



**ASX Announcement | 31 October 2022**  
**Hexagon Energy Materials Limited (ASX: HXG)**

## **July – September 2022 (FYQ1) 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 September 2022 (Q1 FY23).

### **EXECUTIVE SUMMARY**

The September 2022 quarter has seen a dedication to focus in order to get recognition of value for shareholders and a pathway to positive cashflow and profitability via the most efficient route. Hexagon's portfolio of assets has been further analysed and triaged in order to allow management to focus on the most relevant and prospective while undertaking transactions with appropriate groups on non-core assets in order to be able to progress them without drawing on company resources. At the same time, the Company remains true to the core tenet of progressing opportunities central in the global transition to clean energy.

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 September 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.

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

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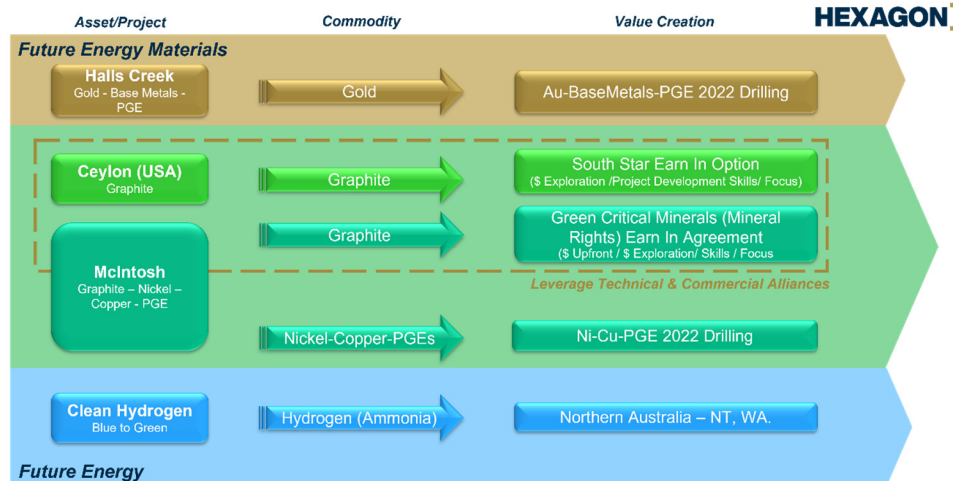


Figure 1: Hexagon's Strategy 2022

## 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 current drill program seeks to confirm the Company's appraisal of the viability of the Ni-Cu-PGE and start to define a path to production.

