

# Hexagon Energy Materials Limited

(ACN 099 098 192)

## Notice of Extraordinary General Meeting and Explanatory Statement

**TIME:** 10:00 am AWST  
**DATE:** Wednesday, 10 March 2021  
**PLACE:** BDO, Rokeby Room, 38 Station Street, Subiaco WA 6008

Based on the information available at the date of the Notice of Meeting, the Board considers that it will be in a position to hold a physical meeting with appropriate measures in place to comply with Federal and State COVID-19 restrictions regarding gatherings. However, the Company strongly encourages Shareholders to submit completed Proxy Forms prior to the Meeting in accordance with the instructions set out in the Proxy Form and the Notice of Meeting.

If the situation in relation to COVID-19 were to change in a way that materially affects the position above, the Company will provide a further update ahead of the Meeting via the ASX Market Announcements Platform and on the Company's website at [www.hexagonresources.com](http://www.hexagonresources.com).

In accordance with subsection 5(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be despatching physical copies of the Notice of Meeting. Instead, Shareholders can access a copy of the Notice of Meeting at the following link:

<https://hexagonresources.com/investor-centre/asx-announcements/>

This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, stockbroker or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please do not hesitate to contact the Company Secretary on +61 8 6244 0349.

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## CHAIRMAN'S LETTER

Dear fellow Shareholders

As you are no doubt aware, Hexagon is currently undertaking exploration at its wholly owned assets in Western Australia, being the McIntosh (nickel, PGEs & graphite) Project and the Halls Creek (gold & base metals) Project (the **Projects**).

Alongside the current exploration activities at the Projects, as announced on 21 December 2020, Hexagon has agreed to terms under which it will offer to acquire 100% of Australian public, unlisted company Ebony Energy Limited (**Ebony**) in an all scrip offer (**Takeover Bid**). The Takeover Bid involves Hexagon issuing 1 Hexagon share for every 1.32 Ebony shares.

Following completion of the Takeover Bid and subsequent exchanges with Ebony option holders and convertible note creditors, Ebony investors and those creditors will ultimately hold 23.24% of the merged entity share capital base.

As the Takeover Bid will result in a change of activities for the Company, the Company is required to seek Hexagon shareholder approval pursuant to ASX Listing Rule 11.1.2. ASX has confirmed that ASX Listing Rule 11.1.3 does not apply to the Takeover Bid.

The business of the Meeting is, in part, to consider the Resolution to approve the Takeover Bid.

Resolution 1 must be approved in order for Hexagon to proceed with the Takeover Bid.

Further information in relation to the Takeover Bid is set out in the enclosed:

- Notice of Extraordinary General Meeting;
- Explanatory Note; and
- Proxy Form.

I hope to see many of you at the meeting, but for those unable to make it I look forward to your support for the Resolutions and the exciting future initiatives of your company.

Yours sincerely,

Charles Whitfield  
**Chairman**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of the Shareholders of Hexagon Energy Materials Limited (**Hexagon** or the **Company**) will be held at BDO, Rokeby Room, 38 Station Street, Subiaco, Western Australia on Wednesday, 10 March 2021 commencing at 10:00am AWST to consider and, if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of Extraordinary General Meeting and accompanying Explanatory Statement are defined in the glossary to the Explanatory Statement.

The Explanatory Statement which accompanies, and forms part of this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

### SPECIAL BUSINESS

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#### 1. RESOLUTION 1 – CHANGE TO NATURE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 11.1.2 and for all other purposes, Shareholder approval is given for the Company to make a significant change in the nature of its activities as a result of the Takeover Bid on the terms set out in the Explanatory Statement accompanying this Notice of Extraordinary General Meeting.”*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of any counterparty to the Takeover Bid that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the Company's activities and any other person who will obtain a material benefit as a result of the Takeover Bid (except a benefit solely by reason of being a holding of ordinary shares in the Company) or an Associate of those persons. However, this does not apply to a vote cast in favour of Resolution 1 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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#### 2. RESOLUTION 2A - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER THE PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholder approval is given for the Company to approve and ratify the issue of 8,771,930 Shares issued to sophisticated and professional investors on the terms and conditions in the Explanatory Statement accompanying this Notice of Extraordinary General Meeting.”*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 2A by or on behalf of any person who participated in the issue or an Associate of those persons. However, this does not apply to a vote cast in favour of Resolution 2A by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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### 3. RESOLUTION 2B - RATIFICATION OF PRIOR ISSUE OF UNLISTED OPTIONS UNDER THE PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholder approval is given for the Company to approve and ratify the issue of 4,000,000 Unlisted Options to EverBlu Capital Pty Ltd on the terms and conditions in the Explanatory Statement accompanying this Notice of Extraordinary General Meeting.”*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 2B by or on behalf of EverBlu Capital Pty Ltd or an Associate of EverBlu Capital Pty Ltd. However, this does not apply to a vote cast in favour of Resolution 2B by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### ENQUIRIES

Shareholders are invited to contact the Company Secretary at [info@hxenergymaterials.com.au](mailto:info@hxenergymaterials.com.au) or +61 8 6244 0349 if they have any queries in respect of the matters set out in this document.

**BY ORDER OF THE BOARD OF DIRECTORS**

Justyn Stedwell  
**Company Secretary**

*The Notice of Extraordinary General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, stockbroker or other professional adviser prior to voting.*



## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Extraordinary General Meeting to be held at 10:00am AWST on Wednesday, 10 March 2021 at BDO, Rokeby Room, 38 Station Street, Subiaco WA 6008.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Extraordinary General Meeting.

Shareholder approval is required in accordance with Listing Rule 11.1.2 in order for the Company to proceed with the Takeover Bid.

This Explanatory Statement should be read in conjunction with the Notice of Extraordinary General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Extraordinary General Meeting, please contact the Company Secretary, your accountant, solicitor, stockbroker or other professional advisor before voting.

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### 1. RESOLUTION 1 - CHANGE TO NATURE OF ACTIVITIES

#### 1.1 Background

As announced to the ASX on 21 December 2020, Hexagon has agreed terms with Australian public, unlisted company Ebony Energy Limited (ACN 149 240 657) (**Ebony**) pursuant to which Hexagon will make a conditional off-market takeover bid under Chapter 6 of the Corporations Act to acquire 100% of the issued capital in Ebony by way of 1 Share for every 1.32 Ebony Shares (**Takeover Bid**). Hexagon will issue Shares at an agreed exchange ratio, based on Ebony shareholders (on a fully diluted basis) holding 23.24% of the merged entity on the assumption of 100% acceptance at an implied price of \$0.06 per Share for Ebony Shares issued to satisfy outstanding convertible notes and eligible options at face value.

The Takeover Bid is subject to a number of conditions which are detailed at Schedule 1 to this Notice.

ASX requires that, in order for the Takeover Bid to proceed, the Company is required to seek the approval of Shareholders. Resolution 1 seeks such approval for the Company to undertake the Takeover Bid under and for the purposes of Listing Rule 11.1.2.

#### 1.2 Regulatory Requirements

Listing Rule 11.1.2 empowers ASX to require a listed company to obtain the approval of its shareholders to a significant change to the nature or scale of its activities.

