

#### ASX Announcement | 26 July 2022 Hexagon Energy Materials Limited (ASX: HXG)

#### April – June 2022 (FYQ4) Quarterly Activities Report

## Hexagon has McIntosh drill program ready for commencement and continues to progress Hydrogen initiatives.

Hexagon Energy Materials Limited (ASX: HXG) ('Hexagon' or 'the Company') is pleased to provide this quarterly activities report for the quarter ended 30 June 2022 (Q4 FY22).

#### **EXECUTIVE SUMMARY**

The June 2022 quarter saw the Company successfully fully funded for all planned drill program, Hydrogen project progress and corporate costs through to next year as a result of the recently completed capital raise (A\$1.91 million) which closed on 27 April 2022.

Hexagon has pledged to maximise value from its existing asset base with focus on the minerals and hydrogen initiatives. At the same time, Hexagon is gaining value for its noncore assets without expenditure. To this end, progress is being made on the Graphite project that Hexagon is joint venturing on with announcements made in period.

Hexagon's stated initiatives over the coming year include:

- Drilling and analysing three identified Ni-Cu-PGE targets within the greater "Melon Patch" prospect at Hexagon's McIntosh Project, Kimberley Region, WA. (ASX Announcement 13 March 2022).
- Drilling of Au-Base Metal- PGE targets at the Hall's Creek Project, Kimberley Region, WA.
   (ASX announcement 7 December 2021).
- Progression of the WAH<sub>2</sub> (Northwest WA) project through negotiations around gas supply, CCS contracts, securing of an industrial site and customer / strategic partner identification. This will contribute to a Scoping Study assessing the commercial attractiveness of the project. (ASX announcement 4 July 2022).

The quarter has seen meaningful progress on all of these initiatives.

#### **INTRODUCTION**

The June 2022 quarter saw Hexagon continue to execute its stated strategy of progressing its Future Energy Materials and Future Energy long-term growth strategy, as approved by the Board in late 2021 and illustrated in Figure 1 below. The strategy is to progress the WAH<sub>2</sub> hydrogen (Ammonia) project which was identified during the PFS process as being the best route to optimise margin and returns while minimising time to market and CapEx for Asia and domestic focused clean energy. In parallel, the strategy includes undertaking a drill program at McIntosh (Ni/PGE) and Halls Creek (Au/PGE) to cement the potential that has been identified through the desktop and groundwork undertaken over the past two years.



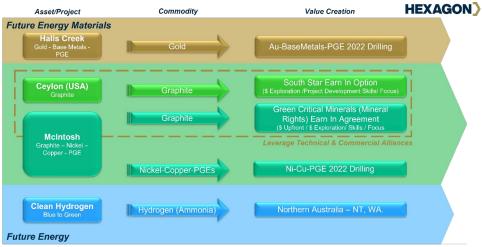


Figure 1: Hexagon's Strategy 2022

#### 1. McIntosh Ni-Cu-PGE

Hexagon's McIntosh Project in the West Australian (WA) Kimberley area lies in the centre of an area known for active Ni-Cu-PGE extraction. McIntosh is surrounded by well-established Nickel and/or PGE producers, exporters, and substantial Ni-Cu-PGE JORC resources. Over the past two years, Hexagon has undertaken substantial appraisal work to try to establish the continuity of the surrounding geology with Hexagon's McIntosh Project. The upcoming drill program seeks to confirm the Company's appraisal of the viability of the Ni-Cu-PGE.

