



ASX Announcement | 7 October 2020
Hexagon Energy Materials Limited (ASX: HXG)

Hexagon Energy Materials Strategic Update

Hexagon Energy Materials Limited (ASX:HXG) ("Hexagon" or "the Company") provides the following strategic update highlighting recent developments and future plans for the Company.

Rare Earth Option update

Hexagon has not agreed terms with a strategic investor for the Option to acquire a 49% interest in the RapidSX™ for rare earth element (REE) separation technology from Innovation Metals Corp. (IMC). As such, Hexagon has decided to withdraw from the Investment Agreement with IMC now, and has notified IMC accordingly, and instead maintain focus on opportunities in the mining and clean energy sector.

Strategic update

The Company has been active in looking for ways to progress value-added business(es) that are consistent with the Company's strategy, skill set and focus on clean energy.

Consistent with this, Hexagon has signed a confidentiality agreement with Ebony Energy Limited ("Ebony Energy") to permit Hexagon to conduct due diligence on Ebony Energy's Pedirka Hydrogen project in the Northern Territory. This is planned to be a zero-emission 'blue' hydrogen project targeting the domestic and international markets.

Subject to the outcome of Hexagon's due diligence, Hexagon intends to work through with Ebony Energy on the form, structure and terms of a transaction.

Discussions are at an early stage, but both sides are keen to progress to a positive conclusion. Nevertheless, there is no certainty that a transaction will occur and, if so, on what terms.

The Company notes that Hexagon Chairman, Charles Whitfield, is a non-executive director of and shareholder in, Ebony Energy.

Hexagon will provide further updates and detail to the market in due course as discussions with Ebony Energy develop.

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Exploration assets

Consistent with the focus on resources, energy materials and clean energy, the Company is continuing to progress its exploration assets to the point that they can be developed, farmed out or joint ventured with suitable partners.

Accelerating the Company's Australian exploration assets will in the short-term include:

1. Gold exploration at the 100% owned Halls Creek Project – comprising:
 - additional surface geochemical sampling to follow-up on the recently announced¹, new and significant gold-in-soil anomalies defined at the Bent Ridge and Golden Crown South prospects as well as to test other higher priority targets generated from the recent aeromagnetic work and detailed mapping undertaken by Hexagon.
 - drill testing of prospects as soon as practicable – including the Bent Ridge, Golden Crown South prospects and high-grade outcropping targets along the Lady Helen-Townsite trend.
2. Nickel and Platinum Group Elements (PGEs) exploration at McIntosh – including:
 - Mapping and surface validation of nickel and PGE targets generated by recent major data compilation and targeting exercise.
 - Drill testing higher priority targets - noting there are already several potential advanced targets.

Hexagon's Chairman Charles Whitfield commented *“While shareholders may be disappointed that we will not be proceeding on the rare earth processing path, we are very excited by the emerging new energy opportunities and the potential upside in the Company's existing exploration prospects. I would like to thank Mike and his team for the work done on the REE programme and wish IMC luck in the commercialisation of RapidSX.”*

Hexagon expects to have significant updates in the coming weeks as more specifics are defined for the future developments of the Company.

Competent persons' attributions

The information within this report that relates to exploration results, Exploration Target estimates and geological data at the Halls Creek and McIntosh Projects is based on information compiled by Mr Mike Rosenstreich, a full-time employee of the Company. Mr Rosenstreich is a Fellow of the Australian Institute of Mining and Metallurgy. He has sufficient experience relevant to the styles of mineralisation and types of deposits under

¹ Refer ASX Report 25 September 2020: *“Hexagon defines significant gold anomalies in new highly prospective areas at Halls Creek Project”*

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 consents to the inclusion of this information in the form and context in which it appears in this report.

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To learn more please visit: <https://hxgenergymaterials.com>

This announcement has been authorised by Mike Rosenstreich, Managing Director.

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