

4 July 2022

Progress update for key projects at McIntosh Nickel PGE and WAH₂ Hydrogen project.

Highlights:

- Hexagon is pleased to provide updates on its fully funded drill program at McIntosh Nickel / PGE project and WAH₂ Hydrogen Project.
- Geologists have completed groundwork at McIntosh undertaking preparatory work for the commencement of drilling
- As previously announced – the drill contractor has been secured that will commence drilling in Q3 and a planned geophysical survey to test a bedrock conductor to assess disseminated massive sulphide Ni-Cu-Co-PGE mineralisation will commence within the month.
- WAH₂ has progressed through discussions with potential strategic partners and land applications have been submitted for preferred locations.

Hexagon Energy Materials Ltd (ASX: HXG; “Hexagon” or “the Company”) is pleased to announce progress updates on its key projects

McIntosh

Preparatory work, approvals and contracting of drill equipment and operators is finalised as the Company prepares to commence drilling operations at McIntosh in the coming weeks. The fully funded drill program to quantify the Nickel / Platinum Group Element mineralisation at McIntosh is the culmination of two years of analysis of historical data and new groundwork that has been undertaken over the tenements. Initial results from the drill program are expected in Q4 with additional information through to early Q1 2023. Meanwhile, the initiative for graphite is moving ahead following Hexagon’s agreement with Green Critical Minerals (GCM). More details on both of these works are detailed below.

WAH₂

Considerable progress has been made on Hexagon’s WAH₂ Hydrogen project. The management team proceeds with a core focus on four key elements of the project:

- Securing Gas supply for blue hydrogen feedstock
- Securing land for site location in the Company’s preferred NW Coast of Western Australia
- Finalising agreements around access to CO₂ sequestration capacity
- Strategic conversations with offshore customers / funding partners

In the last month progress has been made on all these fronts as detailed in the following Hydrogen section.

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McIntosh

In June, geologists had been on site at Hexagon's McIntosh Project tenements to undertake final preparations and reconnaissance work for the upcoming fully funded drill program. The drill program will focus on Melon Patch (Paton Gabbro 1, Panton Peridotite and WDC Gabbro 1 prospects), along with testing a number of historic geophysical targets which have been identified during the comprehensive analysis that has taken place over the past two years. All necessary approvals have been obtained and a heritage survey will be undertaken in the coming weeks.



Figure 1: Showing HXG consultant geologist Mark Rieuwers at the Great Mellon Patch prospect

The upcoming program comprised of approximately 6,500 metres, will be drilled with the locations of proposed drilling holes shown in Figure 3. Downhole geophysics will be completed for each hole.

Hexagon's McIntosh project is highly prospective due to the amount of historical work that has now been collated showing continuity with surrounding formations. McIntosh lies 25 kilometres directly north of Future Metals NL's Panton PGE Project, one of Australia's largest and highest-grade PGE Projects, shown in Figure 1 and detailed in Table 1 below.

McIntosh also lies around 15 kilometres along strike from Panoramic Resources Limited's (PAN) world-class Savannah Ni-Cu-Co Mine and surrounds PAN's Copernicus deposit, also shown in Figure 2 and detailed in Table 1 on the following page.

The McIntosh graphite initiative has also taken a step forward with the announcement on 15 June by Hexagon's counterparty Green Critical Minerals (GCM) that they were progressing with an offering to fund exploration work for Graphite at McIntosh through Chase Mining Limited. Hexagon signed an agreement with GCM which contemplates GCM undertaking exploration, test and sales work on a single mineral (Graphite) basis from McIntosh.