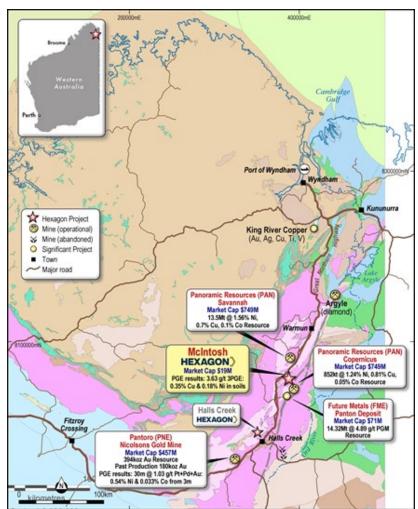


Figure 2: Companies in Ni-Cu-PGE production and/or with Ni-Cu-PGE JORC resources near McIntosh



Figure 2 (above) shows the location of McIntosh relative to active Ni/PGE projects surrounding Hexagon's tenements. Table 1 (below) highlights the resources held by those operators and their valuations. The ambition of the drill program is to advance the understanding of the Hexagon ground and move towards establishing a resource in order to get value recognition in line with our peers.

	Deposit Name	ASX Code	Company Name	Market Cap. [\$ M] (7/4/2022)	Source of Market Cap. information	JORC Resources etc	Resources information sources and Comments
1	Savannah	PAN	Panoramic Resources Ltd	749	ASX website	13,500,000t @ 1.56% Ni, 0.7% Cu, 0.1% Co	https://panoramicresources.com/savannah- project/mineral-resource-savannah-project-may-2020/
2	Copernicus	PAN	Panoramic Resources Ltd	749	ASX website	852,000 t @ 1.24% Ni, 0.81% Cu, 0.05 % Co with Reserves of 784,000 t @ 1.1% Ni, 0.67% Cu, 0.05 % Co ( Mined Resource: 132,000 t @ 0.97% Ni, 0.52% Cu, 0.3% Co	Penna, P; 9 November 2016 WAMEX Report A110234 "BCI fron Limited Final Surrender Report For the Period 7 October 2008 to 5 October 2016 E80/3878", page 12 of 18. Unclear whether Au and PGE's is routinely assayed for.
3	Panton Deposit	FME	Future Metals NL	71	ASX website	14,320,000t @ 4.89 g/t PGM	https://future-metals.com.au/panton-pgm-project/ 22 square kilometer holding
4	Nicolsons Gold Mine	PNR	Pantoro	457	ASX website	394,000 oz contained Au Past Production: 180,000 oz Au PGE results: 30m @ 1.03 g/t Pt+Pd+Au (3PGE): 0.54% Ni & 0.033% Co from 3 m	PNR ASX Announcement, 10/1/22 ASX Announcement 15/11/22 https://app.sharelinktechnologies.com/announcement/as x/0fb756c82ef34c79a753e17a92211d87
5	McIntosh	HXG	Hexagon Energy Material Ltd	19	ASX website	PGE Results: 3.63g/t 3PGE, 0.35% Cu, 0.18% Ni in soils Historic drill results: 20 m @ 0.75 g/t 3PGE plus other intersections	HXG ASX Announcement, 21/3/22 https://hxgenergymaterials.com.au/wp- content/uploads/02/20/3/friree-Ni-Cu-PGE-Drill-ready- Targets-Confirmed-at-Michtosh.pdf HXG ASX Announcement 2/2/2025 542 square kilometer holding 2022 Drilling program planned

Table 1: Details of Companies in Ni-Cu-PGE production and/or with Ni-Cu-PGE JORC resources near McIntosh

Preparatory groundwork for the drill program was undertaken in the June quarter as well as undertaking regulatory sign offs. A heritage clearance survey will be undertaken post quarter end.

In addition to the successful funding round (A\$1.91 million) closed on 27 April 2022, Exploration drilling co-funding has been secured by Hexagon as part of Round 24 of the Western Australian Government Exploration Incentive Scheme (EIS) to support this drill program.

Comprehensive analytical work has been undertaken on the site to get to a point where the Company believes we have the highest probability to successfully identifying Ni/PGE mineralisation in the upcoming drill program.

This work has included soil sampling, desktop analysis of historical work, integrated modelling of the area to try to establish an integrated understanding of the geology and assaying of existing core from previous graphite programs.

