

## ASX Announcement

23 March 2020

### Corporate Update & Impact of COVID-19

Hexagon Energy Materials Limited (**Hexagon** or the **Company**) (ASX: HXG) would like to provide shareholders with the following corporate update, including the Company's actions relating to the impact of the COVID-19 pandemic.

Importantly, progress is continuing with our partner, Innovation Metals Corp. (**IMC**) on the rare earth separation process, RapidSX™ and interactions with potential interested parties for investing in and utilising this technology.

Considering the volatile and uncertain economic and investment outlook due to the COVID-19 pandemic, Hexagon's Board and management are undertaking the following measures:

- Adoption of a COVID-19 policy, part of its overall Disaster Recovery framework, to enable the continuation of business activities, but with a travel constraint, social-distancing and allowances for personal and family medical needs;
- A review of annual exploration activities on its Halls Creek (gold and base metals) and McIntosh (graphite and nickel) exploration projects located in Western Australia, including farm-out opportunities; and
- A routine review of all budgeted expenditures and activities carried out in the context of COVID-19;

The core focus of the Company is to implement the development plan for the RapidSX™ Commercial Demonstration Plant (**CDP**) for the downstream separation of rare earth elements (**REE**) and source the US\$2.0 million of investment required to complete that work. The Company is in discussions with several parties to satisfy this requirement. With initial direct meetings completed, but with further meetings rescheduled or reformatted due to COVID-19 travel restrictions – the Company intends to complete negotiations remotely over the next few months. It should be noted that no terms have been agreed and discussions are at an early stage with no certainty of a successful outcome.

In terms of progressing the CDP, other than financial timing, the main risk is anticipated to be the ability of clients to have sample material available for testing as the facility comes online, currently planned for Q4 of 2020, though we have not had any indications of this to date. Most of the equipment and technical expertise to complete the CDP is available in Canada and the Chief Executive Officer of Hexagon's wholly owned U.S. subsidiary, Energy Materials of America LLC, Mr Tyler Dinwoodie, is also based in Ontario, Canada – providing significant oversight and continuity of planned operations.

Hexagon and IMC are aiming to continue the CDP planning and development process, subject to the above management process. Other activities which are ongoing include; flowsheet enhancements and optimisation, patent preparation, development of the

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commercialisation strategy and discussions with clients on new technical services agreements.

At the end of February, the Company estimated a closing cash balance of A\$1.8 million with no debt. As in the normal course of activity, The Company is conducting a thorough review of all areas of expenditure with the aim of minimising spending and ensuring prudent measures are put in place to ensure the Company's success during this period of uncertainty. Based on existing budgets, subject to further review, the Company's core activities are financed well into Q4 of this calendar year.

Hexagon's Chairman, Mr Charles Whitfield commented *"We continue to advance this REE opportunity and are working to mitigate Hexagon's exposure to the current uncertainty in world events and volatility in global markets. Ironically, this pandemic has underscored the recent realisation that having supply industries heavily concentrated in one country or geography can significantly exacerbate industry and supply chain disruptions when unforeseen macro events occur – thus underscoring the value and strategic importance of our planned rare-earth business."*

The Company is updating its website in line with its strategic-pivot to REE downstream separation processing and to create a platform with more insightful commentary on both its rare earths and graphite business activities. This is planned to be completed by 27 March 2020.

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

Hexagon Energy Materials (Hexagon) (ASX:HXG) is an Australian-listed company which is seeking to commercialise a revolutionary rare-earths elements (REEs) processing technology called RapidSX™, which has the potential to disrupt China's monopoly over virtually the entire REE supply chain; from the mine, to separation into REE oxides (REOs) to the manufacture of REE permanent magnets (REPMs).

REOs are the primary materials for the manufacturing of REPMs which are essential for electric-vehicle motors, consumer electronic products, renewable-energy generation, and a number of military applications.

RapidSX can process REEs faster and cheaper than existing solvent-extraction-based separation processes used in China. RapidSX offers substantial capital and operating cost savings compared to existing and proposed REE producers. Hexagon and its Canadian partner, Innovation Metals Corp. (IMC), are developing a Commercial Demonstration Plant (CDP) to commercialise the RapidSX REE separation technology. RapidSX was developed and successfully piloted by IMC with more than US\$1.8 million in assistance from the U.S. Department of Defense.

Hexagon's focus is on the downstream processing and transformation of REEs into commercial-grade REOs in North America, with the objective of licensing the RapidSX REE-separation technology to end users around the world. Additionally, Hexagon is developing its US-based downstream graphite-transformation business, focussed on ultra-high-purity battery and advanced-technology applications.

For more information, please visit [www.hxgenergymaterials.com](http://www.hxgenergymaterials.com).

### **AUTHORISATION**

This announcement has been authorised by the Managing Director.

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