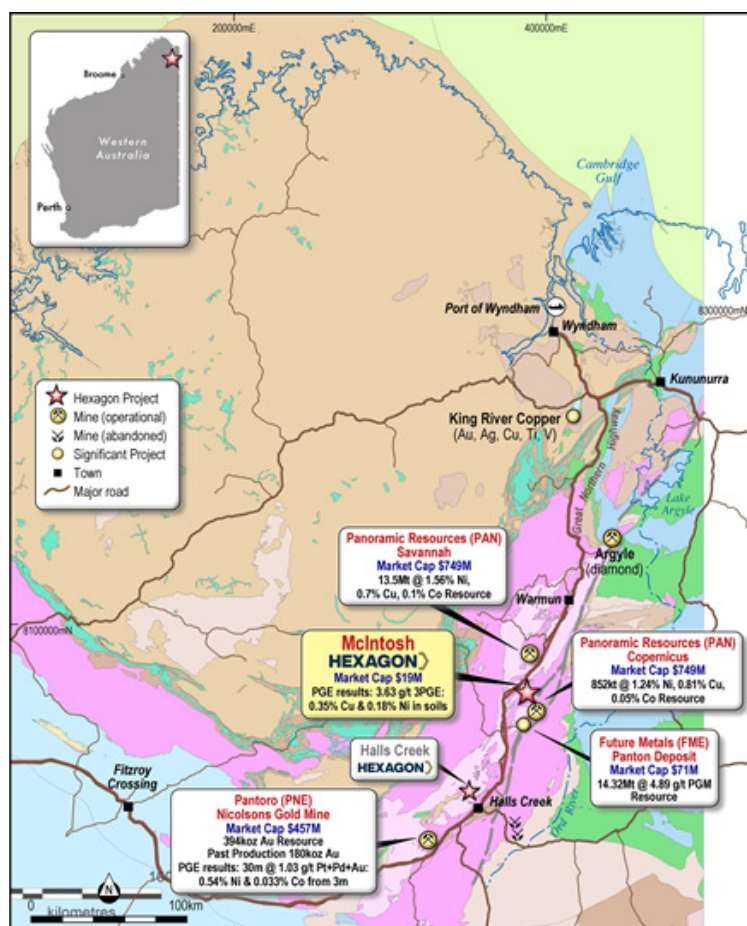


Figure 2: Companies in Ni-Cu-PGE production and/or with Ni-Cu-PGE JORC resources near McIntosh.

	Deposit Name	ASX Code	Company Name	Market Cap. [\$ M] (7/4/2022)	Source of Market Cap. information	JORC Total 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 Iron 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 3 PGE, 0.27% Ni, 0.08% Cu	https://future-metals.com.au/panton-pgm-project/22-square-kilometer-ground-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 3m	PNR ASX Announcement, 10/1/22 ASX Announcement 15/1/22 https://app.sharelinktechnologies.com/announcement/asx/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://hxgenerymaterials.com.au/wp-content/uploads/2022/03/Three-Ni-Cu-PGE-Drill-ready-Targets-Confirmed-at-McIntosh.pdf HXG ASX Announcement 2/2/2022 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.

MCINTOSH PROJECT 2022 DRILLING PROGRAM DETAILS.

A. Exploration Targets within the greater Melon Patch Prospect area

1. Panton Peridotite Targets

Identified anomalies to be drilled include 3.63g/t 3PGE, 0.35% Cu, 0.18% Ni and 3.01 g/t 3PGE, 0.27% Ni. The untested southwestern portion of this high-grade surface soil geochemistry anomaly will also be drilled. The north-western part of the anomaly has significant historical drill intercepts of 1m @ 1.00g/t 3PGE in hole SMP002 and 20m @ 0.75g/t 3 PGE in hole SMP006 (Figure 2) (HXG ASX Announcement 21 March 2022).

2. Panton Gabbro 1 Target

This 1.1km long, 350m wide PGE soil anomaly recorded results up to 3 g/t 3PGE, 0.24% Ni and 1.23g/t 3PGE, 0.22% Ni (HXG ASX Announcement 21 March 2022).

3. Wild Dog Creek (WDC) Gabbro 1 Target

This 1.25km long, 320m wide PGE soil anomaly recorded results up to 0.12% Cu, 0.10% Ni, 150ppb Au and 0.10% Cu, 0.14% Ni (ASX Announcement 21 March 2022).