Drill core from past Graphite focussed drilling not previously analysed for Ni-Cu-PGE was retrieved from Hexagon's warehouse. This core is sourced from where potential sulphide mineralisation had been identified during core logging and were submitted for assaying and interpretation. During the March quarter the results from historic PGE drilling at McIntosh were announced. (ASX Announcement 2 February 2022). These historic results of 20 metres at 0.75 g/t PGE were built upon, in terms of highlighting McIntosh's PGE prospectivity by the 2021 field season soil sample analytical results of up to 3.63g/t 3 PGEs subsequently announced (ASX Announcement 2 February 2022).

Upcoming drill program – the McIntosh drill program is slated for Q1 FY 2022-23. Drill contractors have already been procured and all requisite approvals are in place. In addition, a heritage clearance survey with the Malagowen traditional owners is booked for July. The drill program, which will include multi-hole Reverse Circulation (RC) drilling program of totalling around 1,000 metres to not more than 130 metre depth from surface, cased so downhole geophysics can be completed, is planned for McIntosh over the coming months.



In addition to the drilling, further geophysical survey (Inverse Polarisation (IP)) work will take place at Melon Patch and new lines/surveys will be undertaken at Melon Patch North and Mable Hill. Infill soil sampling across the 50 Km² already covered will take place and new areas will be sampled, with additional target identification expected.

#### 2. Clean Hydrogen

Following the completion of the Company's Hydrogen PFS, WAH<sub>2</sub> was identified as the focus for Hexagon moving forward.

#### WAH<sub>2</sub> - Hexagon's Blue Hydrogen Initiative

The WAH<sub>2</sub> project focusses on developing a hybrid green/blue hydrogen production facility in North-Western WA. The strategy is to develop a Hydrogen/Ammonia production facility using Northwest Shelf gas as a feedstock, a high component of renewable electricity for energy. Hexagon already has a MoU in place with international solar company FRV who we anticipate will be our partners for the renewable component. Four other 'pillars' of the project are also being advanced, these are: Securing Gas supply, Securing Land, Agreement around Carbon Sequestration (CCS) and establishing customer base/offtake/strategic partnerships. Newly appointed Director Andrew Kirk has made quick progress since joining on these four cornerstones of the WAH<sub>2</sub> strategy as outlined below. (ASX Announcement 4 July 2022).

- Securing Gas supply for blue hydrogen feedstock
  - Hexagon has entered a mandate with Equity Lifting Solutions (ELS) for various services, including a potential gas supply for the project. For stage one, the project will consume up to 21TJs/day of gas for conversion to Hydrogen increasing to 71TJs/day for full scale production. In addition, Hexagon plans to source power from renewable sources to minimise the sequestration capacity required and, as part of its hybrid approach, to ultimately maximise the renewable nature of the process as technology and economics permit. Hexagon aims to move these supply negotiations to a Heads of Agreement in the near term to accompany the MoU already in place with solar provider FRV.
- Securing land for site location in the Company's preferred NW Coast of Western Australia
   Hexagon has submitted a comprehensive application with the Western Australian Government
   to secure an allocation at a Strategic Industrial Area (SIA) at a coastal development on the
   Northwest Shelf. Hexagon is working with Development WA and JTSI (Department of Jobs
   Tourism, Science, and Innovation) as part of this process. The application process will likely
   take another 2-3 months to be processed.
- Progressing agreements around access to CO<sub>2</sub> sequestration capacity
  - Hexagon has been in discussions with two large corporations who are progressing  $CO_2$  sequestration and storage projects as part of their existing businesses in the Northwest Shelf. Hexagon is seeking to finalise a Heads of Agreement with one of these groups in the coming months and to be able to progress this to a binding status as other parts of the project are refined and made definitive.
- Strategic conversations with offshore customers/funding partners



Hexagon's WAH2 strategy is to be an economic and scale player to service the potential demand in North Asia. Management is having ongoing conversations with large business and government groups focused on near term ammonia demand for energy generation. These conversations cover offtake, possible feedstock (gas) supply as well as potential strategic partnerships.

#### 3. Halls Creek - Au - Base Metals - PGEs

The Halls Creek project lies approximately 100 kilometres to the South West of McIntosh. As with McIntosh, the Company has undertaken systematic, structured geological assessments and drill target identification over the past two years.

