partners Pty Ltd as Hexagon's legal adviser for the Offer.

Other than as specifically outlined above, each party referred to in this section 11.3 has not caused or authorised the issue of this Bidder's Statement and does not make or purport to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based and takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

This Bidder's Statement also includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. 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 Bidder'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 call the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), Monday to Friday between 9am and 5pm (WST).

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

- (a) fairly representing a statement by an official person; or  
(b) 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 Bidder's Statement contains share price trading data sourced from Weblink and the ASX official website.

### **11.4 Competent Persons statement**

The information within this Bidder's Statement that relates to exploration results, Exploration Target estimates, geological data and Mineral Resources at the McIntosh and Halls Creek Projects is extracted from the ASX announcement entitled 'March 2019 Quarterly Activities & Cash Flow Report' released on 17 April 2019 and is available to view at <https://hexagonresources.com/investor-centre/reports/>.

Hexagon confirms, in consultation with Mr Michael Atkinson, that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Mr Michael Atkinson is a consultant to Company and is a member of The Australian Institute of Geoscientists. He has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral

Resources and Ore Reserves and he consents to the inclusion of the above statement in which it appears in this Bidder's Statement.

### **11.5 Social security and superannuation implications of Offer**

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

### **11.6 Disclosure of interests of certain persons**

Other than as set out elsewhere in this Bidder's Statement no:

- (a) Hexagon Director;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (c) promoter of Hexagon; or
- (d) underwriter to the issue of Hexagon Shares or financial services licensee named in this Bidder's Statement as being involved in the issue of Hexagon Shares,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- (a) the formation or promotion of Hexagon;
- (b) property acquired or proposed to be acquired by Hexagon in connection with its formation or promotion, or the offer of Hexagon Shares under the Offer; or
- (c) the offer of Hexagon Shares under the Offer.

### **11.7 Disclosure of fees and benefits received by certain persons**

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a director of Hexagon to induce them to become, or to qualify as, a director of Hexagon; or
- (b) for services provided by an Interested Person in connection with the formation or promotion of Hexagon or the offer of Hexagon Shares under the Offer.

Allion Partners Pty Ltd has acted as legal adviser to Hexagon in connection with the Offer and is entitled to receive professional fees for these services estimated to be up to \$130,000 (ex GST) together with ongoing fees on a normal commercial basis.

### **11.8 Disclosure of interests of directors**

#### **(a) Interests in Hexagon securities**

Please refer to section 5.5 of this Bidder's Statement.

#### **(b) Interests in Ebony Energy securities**

As at the date of this Bidder's Statement, Mr Charles Whitfield holds 5,000 Ebony Energy Shares.

#### **(c) Indemnity and insurance**

Hexagon has entered into deeds with each of the Hexagon Directors (**Directors' Deeds**) under which:

- (i) Hexagon provides an unlimited and continuing indemnity (to the extent permitted by law) to each Hexagon Director, on a full indemnity basis, against any and all liabilities incurred by the Hexagon Director in respect of or arising out of any act while the Hexagon Director is a director of a Hexagon Group Member and in the course of, or arising out of, the Hexagon Director's role as an officer of a Hexagon Group Member;
- (ii) Hexagon must (to the extent permitted by law and available in the market at reasonable cost) maintain and pay premiums on an insurance policy (**D&O Insurance Policy**) insuring against certain liabilities incurred by a person in their capacity as director or officer of Hexagon and allowing Hexagon to obtain

reimbursement for certain claims paid by it to the Hexagon Director under an indemnity for the period (**Relevant Period**) during which the Hexagon Director holds office and for a period of 7 years thereafter or, if a claim is brought within the 7 years after he or she ceases to be a director, until that proceeding is finally determined; and

- (iii) the Hexagon Director has a limited right to access and take copies of Hexagon Group Members' board papers related to the Relevant Period.

In accordance with the Directors' Deeds, Hexagon maintains a D&O Insurance Policy.

The entry into the Directors' Deeds and the maintenance of the D&O Insurance Policy are permitted by the constitution of Hexagon.

## **11.9 Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

## **11.10 Foreign jurisdictions**

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, 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 securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Hexagon disclaims all liabilities to such persons.

No action has been taken to register or qualify Hexagon or to otherwise permit a public offering of Hexagon Shares outside Australia.

## **11.11 Other material information**

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by an Ebony Energy Shareholder whether or not to accept the Offer; and
- (b) known to Hexagon,

which has not previously been disclosed to Ebony Energy Shareholders.

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## 12. THE TERMS AND CONDITIONS OF THE OFFER

### 12.1 Offer

- (a) Hexagon offers to acquire all or part of Your Ebony Energy Shares on and subject to the terms and conditions set out in this section 12 of this Bidder's Statement.
- (b) The consideration under the Offer is 1 Hexagon Share for every 1.32 of Your Ebony Energy Shares. If this calculation results in an entitlement to a fraction of an Hexagon Share, that fraction will be rounded up to the nearest whole number of Hexagon Shares.
- (c) If, at the time the Offer is made to you, you are a Foreign Ebony Energy Shareholder, then, despite any other provision of the Offer, you will not receive Hexagon Shares as part of the Offer Consideration. Instead, you will receive a cash amount determined in accordance with section 12.7 of this Bidder's Statement.
- (d) The Hexagon Shares to be issued are ordinary shares in Hexagon and will be credited as fully paid and have the rights summarised in section 5.4 of this Bidder's Statement.
- (e) By accepting the Offer, you undertake to transfer to Hexagon not only the Ebony Energy Shares to which the Offer relates, but also all Rights attached to those Ebony Energy Shares (see section 12.5(c)(iv) and section 12.6(c)).
- (f) The Offer is being made to each person registered as the holder of Ebony Energy Shares in the register of Ebony Energy Shareholders at 5.00pm (WST) on the Register Date. It also extends to any person who becomes registered, or entitled to be registered, as the holder of Ebony Energy Shares:
  - (i) during the Offer Period; or
  - (ii) issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the conversion of, or exercise of rights conferred by the Ebony Energy Options or the Ebony Energy Convertible Notes.
- (g) Hexagon extends the Offer under section 617(2) of the Corporations Act to Ebony Energy Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the exercise of Ebony Energy Options that are on issue at the Register Date.
- (h) Hexagon extends the Offer under section 617(2) of the Corporations Act to Ebony Energy Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) on conversion of the Ebony Energy Convertible Notes.
- (i) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of Your Ebony Energy Shares, then:
  - (i) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to that other person in respect of those Ebony Energy Shares;
  - (ii) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to you in respect of any other Ebony Energy Shares you hold to which the Offer relates; and
  - (iii) the Offer will be deemed to have been withdrawn immediately at that time.
- (j) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Ebony Energy Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as the Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), Monday to Friday between 9am and 5pm (WST) to request those additional copies.

- (k) If Your Ebony Energy Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (l) The Offer is dated 19 February 2021.

## 12.2 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of the Offer and ending at 5.00pm (WST) on the later of:
  - (i) 19 March 2021; or
  - (ii) any date to which the Offer Period is extended.
- (b) Hexagon reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
  - (i) the Offer is varied to improve the consideration offered; or
  - (ii) Hexagon's voting power in Ebony Energy increases to more than 50%,
 then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

## 12.3 How to accept the Offer

- (a) **General**
  - (i) Subject to section 12.1(i) and section 12.1(j) you may only accept the Offer in respect of all of Your Ebony Energy Shares.
  - (ii) You may accept the Offer at any time during the Offer Period.
- (b) **Ebony Energy Shares of which you are entitled to be registered as holder**

To accept the Offer for Ebony Energy Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

  - (i) complete and sign the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form; and
  - (ii) ensure that the Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.
- (c) **Acceptance Form and other documents**
  - (i) The Acceptance Form forms part of the Offer.
  - (ii) If your Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Hexagon at one of the addresses shown on the Acceptance Form before the end of the Offer Period.
  - (iii) The postage of the Acceptance Form and other documents is at your own risk.
  - (iv) To accept online, please follow these instructions:
    - (A) Visit <https://investor.automic.com.au>
    - (B) Login with your existing Username and Password
    - (C) Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.

If you have not yet established an online account, visit <https://investor.automic.com.au/#/signup>.