The Takeover Bid will involve a significant change to the nature of the Company's activities for these purposes and, as is its usual practice, ASX has imposed a requirement under Listing Rule 11.1.2 that the Company obtain shareholder approval for the Takeover Bid. ASX has further advised the Company that the change in the nature of the Company's activities does not require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

Resolution 1 seeks the required shareholder approval to the Takeover Bid under and for the purposes of Listing Rule 11.1.2.

Resolution 1 is an ordinary resolution and the Chair intends to exercise all available proxies in favour of Resolution 1.

If Resolution 1 is passed, the Company will be able to proceed with the Takeover Bid and will commence acquiring, or continue to acquire, all of the Ebony Shares.

If Resolution 1 is not passed, the Company will not be permitted to proceed with the Takeover Bid and the Company will continue to explore its Projects and look for other opportunities in the mineral exploration and development industry.



ASX takes no responsibility for the contents of this Notice of Extraordinary General Meeting.

### 1.3 Rationale for the Takeover Bid

#### (i) Hexagon

##### (A) *Hexagon overview*

Hexagon is a listed mineral exploration company with a focus on resources, energy related materials and clean energy.

The Company's current projects comprise the McIntosh Project and the Halls Creek Project (the **Projects**). The Company also has an interest, through Charge Minerals LLC (USA) (**Charge Minerals**), in the Ceylon Mine Graphite Project in Alabama. Further details regarding these projects are provided below.

The Company considers that the Takeover Bid provides an opportunity for Hexagon to continue its strategy, as described in the Company's latest Quarterly Activity and Cashflow Report, of seeking ways in which the Company can progress value-added businesses that are consistent with its strategy, skill set and focus on energy materials and clean energy.

##### (B) *Hexagon's current projects*

The McIntosh Project involves sixteen tenements spanning approximately 550km<sup>2</sup> in the East Kimberley region of Western Australia. The Company's main activities in recent years has been to define significant graphite JORC compliant Mineral Resource, complete a prefeasibility study (**PFS**) on mining and processing graphite into a flake concentrate and also downstream test work on graphite concentrates to examine opportunities for vertical integration to capture additional value. Hexagon's next steps at the McIntosh Project include structural-stratigraphic interpretation and a package wide geochemical and geophysical compilation and data reprocessing for selected areas. This is planned to lead to an active 2021 field programme culminating in drill testing of the more advanced targets.

The Halls Creek Project involves thirteen granted tenements spanning approximately 657km<sup>2</sup>, hosting known gold and base metal surface mineralisation. In December 2019, Hexagon completed a detailed aeromagnetic survey and target generation program. This survey and programme identified major regional structures controlling the location of new targets and providing geological context to enable the ranking of pre-existing targets. Geophysical survey and interpretational work have greatly enhanced the commercial and technical appeal of the Halls Creek Project. Hexagon recently completed surface geochemical sampling and has defined significant new gold-in-soil anomalies at the Bent Ridge and Golden Crown South prospects which are planned to be followed up in the 2021 field season.

In the past 2 years Hexagon has spent approximately \$3.4 million on the Projects, with a similar rate of expenditure (pro rata) planned for the next 12 months, as described in section 1.6(i).

As well as the Projects, Charge Minerals, which is an 80% subsidiary of Hexagon which holds the Ceylon Mine Graphite Project in Alabama, has undertaken detailed mapping and sampling programs culminating in a preliminary metallurgical test work programme. Charge Minerals, through its US based director, is continuing to assess 'energy materials' related opportunities in the US including rare earths and lithium.

#### (ii) Ebony

##### (A) *Ebony overview and background*

Ebony is an Australian exploration and development company with a focus on exploring, advancing technical planning and ultimately developing its Pedirka Hydrogen Project (**Pedirka Project**) in the Northern Territory with the aim of supplying hydrogen and / or ammonia to global markets.

Ebony was incorporated as Ebony Coal on 10 February 2011 and commenced activities as a private company. Ebony has been an unlisted public company since 23 August

2011, having passed a special resolution to convert from a proprietary company and to adopt a new constitution for a public company.

(B) *Activities and opportunities*

Ebony's main business activity and plan is to analyse, explore and (if justified) develop its sole asset, the Pedirka Project.

Hydrogen has been used for many years in the industrialised world, and its usage is growing. Hydrogen is considered an environmentally friendly, cost-effective source of energy which is beneficial given the ever-growing need for energy while not adding to carbon emissions when consumed.

With continual advances in fuel cell technology, and with a growing consensus that the use of hydrogen is a viable way to decarbonise industry, it is hoped that the Pedirka Project can take a role in the production of hydrogen in Australia. Hexagon believes that the large-scale adoption of hydrogen as a fuel source could provide a significant means of reducing global carbon output. The Company's proposed acquisition of the Pedirka Project is consistent with the Company's strategy to become a diversified minerals explorer, developer and operator with a focus on clean energy solutions.

In addition to being 'clean', hydrogen is a versatile energy source with applications across the transport, electricity, industrial and heating sectors. As described in Hexagon's announcement to the ASX on 21 December 2020, Research firm Markets & Markets estimates that the hydrogen market will expand from US\$135bn in 2018 to US\$199bn by 2023, with the highest compound annual growth rate in China, Japan and Korea.<sup>1</sup>

To date Ebony's only activity at the Pedirka Project has been to undertake an early stage preliminary analysis of the Pedirka Project - no physical exploration activity has been undertaken at the Pedirka Project. This analysis included the completion in July 2020 of a preliminary conceptual 'desk-top' study with respect to how the Pedirka Project could be developed should activities justify such development. The study was used to analyse a surface gasification plant and hydrogen converter to produce 'clean' zero-emission 'blue' hydrogen.

In the Company's view, while there is significant further work to be undertaken with respect to analysing, exploring and (if justified) developing, the Pedirka Project, the project represents an exciting opportunity which will allow the Company to procure a potentially value adding business that is consistent with its strategy, skill set and focus on energy materials and clean energy.