Included in the funded 2022 field season is a program for Halls Creek. Exploration drilling co-funding has been secured by Hexagon as part of Round 24 of the Western Australian Government EIS. The anticipated schedule includes around 400 metres of drilling to depths of 130 metres from surface. Further geophysical and geochemical work at Halls Creek will be undertaken budget permitting.

The drill rig and field staff team has been contracted and will be sharing with McIntosh where possible. The requisite regulatory approvals are progressed including already having signoff of the program of works. At the time of writing the Company is awaiting confirmation of the date of the heritage survey with the Koongie-Elvire traditional ownership group.

#### 4. Graphite

McIntosh, WA – Following the Graphite Mineral Rights Only Earn-In deal with Green Critical Minerals Pty Ltd (GCM) (ASX Announcement 14 February 2022), GCM has continued to make progress in its path to the public markets. Hexagon's management team has formed a good working relationship with GCM's team to help progress both their corporate and operational activities. GCM has announced its intention to enter into a transaction with Chase Mining Corporation Limited (CML) (ASX CML Announcement 15 June 2022) under which CML would acquire GCM which in turn would provide access to the financial resources for GCM to meet its financial obligations under the agreement with Hexagon and have sufficient funding to undertake a drill program, and Pre-Feasibility Study work on McIntosh graphite.

Ceylon, Alabama – In the quarter South Star Metals Corp (South Star) has continued to make statements around its focus on Hexagon's Ceylon Graphite project in Alabama as a core project. Hexagon is awaiting findings from South Star from their obliged work program as per the Earn-In deal struck in late December 2021 (ASX Announcement 8 December 2022).



#### **PROJECT DETAILS**

During the June quarter Hexagon continued to progress a range of activities across its portfolio of assets/projects as follows:

#### 1. Future Energy Materials

#### 1.1 McIntosh Ni-Cu-PGE

Hexagon has carried out extensive analysis of the McIntosh tenements in order to ascertain the prospectively of the project. The positive outcomes from these studies justifies the next step in the process of establishing a resource. The upcoming drill program is focused on three areas which have been identified with high prospectivity, Melon Patch, Melon Patch North and Mabel Hill. Previously Hexagon has announced historic drill intersection results for PGE mineralisation within mapped Panton Suite at McIntosh of 20 m @ 0.75 g/t 3PGE (ASX Announcement 2 February 2022). As shown in Figures 3 and 4 (below).

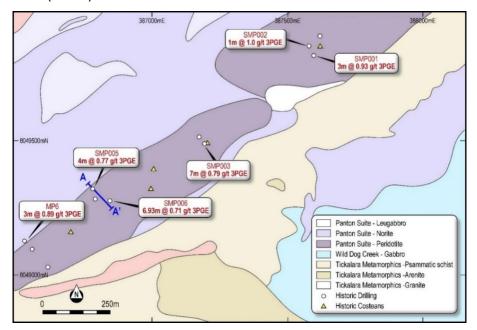


Figure 3: Melon Patch Prospect map showing Historic drilling and Costeans with significant intercepts within mapped Panton Suite

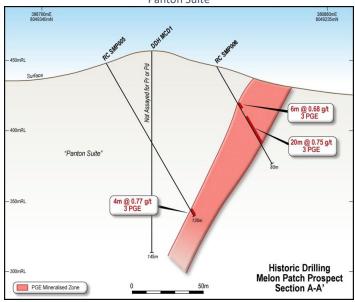


Figure 4: Section A-A from Melon Patch prospect showing significant 3PGE intercepts, modified from WAMEX Report A73148



Hexagon subsequently announced that outstanding results had been recorded from soil sample analyses (up to 3.63g/t 3PGE) on 2021 field session samples collected at McIntosh, with three "Drill-Ready" targets identified within the greater Melon Patch prospect. Other significant results included:

- MIS00399 @ 3.63g/t 3PGE, 0.35% Cu, 0.18% Ni,
- MIS00746 @ 3.01g/t 3PGE, 0.27% Ni, and
- MIS01712 @ 3 g/t 3PGE, 0.24% Ni.