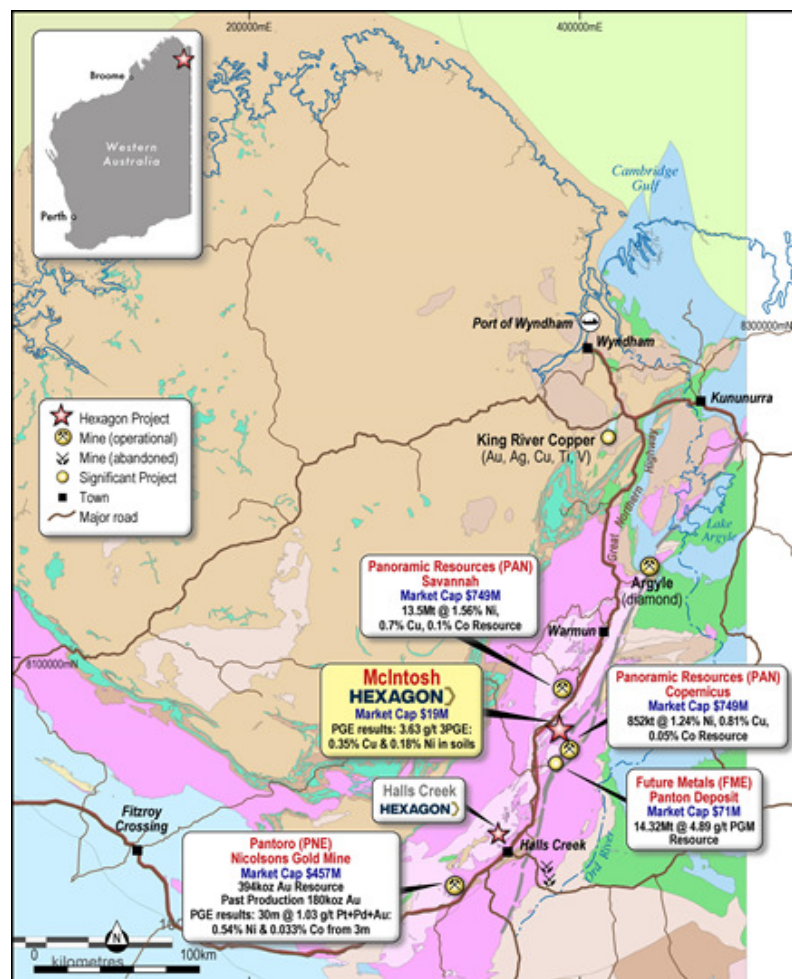


Figure 2: Companies in Ni-Cu-PGE production and/or with Ni-Cu-PGE JORC resources near McIntosh

Table 1 (below) highlights the resources held by those operators with resources near McIntosh, and details 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	<a href="https://panoramicresources.com/savannah-project/mineral-resource-savannah-project-may-2020/">https://panoramicresources.com/savannah-project/mineral-resource-savannah-project-may-2020/</a>
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 PGM	<a href="https://future-metals.com.au/panton-pgm-project/">https://future-metals.com.au/panton-pgm-project/</a>  <b>22 square kilometer holding</b>
4	Nicolsons Gold Mine	PNR	Pantoro	457	ASX website	394,000 oz contained Au <b>Past Production:</b> 180,000 oz Au <b>PGE results:</b> 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 15/1/22 <a href="https://app.sharelinktechnologies.com/announcement/asx/0fb756c82ef34c79a753e17a92211d87">https://app.sharelinktechnologies.com/announcement/asx/0fb756c82ef34c79a753e17a92211d87</a>
5	McIntosh	HXG	Hexagon Energy Material Ltd	19	ASX website	<b>PGE Results:</b> 3.63g/t 3PGE, 0.35% Cu, 0.18% Ni in soils <b>Historic drill results:</b> 20 m @ 0.75 g/t 3PGE plus other intersections	HXG ASX Announcement, 21/3/22 <a href="https://hxgenergymaterials.com.au/wp-content/uploads/2022/03/Three-Ni-Cu-PGE-Drill-ready-Targets-Confirmed-at-McIntosh.pdf">https://hxgenergymaterials.com.au/wp-content/uploads/2022/03/Three-Ni-Cu-PGE-Drill-ready-Targets-Confirmed-at-McIntosh.pdf</a> HXG ASX Announcement 2/2/2022  <b>542 square kilometer holding</b> <b>2022 Drilling program planned</b>

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

Preparatory groundwork, regulatory sign offs and heritage clearance surveys have all been pursued for the drill program.

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 it has 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 was submitted for assaying and interpretation. 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).

The McIntosh drill program slated for Q1 FY 2022-23 will include a 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.

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 Km<sup>2</sup> already covered will take place and new areas will be sampled, with additional target identification expected.

The combination of additional drill sites due to attractive results and prolonged clearances resulting from this have delayed the drill program beyond where it was originally anticipated but the pathway is now set and the team has been on the ground since mid-October.

## **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 has a MoU in place with international solar company FRV to partner 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 been progressing 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.
- **Finalising agreements around access to CO<sub>2</sub> sequestration capacity**  
Hexagon has been in discussions with two large corporations who are progressing CO<sub>2</sub> 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 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 WAH<sub>2</sub> 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 Southwest of McIntosh. As with McIntosh, the Company has undertaken systematic, structured geological assessments and drill target identification over the past two years.

Exploration drilling co-funding has been secured by Hexagon as part of Round 24 of the Western Australian Government EIS. Further geophysical and geochemical and drilling work at Halls Creek will be undertaken, budget permitting.

### **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 a transaction with Chase Mining Corporation Limited (CML) (ASX CML Announcement 15 June 2022) and a further announcement by Chase Mining (ASX CML Announcement 16 September) for the Notice of Meeting to approve that transaction. Under the agreement with Hexagon 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** – South Star Metals Corp (South Star) has continued to make progress 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 2021). The latest update from South Star stated that they plan to initiate a drill program in October with 10-15 holes. Upon completion of the drilling, a consultant will be engaged to produce a 43-101 maiden resource report by Q1 of 2023. Metallurgical test work will also progress with 3 tonnes of ore being turned into ROM concentrates at North Carolina State University in November. 15kg of ROM concentrate will then be tested for variety of value-add/battery applications. Upon successful results the plan is to undertake an additional 1500-2000m of drilling in Q2/2023 with a view to complete a PEA by Q4/2023.