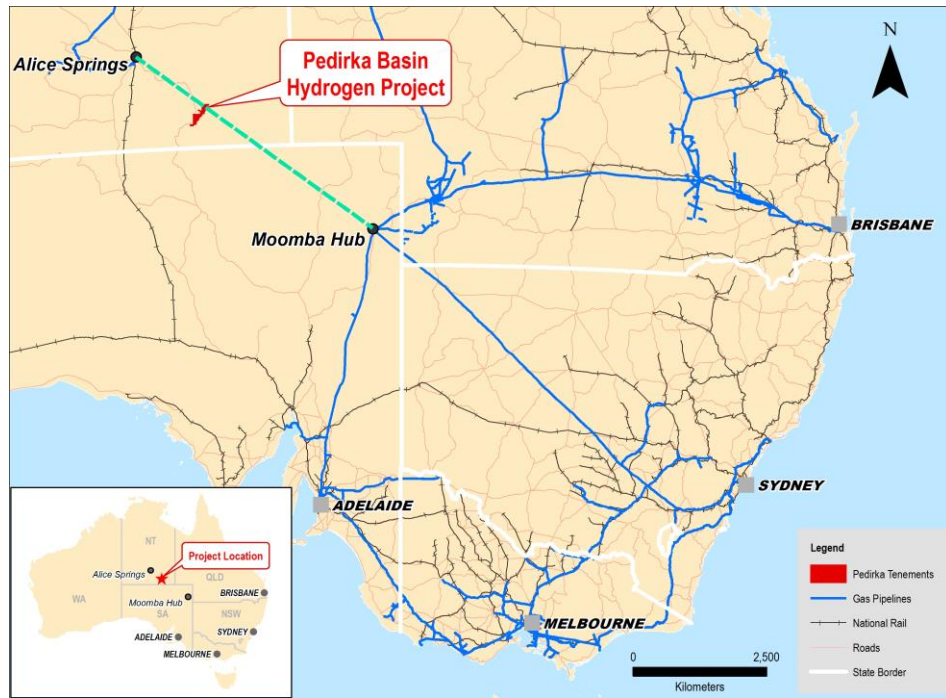
(C) *Location*

The Pedirka Project is located approximately 150km south east of Alice Springs in the Northern Territory, as shown in Figure 1 below. The Pedirka Project is located in the Pedirka Basin which covers approximately 796km<sup>2</sup>.

It is understood that the coal geology of the Pedirka Basin is contained in the Upper Permian aged sediments of the Purni Formation and formed on top of the Devonian basement of marine sediments. The actual geological characteristics at the Pedirka Project would need to be the subject of exploration as contemplated in section 1.3(ii)(G).

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<sup>1</sup> Source: <https://www.marketsandmarkets.com/PressReleases/hydrogen.asp>



**Figure 1: Location the Pedirka Project<sup>2</sup>**

(D) *Tenure*

Ebony, through its wholly owned subsidiary Pedirka Basin Pty Ltd (ACN 604 326 516), holds two exploration licences over the area covering the Pedirka Project being, EL/29237 and EL/29239.

Further details of these exploration licences are provided in the table below:

Project	Tenement	End Date <sup>3</sup>	Area (km <sup>2</sup> )
Pedirka Project	EL/29237	Ongoing	475.07
Pedirka Project	EL/29239	Ongoing	321.11

(E) *Technology*

It is intended that, if developed, the Pedirka Project would utilise a conventional surface gasification plant to produce 'blue' hydrogen for export and domestic markets with 'clean' zero carbon emissions.

In order to do so, Ebony would likely utilise the process of gasification, as well as hydrogen extraction and conversion.

The practice of gasification has been in use for decades in many countries and is well-developed.

Coal gasification is the process of producing syngas—a mixture consisting primarily of carbon monoxide (CO), hydrogen (H<sub>2</sub>), carbon dioxide (CO<sub>2</sub>), natural gas (CH<sub>4</sub>), and water vapour (H<sub>2</sub>O) - from coal and water, air and / or oxygen. The carbon monoxide is

<sup>2</sup> The broken green line in Figure 1 represents a rail line that would need to be constructed if further activities at the Pedirka Project justified the development of the Pedirka Project into production.

<sup>3</sup> Each exploration licence is the subject of a renewal application lodged with the Northern Territory Department of Industry, Tourism and Trade on 29 December 2020 to renew the licence for a further 2 year period from 3 January 2021 until 3 January 2023. Under the Mineral Titles Act 2010 (NT), section 68, the exploration licences continue in force during the application period. The Company expects that both licences will be renewed in the coming months.

reacted with water to produce additional hydrogen. This method is the cheapest, most efficient, and most common.

Gasification can occur on the surface (using a coal gasification plant) or underground. It is planned that the likely approach at the Pedirka Project would be to utilise a surface gasification plant. This would involve underground mining being used to extract any coal that may be found, transport it to the surface and feed it into the coal gasification plant for the production of hydrogen.

(F) *Activities undertaken*

As noted above, Ebony undertook a preliminary conceptual 'desk-top' study, which was completed in July 2020, to analyse potential mining of any coal deposits at the Pedirka Project to feed a surface gasification plant and hydrogen converter to produce 'clean' zero-emission 'blue' hydrogen. While Ebony has progressed other aspects of the potential business, it has not undertaken any further feasibility activities, including any exploration activity, at the Pedirka Project site prior to or following the conceptual study.

With respect to any potential coal mineralisation at the Pedirka Project, the 2020 conceptual study considered, in part, previous analysis undertaken for Ebony in a similarly 'high-level' conceptual study dated December 2013.

The 2013 study considered information gathered from activities undertaken by other entities on tenements surrounding the Pedirka Project in the Pedirka Basin.

In preparing the 2013 study, Ebony reviewed this analysis and extrapolated the information in an attempt to assess the possible presence of coal mineralisation at the Pedirka Project. The 2020 study then assessed potential mining options if coal mineralisation were confirmed at sufficient levels to justify development.

The 2013 study noted that drill holes at the Pedirka Project would be necessary to confirm any presence of coal mineralisation. To date, there has been no exploration at the Pedirka Project to provide any JORC-compliant statement with respect to its exploration potential (including any exploration target)

It is uncertain whether exploration results will be able to be reported in accordance with the JORC Code. The only work that has been completed in respect of the Pedirka Project to date are the preliminary conceptual studies.

The Company's intention is to conduct the work described in paragraph (G) below as its next steps.

(G) *Future plans*

The next stage in relation to the Pedirka Project would be to progress from the current preliminary conceptual stage by financing and undertaking the development and then execution of a drilling program with the aim of establishing a JORC compliant indicated Mineral Resource as part of a pre-feasibility study (**PFS**) program.

A successful Takeover Bid would allow the Company to finance, develop and then execute a drilling programme for the Pedirka Project during the proposed PFS activities. As part of the progression of the PFS, the Company would discuss future financing and off-take with interested parties. Upon the completion of a positive PFS, it is expected that a full partnership with a gasification group would be entered into, to provide engineering expertise and related financing.

Other activities, beyond developing and executing the drilling programme and analysis of results, that will be required to be undertaken in order to progress a PFS include:

- (i) technical and financial feasibility of developing the aspects of infrastructure that are listed in this paragraph (G) below and the preferred options for each (including regulatory approvals required);
- (ii) generate expected capital expenditure and operating expenditure; and
- (iii) life of project cash flow analysis.

With respect to the Pedirka Project itself, given the limited amount of activity that has been undertaken with respect to it, as is noted above, there are several aspects of infrastructure that would need to be completed in order to be able to transport the hydrogen from the Pedirka Project. These include, among others:

- (i) a hydrogen gasification plant, complete with gasifier and hydrogen plant;
- (ii) a rail link between the south of Alice Springs to the Pedirka Project;
- (iii) a slurry pipeline from the Pedirka Project to Alice Springs possibly powered by intermediate solar stations;
- (iv) a power plant based at the Pedirka Project;
- (v) a power plant for mining and dewatering operations at the Pedirka Project; and
- (vi) road works, conveyors and settling ponds at the Pedirka Project.

Whilst the Company acknowledges that there is a significant amount of work that would be required to establish a JORC compliant indicated Mineral Resource, the Company considers that there is significant potential at the Pedirka Project notwithstanding its infancy.

Subject to securing financing (please see section 1.3(vii) below), the Company proposes to spend approximately \$1.0 million on developing and then executing a drill programme that would (if successful) underpin a PFS and a further \$1.5 million on the activities to complete the PFS.