- (A) Select "HXG Takeover Ebony Energy Limited 2021" from the dropdown list in the Issuer Name Field
- (B) Enter your Holder Reference (SRN/HIN) as shown on the top of this letter
- (C) Enter your postcode OR country of residence (only if outside Australia)
- (D) Tick the box "I'm not a robot" and then select "Next"
- (E) Complete the prompts to set up your username and password details

Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.

## 12.4 Validity of acceptances

- (a) Subject to this section 12.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 12.3.
- (b) Hexagon will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Hexagon is not required to communicate with you prior to or after making this determination. The determination of Hexagon will be final and binding on all parties.
- (c) Notwithstanding sections 12.3(a), 12.3(b) and 12.3(c), Hexagon may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Accepted Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Hexagon.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Accepted Shares, Hexagon may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Accepted Shares but not the remainder.
- (e) Hexagon will provide the consideration to you in accordance with section 12.6, in respect of any part of an acceptance determined by Hexagon to be valid.

## 12.5 The effect of acceptance

- (a) Once you have accepted the Offer for Your Ebony Energy Shares or such lesser number as you have specified in the Acceptance Form (**Your Accepted Shares**), you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Accepted Shares from the Offer or otherwise dispose of Your Accepted Shares, except as follows:
  - (i) if, by the relevant times specified in section 12.5(b), the conditions in section 12.8 have not all been fulfilled or freed, the Offer will automatically terminate and Your Accepted Shares will be returned to you; or
  - (ii) if the Offer Period is extended for more than one month and the obligations of Hexagon to deliver the consideration are postponed for more than 1 month and, at the time, the Offer is subject to one or more of the conditions in section 12.8, you may be able to withdraw your acceptance and Your Accepted Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of section 12.5(a)(i) are:
  - (i) in relation to the condition in section 12.8(g) (prescribed occurrences), the end of the third Business Day after the end of the Offer Period; and
  - (ii) in relation to all other conditions in section 12.8, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting the Offer pursuant to section 12.3, you will be deemed to have:
  - (i) accepted the Offer (and any variation of it) in respect of, and, subject to all of the conditions to the Offer in section 12.8 being fulfilled or freed and agreed to transfer

to Hexagon the specified number of Your Accepted Shares (including any Rights), subject to section 12.1(i) and section 12.1(j);

- (ii) represented and warranted to Hexagon, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Accepted Shares (including any Rights) to Hexagon is registered, that all Your Accepted Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership in Your Accepted Shares (including any Rights) to Hexagon, and that you have paid to Ebony Energy all amounts which at the time of acceptance have fallen due for payment to Ebony Energy in respect of Your Accepted Shares;
- (iii) irrevocably authorised Hexagon (and any director, secretary, nominee or agent of Hexagon) to alter the Acceptance Form on your behalf by inserting correct details relating to Your Accepted Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Hexagon to make it an effective acceptance of the Offer or to enable registration of Your Accepted Shares in the name of Hexagon;
- (iv) irrevocably authorised and directed Ebony Energy to pay to Hexagon, or to account to Hexagon for, all Rights in respect of Your Accepted Shares, subject, if the Offer is withdrawn, to Hexagon accounting to you for any such Rights received by Hexagon;
- (v) irrevocably authorised Hexagon to notify Ebony Energy on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Accepted Shares is the address specified by Hexagon in the notification;
- (vi) with effect from the date on which all the conditions to the Offer in section 12.8 have been fulfilled or freed, to have irrevocably appointed Hexagon (and any director, secretary or nominee of Hexagon) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Accepted Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court convened meetings of Ebony Energy and to request Ebony Energy to register, in the name of Hexagon or its nominee, Your Accepted Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (vii) with effect from the date on which all the conditions to the Offer in section 12.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Ebony Energy or to exercise or purport to exercise any of the powers and rights conferred on Hexagon (and its directors, secretaries and nominees) in section 12.5(c)(vi);
- (viii) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 12.5(c)(vi), the attorney will be entitled to act in the interests of Hexagon as the beneficial owner and intended registered holder of Your Accepted Shares;
- (ix) agreed to do all such acts, matters and things that Hexagon may require to give effect to the matters the subject of this section 12.5(c) (including the execution of a written form of proxy to the same effect as this section 12.5(c) which complies in all respects with the requirements of the constitution of Ebony Energy) if requested by Hexagon;
- (x) agreed to indemnify Hexagon in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of Your Accepted Shares to Hexagon being registered

by Ebony Energy without production of your Holder Identification Number or your Securityholder Reference Number for Your Accepted Shares;

- (xi) represented and warranted to Hexagon that, unless you have notified it in accordance with section 12.1(j), Your Accepted Shares do not consist of separate parcels of Ebony Energy Shares;
  - (xii) irrevocably authorised Hexagon (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your Accepted Shares to Hexagon's Takeover Transferee Holding, regardless of whether it has paid the Hexagon consideration due to you under the Offer;
  - (xiii) agreed, subject to the conditions of the Offer in section 12.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Hexagon may consider necessary or desirable to convey Your Accepted Shares registered in your name and Rights to Hexagon; and
  - (xiv) agreed to accept the Hexagon Shares to which you have become entitled by acceptance of the Offer subject to the constitution of Hexagon and have authorised Hexagon to place your name on its register of shareholders in respect of those Hexagon Shares.
- (d) The undertakings and authorities referred to in section 12.5(c) will remain in force after you receive the consideration for Your Accepted Shares and after Hexagon becomes registered as the holder of Your Accepted Shares.

## **12.6 Provision of consideration**

- (a) Subject to sections 12.4(b), 12.6 and 12.7 and the Corporations Act, Hexagon will provide the consideration due to you for Your Accepted Shares on or before the earlier of:
  - (i) one month after the date of your acceptance or, if the Offer is subject to a defeating condition when you accept the Offer, within one month after the Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
  - (i) if that document is given with your Acceptance Form, Hexagon will provide the consideration in accordance with section 12.6(a);
  - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while the Offer is subject to a defeating condition, Hexagon will provide the consideration due to you on or before the earlier of one month after the Offer becomes unconditional and 21 days after the end of the Offer Period;
  - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while the Offer is not subject to a defeating condition, Hexagon will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period; or
  - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Hexagon will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Hexagon will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept the Offer and it becomes or is declared unconditional, Hexagon is entitled to all Rights in respect of Your Accepted Shares. Hexagon may require you to provide all documents necessary to vest title to those Rights in Hexagon, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Hexagon, or if you have (or any previous owner of Your Accepted Shares has) received the benefit of those Rights,



Hexagon will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Hexagon) of those Rights.

- (d) If you have accepted the Offer and you are a Foreign Ebony Energy Shareholder, you will receive your share of the proceeds from the sale of the Hexagon Shares in accordance with section 12.7.
- (e) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address as shown either, at the discretion of Hexagon, on your Acceptance Form, or on the register copy supplied by Ebony Energy from time to time.
- (f) The obligation of Hexagon to issue and allot any Hexagon Shares to which you are entitled will be satisfied by Hexagon :
  - (i) entering your name on the register of members of Hexagon; and
  - (ii) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in Ebony Energy's register of members at 5.00pm (WST) on the Register Date, an uncertificated holding statement in your name. If Your Accepted Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Ebony Energy's register of members at 5.00pm (WST) on the Register Date.
- (g) If at the time you accept the Offer, any authority, clearance or approval is required for you to receive any consideration for Your Accepted Shares, including (but not limited to) any authority, clearance or approval of:
  - (i) the Reserve Bank of Australia (whether under the *Banking (Foreign) Exchange Regulations 1959* (Cth) or otherwise);
  - (ii) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made thereunder, or otherwise);
  - (iii) the ATO; or
  - (iv) any other person as required by any other law of Australia that would make it unlawful for Hexagon to provide any consideration for Your Accepted Shares,

then you will not be entitled to receive any consideration for Your Accepted Shares until all requisite authorities, clearances or approvals have been received by Hexagon.