## **PROJECT DETAILS**

During the September 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 to ascertain the prospectively of the project. The positive outcome 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).

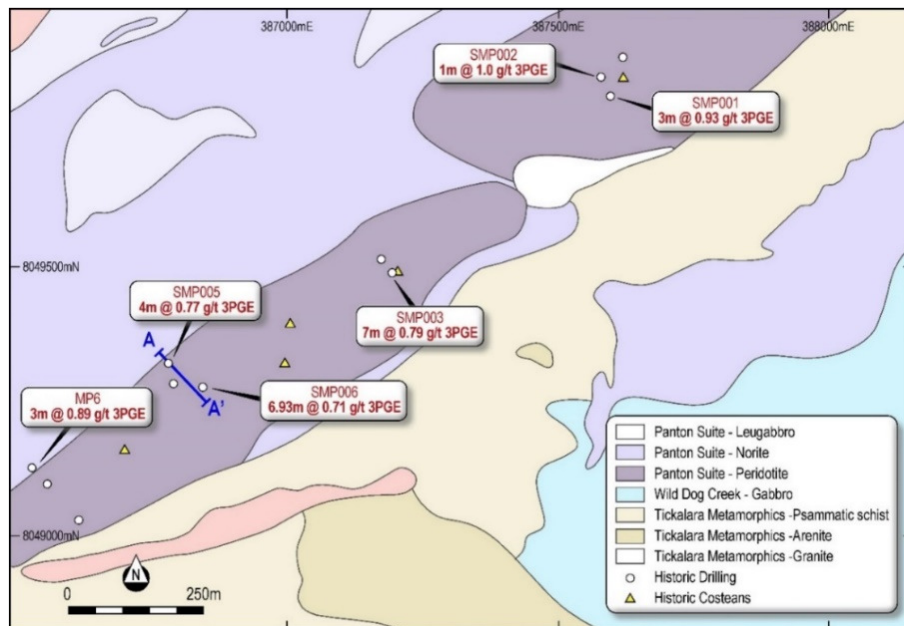


Figure 3: Melon Patch Prospect map showing Historic drilling and Costeans with significant intercepts within mapped Panton Suite

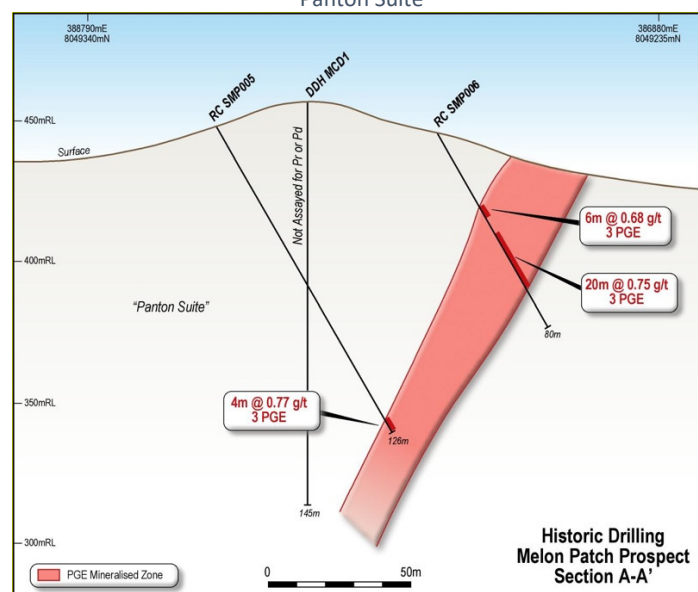


Figure 4: Section A-A' from Melon Patch prospect showing significant 3PGE intercepts, modified from WAMEX Report A73148

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).