The Company plans to undertake the drilling programme within 8 months of completing the Takeover Bid, while advancing the PFS. Subject to a positive outcome from the drilling programme, the Company plans to finalise the PFS within 18 months of completing the Takeover Bid.

(l) *Attractiveness of the Takeover Bid*

Hexagon is of the view that Ebony's asset, the Pedirka Project, is consistent with Hexagon's strategy to focus on clean energy opportunities and therefore presents an opportunity to secure a project that benefits from the Company's expertise and can be of benefit to Shareholders.

Hexagon considers that the growing market for hydrogen both in Australia and the rest of the Asia Pacific, as well as the growing demand for hydrogen as a fuel, in the Southeast Asia region provides an attractive opportunity for the Company to unlock the value of the Pedirka Project in a way that will benefit Shareholders.

(vii) **Funding**

The Company intends to fund the Takeover Bid by issuing Shares in accordance with Listing Rule 7.2 Exception 6.

The Company is exploring means of financing for the PFS and related program for the Pedirka Project (as described in section 1.3(ii)(G) above), and the Projects, and will consider risk and valuation metrics in identifying preferred options.

As announced on 21 December 2020, the Company raised \$500,000, with the remainder of required funding expected to occur after the conclusion of the Takeover Bid.

**1.4 Advantages and disadvantages associated with the Takeover Bid**

Shareholders should consider the various advantages and disadvantages set out below in assessing the impact of the Takeover Bid on the Company.

**Advantages of the Takeover Bid**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Takeover Bid:

- (a) the Takeover Bid furthers the Company's ability to continue its strategy to become a diversified minerals explorer with a focus on clean energy opportunities;

- (b) the Takeover Bid provides exposure to the rapidly developing hydrogen market; and
- (c) the Takeover Bid creates a greater profile in capital markets due to its larger market capitalisation and greater scale and diversity of the Company's operations, widening the range of potential investors for the Company and providing a greater ability to source equity funding on more favourable terms.

### **Disadvantages of the Takeover Bid**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Takeover Bid:

- (a) the Takeover Bid will result in the issue of additional securities in the Company;
- (b) there is no guarantee that the Pedirka Project will prove to be economically viable for the Company;
- (c) inherent risks associated with the acquisition of the Pedirka Project which may not suit a Shareholder's risk profile or be consistent with a Shareholder's objectives. A summary of key risks is set out in Schedule 2; and
- (d) there is no guarantee that the price of the Shares will not fall as a result of the Takeover Bid.

## **1.5 Impact of the Takeover Bid on the Company**

If the Takeover Bid is approved by Shareholders and proceeds it will have an effect on the total assets and capital structure of the Company. Further details of these effects are set out in this Section.

### (a) Impact of the Takeover Bid on the financial position of the Company

A reviewed statement of financial position as at 30 June 2020 together with an unaudited pro forma statement of financial position of the merged group giving effect to the Takeover Bid is set out in Schedule 3 (together the **Financial Information**).

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in the Annual Report of the Company prepared in accordance with the applicable accounting standards and therefore cannot be expected to provide as full an understanding of the financial position of the Company as a statement of financial position in the Annual Report.

The pro forma statement including in Schedule 3 is indicative only and is not intended to be a statement of the Company's current or future financial position.

#### *Assumptions and adjustments for pro forma statement of financial position*

The Pro-Forma Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 30 June 2020 and following the completion of the Takeover Bid other than as follows:

<b>Item</b>	<b>Material changes since 30 June 2020</b>
Cash and receivables	-\$308,364
Exploration Assets	\$394,493
RapidSX write-back	-\$170,395
Share Capital	\$500,000 <sup>1</sup>

<sup>1</sup> per the capital raising announced to the ASX on 21 December 2020.

### (b) Impact of the Takeover Bid on the capital structure of the Company

The pro forma capital structure of the Company on completion of the Takeover Bid will be as follows:

Event	Shares
Current	301,205,327
Issues under Takeover Bid	77,037,758
<b>Sub-total on issue immediately upon completion of Takeover Bid for existing Ebony Shares</b>	<b>378,243,085</b>
Issues to Ebony convertible note creditors <sup>4</sup>	11,462,550
Issues to Ebony option holders	39,721
<b>TOTAL</b>	<b>389,745,356</b>

(c) Impact on corporate structure of the Company

Upon completion of the Takeover Bid, the Company's corporate structure will be as follows:



## 1.6 Intentions following completion of the Takeover Bids

(i) **Use of Funds**

The acquisition of Ebony will allow the Company to expand its current mineral exploration activities.

As stated above, the Company is exploring means of financing for the PFS and related program for the Pedirka Project, the McIntosh Project and the Halls Creek Project, and will consider risk and valuation metrics in identifying preferred options. The cost of the Company's proposed activities following completion of the Takeover Bid is detailed in the table below.

As announced on 21 December 2020, the Company raised \$500,000, with the remainder of funding required for the Company's proposed activities expected to occur after the conclusion of the Takeover Bid.

Funds	Amount
<b>Exploration Activities</b>	<b>\$2,750,000</b>
McIntosh Project	\$1,000,000
Halls Creek Project	\$500,000
Pedirka Project	\$1,000,000

<sup>4</sup> an entity associated with Hexagon's Chairman, Charles Whitfield, will be entitled to receive a total of 875,000 Shares in exchange for Ebony Shares converted from convertible notes held by that entity subject to the Takeover Bid conditions.

Funds	Amount
Discretionary expenditure (based on exploration results)	\$250,000
<b>Feasibility study related (Pedirka Project)</b>	<b>\$1,500,000</b>
<b>Working capital</b>	<b>\$450,000</b>
<b>Costs of the Transaction</b>	<b>\$300,000</b>
<b>TOTAL</b>	<b>\$5,000,000</b>

The Company notes that if it raises or secures funding for an amount less than \$5 million, the figures in the table above will be reduced proportionate to the amount secured.

(ii) **Business Model**

As is described in section 1.3(i), Hexagon is of the view that the Pedirka Project, is consistent with its strategy to become a diversified minerals explorer with a focus on clean energy opportunities.

Notwithstanding the Takeover Bid the Company will continue to actively manage its current investments which involves, in the ordinary course of business, continuing the next steps at the McIntosh Project and Halls Creek Project as described at 1.3(i)(B) above.

The Company's principal activities will remain mineral exploration, with the Takeover Bid to allow the Company, through the Pedirka Project to become a diversified mineral explorer with a focus on clean energy opportunities and therefore be presented with a unique opportunity to expand the Company's asset portfolio and fully exploit the Company's expertise for the benefit of the Shareholders. .

(iii) **Board Composition**

The Board of Hexagon currently comprises:

- (a) Charles Whitfield – Non-Executive Chairman;
- (b) Garry Plowright – Non-Executive Director; and
- (c) Justyn Stedwell - Non-Executive Director

It is anticipated that there will be further Board changes upon completion of the Takeover Bid to further strengthen and refine the requisite Board skills.

(iv) **No change of name**

It is proposed that Hexagon will retain its present name as "Hexagon Energy Materials Limited".