## 12.7 Foreign Ebony Energy Shareholders

- (a) If you are a Foreign Ebony Energy Shareholder, you will not be entitled to receive Hexagon Shares as part of the Offer Consideration for Your Accepted Shares as a result of accepting the Offer, and Hexagon will:
  - (i) arrange for the issue to a nominee approved by ASIC (the **Nominee**) of the number of Hexagon Shares to which you and all other Foreign Ebony Energy Shareholders would have been entitled but for section 12.1(c). Hexagon may arrange for the Hexagon Shares to be issued to the Nominee in tranches. Hexagon has the sole and complete discretion as to when and in how many batches to aggregate the Hexagon Shares to be issued as a result of acceptances;
  - (ii) cause the Hexagon Shares so issued to be offered for sale by the Nominee (in one or more tranches) on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
  - (iii) cause the Nominee to pay to you the amount ascertained in accordance with the formula, being your pro rata share of the proceeds from the Hexagon Shares sold in the relevant sale tranche, less brokerage and sale expenses:

$$\frac{N \times YS}{\dots}$$

where:

**N** is the amount which is received by the Nominee upon the sale of the Hexagon Shares in the relevant tranche under this section 12.7 less brokerage and sale expenses;

**YS** is the number of Hexagon Shares which would, but for section 12.1(c), otherwise have been allotted to you; and

**TS** is the total number of Hexagon Shares allotted to the Nominee in the relevant tranche under this section 12.7.

- (b) You will receive your share of the proceeds of the sale of Hexagon Shares by the Nominee in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Hexagon Shares by the Nominee, regardless of any delay in remitting these proceeds to you.
- (e) The Nominee may sell the Hexagon Shares in such manner, at such price or prices and on such terms as the Nominee determines. The Nominee will sell the Hexagon Shares on ASX as soon as practicable and has sole and complete discretion with regards to the number of tranches in which to sell the Hexagon Shares that are issued to them.

## 12.8 Conditions of the Offer

Subject to section 12.9, the completion of the Offer and any contract that results from an acceptance of the Offer, are subject to the fulfilment or waiver by Hexagon of the conditions set out below before the end of the Offer Period:

- (a) **Minimum acceptance**  
At the end of the Offer Period, Hexagon has a Relevant Interest in at least 50.1% of Ebony Energy Shares then on issue.
- (b) **Hexagon Shareholder Approval**  
Hexagon Shareholders approve the Hexagon Shareholder Approval, 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 Offer to be lawfully made to and accepted by the Ebony Energy Shareholders;
  - (ii) the transactions contemplated by the Bidder's Statement to be completed; and
  - (iii) Ebony Energy 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 Offer (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 Offer and the completion of any transaction contemplated by the Bidder's Statement or which requires the divestiture by Hexagon of any Ebony Energy Shares or any material assets of Ebony Energy or any Subsidiary of Ebony Energy (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 Energy Group is a party, or by or to which a member of Ebony Energy 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 Energy 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 contingent liability agreements, or the Ebony Energy Convertible Notes whereby the notes 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 Energy 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 Energy 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 Energy 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 Bid or announcing its intention to make the Takeover Bid, or acquiring Ebony Energy Shares under the Takeover Bid, to:

- (i) acquire, or require the disposal of, or require any entity within Ebony Energy Group to offer to dispose of, any Tenement, assets, shares or business (or any interest in) of any entity within Ebony Energy Group;
- (ii) terminate, or vary the terms of performance of, any agreement with any entity within Ebony Energy 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 Energy 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 Energy 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 Project;
- (ii) a member of the Ebony Energy 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 Energy 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 Energy Group is revoked, surrendered, relinquished or terminated or a member of Ebony Energy 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 Energy 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 Energy 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 Energy or its Subsidiaries taken as a whole; or
- (v) without limiting the generality of Bid Condition 12.8(d), the effect of a diminution in the value of the consolidated net assets of the Ebony Energy 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 Energy 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 Energy to Hexagon or any Related Person of Hexagon;
  - (B) disclosed in public filings by Ebony Energy to ASIC; or
  - (C) otherwise known by Hexagon or any Related Person of Hexagon,

at any time prior to the date of the offer between Hexagon and Ebony Energy 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 Energy 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 Energy'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 Energy 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 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 Energy that is contingent on the Offer or the outcome of the Offer (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 Offer 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 Energy 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 Energy which may impact on the Pedirka 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 Energy 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 Energy 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 Energy Group, or their respective Tenements, assets, liabilities or operations, that has been provided by Ebony Energy 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 Energy, 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 Project or any of the assets (including Tenements) and operations of Ebony Energy or any of its Subsidiaries; or
- (iii) any transaction having a similar economic effect.

(m) **Full and final satisfaction of outstanding Ebony Energy's liabilities**

Between the Announcement Date and the end of the Offer Period, Ebony Energy promptly settles its Outstanding Ebony Energy 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 Energy converting all or any of Ebony Energy Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) Ebony Energy or a Subsidiary of Ebony Energy resolving to reduce its share capital in any way;
- (iii) Ebony Energy or a Subsidiary of Ebony Energy 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 Energy or a Subsidiary of Ebony Energy making an issue of Ebony Energy Shares (other than an issue of Ebony Energy Shares as a result of the exercise of rights conferred by, or the conversion of Ebony Energy Options or Outstanding Ebony Energy Liabilities in accordance with full and final satisfaction of the Outstanding Ebony Energy Liabilities) or granting an option over the Ebony Energy Shares or agreeing to make such an issue or grant such an option;

- (v) Ebony Energy or a Subsidiary of Ebony Energy issuing, or agreeing to issue, convertible notes (including any issue or grant of any Ebony Energy Convertible Note);
  - (vi) Ebony Energy or a Subsidiary of Ebony Energy disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
  - (vii) Ebony Energy or a Subsidiary of Ebony Energy granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
  - (viii) Ebony Energy or a Subsidiary of Ebony Energy resolving that it be wound up;
  - (ix) the appointment of a liquidator or provisional liquidator of Ebony Energy or of a Subsidiary of Ebony Energy;
  - (x) the making of an order by a court for the winding up of Ebony Energy or of a Subsidiary of Ebony Energy;
  - (xi) an administrator of Ebony Energy or of a Subsidiary of Ebony Energy being appointed under section 436A, 436B or 436C of the Corporations Act;
  - (xii) Ebony Energy or a Subsidiary of Ebony Energy 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 Energy or of a Subsidiary of Ebony Energy.
- (o) **No distributions**
- Between the Announcement Date and the end of the Offer Period (each inclusive), Ebony Energy does not announce, make, declare or pay any distribution to the Ebony Energy Shareholders (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- (p) **Escrow condition**
- Ebony Energy Shareholders with a holding of more than 5% of all Ebony Energy 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 management is announced.

## 12.9 Nature and benefit of conditions

- (a) The conditions in section 12.8 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in section 12.8(n), until the end of the third business day after the end of the Offer Period), prevent a contract to sell Your Ebony Energy Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in section 12.10(b).
- (b) Subject to the Corporations Act, Hexagon alone is entitled to the benefit of the conditions in section 12.8, or to rely on any non-fulfilment of any of them.
- (c) Each condition in section 12.8 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

## 12.10 Freeing the Offer of conditions

- (a) Hexagon may free the Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in section 12.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Ebony Energy and to ASX declaring the Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:
  - (i) in the case of the condition in section 12.8(g), not later than 3 business days after the end of the Offer Period; and

- (ii) in the case of all the other conditions in section 12.8, not less than 7 days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the conditions in section 12.8(n), at the end of the third business day after the end of the Offer Period), the conditions in section 12.8 have not been fulfilled and Hexagon has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

#### **12.11 Official quotation of Hexagon Shares**

- (a) Hexagon has been admitted to the official list of ASX. Hexagon Shares of the same class as those to be issued as consideration have been granted official quotation by ASX.
- (b) An application will be made within 7 days after the start of the bid period to ASX for the granting of official quotation of the Hexagon Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.
- (c) Pursuant to the Corporations Act, the Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the Hexagon Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the bid period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

#### **12.12 Notice on status of conditions**

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is 10 March 2021 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

#### **12.13 Withdrawal of the Offer**

- (a) The Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Hexagon will give notice of the withdrawal to ASX and to Ebony Energy and will comply with any other conditions imposed by ASIC.
- (b) If, at the time the Offer is withdrawn, all the conditions in section 12.8 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time the Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 12.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to section 12.13 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

#### **12.14 Variation of the Offer**

Hexagon may vary the Offer in accordance with the Corporations Act..