Over 5,000 samples were collected and analysed and Dr. Dennis Arne, of Telemark Geosciences Pty Ltd, then assessed the results. A further 17 highly prospective Ni-Cu-PGE targets were identified across both the greater Melon Patch, Melon Patch North and Mabel Hill prospects. (ASX Announcement 21 March 2022).

All three areas are shown on Figure 5 (below).

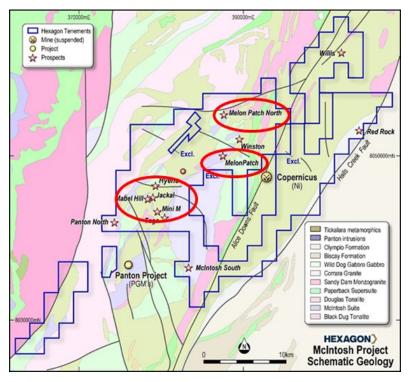


Figure 5: Schematic geology of the McIntosh Project area showing target areas to be drilled during the 2022 field season

"The McIntosh 2021 soil sampling results have been excellent, with only 50km² (10%) of our 542km² holding covered to date. There is a lot more to do here with further sampling expected to lead to target, and we are positive about the prospects at our Halls Creek project."

#### 1.2 McIntosh - Graphite

As noted above, progress has been made with Green Critical Minerals (GCM) following the agreement signed in Q3 (ASX Announcement 14 February 2022). Under the terms of the agreement GCM has the potential to earn up to 80% of the <u>Graphite</u> mineral rights at McIntosh Project (all other mineral excluded).

To enact the earn-in, a total of \$500,000 cash is payable to Hexagon (\$300,000 on listing of the farm-in entity + \$200,000 on the first anniversary of listing), and a further \$3,000,000 in exploration expenditure is to be made by GCM over four years, to secure 80% of the McIntosh Project Graphite mineral rights.



GCM needs to complete the raising of capital/funds of not less than \$4,500,000 net cash with all relevant ASX listing rules and listing approvals met. The original date for this milestone has been extended from 31 August 2022 to 30 November 2022.

Hexagon has the option, if expenditure commitments are not met, to buy back the Graphite mineral rights. The price would be determined by the stage of development, according to set milestones, but agreed to total not more than \$1,500,000.

Hexagon has already achieved significant advancement of this project having identified combined total Graphite resource of 23.8 million tonnes, grading 4.5% TGC, with 81% indicated being established (ASX Announcement 5 April 2019). In addition, metallurgical test work on bulk samples and considerable project development assessments were also undertaken.

#### 1.3 Alabama, USA - Graphite

In line with Hexagon's strategy to progress non-core assets without capital expenditure, the Ceylon Graphite Project is subject to an Earn-In agreement with South Star Metals Corp (TSXV: STS, OTCQB: STSBF) (South Star) finalised in December 2021 (ASX Announcement 13 December 2021). South Star has undertaken:

- A program with North Carolina State University to process approximately 1 tonne of ore and produce around 15 kilograms of concentrate to confirm metallurgical recoveries, grades, and other parameters. This will be the basis for the development of a conceptual flow sheet and complete mass balance and water balances and based on South Star's Santa Cruz Graphite plant and project development experience, further detail Ceylon's development plan.
- South Star also plans to test representative ROM samples and concentrates for physical and chemical characteristics, including using QEMSCAN, to better understand the Ceylon deposits mineralogy and contaminates.
- South Star is also planning in relation to overall District Planning Authority (DPA) approvals for the Ceylon project.

#### 1.4 Halls Creek – Au/Base Metals Project and PGE

Hexagon's Halls Creek Project will also have a drill program undertaken this field season as part of the McIntosh program. Halls Creek has also undergone systematic, structured geological review by Hexagon's geology team over the past two years with the 2021 AEM VTEM™ Max survey targeting potential Volcanic Massive Sulphide (VMS) style mineralisation within the Kongie Park formation completed. This identified seven high, fifteen moderate, and two lower priority anomalies/potential drill targets as shown in Figure 6 (below) (ASX Announcement 12 December 2021).