(v) **Substantial holders**

Based on the information known as at the date of the Notice, upon completion of the Takeover Bid, the following persons will have a relevant interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares
Tribeca Investment Partners Pty Ltd	32,375,517	11.07%

**1.7 Indicative Timetable**

Subject to the Listing Rules and Corporations Act requirements, the Company anticipates completion of the Takeover Bid in accordance with the following timetable (which is subject to change by the Company):



Indicative Date	Action
21 December 2020	Hexagon and Ebony announce Takeover Bid to ASX.
5 February 2021	Issue of Notice of Meeting to Hexagon shareholders through <a href="https://hexagonresources.com/investor-centre/asx-announcements/">https://hexagonresources.com/investor-centre/asx-announcements/</a> .
By 19 February 2021 (or such later date as the parties may agree, acting reasonably)	Lodgement of bidder statement and target statement with ASIC and ASX and served on the respective other party.
By 22 February 2021 (or such later date as the parties may agree, acting reasonably)	Despatch of the Company's bidder's statement to Ebony shareholders and opening of the Takeover Bid.
10 March 2021 (or such later date as the parties may agree, acting reasonably)	Extraordinary General Meeting to approve Resolution 1 (among others).
22 March 2021	Close of the Takeover Bid (unless extended).
By 22 February 2022 (latest date possible)	Last day to close the Takeover Bid.

## 1.8 Taxation

The Takeover Bid may give rise to income implications for the Company and Shareholders. Shareholders are advised to seek their own taxation advice on the effect of this Resolution on their personal taxation position and neither the Company, nor any existing Director or adviser to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Takeover Bid or this Resolution.

## 1.9 Plans for the Company if the Resolution is not passed or if the Takeover Bid does not proceed

If the Resolution is not passed or if the Takeover Bid is otherwise not completed, the Company will continue to explore the Projects and look for other opportunities in the mineral exploration and development industry.

## 1.10 Risk Factors

Shareholders should be aware that if this Resolution is approved and the Takeover Bid is completed, the Company will be changing the nature of its activities which will result in it being subject to various risk factors (in addition to those that are presently applicable). Based on the information available, a non-exclusive list of these risk factors is detailed in Schedule 2 to this Notice.

## 1.11 Voting exclusion statement

A voting exclusion statement for the Resolution is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

## 1.12 Board Recommendation

The Directors do not have a material personal interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity of Shareholders of the Company.

An entity associated with Hexagon's Chairman, Charles Whitfield, will be entitled to receive a total of 875,000 Shares (\$52,500) in exchange for Ebony Shares converted from convertible notes held by that entity subject to the Takeover Bid conditions.

In addition, an entity associated with Charles Whitfield is currently the holder of contingent liability rights with respect to Ebony for accrued prior director and consulting fees, and out-of-pocket expenses. These rights have an audited book value in Ebony's accounts as at 30 June 2020 of \$195,085.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	
	Direct	Indirect
Charles Whitfield	4,126,214	Nil
Garry Plowright	Nil	1,000,000
Justyn Stedwell	Nil	Nil

Each of the Directors intend to vote their Shares in favour of the Resolution, subject to any voting exclusions.

Based on the information available, all of the Directors consider that the Takeover Bid is in the best interests of the Company. The Directors have approved the proposal to put the Resolution to Shareholders and separately approved the information contained in this Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of the Resolution.

## 2. RESOLUTIONS 2A AND 2B- RATIFICATION OF PRIOR ISSUE OF SHARES AND UNLISTED OPTIONS UNDER THE PLACEMENT

### 2.1 Background

The purpose of Resolutions 2A and 2B, is for Shareholders to ratify the issue of:

- (a) 8,771,930 Shares which were issued in accordance with Listing Rule 7.1 (**Placement Shares**) to a number of sophisticated and professional investors; and
- (b) 4,000,000 Unlisted Options which were issued in accordance with Listing Rule 7.1 (**Lead Manager Options**) to EverBlu Capital Pty Ltd,

undertaken as part of a capital raising (**Placement**), as announced to the ASX on 21 December 2020.

The Placement Shares and Lead Manager Options the subject of Resolutions 2A and 2B were issued without shareholder approval using the entity's 15% placement capacity under Listing Rule 7.1.

Resolutions 2A and 2B seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares and Lead Manager Options.

### 2.2 Regulatory requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The Placement does not fit within any of the exceptions under Listing Rule 7.1, and as the Placement has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities

without Shareholder approval under the Listing Rules for the 12 month period following the date of the Placement.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 2A seeks shareholder approval of the issue of the Placement Shares issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 2A is passed, the issue of the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the Placement.

If Resolution 2A is not passed, the issue of the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the Placement.

Resolution 2B seeks shareholder approval of the issue of the Lead Manager Options issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 2B is passed, the issue of the Lead Manager Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the Placement.

If Resolution 2B is not passed, the issue of the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the Placement.

The Placement Shares and Lead Manager Options issued, for which approval and ratification is sought under Resolutions 2A and 2B, comprise 4.24%<sup>5</sup> of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice).

## 2.3 Resolution 2A - Information required by Listing Rule 7.5

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information in relation to Resolution 2A:

(a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**

As announced to the ASX on 21 December 2020, the Placement Shares were issued to sophisticated and professional investors using the Company's 15% placement capacity under Listing Rule 7.1. The subscribers were introduced to the Company by Everblu Capital Pty Ltd as Lead Manager from the Lead Manager's client base. None of the subscribers in the Placement are related parties of the Company or material investors<sup>6</sup>.

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<sup>5</sup> This percentage is based on the total number of HXG shares and options on at the date of this Notice, being 301,205,327 (rounded to two decimal places).

<sup>6</sup> ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's key management personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

- (b) **Number of securities and class of securities issued**  
Under Resolution 2A, the Company seeks Shareholder approval for, and ratification of, the issue of 8,771,930 Shares.
- (c) **Terms of the securities**  
The Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with existing Shares.  
The Company has applied to ASX for official quotation of these Shares.
- (d) **Date of issue**  
The Placement Shares were issued on 30 December 2020.
- (e) **Issue price or other consideration**  
The issue price for the Placement Shares was \$0.057 per Share, being a 10% discount to the 10-day VWAP of shares trading on ASX for the period ending 16 December 2020.
- (f) **Purpose of the issue, including the intended use of the funds raised**  
The issue of the Placement Shares was to raise capital for the purpose of meeting transaction costs for the potential acquisition of Ebony, as well as for corporate purposes and general working capital.
- (g) **Relevant agreement**  
The Placement Shares were not issued pursuant to any agreement.
- (h) **Voting exclusion statement**  
A voting exclusion statement for Resolution 2A is included in this Notice preceding this Explanatory Statement.