#### **12.15 No stamp duty**

Hexagon will pay any stamp duty on the transfer of Your Accepted Shares to it.

#### **12.16 Governing laws**

The Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Western Australia.



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## 13. AUSTRALIAN TAX IMPLICATIONS

The following is intended only as a general guide to the income tax position under current Australian income tax law and administrative practice as at the date of this Bidder's Statement. Income tax is a complex area of law and the income tax implications for you may differ from those detailed below, depending on your particular circumstances. As these statements are of a general nature only it is highly recommended that you obtain your own independent professional advice in respect of the Australian income tax implications of the Offer.

The following is an overview of the likely Australian income tax implications as a consequence of the Takeover Bid for an Australian tax resident or non-Australian resident Ebony Energy Shareholders who hold their Ebony Energy Shares on capital account.

The following may not apply to certain Ebony Energy Shareholders, such as if you are a dealer in securities, you hold Ebony Energy Shares on revenue account or as trading stock, if you are an insurance company or a collective investment scheme, or if Division 230 of the Income *Tax Assessment Act 1997* (ITAA 1997) applies to you and you have made an election to apply certain methods to calculating gains and losses.

In addition, the following may not apply to you if you acquired your Ebony Energy Shares or Ebony Energy Options as a result of an employment or services arrangement. Such persons may be subject to special rules, or any gain on the exchange of their Ebony Energy Shares for Hexagon Shares may be assessed as ordinary income.

The following may also not apply to non-Australian tax resident Ebony Energy Shareholders. The Australian income tax implications for non-Australian resident Ebony Energy Shareholders are complex and will depend upon their own specific circumstances. Non-Australian tax resident Ebony Energy Shareholders may also have tax implications in their country of residence.

### 13.1 Australian tax resident Ebony Energy Shareholders

#### Capital gains tax

The transfer of Ebony Energy Shares to Hexagon pursuant to the Offer will trigger a capital gains tax (CGT) event for you. The income tax implications for you will depend on whether you receive Hexagon Shares and, if eligible, choose to obtain scrip-for-scrip roll-over relief under Subdivision 124-M of the ITAA 1997 in relation to the disposal of your Ebony Energy Shares. Broadly, you may choose to obtain scrip-for-scrip roll-over relief where Hexagon acquires the number of Ebony Energy Shares sufficient to bring its total interest in Ebony Energy to at least 80% of the voting shares in Ebony Energy and you:

- (a) receive Hexagon Shares in exchange for your Ebony Energy Shares;
- (b) acquired your Ebony Energy Shares on or after 20 September 1985; and
- (c) would, apart from the application of the roll-over, make a capital gain from the disposal of your Ebony Energy Shares.

#### Where scrip-for-scrip roll-over relief is chosen

Where the above conditions are met, Ebony Energy Shareholders who wish to obtain scrip-for-scrip roll-over relief must choose to obtain the roll-over relief.

Where scrip-for-scrip roll-over relief is chosen, any capital gain arising from the disposal of your Ebony Energy Shares will be disregarded and deferred until a CGT event occurs in respect of the Hexagon Shares acquired by you under the Offer. The CGT cost base and reduced cost base of each Hexagon Share received will be determined by apportioning, on a reasonable basis, the cost base and reduced cost base of your Ebony Energy Share.

If you can apply the discount capital gains tax rules in Division 115 of the ITAA 1997 and you choose scrip-for-scrip roll-over relief your Hexagon Shares will be taken to have been acquired at the time your Ebony Energy Shares were originally acquired for the purposes of applying the CGT discount rules.

Where a capital loss arises, you will not be eligible to obtain scrip-for-scrip roll-over relief.

### **Where scrip-for-scrip roll-over is not chosen**

Where scrip-for-scrip roll-over relief is not chosen, you will make a capital gain equal to the market value of your Hexagon Shares you are entitled to less the CGT cost base of your Ebony Energy Shares.

In determining your capital gain, the market value of your Hexagon Shares should be determined using the market value of those shares on the date you cease to have ownership of your Ebony Energy Shares.

If you are an individual, trustee of a trust or superannuation fund, you may be entitled to concessional discount CGT treatment under Division 115 of the ITAA 1997 in respect of a capital gain. This will depend upon your individual circumstances.

If your reduced cost base of your Ebony Energy Shares is greater than the market value of your Hexagon Shares you are entitled to, you may realise a capital loss. A capital loss may be applied to reduce a capital gain in the same or a future tax year.

Where scrip-for-scrip roll-over relief is not chosen, the cost base of the Hexagon Shares will be equal to their respective market values, as determined on the date the relevant Hexagon Shares are allotted or issued.

Where scrip-for-scrip roll-over relief is not chosen, the acquisition date of the Hexagon Shares for CGT purposes will be the date on which the Hexagon Shares are allotted or issued to you.

### **13.2 Non-Australian resident Ebony Energy Shareholders**

Non-Australian resident Ebony Energy Shareholders that hold Ebony Energy Shares on capital account would only be subject to Australian capital gains tax upon disposal of their Ebony Energy Shares where the following conditions are met:

- (a) the non-Australian resident Ebony Energy Shareholder, together with its associates, holds 10% or more of Ebony Energy's issued securities at the time of disposal or for any 12-month period in the 24 months prior to disposal; and
- (b) more than 50 per cent of the market value of the assets of Ebony Energy is represented (directly or indirectly) by real property interests or mining rights in respect of certain resources in Australia.

If CGT applies, concessional CGT discount treatment is not available to non-Australian residents in relation to the disposal of Ebony Energy securities acquired after 8 May 2012.

### **13.3 Stamp Duty**

If you accept the Offer you will not be required to pay any stamp duty on the disposal of your Ebony Energy Shares under the Offer, on the acquisition of Hexagon Shares under the Offer, or on a subsequent disposal of Hexagon Shares.

### **13.4 GST**

None of the following transactions are subject to Australian GST:

- (a) the transfer of Ebony Energy Shares pursuant to the Offers (except brokerage if any);
- (b) the payment of dividends on Hexagon Shares; and
- (c) a disposal of Hexagon Shares (except brokerage if any).

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## 14. DEFINITIONS AND INTERPRETATION

### 14.1 Definitions

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below:

**\$ or A\$** means Australian dollars, the lawful currency of the Commonwealth of Australia.

**Acceptance Form** means the acceptance form enclosed with this Bidder's Statement.

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

**Annual Financial Report** has the meaning given in section 4.8 of this Bidder's Statement.

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

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.

**ASX Operating Rules** means the operating rules of ASX in force from time to time.

**ASX Operating Rules Procedures** means the procedures of the ASX Operating Rules.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532).

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

**Asset** means the assets of the Ebony Energy Group including the Pedirka Project and any and all Mining Tenements.

**Associate** has the meaning set out in section 12 of the Corporations Act as if subsection 12(1) of the Corporations Act included a reference to this document and Ebony Energy was the designated body.

**ATO** means Australian Taxation Office.

**Authorisation** means any approval, licence, consent, authority or permit.

**Bidder's Statement** means this document, being the statement of Hexagon under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

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

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

- (a) any person or persons other than Hexagon or one of its Associates acquiring:
  - (i) an interest in all or a substantial part of the assets of Ebony Energy or any of its Subsidiaries;
  - (ii) a Relevant Interest in more than 15% of the voting shares of Ebony Energy or any of its Subsidiaries; or
  - (iii) control of Ebony Energy or any of its Subsidiaries within the meaning of section 50AA of its Subsidiaries; or
- (b) Ebony Energy and another person or persons (other than Ebony Energy or one of Ebony Energy's Associates) operating under a dual listed company, or similar structure.

**Corporations Act** mean *Corporations Act 2001* (Cth).

**D&O Insurance Policy** has the meaning given in section 11.8(c) of this Bidder's Statement.

**Directors' Deeds** has the meaning given in section 11.8(c) of this Bidder's Statement.

**Ebony Energy** means Ebony Energy Limited (ACN 149 240 657).

**Ebony Energy Board** means the board of directors of Ebony Energy.

**Ebony Energy Convertible Notes** or **Outstanding Ebony Liabilities** means the convertible notes or other convertible instruments issued by Ebony with the holders as described in section 7.8.