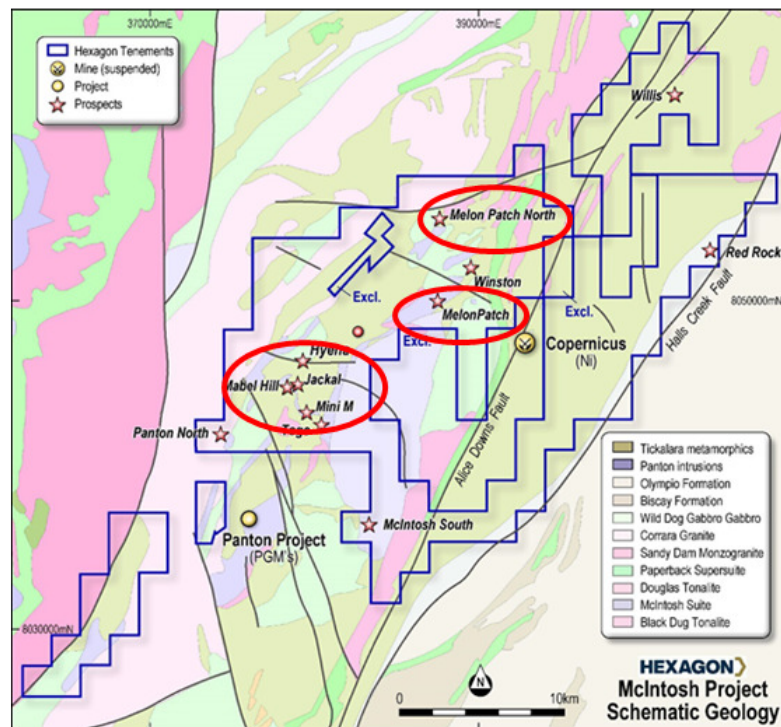


Figure 5: Schematic geology of the McIntosh Project area showing target areas to be drilled during the 2022 field season

*“The McIntosh 2021 soil sampling results have been excellent, with only 50km<sup>2</sup> (10%) of our 542km<sup>2</sup> 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 Graphite 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 contaminants.
- 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

Soil sampling is planned for Hexagon's Halls Creek Project in the 2022 field season in tandem with the McIntosh drill 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. Hexagon's Halls Creek tenements package totals 430km<sup>2</sup>.

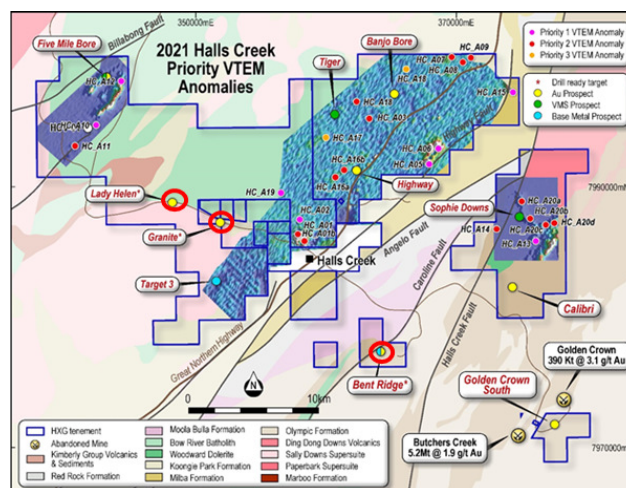


Figure 6: Drill targets at Hexagon's Halls Creek Project



## 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 – they are:

- Securing gas supply for blue Hydrogen feedstock
- Securing land for site location in the Company’s preferred NW Coast of WA
- Finalising agreements around access to CO<sub>2</sub> sequestration capacity
- Strategic conversations with offshore customers/funding partners.

## CORPORATE

During the September 2022 quarter:

- Hexagon continued its rationalisation and cost reduction program. As part of the Company's drive to make as much progress with as little expenditure as possible, the Hexagon board did not seek to replace the MD position.
- Hexagon continued preparatory groundwork, regulatory sign offs and heritage clearance surveys for the McIntosh drill program.
- Hexagon's cash position at the end of the quarter was \$2 million.
- The Company paid the amounts noted at Item 6.1 on the Appendix 5B, being payments of \$80,200 to related parties and their associates. This was the aggregate amount paid to the directors including directors' fees and consulting fees.