## 2.4 Resolution 2B - Information required by Listing Rule 7.5

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information in relation to Resolution 2B:

- (a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**  
The Lead Manager Options were issued to EverBlu Capital Pty Ltd, who acted as Lead Manager to the Placement, using the Company's 15% placement capacity under Listing Rule 7.1, as announced to the ASX on 21 December 2020.
- (b) **Number of securities and class of securities issued**  
Under Resolution 2B, the Company seeks Shareholder approval for, and ratification of, the issue of 4,000,000 Unlisted Options.
- (c) **Terms of the securities**  
The Lead Manager Options were issued on the terms and conditions set out in Schedule 4.  
The Company has not applied to ASX for official quotation of these Unlisted Options.
- (d) **Date of issue**  
The Lead Manager Options were issued on 30 December 2020.
- (e) **Issue price or other consideration**  
The Lead Manager Options were issued for nil consideration, but the exercise price for the Unlisted Options is \$0.10 expiring 30 December 2022.
- (f) **Purpose of the issue, including the intended use of the funds raised**

The issue of the Lead Manager Options to EverBlu Capital Pty Ltd was in consideration for services provided in acting as Lead Manager for the Placement.

(g) **Relevant agreement**

The Lead Manager Options were issued pursuant to the Lead Manager Agreement.

Pursuant to the Lead Manger Agreement, the Lead Manager was engaged to assist in the management of the Placement. In consideration for its services the Lead Manager was entitled to a fee of:

- (i) 6% of the gross proceeds raised by the Lead Manager payable in cash upon gross proceeds being received by the Company; and
- (ii) the issue of the Lead Manager Options.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 2B is included in this Notice preceding this Explanatory Statement.

## **2.5 Board recommendation**

Resolutions 2A and 2B are ordinary resolutions.

The Board believes that the ratification of these issues under the Placement is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without the requirement to obtain prior Shareholder approval.

Accordingly, the Board recommends Shareholders vote in favour of Resolutions 2A and 2B.

## GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>\$</b>	an Australian dollar
<b>Associate</b>	has the meaning given to that term in the Corporations Act
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the securities market operated by ASX Limited, as the context requires
<b>AWST</b>	Australian Western Standard Time
<b>Board</b>	Board of Directors of Hexagon
<b>Chair</b>	Chair of the Extraordinary General Meeting
<b>Conditions</b>	the conditions of the Takeover Bid set out in Schedule 1 to this Notice of Meeting.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth)
<b>Director</b>	a director of the Company and of each Subsidiary
<b>Ebony</b>	Ebony Energy Limited (ACN 149 240 657)
<b>Ebony Shares</b>	all of the issued share capital in Ebony
<b>Equity Securities</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Statement</b>	the explanatory statement that accompanies this Notice of Meeting
<b>Extraordinary General Meeting or Meeting</b>	the extraordinary general meeting convened by this Notice of Meeting
<b>Halls Creek Project</b>	the Halls Creek Gold Project, comprising thirteen granted tenements spanning ~657km <sup>2</sup> in the East Kimberley region of Western Australia
<b>Hexagon or the Company</b>	Hexagon Energy Materials Limited (ACN 099 098 192)
<b>JORC</b>	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code'), 2012 Edition
<b>Lead Manager</b>	means EverBlu Capital Pty Ltd
<b>Lead Manager Agreement</b>	means the agreement between the Lead Manager and the Company, dated 17 December 2020
<b>Lead Manager Options</b>	has the meaning given to that term in section 2.1 of this Notice of Meeting
<b>Listing Rules</b>	the official listing rules of the ASX

<b>McIntosh Project</b>	the McIntosh Graphite Project, comprising sixteen tenements spanning ~550km <sup>2</sup> in the East Kimberley region of Western Australia
<b>Mineral Resource</b>	means a concentration or occurrence of material of intrinsic economic interest on the earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
<b>Notice of Meeting or Notice of Extraordinary General Meeting</b>	this Notice of the Meeting
<b>Pedirka Project</b>	means the Pedirka Hydrogen Project in the Northern Territory
<b>Placement</b>	means the capital raising announced to the ASX on 21 December 2020
<b>Placement Shares</b>	has the meaning given to that term in section 2.1 of this Notice of Meeting
<b>Projects</b>	means the McIntosh Project and the Halls Creek Project
<b>Proxy Form</b>	the proxy form enclosed with this Notice of Meeting
<b>Resolution</b>	the resolution contained in this Notice of Meeting
<b>Share</b>	fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	holder of a Share in the Company
<b>Subsidiary</b>	has the meaning given to that term in the Corporations Act
<b>Takeover Bid</b>	means the off-market takeover bid to be made by the Company for all Ebony Shares under Chapter 6 of the Corporations Act subject to the Conditions.
<b>Unlisted Options</b>	means an option to acquire a Share not listed on the ASX
<b>VWAP</b>	mean Volume Weighted Average Price

## SCHEDULE 1 – TAKEOVER BID CONDITIONS

### 1. DEFINITIONS

In this Schedule 1, terms have the meaning given to them within this Notice and, in addition, the following terms have the following meanings:

<b>Announcement Date</b>	means 21 December 2020
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX Listing Rules</b>	the listing rules of the ASX
<b>Authorisation</b>	any consent, authorisation, registration, filing, lodgement, notification, agreement, certificate, commission, lease, licence, permit, approval or exemption from, by or with a Government Agency required to undertake activities in connection with any Tenement
<b>Bidder's Statement</b>	means the statement of Hexagon under Part 6.5 Division 2 of the Corporations Act relating to the Bid Offer
<b>Bid Offer</b>	Each offer to acquire all Ebony Shares on issue during the Bid Offer Period to be made by Hexagon to each Ebony Shareholder under the Bid on the terms and conditions set out below and to be contained in the Bidder's Statement
<b>Bid Offer Period</b>	The period during which the Bid Offer is open for acceptance
<b>Ebony Convertible</b>	An option or some other form of instrument (for instance performance right or share) permitting the holder to subscribe for an Ebony Share
<b>Ebony Group</b>	Ebony and each of its subsidiaries
<b>Ebony Share</b>	A fully paid ordinary share in Ebony
<b>Ebony Shareholders</b>	A holder of an Ebony Share
<b>Government Agency</b>	A government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local in Australia, including (without limitation) any self-regulatory organisation established under a statute, any stock exchange or otherwise discharging substantially public or regulatory functions, and in particular, ASX, ASIC and the Takeovers Panel
<b>Hexagon Resolution</b>	Any resolution required to effect the Bid in accordance with the ASX Listing Rules, including the resolution set out in this Notice to consider and (if thought fit) approve the change to the nature and/or scale of Hexagon's activities as a result of the Bid, for the purposes of ASX Listing Rule 11.1.2
<b>Hexagon Share</b>	A fully paid ordinary share in Hexagon
<b>Hexagon Shareholder</b>	A holder of one or more Hexagon Shares



<b>Outstanding Ebony Liabilities</b>	Ebony's outstanding convertible notes identified by the Ebony directors and initialled for identification purposes by Hexagon and Ebony and as amended from time to time with the consent of Ebony, acting reasonably
<b>Related Person</b>	In relation to a party: <ul style="list-style-type: none"> <li>(a) a director, officer, employee, consultant (or similar) of that party;</li> <li>(b) a related body corporate and any a director, officer, employee, consultant (or similar) of that related body corporate;</li> <li>(c) its advisers or an adviser of a related body corporate; or</li> <li>(d) a director, officer or employee of any entity referred to in (b) or (c)</li> </ul>
<b>Relevant Interest</b>	As defined in sections 608 and 609 of the Corporations Act
<b>Security Interest</b>	The meaning given in section 51A of the Corporations Act
<b>Takeover Bid</b>	A takeover bid under Chapters 6 to 6C of the Corporations Act under which the Company offers to acquire all Ebony Shares
<b>Tenement</b>	Any member of the Ebony Group's interest (including as holder, owner, operator or joint venturer) in a mining tenement, lease, licence, permit or similar and includes any extension, renewal, modification, replacement or substitution of the whole or any part thereof, including the Pedirka Project

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## 2. MINIMUM ACCEPTANCE

At the end of the Bid Offer Period, Hexagon has a Relevant Interest in at least 50.1% of Ebony Shares then on issue.