**Ebony Energy Director** means each member of the Ebony Energy Board.

**Ebony Energy Group** means Ebony Energy and each of its Subsidiaries and **Ebony Energy Group Member** means any member of the Ebony Energy Group.

**Ebony Energy Option** means an option, granted by Ebony Energy, to subscribe for an Ebony Energy Share as described in section 7.2.

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

**Ebony Energy Shareholder** means each person who is registered as the holder of an Ebony Energy Share.

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

**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.

**Halls Creek Project** means the Halls Creek Gold Project, comprising thirteen granted tenements spanning 657km<sup>2</sup> in the East Kimberley region of Western Australia.

**Hexagon** means Hexagon Energy Materials Limited (ACN 099 098 192).

**Hexagon Board** means the board of Hexagon Directors.

**Hexagon Director** means each member of the Hexagon Board.

**Hexagon Group** means Hexagon and each of its Subsidiaries and **Hexagon Group Member** means any member of the Hexagon Group.

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

**Hexagon Shareholder** means each person who is registered as the holder of a Hexagon Share in the Hexagon share register (at the relevant time).

**Hexagon Shareholder Approval** has the meaning given to that term in section 4.9 of this Bidder's Statement.

**Holder Identification Number** has the same meaning as in the ASX Settlement Operating Rules.

**Interested Persons** has the meaning given in section 11.6 of this Bidder's Statement.

**JORC Code** means the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

**Listing Rules** means the official listing rules of ASX, as amended and waived by ASX from time to time.

**McIntosh Project** means the McIntosh Graphite Project, comprising sixteen tenements spanning ~550km<sup>2</sup> in the East Kimberley region of Western Australia.

**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.

**Merged Group** means the Hexagon Group (including the Ebony Energy Group) which will exist following the Offer, should the Offer be successful and Ebony Energy become a Subsidiary of Hexagon.

**Mineral Resources** has the meaning given to it in the JORC Code.

**Mining Tenement means** any interest (including as holder, owner, operator or joint venturer) in a mining tenement, lease, licence, permit or similar and includes any extension, renewal, modification, replacement or substitution of the whole or any part thereof.

**Nominee** has the meaning given in section 12.7 of this Bidder's Statement.

**Offer** means the offer for Ebony Energy Shares under the terms and conditions contained in section 12 of this Bidder's Statement.

**Offer Consideration** means the consideration under the Offer, determined in accordance with section 12 of this Bidder's Statement.

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

**Ore Reserves** has the meaning given to it in the JORC Code.

**Participant** means an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

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

**Projects** means the Halls Creek Project and the McIntosh Project.

**Register Date** means the date set by Hexagon under section 633(2) of the Corporations Act, being 16 February 2021.

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

**Related Person** means:

- (a) in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and
- (b) in respect of any financial adviser retained by a party in relation to the Takeover Bid, each director, officer, employee or contractor of that financial adviser.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Relevant Period** has the meaning given in section 11.8(c) of this Bidder's Statement

**Rights** means all accreditations, rights or benefits of whatever kind attaching or arising from Ebony Energy Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Ebony Energy or any of its Subsidiaries).

**Securityholder Reference Number** has the same meaning as in the ASX Settlement Operating Rules.

**Security Interest** means an interest or power:

- (a) reserved in or over an interest in any asset; or
- (b) created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to:

- (c) any agreement to grant or create any of the above; and
- (d) a security interest within the meaning of section 12(1) of the *Personal Property Securities Act 2009* (Cth).

**Share Registry** means Automic Pty Ltd.

**Specified Event** has the meaning given in section 12.8(h) of this Bidder's Statement.

**Subsidiary** has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

**Substantial Holding** has the meaning given in section 9 of the Corporations Act.

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

- (a) is reasonably capable of being of value 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

- (b) is more favourable to Ebony Energy Shareholders than the Offer, taking into account all terms and conditions of the Competing Proposal,

provided that a financial adviser independent of the Ebony Energy Board, has provided a written opinion to the Ebony Energy Board which supports the determination of the matters in paragraphs (a) and (b) above.

**Takeover Bid** means the off-market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act.

**Takeover Transferee Holding** has the same meaning as in the ASX Settlement Operating Rules.

**Target's Statement** means the target's statement to be issued by Ebony Energy in response to this Bidder's Statement in accordance with the Corporations Act.

**Tenements** means any and all tenements that Ebony Energy 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.

**Third Party** means a person other than Hexagon and its Associates.

**Unmarketable Parcel** means a parcel of Hexagon Shares that does not constitute a Marketable Parcel.

**Unmarketable Parcel Shareholder** means an Ebony Energy Shareholder to whom, if they accept the Offer, Hexagon Shares would be issued which would not constitute a Marketable Parcel.

**US Accredited Investors** means persons are an investor as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act.

**US Person** has the meaning given to that term in Regulation S under the U.S. Securities Act.

**U.S. Securities Act** means the *United States Securities Act of 1933*, as amended.

**VWAP** means volume weighted average price.

**WST** means Australian Western Standard Time.

**Your Accepted Shares** has the meaning given in section 12.5 of this Bidder's Statement.

**Your Ebony Energy Shares** means the Ebony Energy Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Ebony Energy at 5.00pm (WST) on the Register Date, or (b) to which you are able to give good title at the time you accept the Offer during the Offer Period.

## 14.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, paragraph, clause, attachment and schedule is a reference to a section, paragraph or, clause of and an attachment and schedule to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (h) a reference to time is a reference to time in Perth, Australia;

- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

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15. **APPROVAL OF BIDDER'S STATEMENT**

This Bidder's Statement has been approved by a unanimous resolution of the Hexagon Board.

Signed for and on behalf of Hexagon Energy Materials Limited by:



Charles Whitfield

**Chairman**



**ATTACHMENT 1 - ANNOUNCEMENT BY HEXAGON IN RELATION TO THE OFFER**

**ASX Announcement | 21 December 2020**  
**Hexagon Energy Materials Limited (ASX: HXG)**

## **Hexagon announces intention to acquire Ebony Energy and completes \$500,000 placement**

### **Investment Highlights**

- Hexagon has agreed terms under which it seeks to acquire 100% of Australian public, unlisted hydrogen company Ebony Energy Limited in an all scrip offer.
- Ebony Energy is focused on developing its Pedirka Project in the Northern Territory.
- Strong in-principle support for the Ebony Energy acquisition received from Ebony Energy Limited's board of directors, who will recommend the acquisition<sup>1</sup>.
- Ebony's investors and convertible note creditors will represent 23.24% of the post merged entity on current share numbers.
- Acquisition of the Pedirka Project is consistent with Hexagon's strategy to become a diversified minerals explorer with a focus on clean energy opportunities.
- The Pedirka Project plans to utilise a surface gasification plant to produce 'blue' hydrogen for export and domestic markets from the project with 'clean' zero carbon emissions.
- Research firm Markets & Markets estimates that the hydrogen market will expand from US\$135.5bn in 2018 to US\$199bn by 2023, with the highest compound annual growth rate in China, Japan, and Korea<sup>2</sup>.
- Hexagon successfully completes \$500,000 placement to sophisticated and professional investors.

Perth, 21 December 2020: Australian energy materials company Hexagon Energy Materials Limited (ASX: HXG) (**Hexagon** or the **Company**) is pleased to announce that it has agreed terms on which to make an off-market takeover bid to acquire all of the issued capital in unlisted company Ebony Energy Limited (**Ebony Energy** or **Ebony**) (**Takeover Offer**).

The Takeover Offer involves Hexagon issuing 1 Hexagon share for every 1.32 Ebony Energy share. Following completion of the Offer and subsequent exchanges with Ebony option holders and convertible note creditors, Ebony Energy investors and those creditors will ultimately hold 23.24% of the merged entity share capital base.

As the Takeover Offer will result in a change of activities for the Company, the Company is required to seek Hexagon shareholder approval pursuant to ASX Listing Rule 11.1.2 (**Shareholder Approval**). ASX has confirmed that ASX Listing Rule 11.1.3 does not apply to the Takeover Offer.