Additional VTEM work is ongoing and will be coordinated with the upcoming drill program at the site.

After the consolidation transaction finalised last quarter, Hexagon's Halls Creek tenements package totals 430km<sup>2</sup>.



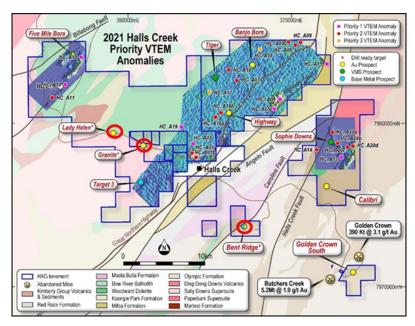


Figure 6: Drill targets at Hexagon's Halls Creek Project

#### 2 Future Energy Clean Hydrogen (Blue to Green) WAH<sub>2</sub> project

The Western Australian Hydrogen Ammonia Project (WAH<sub>2</sub>) (ASX Announcement 5 March 2022) was born out of the key findings of the Pedirka PFS (ASX Announcement 28 February 2022), namely:

- The production of Ammonia as a 'hydrogen carrier' is more commercially viable than liquid hydrogen given existing infrastructure and transport technology.
- Carbon Capture and Storage (CCS) or decarbonisation is a major cost consideration in selecting
  the project location. Minimising both the volume of CO<sub>2</sub> and transport requirement are key cost
  drivers. The use of low-cost renewables as the source of energy in the hydrogen conversion
  process, Air Separation Unit (production of Nitrogen as part of NH<sub>3</sub> production) and on-site CO<sub>2</sub>
  compression processes drastically reduces gross CO<sub>2</sub>.
- Location Minimising transport of feedstock and end-product are critical cost drivers. Proximity
  to coastal export options, and gas supply as well as access to process water are hugely
  advantageous. Being near port facilities also allows plant pre-fabrication with substantially
  reduces construction CapEx. The ability to 'piggyback' off existing of planned key infrastructure
  will mean improvements to commercial returns.

The basis of the project is to build upon the research and insights gained from the PFS to create a hydrogen business that minimises time to production and CapEx while meeting the product, cost and scale requirements of the burgeoning clean energy market in North Asia (specifically Japan). The basis of Hexagon's NW Australian Clean Hydrogen project, (WAH<sub>2</sub>) is to produce zero emission 'decarbonised' hydrogen through a combined use of renewable (solar) power and Northwest Shelf Natural Gas.

Hexagon has already successfully entered into an agreement with FRV Services Australia Pty Ltd (FRV Australia) (ASX Announcement 24 January 2022) which outlines how they may collaborate with Hexagon on WAH<sub>2</sub> in the Northwest of Western Australia and opportunities elsewhere in Australia.

Working with FRV Australia, Hexagon could secure substantial, cost-effective renewable energy supply for clean Ammonia production and longer term for clean Hydrogen production with less CO<sub>2</sub> generated, resulting in less cost in CCS technology and operation, therefore lowering overall production costs for Hexagon's projects.



Initial plant engineering and design completed as part of the consulting agreement with Genesis Energy will be used as basis for further work. A detailed scope of work and schedule to progress WAH<sub>2</sub> through scoping, PFS and into DFS through to operation has been developed in conjunction with an overall WAH<sub>2</sub> budget and potential funding/finance plan.

In addition to the clean energy supply, the project has four strategic partnership discussions covering the remaining pillars of the project – these are:

<u>Gas supply</u> – Hexagon has entered a supply side mandate with Equity Lifting Solutions (ELS) for various services, including a potential gas supply for the project. With initial demand of 21TJs/day increasing to 71TJs/day for full scale production. Hexagon hopes to announce MoUs around these contracts in the coming months.