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## 3. HEXAGON SHAREHOLDER APPROVAL

Hexagon Shareholders approve the Hexagon Resolutions, in accordance with the Corporations Act and ASX Listing Rules, before the end of the Bid Offer Period.

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## 4. REGULATORY APPROVALS AND CONSENTS

Before the end of the Bid Offer Period, all approvals or consents that are required by law or by any Government Agency, as are necessary to permit:

- (a) the Bid Offers to be lawfully made to and accepted by the Ebony Shareholders;
- (b) the transactions contemplated by the Bidder's Statement to be completed; and
- (c) Ebony to be in material compliance with each of its and its subsidiaries' contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

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## 5. NO REGULATORY ACTION

Between the Announcement Date and the end of the Bid Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (b) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (c) no application is made to any Government Agency (other than by Hexagon or any associate of Hexagon),

in consequence of or in connection with the Bid Offers (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Bid Offers and the completion of any transaction contemplated by the Bidder's Statement or which requires the divestiture by Hexagon of any Ebony Shares or any material assets of Ebony or any Subsidiary of Ebony (including any Tenement).

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**6. NO PERSONS EXERCISING RIGHTS UNDER CERTAIN AGREEMENTS OR INSTRUMENTS**

Between the Announcement Date and the end of the Bid Offer Period, no person exercises any rights under any provision of any agreement or other instrument to which a member of Ebony Group is a party, or by or to which a member of Ebony Group or any of its assets (including any Tenement) may be bound or be subject to which:

- (a) requires monies borrowed by, or other financial accommodation provided to, a member of Ebony Group to be paid or repaid immediately or earlier than the repayment or maturity date stated in such agreement or other instrument other than in relation to the Ebony convertible notes whereby they are satisfied upon conversion;
- (b) terminates or modify any such agreement or instrument or require that any action be taken thereunder (including the acceleration of the performance of any obligation thereunder);
- (c) terminates or modify the interest of a member of Ebony Group in any farm-in, farm-out, partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest); or
- (d) requires that any assets (including any Tenement), shares or business of a member of Ebony Group be sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, as a result of the acquisition of Ebony Shares by Hexagon.

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**7. NO CHANGE OF CONTROL RIGHTS**

Between the Announcement Date and the end of the Bid Offer Period, no person has or will have any right as a result of Hexagon making the Bid or announcing its intention to make the Takeover Bid, or acquiring Ebony Shares under the Takeover Bid, to:

- (a) acquire, or require the disposal of, or require any entity within Ebony Group to offer to dispose of, any Tenement, assets, shares or business (or any interest in) of any entity within Ebony Group;
- (b) terminate, or vary the terms of performance of, any agreement with any entity within Ebony Group; or
- (c) terminate, or vary the terms of any material approvals, licenses or permits issued by any Government Agency to any entity within Ebony Group.

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**8. NO MATERIAL DISPOSALS, CANCELLATIONS OR NEW COMMITMENTS**

None of the following events occur between the Announcement Date and the end of the Bid Offer Period:

- (a) Ebony or any of its subsidiaries disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses, Tenements or assets (or any interest in one or more companies, businesses, Tenements or assets) relating in any way to the Pedirka Project;
- (b) a member of the Ebony Group enters into or agrees to enter into any purchase, sale, farm-in, farm-out, joint venture, mineral rights or partnership (or series of agreements) that requires or is reasonably likely to involve payments, expenditure or the foregoing of revenue, by a member of the Ebony Group in excess of A\$150,000 in aggregate with other such matters arising after the Announcement Date; or
- (c) a Tenement granted to or held by any member of Ebony Group is revoked, surrendered, relinquished or terminated or a member of Ebony Group agrees to the same without there being a reasonable likelihood of such tenement, permit or licence being allowed to continue, renewed or extended on terms which are no less favourable to the member of Ebony Group.

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## 9. NO MATERIAL ADVERSE CHANGE

Between the Announcement Date and the end of the Bid Offer Period (each inclusive) none of the following occurs:

- (a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (b) information is disclosed or announced by Ebony concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (c) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Hexagon (whether or not becoming public),

(each of (a), (b) and (c), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (d) a material adverse effect on the business, assets (including the Tenements), liabilities, financial or trading position, profitability or prospects of Ebony or its subsidiaries taken as a whole; or
- (e) without limiting the generality of Bid Condition 9(d), the effect of a diminution in the value of the consolidated net assets of the Ebony Group, taken as a whole, by at least A\$250,000 against what it would reasonably have been expected to have been but for such Specified Event,

other than:

- (f) an event, matter, change or circumstance caused, or materially contributed to, by Hexagon;
- (g) anything required or permitted to be done or not done under the offer between Hexagon and Ebony or otherwise required to be done in connection with the legal obligations for the implementation of the Takeover Bid;
- (h) any event, matter, change or circumstance:
  - (i) fairly disclosed by Ebony to Hexagon or any Related Person of Hexagon;
  - (ii) disclosed in public filings by Ebony to ASIC; or
  - (iii) otherwise known by Hexagon or any Related Person of Hexagon, at any time prior to the date of the offer between Hexagon and Energy provided that the event, matter, change or circumstances (as the case may be) continues to be, in all material respects, as disclosed or otherwise known to Hexagon at that time;
- (i) an event, matter, change or circumstance in or relating to:

- (i) economic, business, regulatory or political conditions in general;
- (ii) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
- (iii) any change affecting the industry in which Ebony operates generally;
- (j) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which Ebony's insurers have agreed to pay; or
- (k) anything done with the prior written consent of Hexagon.

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## 10. CONDUCT OF BUSINESS

Between the Announcement Date and the end of the Bid Offer Period (each inclusive), neither Ebony nor any of its subsidiaries:

- (a) makes any changes to its constitution or passes any special resolution or amends the terms of issue of any shares, options, performance rights or other convertible securities;
- (b) borrows or agrees to borrow any money (except to cover expenses associated with the Takeover Bid), including incurring trade credit or other payables, or as otherwise agreed to in writing by both parties;
- (c) provides a guarantee or indemnity or both to a third party (not being Hexagon or one of its subsidiaries);
- (d) other than to the extent included in the does any of the following:
  - (i) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or employee;
  - (ii) makes or agrees to make any substantial change in the basis or amount of remuneration of any director, employee or consultant;
  - (iii) except as provided under any superannuation, provident or retirement scheme or contract in effect on the Announcement Date, pays or agrees to pay any retirement benefit or allowance to any director or employee;
  - (iv) make or agree to make any payments to any third party (either alone or in aggregate) that is above A\$50,000, including to any employee, director or consultant to Ebony that is contingent on the Bid Offer or the outcome of the Bid Offer (or a similar transaction); and
  - (v) amends or agrees to amend in any material respect any arrangement with its advisers, or enter into arrangements with any new advisers, in respect of the Bid Offer or a similar transaction;
- (e) other than to the extent included in the or as otherwise agreed to in writing by both parties, acquires, offers to acquire, agrees to acquire or acquires any one or more businesses, assets, entities or undertakings valued at, or involving a financial commitment of more than A\$50,000 (individually or when aggregated with all other such matters arising after the Announcement Date), or makes an announcement or enters into an agreement in relation to such an acquisition, undertaking or financial commitment; or
- (f) incurs or commits to incur an amount of capital expenditure in excess of A\$50,000 (either alone or in aggregate) other than as otherwise agreed to in writing by both parties.