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<sup>1</sup> Subject to no superior proposal being announced.

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

### **NT blue hydrogen project**

A successful takeover will provide the Company exposure to Ebony Energy's sole asset, being the Pedirka Project in the Northern Territory.

It is proposed that the Pedirka Project will host a surface gasification plant to produce blue hydrogen for export or domestic markets from coal feedstocks with 'clean' zero carbon emissions.

Ebony has undertaken a study to analyse a surface gasification plant and hydrogen converter to produce 'clean' zero-emission 'blue' hydrogen.

The next stage for Ebony is to undertake a major drilling program to establish a JORC compliant resource to underpin a prefeasibility study (PFS) to advance the Pedirka Project.

Upon the completion of a positive PFS, it is expected that a full partnership with a gasification group would be entered into to progress an 'off-take' arrangement.

Hexagon is of the view that the Pedirka Project is consistent with its strategy to become a diversified minerals explorer with a focus on clean energy opportunities and therefore presents a unique opportunity to expand Hexagon's asset portfolio and fully exploit the Company's expertise for the benefit of its shareholders.

### **A rapidly developing market**

Hydrogen is an environmentally-friendly and cost-effective source of energy for a world which must balance the ever-growing need for energy with preservation of the environment.

Hexagon believes that the large-scale adoption of hydrogen as a fuel source will provide a significant means of reducing global carbon output, especially given that de-carbonisation will require much more than just the substitution of thermal coal.

In addition to being clean, hydrogen is a versatile energy source with applications across the transport, electricity, industrial, and heating sectors.

While there is a growing domestic demand for hydrogen in Australia, the strong demand is coming from Asia-Pacific. As well as the growing demand for hydrogen as a fuel, there is significant demand for hydrogen as a chemical in the Southeast Asia region.

Research firm Markets & Markets estimates that the hydrogen market will expand from US\$135.5bn in 2018 to US\$199bn by 2023, with the highest Compound Annual Growth Rate in China, Japan, and Korea.<sup>3</sup>

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<sup>3</sup> Source: <https://www.marketsandmarkets.com/PressReleases/hydrogen.asp>

## Transaction overview

The Company has agreed to:

1. offer to buy 100% of the issued shares of Ebony Energy (**Ebony Shares**) by issuing 1 Hexagon share for each 1.32 Ebony Shares currently on issue;
2. issue Hexagon shares at an implied price of 6 cents per share for Ebony Shares issued to satisfy outstanding convertible notes at face value; and
3. issue Hexagon shares in exchange for Ebony Shares issued upon exercise of eligible Ebony Energy options (or as consideration for cancellation of those options). Ebony options have been valued on a Black Scholes basis and Hexagon shares will be issued at an implied issue price of 6 cents per share;

The above Offer and exchange will result in Ebony Energy investors and convertible note creditors in total holding (if 100% acceptance and conversion is completed) 23.24% of the merged entity.

The Takeover Offer is subject to a number of conditions which are attached to this announcement.

Further details and information on the Takeover Offer will be contained in Hexagon's Bidder's Statement, which is expected to be lodged in January 2021.

The Bidder's Statement will set out important information, including how to accept the Takeover Offer, information about Hexagon, and the key reasons as to why Ebony Energy Shareholders should accept the Takeover Offer.

## Takeover Offer rationale

The Company believes that the Takeover Offer will provide the Company with:

- ability to continue its strategy to become a diversified minerals explorer with a focus on clean energy opportunities;
- provide exposure to the rapidly developing hydrogen market; and
- a greater profile in capital markets due to its larger market capitalisation and greater scale and diversity of the Company's operations, widening the range of potential investors for the Company and providing a greater ability to source equity funding on more favourable terms.

## Proposed capital structure

The anticipated capital structure of the Company post completion of the Takeover Offer, assuming 100% acceptance is set out below.

|   | Shares                  |
|---|-------------------------|
| Current <sup>4</sup>  | 292,433,397             |
| Issues under Takeover Offer   | 77,037,758              |
| <b>Sub-total on issue immediately upon completion of Takeover Offer</b> | <b>369,471,155</b>      |
| Issues to Ebony convertible note creditors                              | 11,462,550 <sup>5</sup> |
| Issues to Ebony option holders  | 39,721                  |

<sup>4</sup> Not including Hexagon shares to be issued under the placement as described below.

<sup>5</sup> an entity associated with Hexagon's Chairman Charles Whitfield, will be entitled to receive a total of 875,000 Hexagon shares in exchange for converted Ebony shares converted from convertible notes held by that entity subject to the bid conditions.

|              | Shares             |
|--------------|--------------------|
| <b>TOTAL</b> | <b>380,973,426</b> |

### Leadership changes

As part of the transaction Hexagon's management team will be expanded by the appointment of Mr Adam Bacon, currently Managing Director of Ebony, who will join Hexagon's Chief Commercial Officer, Ms Lianne Grove, to undertake executive management duties and deliver the key milestones for the Pedirka Hydrogen Project. Chairman, Mr Charles Whitfield will continue to consult to Hexagon.

### Proposed Timetable

| Indicative Date  | Action  |
|--|---|
| 21 December 2020   | Hexagon and Ebony announce Proposed Transaction to ASX.   |
| Early January 2021   | Despatch Notice of Meeting to Hexagon shareholders  |
| Mid-January 2021   | Lodgement of bidder statement and target statement with ASIC and ASX and serve on the respective other party. |
| Mid-January 2021   | Despatch of the Hexagon's bidder's statement to Ebony shareholders and opening of the Takeover Offer.         |
| Early February 2021<br>(or such later date as the parties may agree, acting reasonably). | Hexagon shareholder meeting.  |
| Late February 2021   | Close of the Takeover Offer (unless extended)   |
| Mid to late January 2022<br>(latest date possible).                                      | Last day to close the Takeover Offer  |

The above dates are indicative only and may change without notice. The Company reserves the right to extend the dates without prior notice.

### Next steps

As mentioned above, Hexagon is required to seek shareholder approval for the Takeover Offer and is preparing a Notice of Meeting to address this. The Notice of Meeting will be sent out and the Extraordinary General Meeting of Hexagon Shareholders held as soon as reasonably possible.

**Hexagon Chairman Charles Whitfield said:** "We are very pleased to have entered into this agreement to acquire Ebony Energy. This transaction perfectly aligns with our goal of progressing value-added businesses that are consistent with our strategy, skill set and focus on clean energy. We have formed a very good understanding of the next steps required for Ebony Energy to complete a major resource focused drilling program and pre-feasibility study. We look forward to the Extraordinary General Meeting so that we can receive approval from our shareholders and proceed with this acquisition."

**Ebony Energy Chairman Stephen Gerlach said:** “The combination with Hexagon provides Ebony Energy shareholders with a perfect platform to progress the Pedirka project. We believe this is a great fit with Hexagon’s expertise and clean energy ambitions. We are confident that the project’s upcoming drilling program and pre-feasibility study will yield excellent results and provide clear direction of the best way forward to become a substantial, zero-emission hydrogen producer.”

## **Placement**

The Company has received firm commitments from sophisticated and professional investors to raise \$0.5m through the issue of 8,771,930 new fully paid shares at 5.7 cents a share, a 10% discount to the 10-day Volume Weighted Average Price (VWAP) of shares trading on ASX for the period ending 16 December 2020.

EverBlu Capital Pty Ltd acted as Lead Manager to the Placement and will be paid a fee of 6% as well as issued 4,000,000 unlisted options exercisable at \$0.10 within 24 months from issue date. The placement shares and broker options will be issued under the Company’s placement capacity under Listing Rule 7.1.

The Company expects to issue the shares and options on Wednesday 23 December 2020.

Hexagon will use the additional capital to meet the transaction costs of its acquisition of Ebony Energy (\$0.3m) as well as for general working capital and corporate purposes (\$0.2m).

