



**ASX Announcement | 8 December 2021**  
**Hexagon Energy Materials Limited (ASX: HXG)**

## **Binding 75% Earn-in and Option Agreement over Hexagon's Ceylon Graphite Project in Alabama, USA signed with South Star Battery Metals Corp.**

Hexagon Energy Materials Limited (ASX: HXG, "Hexagon" or "the Company") is pleased to advise that, further to the Company's 4 November and 2 December 2021 ASX announcements, a binding Earn-in and Option Agreement ("the Agreement") covering the 75% earn-in by South Star Battery Metals Corp. ("South Star") to Hexagon's Ceylon Graphite Project located in Alabama, USA ("Project") has been signed.

South Star will now progress work against the Earn-in milestones to acquire an interest of up to 75% of the Ceylon Graphite Project.

Hexagon currently owns 80% of the Ceylon Graphite Project, with the balance held by private owners including U.S. Critical Minerals LLC ("USCM"), as shareholders in the Project owner, Charge Minerals LLC ("Charge Minerals").

The core elements of the Earn-in and Option Agreement which runs over three years are:-

A right for South Star to acquire an undivided 75% in the Project for C\$750,000 in expenditure on the Project (including meeting eligible costs as set out in the Agreement) based on the following:

- (a) Expenditures on the Property of at least C\$250,000 by the first anniversary of the Agreement;
- (b) Expenditures of at least C\$250,000 by the second anniversary of the Agreement;
- (c) Expenditures of at least C\$250,000 by the third anniversary of the Agreement; and
- (d) Preparation by South Star of a National Instrument 43-101 compliant Preliminary Economic Assessment in respect to the Project by the third anniversary of the Agreement.

After exercise of the Option a JV company will be formed where all parties will participate in further exploration and development of the Project and any operation of the Project, on a pro-rata basis in proportion to their percentage holdings.

For a period of six months following the 75% Earn-in option being exercised Hexagon and other deal participants individually have the right, but not the obligation, to sell their remaining 25% interest in the Project for an aggregate payment of C\$250,000 in South Star shares ("Put Option").

Should South Star's interest in the Project JV company increase to 90% or greater, South Star shall have the right, but not the obligation, to purchase the entire remaining interest not owned or under its control on a basis proportional to the Put Option.

South Star may withdraw from the Earn-in during the 3 year earn-in period, provided that South Star ensures that the Project is in good standing for a 12 month period post withdrawal. South Star remains responsible for rehabilitation work on the Project with respect to activities conducted by it during the earn-in.

South Star Battery Metals Corp. is a Canadian battery metals project developer and miner focused on the selective acquisition and development of near-term production projects in the Americas. South Star's Santa Cruz Graphite Project, located in Southern Bahia, Brazil is the first of a series of industrial and battery metals projects, where commercial production planned for the end of 2022.

### **HEXAGON ENERGY MATERIALS LIMITED**

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South Star will lodge all necessary documentation in respect of the agreement with TSX-V (Toronto SX Venture Exchange) within ten business days.

Hexagon's Managing Director, Merrill Gray, said: "We are really looking forward to working with the team at South Star under this Agreement on the Ceylon Graphite project, including seeing how South Star creates value for our combined shareholder base in practical, on the ground terms."

Richard Pearce, South Star's CEO, said: "We continue to execute on creating a multi-asset, diversified battery metals company ... and are excited about bringing on the next scalable critical battery metals project in the pipeline in another important jurisdiction for the sector. We will leverage all our technical and commercial experience from our Brazilian graphite and move the Project forward quickly ... the Project in Coosa County is right in the middle of the (electric vehicle, clean-tech and defense hub) action. I would like to thank our partners for getting this done and look forward to working together in the coming years."

This deal is part of Hexagon's current process of refining its project portfolio so that the Company can focus on its Northern Territory Hydrogen initiative/Hydrogen business as well as the McIntosh Nickel-Copper-PGM Project in Western Australia. As part of this, Hexagon is actively working with parties towards value accretion strategies for its Gold and Base metal assets at Halls Creek in Western Australia.

### **Authorisation**

This announcement has been authorised by the Hexagon Board of Directors.

#### **FOR FURTHER INFORMATION, please contact:**

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### **ABOUT HEXAGON ENERGY MATERIALS LIMITED**

Hexagon Energy Materials Limited (ASX: HXG) is an Australian company focused on the development of clean energy projects and exploration for energy materials projects.

Hexagon is developing a business to deliver decarbonised hydrogen into export and domestic markets. The Pre-Feasibility Study for the NT (Pedirka) Hydrogen project located in Australia's Northern Territory, utilising gasification and carbon capture and storage (CCS) is in progress.

Hexagon plan is to progressively increase its renewable energy inputs and lower its carbon emissions as it transitions from blue to green hydrogen production, on a commercial basis, over time.

Hexagon also owns the McIntosh Nickel-Copper-PGE and Graphite project in Western Australia (WA) and the Halls Creek Gold and Base metals project also in WA. In the US, Hexagon has an 80 per cent controlling interest of the Ceylon Graphite project in Alabama.

Hexagon is actively progressing value accretive transactions consistent with its strategy, skill set, and focus on clean energy and clean energy materials.

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

#### **ABOUT SOUTH STAR BATTERY METALS CORP.**

South Star Battery Metals Corp. is Canadian battery metals project developer focused on the selective acquisition and development of near-term production projects in the Americas. South Star's Santa Cruz Graphite Project, located in Southern Bahia, Brazil is the first of a series of industrial and battery metals projects that will be put into production. Brazil is the second-largest graphite-producing region in the world with more than 80 years of continuous mining. Santa Cruz has at-surface mineralization in friable materials, and successful large-scale pilot-plant testing (>30t) has been completed. The results of the testing show that approximately 65% of Cg concentrate is +80 mesh with good recoveries and 95%-99% Cg. With excellent infrastructure and logistics, South Star is carrying its development plan towards Phase 1 production projected in Q4 2022, pending financing. South Star trades on the TSX Venture Exchange under the symbol STS, and on the OTCQB under the symbol STSBF.

South Star is committed to a corporate culture, project execution plan and safe operations that embrace the highest standards of ESG principles based on transparency, stakeholder engagement, ongoing education, and stewardship. To learn more, please visit the Company website at <http://www.southstarbatterymetals.com>.

#### **ABOUT CEYLON GRAPHITE PROJECT IN ALABAMA**

The Ceylon Graphite Project is located on the northeast end of the Alabama Graphite Belt and covers approximately 500 acres in Coosa County, Alabama. The Project is an historic mine active during World Wars I & II.

In July 2019, the Company undertook metallurgical test work on a series of bulk samples excavated from the site which totaled over 100 tonnes. Bench-scale and pilot-scale tests were carried out on one composite sample and a 20-tonne bulk sample from Ceylon Mine Project.

Concentrate assaying 97.4% Total Graphite Content was produced through rougher, one re-grind and five cleaning stages. Recovery was high with only 1.6% of the graphite reporting to tails. As much as 8.2% of the final concentrate was premium +300 µm jumbo flake. The high concentrate grade and coarse size distribution highlight good market potential for Ceylon flake-graphite concentrate (See HXG ASX announcement 31/01/2020).

Ends