<u>Site Location</u> – As noted, location is a key cost driver for both OpEx and CapEx. As a result of the studies undertaken as part of the PFS it was determined that Northwest WA provided the optimal location for the Hydrogen/Ammonia project due to its proximity to gas supplies from the Northwest shelf and hence also projected sequestration capacity. We have also identified areas with existing port and infrastructure that would be required for the project. During the quarter, Hexagon has submitted a comprehensive application with the Western Australian Government to secure an allocation at a Strategic Industrial Area (SIA) at a coastal development on the Northwest Shelf. Hexagon is working with Development WA and JTSI (Department of Jobs Tourism, Science, and Innovation) as part of this process. The application process will likely take another 2-3 months to be processed.

 $\underline{\text{CO}_2}$  sequestration – Hexagon has been in discussions with potential partners who are in planning and development phase for building  $\text{CO}_2$  sequestration and storage projects as part of their existing businesses in the Northwest Shelf. Hexagon is seeking to finalise a Heads of Agreement with one of these groups in the coming months and be able to progress this to a binding status as other parts of the project are refined and made definitive.

<u>End users /Customers/Strategic/funding partners</u> – Hexagon's WAH<sub>2</sub> strategy is to be a producer of a scale which is relevant to customers in North Asia. We see the most easily addressable end market is blue Ammonia in coal fired power plants and as a shipping fuel. Management is having ongoing conversations with large business and government groups focused on near term ammonia demand for energy generation. These conversations cover pricing, offtake, as well as potential strategic partnerships.

#### **CORPORATE**

During the June 2022 quarter:

- Hexagon successfully closed an equity capital raise of A\$1.91 million for the financing of all
  corporate activities including the upcoming drill program at McIntosh and Halls Creek, ongoing
  WAH<sub>2</sub> costs and corporate expenditure (ASX Announcement 27 April 2022).
- Andrew Kirk joined the Hexagon board (ASX Announcement 18 May 2022). Andrew has been central to progressing the WAH<sub>2</sub> project and has continued to move the four key pillars of the strategy during the quarter. Andrew's appointment coincided with Merrill Gray's departure.
- Hexagon continued its rationalisation and cost reduction program.
- Hexagon's cash position at the end of the guarter was \$2.4 million.
- The Company paid the amounts noted at Item 6.1 on the Appendix 5B, being payments of \$134,791 to related parties and their associates. This was the aggregate amount paid to the directors including directors' fees, the Managing Director's salary and consulting fees.



#### Hexagon's Chairman Charles Whitfield said:

"Q4 has been foundation building for Hexagon to make good on its pledge to get value recognition for the assets and projects within the Company. It has laid the groundwork for a very exciting start to the 2022/23 financial year which will be an inflection point for the Company. The plan for the next 3-6 months is to establish the value of both the mineral assets (McIntosh and Halls Creek) as well as the WAH<sub>2</sub> project. Once we have seen the potential of these two business streams the Company can make a strategic call on how best for them to be developed and what partnerships or corporate actions are most appropriate for them to maximise shareholder value. We are in the fortunate position to have the correct team and sufficient capital in place to see this through."

#### **Authorisation**

This announcement has been authorised by the Board of Directors.

#### **About Hexagon Energy Materials Limited**

Hexagon Energy Materials Limited (ASX: HXG) is an Australian future clean energy project development and future energy materials exploration and project development company.

Part of Hexagon's business is the development of a large scale decarbonised, using Carbon Capture and Storage (CCS), Clean Hydrogen project to meet growing export and domestic markets requirements. Hexagon's end market focus is Blue Ammonia for co-firing in Coal fired power stations and use as a shipping fuel. A Pre-Feasibility Study for the Pedirka Clean Hydrogen located in Australia's Northern Territory, utilising gasification and CCS was completed in February 2022 and this led to Hexagon's NW Australian Clean Hydrogen project, WAH<sub>2</sub>, being established. WAH<sub>2</sub> on a risk, cost and potential return basis is a more attractive project for Hexagon to focus its development efforts on. To get a 'foot hold' and substantially grow as the global clean Hydrogen market emerges.