## **Ends**

*This announcement has been authorised by Board of Directors of Hexagon and the Board of Directors of Ebony Energy.*

## **About Hexagon Energy Materials Limited**

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

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

To learn more, please visit [www.hxgenergymaterials.com.au](http://www.hxgenergymaterials.com.au)

### **Investor & Corporate Enquiries**

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### **Media Enquiries**

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## CONDITIONS TO THE TAKEOVER OFFER

### 1. DEFINITIONS

In this Schedule, terms have the meaning given to them within this document and, in addition, the following terms have the following meanings:

|                            |  |
|----------------------------|--|
| <b>Announcement Date</b>   | The date of release of this announcement.  |
| <b>ASIC</b>                | Australian Securities and Investments Commission.  |
| <b>ASX Listing Rules</b>   | The listing rules of the ASX.  |
| <b>Authorisation</b>       | Any consent, authorisation, registration, filing, lodgement, notification, agreement, certificate, commission, lease, licence, permit, approval or exemption from, by or with a Government Agency required to undertake activities in connection with any Tenement.  |
| <b>Bidder's Statement</b>  | means the statement of Hexagon under Part 6.5 Division 2 of the Corporations Act relating to the Bid Offer.  |
| <b>Bid</b>                 | A takeover bid under Chapters 6 to 6C of the Corporations Act under which the Company offers to acquire all Ebony Shares.  |
| <b>Bid Offer</b>           | Each offer to acquire all Ebony Shares on issue during the Bid Offer Period to be made by Hexagon to each Ebony Shareholder under the Bid on the terms and conditions set out below and to be contained in the Bidder's Statement.   |
| <b>Bid Offer Period</b>    | The period during which the Bid Offer is open for acceptance.  |
| <b>Ebony Convertible</b>   | An option or some other form of instrument (for instance performance right or share) permitting the holder to subscribe for an Ebony Share.  |
| <b>Ebony Group</b>         | Ebony and each of its subsidiaries.  |
| <b>Ebony Share</b>         | A fully paid ordinary share in Ebony.  |
| <b>Ebony Shareholders</b>  | A holder of an Ebony Share.  |
| <b>Government Agency</b>   | A government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local in Australia, including (without limitation) any self-regulatory organisation established under a statute, any stock exchange or otherwise discharging substantially public or regulatory functions, and in particular, ASX, ASIC and the Takeovers Panel. |
| <b>Hexagon Resolutions</b> | Any resolution required to effect the Bid in accordance with the ASX Listing Rules, including the resolution set out in a notice of meeting of Hexagon shareholders to consider and (if thought fit) approve the change to the nature and/or scale of Hexagon's activities as a result of the Bid, for the purposes of ASX Listing Rule 11.1.2.  |

|                                      |  |
|--------------------------------------|--|
| <b>Hexagon Share</b>                 | A fully paid ordinary share in Hexagon.  |
| <b>Hexagon Shareholder</b>           | A holder of one or more Hexagon Shares.  |
| <b>Outstanding Ebony Liabilities</b> | Ebony's outstanding convertible notes identified by the Ebony directors and initialled for identification purposes by Hexagon and Ebony and as amended from time to time with the consent of Ebony, acting reasonably.   |
| <b>Related Person</b>                | <p>In relation to a party:</p> <ul style="list-style-type: none"> <li>(a) a director, officer, employee, consultant (or similar) of that party;</li> <li>(b) a related body corporate and any a director, officer, employee, consultant (or similar) of that related body corporate;</li> <li>(c) its advisers or an adviser of a related body corporate; or a director, officer or employee of any entity referred to in (b) or (c).</li> </ul> |
| <b>Relevant Interest</b>             | As defined in sections 608 and 609 of the Corporations Act.  |
| <b>Security Interest</b>             | The meaning given in section 51A of the Corporations Act.  |
| <b>Tenement</b>                      | Any member of the Ebony Group's interest (including as holder, owner, operator or joint venturer) in a mining tenement, lease, licence, permit or similar and includes any extension, renewal, modification, replacement or substitution of the whole or any part thereof, including the Pedirka Project.  |

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## 2. MINIMUM ACCEPTANCE

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

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## 3. HEXAGON SHAREHOLDER APPROVAL

Hexagon Shareholders approve the Hexagon Resolutions, in accordance with the Corporations Act and ASX Listing Rules, before the end of the Bid Offer Period.

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## 4. REGULATORY APPROVALS AND CONSENTS

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

- (a) the Bid Offers to be lawfully made to and accepted by the Ebony Shareholders;
- (b) the transactions contemplated by the Bidder's Statement to be completed; and
- (c) 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.

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## 5. NO REGULATORY ACTION

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



- (a) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (b) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (c) 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 Bid Offers (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).

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**6. NO PERSONS EXERCISING RIGHTS UNDER CERTAIN AGREEMENTS OR INSTRUMENTS**

Between the Announcement Date and the end of the Bid 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:

- (a) 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;
- (b) 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);
- (c) 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
- (d) 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.

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**7. NO CHANGE OF CONTROL RIGHTS**

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

- (a) 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;
- (b) terminate, or vary the terms of performance of, any agreement with any entity within Ebony Group; or
- (c) terminate, or vary the terms of any material approvals, licenses or permits issued by any Government Agency to any entity within Ebony Group.

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**8. NO MATERIAL DISPOSALS, CANCELLATIONS OR NEW COMMITMENTS**

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

- (a) 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 Project;
- (b) 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
- (c) 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.

## 9. NO MATERIAL ADVERSE CHANGE

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

- (a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (b) 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
- (c) 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 (a), (b) and (c) 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:

- (d) 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
- (e) without limiting the generality of Bid Condition 9(d), 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:

- (f) an event, matter, change or circumstance caused, or materially contributed to, by Hexagon;
- (g) anything required or permitted to be done or not done under this document or otherwise required to be done in connection with the legal obligations for the implementation of the Bid;
- (h) any event, matter, change or circumstance:
  - (i) fairly disclosed by Ebony to Hexagon or any Related Person of Hexagon;
  - (ii) disclosed in public filings by Ebony to ASIC; or
  - (iii) otherwise known by Hexagon or any Related Person of Hexagon,
 at any time prior to the date of this document 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;
- (i) an event, matter, change or circumstance in or relating to:

- (i) economic, business, regulatory or political conditions in general;
- (ii) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
- (iii) any change affecting the industry in which Ebony operates generally;
- (j) 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
- (k) anything done with the prior written consent of Hexagon.

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## 10. CONDUCT OF BUSINESS

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

- (a) 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;
- (b) borrows or agrees to borrow any money (except to cover expenses associated with the Bid), including incurring trade credit or other payables, or as otherwise agreed to in writing by both parties;
- (c) provides a guarantee or indemnity or both to a third party (not being Hexagon or one of its subsidiaries);
- (d) other than to the extent included in the does any of the following:
  - (i) 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;
  - (ii) makes or agrees to make any substantial change in the basis or amount of remuneration of any director, employee or consultant;
  - (iii) 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;
  - (iv) 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 Bid Offer or the outcome of the Bid Offer (or a similar transaction); and
  - (v) 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 Bid Offer or a similar transaction;
- (e) 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
- (f) 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.

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## 11. TENEMENTS

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

- (a) 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;
- (b) relinquishes, sells or disposes of any interest or creates any Security Interest over any of the Tenements;
- (c) 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
- (d) 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.

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## **12. LITIGATION**

Between the Announcement Date and the end of the Bid Offer Period (each inclusive) no litigation against Ebony which may impact on the Pedirka 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.

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## **13. EQUAL ACCESS**

Between the Announcement Date and the end of the Bid 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:

- (a) a takeover bid for, or scheme of arrangement proposed by, Ebony, under the Corporations Act;
- (b) 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 Project or any of the assets (including Tenements) and operations of Ebony or any of its Subsidiaries; or
- (c) any transaction having a similar economic effect.

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## **14. FULL AND FINAL SATISFACTION OF OUTSTANDING EBONY LIABILITIES**

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

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## **15. NO PRESCRIBED OCCURRENCES**

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

- (a) Ebony converting all or any of Ebony Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Ebony or a subsidiary of Ebony resolving to reduce its share capital in any way;

- (c) 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;
- (d) Ebony or a subsidiary of Ebony making an issue of Ebony Shares (other than the conversion of other 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;
- (e) Ebony or a subsidiary of Ebony issuing, or agreeing to issue, convertible notes (including any issue or grant of any Ebony Convertible);
- (f) Ebony or a subsidiary of Ebony disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) 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;
- (h) Ebony or a subsidiary of Ebony resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Ebony or of a subsidiary of Ebony;
- (j) the making of an order by a court for the winding up of Ebony or of a subsidiary of Ebony;
- (k) an administrator of Ebony or of a subsidiary of Ebony being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Ebony or a Subsidiary of Ebony executing a deed of company arrangement; or
- (m) 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.