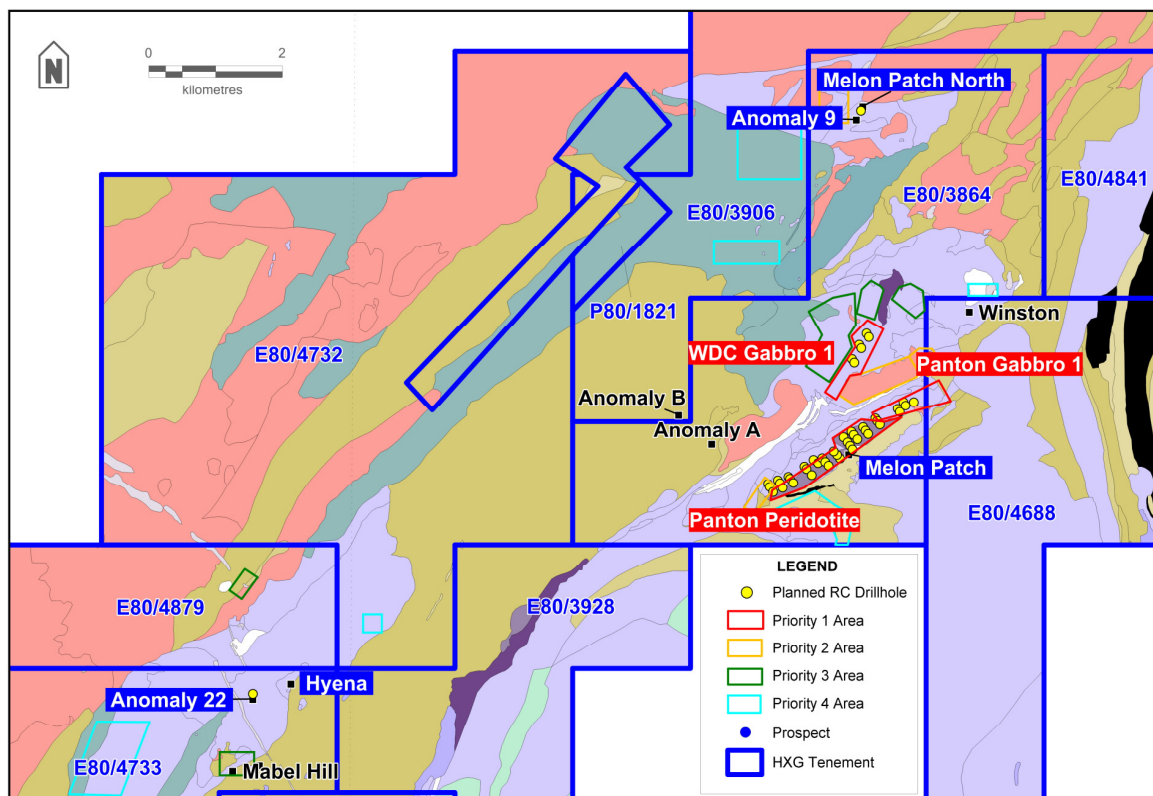


Figure 3 –Show proposed exploration program over the McIntosh Project.

B. Drill testing of geophysical anomalies

In addition to the drilling of the greater Melon Patch targets confirmed through the 2021 soil sampling program, a number of conductive bodies that are considered prospective for Panton/Savannah style Ni-Cu-Co-PGE metallic mineral deposits will be drilled. Namely;

- An IP anomaly (Anomaly A) interpreted as a potential (Panton Sill type) intrusion target, which is yet to be properly tested at Melon Patch (HXG ASX 21 November 2021).
- Two untested airborne electromagnetic (AEM) anomalies (Anomaly 22 and Anomaly 9 at Hyena and Melon Patch North respectively) identified in the Company's recent review of historic geophysical data (HXG ASX 21 November 2021).

All necessary regulatory requirements have been received with heritage approvals being progressed. Drill rig and field staff have been contracted and secured.

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 drilling of Anomalies 9 target.