Hexagon's strategy is to progressively increase its renewable energy usage in Clean Hydrogen production and transition from blue to green hydrogen production, on a commercial basis, over time. On this basis Hexagon has commenced building a strategic relationship with FRV Services Australia Pty Ltd (FRV Australia) as announced on 24 January 2022. FRV Australia has developed 9 solar farms investing +A\$1B in Australia (800 MWdc generation capacity) to date and has Green Hydrogen projects already in operation globally, ranging from <1MW to 20MW. FRV Australia is 49% owned by OMERS Infrastructure (49%) — Canada's largest public pension funds which is a global infrastructure investor and 51% owned by Abdul Latif Jameel Energy.

Hexagon also owns the McIntosh Nickel-Copper-PGE and Graphite project in the Kimberley in Western Australia (WA) and the Halls Creek Gold – Base metals – PGE project also in the Kimberley WA. In February 2022, through a Graphite Mineral Rights Only Earn-In deal with Green Critical Minerals Pty Ltd Hexagon is seeking to leverage in new expertise and secure further investment funds to develop its Graphite assets at McIntosh which comprise of a total Graphite resource of 23.8 million tonnes, grading 4.5% TGC, with 81% indicated (ASX Announcement 5 April 2019). In the USA, Hexagon holds an 80 per cent controlling interest of the Ceylon Graphite project located in Alabama, over which South Star Battery Materials Corp. (TSXV: STS, OTCQB: STSBF) on 7 December 2021 signed an up to 75% Earn-In agreement over.

Hexagon strategy is to actively secure and leverage technical and commercial alliances, by commodity, which will underpin value creation across its portfolio of assets whilst developing core future energy and energy materials projects in-house.



#### Northern Australia



Figure 8: Hexagon project locations

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

#### FOR FURTHER INFORMATION,

**Investors Contact:** 

Hexagon Energy Materials Ltd Charles Whitfield Chairman +61 8 6244 0349

#### **Media Contact:**

GRACosway
Nick Howe
nhowe@gracosway.com.au
+61 2 8987 2121

#### Competent persons' attributions

The information within this report that relates to exploration results including geological data for the McIntosh Project and Halls Creek Project is based on information generated and compiled by Mr Michael Atkinson. Mr Atkinson is a consultant to Company and 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 information in the form and context in which it appears in this report.

### Appendix 5B

# Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HEXAGON ENERGY MATERIALS LIMITED		
ABN	Quarter ended ("current quarter")	
27 099 098 192	30 June 2022	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(71)	(1,471)
	(b) development	(58)	(137)
	(c) production	-	-
	(d) staff costs	(152)	(485)
	(e) administration and corporate costs	(110)	(657)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(390)	(2,747)

2.		sh flows from investing activities		
2.1	Pa	yments to acquire or for:		
	(a)	entities	-	-
	(b)	tenements	-	-
	(c)	property, plant and equipment	(2)	(4)
	(d)	exploration & evaluation	(27)	(1,599)
	(e)	investments	-	-
	(f)	other non-current assets	-	-

ASX Listing Rules Appendix 5B (17/07/20)

Con	solidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(29)	(1,603)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,862	1,862
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(123)	(123)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Office Rental Lease Liability)	-	(42)
3.10	Net cash from / (used in) financing activities	1,739	1,697

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,079	5,052
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(390)	(2,747)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(1,603)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,739	1,697

Con	solidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,399	2,399

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,379	1,012
5.2	Call deposits	20	67
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,399	1,079

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000		
6.1	Aggregate amount of payments to related parties and their associates included in item 1	135		
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-		
6.1 - F	6.1 - Payments to Directors			

7.	Financing facilities  Note: the term "facility' includes all forms of financing arrangements available to the entity.  Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at qu	uarter end	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	-		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(390)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(27)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(417)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,399
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,399
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.8

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

#### **Compliance statement**

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:	26 July 2022
Authorised by:	The Board  (Name of body or officer authorising release – see note 4)

#### Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.