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## 16. NO DISTRIBUTIONS

Between the Announcement Date and the end of the Bid 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).

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## 17. 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 for a period of 12 months.

## ATTACHMENT 2 - ASX ANNOUNCEMENTS BY HEXAGON SINCE 20 OCTOBER 2020

The following table lists announcements made to the ASX by Hexagon over the period between 20 October 2020 and 16 February 2021.

| Date             | Headline  |
|------------------|---|
| 22 October 2020  | Notice of Meeting   |
| 29 October 2020  | September Quarterly Activities and Cashflow Reports       |
| 11 November 2020 | Funding for 2021 Exploration Program and Corporate Update |
| 25 November 2020 | Chairman's Address and Presentation to Shareholders       |
| 25 November 2020 | Results of Meeting  |
| 1 December 2020  | Board and Company Secretarial Changes                     |
| 3 December 2020  | Initial Director's Interest Notice - J Stedwell           |
| 3 December 2020  | Final Director's Interest Notice - M Rosenstreich         |
| 17 December 2020 | Trading Halt  |
| 21 December 2020 | Intention to Acquire Ebony Energy and \$500,000 placement |
| 21 December 2020 | Proposed issue of Securities - HXG                        |
| 21 December 2020 | Proposed issue of Securities - HXG                        |
| 21 December 2020 | Proposed issue of Securities - HXG                        |
| 30 December 2020 | Appendix 2A   |
| 30 December 2020 | Appendix 3G   |
| 4 January 2021   | Cleansing Notice  |
| 13 January 2021  | Response to ASX Price and Volume Query                    |
| 29 January 2021  | December Quarterly Activities and Cashflow Reports        |
| 8 February 2021  | Notice of Extraordinary General Meeting/Proxy Form        |

## CORPORATE DIRECTORY

### **Hexagon Energy Materials Limited**

ACN 099 098 192  
Suite 3, 7 Kintail Road  
Applecross, WA, 6153

### **Hexagon share registrar for the Offer\***

Automic Pty Ltd  
Level 5, 126 Phillip Street  
Sydney, NSW, 2000

### **Hexagon Offer Information Questions**

Please call the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), Monday to Friday between 9am and 5pm (WST).

### **Stock Exchange Listing**

Hexagon ordinary shares are quoted by the Australian Securities Exchange (ASX: HXG)

### **Legal Adviser for the Offer**

Allion Partners Pty Ltd  
Level 9, 863 Hay Street  
Perth WA 6000

### **Hexagon's Auditor\***

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

*\*Information purposes only.*

### Return your Form:

✉ **By Mail:**  
Automatic Group  
GPO Box 5193  
Sydney NSW 2001

📞 **For all enquiries:**  
Phone:  
(within Australia) 1300 288 664  
(outside Australia) +61 2 9698 5414

[EntityRegistrationDetailsLine1Envelope]  
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[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

## TRANSFER AND ACCEPTANCE FORM – ISSUER SPONSORED HOLDERS



**Your form must be received by no later than the end of the Offer Period being 5.00pm (WST) on 19 March 2021**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by Hexagon Energy Materials Limited (**HXG**) to acquire all of your fully paid ordinary shares (**Ebony Energy Shares**) in Ebony Energy Limited (**Ebony Energy**), the terms of which are set out in the Bidder's Statement dated 16 February 2021 (**the Bidder's Statement**). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be paid to the name(s) as they appear on the latest copy of the Ebony Energy Register, as provided to Ebony Energy. The current address recorded on HXG's copy of the Register is printed above and overleaf. If you have recently bought or sold Ebony Energy Shares your holding may differ from that shown. If you have already sold all your Ebony Energy Shares, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form or accept the Offer electronically (as to which, please see instructions on the next page of this form) if you wish to accept the Offer for ALL of your Ebony Energy Shares. The consideration applicable is that set out in the Bidder's Statement.

By signing this form or accepting the Offer electronically, you represent and warrant to HXG that, both at the time of returning this acceptance form and at the time the transfer to HXG of the Ebony Energy Shares to which this form relates is registered:

- all of those Ebony Energy Shares are and will upon registration be fully paid up and free from all mortgages, charges, liens and other encumbrances of any kind;
- and restrictions on transfer of any kind, and that you have full power and capacity to sell and transfer the legal and beneficial ownership in those Ebony Energy Shares; and
- that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of those Ebony Energy Shares.

**IMPORTANT!** Acceptance Forms cannot be returned by fax or email. Your Acceptance Form must be returned online, by postal delivery to Automatic Registry Services, GPO Box 5193, SYDNEY, NSW 2001 or in the business reply-paid envelope enclosed with the Bidder's Statement.

Due to recent changes to delivery times by Australia Post, standard delivery may now take up to six Business Days, or longer from regional areas. Ebony Energy Shareholders should bear this in mind when returning Acceptance Forms using Australia Post

### Step 3: Signing Instructions

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney:** Where signing under a Power of Attorney (**POA**), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a sole director and a company secretary **OR** a sole director (if no company secretary exists), **OR**
- two directors, **OR**
- a director and a company secretary.

**Overseas Companies:** Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

**Turn over to complete the form**



# Offer Acceptance Form

FULL SCRIP TAKEOVER OFFER FOR ALL YOUR SHARES IN EBONY ENERGY LIMITED

# [BARCODE]

## STEP 1 Registration Name & Offer Details

For your security keep your SRN confidential.

SRN: [HolderNumber]

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

Number of Ebony Energy Shares held as at 5.00pm (AEST) on 16 February 2021 (**Register Date**)

[EELUTKO]

By accepting the Offer, you are accepting the Offer for ALL your Ebony Energy Shares as recorded by Ebony Energy as being held by you at the date your acceptance is processed (even if different to the number stated above).

## STEP 2 Accept the Offer

If you correctly lodge your acceptance online or by signing and returning this form, you will be deemed to have accepted the Offer for ALL of your Ebony Energy Shares on the terms and subject to the conditions of the Offer as set out in the Bidder's Statement. The consideration applicable is that set out in Section 12 of the Bidder's Statement, being 1 Hexagon Share for every 1.32 of Your Ebony Energy Shares.

### Acceptance Online (Recommended)

Visit <https://investor.automic.com.au/#/home>

To accept the Offer online, simply scan the barcode to the right with your tablet or mobile device or enter the above link into your browser and follow the instructions below:

#### Please follow these instructions:

Visit <https://investor.automic.com.au>

Login with your existing Username and Password

Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.

If you have not yet established an online account, visit <https://investor.automic.com.au/#/signup>

1. Select "HXG Takeover Ebony Energy Limited 2021" from the dropdown list in the Issuer Name Field
2. Enter your Holder Reference (SRN/HIN) as shown on the top of this letter
3. Enter your postcode OR country of residence (only if outside Australia)
4. Tick the box "I'm not a robot" and then select "Next"
5. Complete the prompts to set up your username and password details

Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.



## STEP 3 Signatory of Securityholder(s) *This section must be completed if you are NOT accepting the Offer online.*

I/We accept the Offer made by HXG for all of my/our Ebony Energy Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Ebony Energy Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/ Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary (cross out titles as applicable)

Contact Name:

Contact Daytime Telephone:

Date:

/ /

**Your acceptance must be received by no later than the end of the Offer Period, which is 5.00pm (WST) on the last day of the Offer Period, being 19 March 2021 (unless extended by HXG).**

**If you have any queries about the terms of the offer or how to accept, please call the HXG Offer Information Line (Monday to Friday, between 9.00am and 5.00pm (WST)) on 1300 288 664 toll free (within Australia) or +61 2 9698 7164 (outside Australia).**

### Privacy Notice

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – [www.automic.com.au](http://www.automic.com.au)