### Hexagon's Chairman Charles Whitfield said:

*"The September quarter has been a busy one for Hexagon though we realise short on announcements. The much anticipated drill program for nickel and PGEs at McIntosh has been a somewhat frustrating process to update requisite clearances to be able to optimise the program to suit all the information that has been gathered around the focus area. Despite some of these delays, it has given the geology team time to do additional ground work that adds to our understanding of the potential. At the time of writing, we believe the mobilisation is imminent and the drill work should be undertaken on an accelerated basis. We are extremely excited to start to get some results and look forward to being able to keep the market informed as soon as possible. Work has also been progressing on the WAH<sub>2</sub> hydrogen project with some interesting developments with respect to CO<sub>2</sub> sequestration and gas supply. While these discussions are not at an announcement stage yet, the team is working hard to cement these and be able to update shareholders."*

*We know that shareholders are looking for news flow to be able to provide more certainty around the value of the projects that we have and every member of the small team we have at Hexagon is dedicated to getting the best outcome possible for investors."*

### 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.

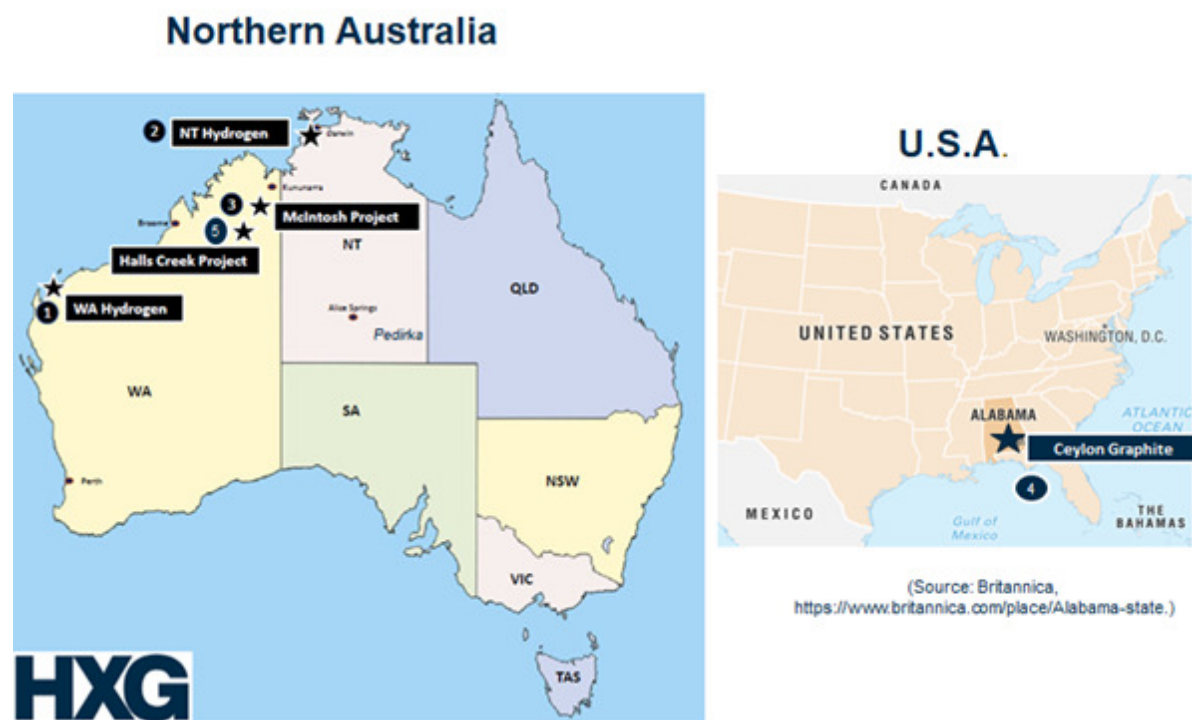


Figure 8: Hexagon project locations

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

## FOR FURTHER INFORMATION,

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**Competent person's 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

<b>HEXAGON ENERGY MATERIALS LIMITED</b>
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ABN

<b>27 099 098 192</b>
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Quarter ended ("current quarter")

<b>30 September 2022</b>
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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(343)	(343)
	(b) development	(13)	(13)
	(c) production	-	-
	(d) staff costs	(38)	(38)
	(e) administration and corporate costs	(229)	(229)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	291	291
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(330)</b>	<b>(330)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(39)	(39)
	(e) investments	-	-
	(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(39)</b>	<b>(39)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>	-	-
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,399	2,399
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(330)	(330)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(39)	(39)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,030</b>	<b>2,030</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,010	2,379
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,030</b>	<b>2,399</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	80
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>6.1 - Payments to Directors</i>		

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

<b>7. Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.	-	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(330)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(39)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(369)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,030
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,030
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	5.5
<i>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.</i>	
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	
<i>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.</i>	

## Compliance statement

- 1 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: 31 October 2022 .....

Authorised by: The Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. 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.
2. 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.