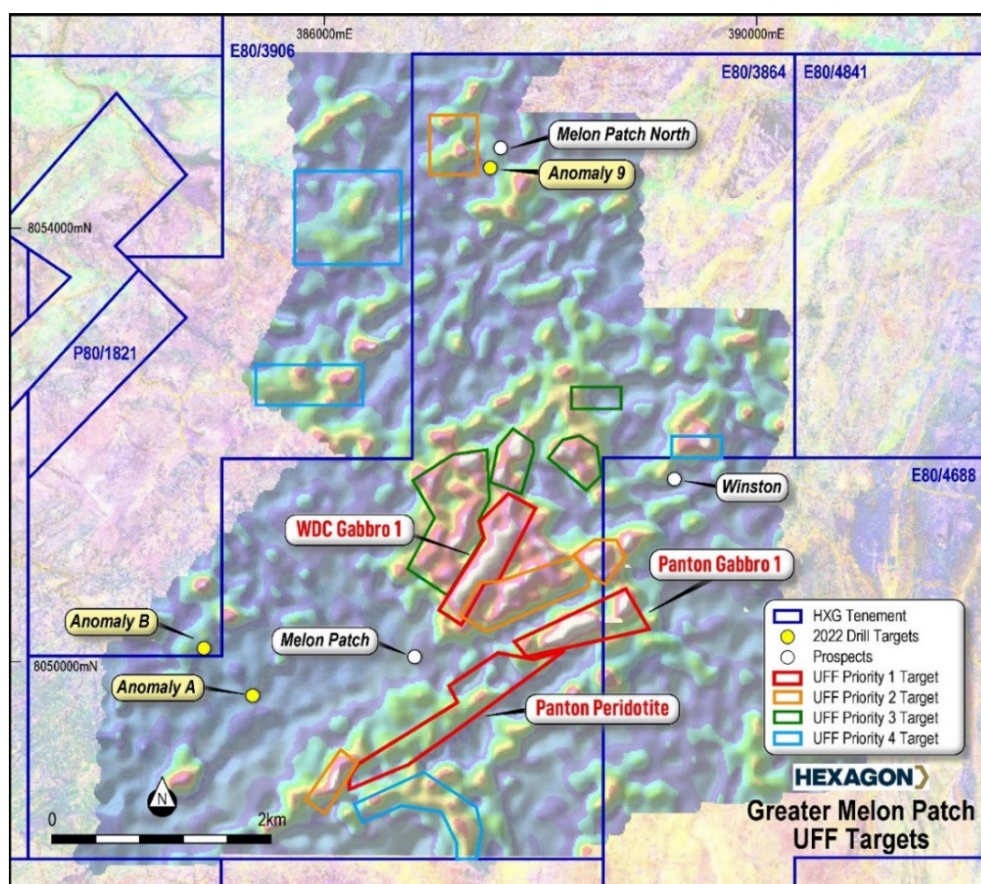


Figure 4 – Ranked priority target zones over the Greater Melon Patch prospect area.

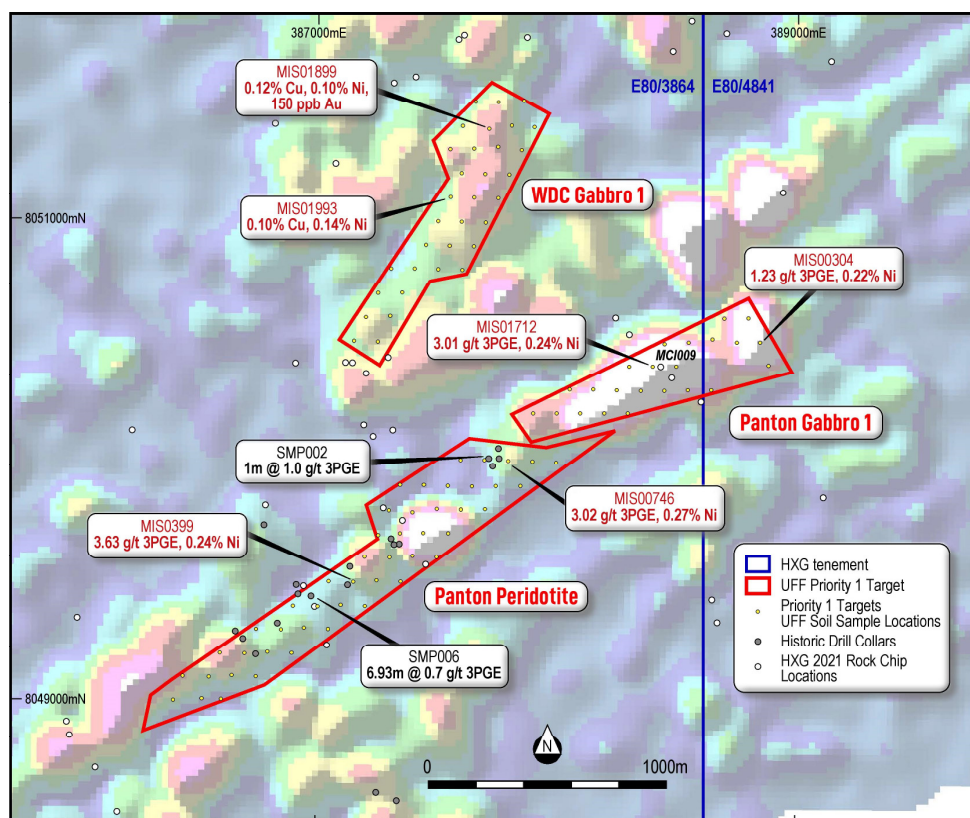


Figure 5 – Red areas with highlighted significant UFF assay results and previously reported historic drill intercepts represent priority drill targets.

WAH₂ – Hexagon’s Blue Hydrogen Initiative

As noted in the highlights, progress continues on Hexagon’s WAH₂ Hydrogen project. Newly appointed Director Andrew Kirk has made quick progress since joining on all four cornerstones of the WAH₂ strategy. While many of the current initiatives are subject to confidentiality and not announcement ready, the Company would like to update investors as to the direction of the strategy –

- Securing Gas supply for blue hydrogen feedstock

Hexagon has entered into 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/ days 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 North West Shelf. Hexagon is working with DevelopmentWA 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 CO₂ sequestration capacity

Hexagon has been in discussions with two large corporations who are progressing CO₂ sequestration and storage projects as part of their existing businesses in the North West 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.

- 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.

Authorisation

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

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 North Western West Australian Clean Hydrogen project, WAH₂, being established. WAH₂ on a risk, cost and potential return basis is a more attractive project for Hexagon to focus its development efforts on in order 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\$1 B 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 (HXG 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. Figure 1 sets out Hexagon's strategy and Figure 2 shows the location of all of Hexagon's projects.

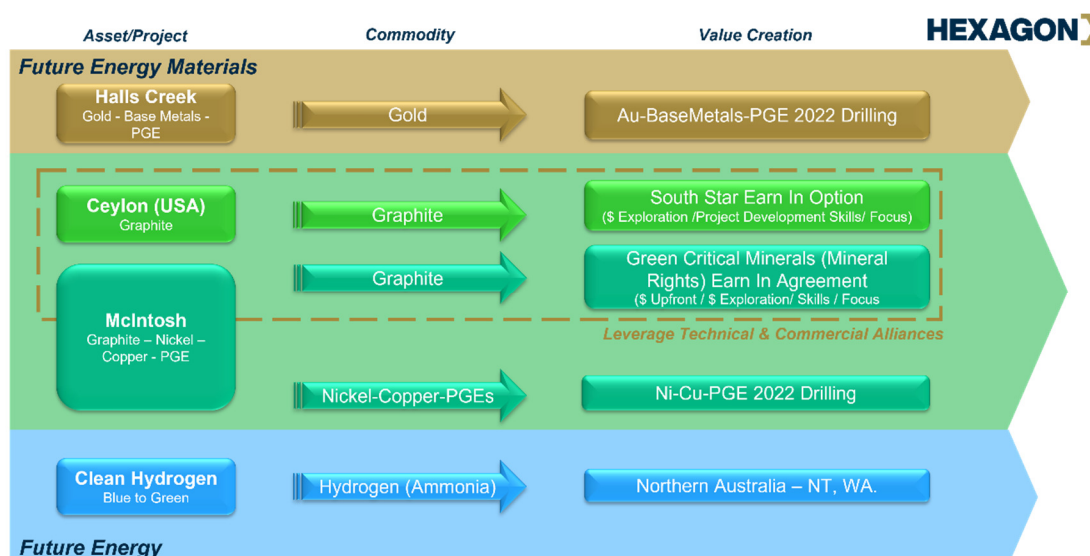


Figure 1: Hexagon's Strategy 2021.

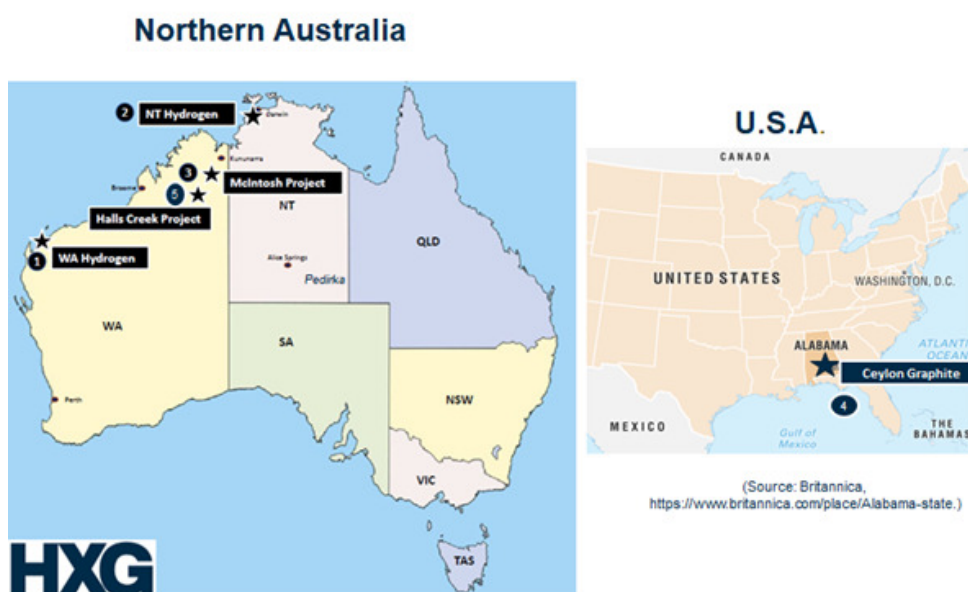


Figure 2: Hexagon project locations.

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

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