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## 11. TENEMENTS

Between the Announcement Date and the end of the Bid Offer Period (each inclusive), otherwise than in the ordinary course of business, neither Ebony nor any of its subsidiaries:

- (a) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including without limitation any ore sale, ore processing, split commodity, joint venture, partnership, farm-in, royalty, marketing or off-take agreement) in relation to any of the Tenements;
- (b) relinquishes, sells or disposes of any interest or creates any Security Interest over any of the Tenements;
- (c) takes any action or omits to take any action that results in or may reasonably be expected to result in a disposal of, or a breach of the terms of any of the Authorisations in connection with any Tenement; or
- (d) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Tenements or any Authorisation relating to any Tenements,

including announcing an intention to do any of the above matters.

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## **12. LITIGATION**

Between the Announcement Date and the end of the Bid Offer Period (each inclusive) no litigation against Ebony which may impact on the Pedirka Project or reasonably result in a judgment of A\$100,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Hexagon (whether or not becoming public) or Ebony regardless of whether the subject of prior resolution or otherwise.

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## **13. EQUAL ACCESS**

Between the Announcement Date and the end of the Bid Offer Period, Ebony promptly, and in any event within two Business Days, provides to Hexagon (unless it has previously provided such information to Hexagon) a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to the Ebony Group, or their respective Tenements, assets, liabilities or operations, that has been provided by Ebony or any of its directors, officers, agents or representatives to any third party other than in the ordinary course of ordinary business, for the purposes of soliciting, encouraging or facilitating any proposal with respect to:

- (a) a takeover bid for, or scheme of arrangement proposed by, Ebony, under the Corporations Act;
- (b) the acquisition by a third party or an associate (within the meaning in section 12(2) of the Corporations Act) of any interest (including directly or indirectly by way of farm-in, farm-out, joint venture, partnership or similar) in either the Pedirka Project or any of the assets (including Tenements) and operations of Ebony or any of its Subsidiaries; or
- (c) any transaction having a similar economic effect.

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## **14. FULL AND FINAL SATISFACTION OF OUTSTANDING EBONY LIABILITIES**

Between the Announcement Date and the end of the Bid Offer Period, Ebony promptly settles its Outstanding Ebony Liabilities for full and final satisfaction of those liabilities.

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## **15. NO PRESCRIBED OCCURRENCES**

Between the Announcement Date and the date three business days after the end of the Bid Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (a) Ebony converting all or any of Ebony Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Ebony or a subsidiary of Ebony resolving to reduce its share capital in any way;

- (c) Ebony or a subsidiary of Ebony entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Ebony or a subsidiary of Ebony making an issue of Ebony Shares (other than the conversion of other Outstanding Ebony Liabilities in accordance with full and final satisfaction of the Outstanding Ebony Liabilities) or granting an option over the Ebony Shares or agreeing to make such an issue or grant such an option;
- (e) Ebony or a subsidiary of Ebony issuing, or agreeing to issue, convertible notes (including any issue or grant of any Ebony Convertible);
- (f) Ebony or a subsidiary of Ebony disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) Ebony or a subsidiary of Ebony granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) Ebony or a subsidiary of Ebony resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Ebony or of a subsidiary of Ebony;
- (j) the making of an order by a court for the winding up of Ebony or of a subsidiary of Ebony;
- (k) an administrator of Ebony or of a subsidiary of Ebony being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Ebony or a Subsidiary of Ebony executing a deed of company arrangement; or
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Ebony or of a subsidiary of Ebony.

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**16. NO DISTRIBUTIONS**

Between the Announcement Date and the end of the Bid Offer Period (each inclusive), Ebony does not announce, make, declare or pay any distribution to the Ebony Shareholders (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

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**17. ESCROW CONDITION**

Ebony Shareholders with a holding of more than 5% of all Ebony Shares agree to an escrow arrangement with respect to the Hexagon shares for a period of 12 months.

## SCHEDULE 2 – RISK FACTORS

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### 1. RISKS SPECIFIC TO THE COMPANY

#### (a) Contractual and completion risk

The Takeover Bid is subject to certain conditions precedent being satisfied or waived. This includes the Company obtaining the Shareholder approval pursuant to the Resolution. There can be no assurance that this Shareholder approval will be obtained, in which case the transaction would not proceed. Should the transaction not complete, the monies paid or advanced by the Company in relation to the transaction may not be refunded.

#### (b) Additional Requirements for Capital

The capital requirements of the Company depend on a number of factors. Depending on the ability of the Company to generate income from its operations, the Company may require additional financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

#### (c) Exploration and Development Costs

The exploration and development costs of the Company are based on certain assumptions with respect to the method and timing of exploration and development. By their nature, these estimates and assumptions are subject to significant uncertainties and, as a result, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

#### (d) Exploration and Development Success

The Company's (including, following the completion of the Takeover Bid, Ebony's) tenements are at various stages of exploration and development, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration and development of the tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

#### (e) Reserve and Resource Estimates

No assurance can be given that any mineral reserves and resources that are estimated by the Company will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience. Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that it can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Company may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

#### (f) Operational risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. The ability to procure feedstocks for any downstream operations is also a risk factor.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

(g) **Exploration risks**

Mining exploration and development is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration of the Company's (and, following the completion of the Takeover Bid, Ebony's) existing licences may be unsuccessful, resulting in a reduction of the value of those licences, diminution in the cash reserves of the Company. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(h) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(i) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding, commodity prices volatility, securing off-take contracts for the product(s) and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.



(j) **Downstream processing risks**

The design and test work of new downstream process flowsheets is a high-risk undertaking. The success of the Company depends on the completion of a positive feasibility study demonstrating the commercial viability of a series of downstream processing routes for its products. The assumptions and estimates that support the test work and feasibility are subject to significant uncertainties and, accordingly, the actual costs and technical performance may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(k) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(l) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production or downstream processing operations, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Many factors influence the price of graphite, gold, nickel, copper and related commodities which are largely beyond the control of the Company. Such factors include supply and demand fluctuations in the global end-use industries for these materials, in particular:

- (i) for graphite, the steel industry, building and construction materials and energy storage and technical applications; and
- (ii) for the balance of the commodities general industrial applications and other macro-economic factors.

Other demand factors that present risk include possible substitution of graphite specifically for other materials or technological advances where these materials may no longer be required.

Supply aspects such as proposed new graphite projects, could also represent a risk to securing off-take contracts and assumed commodity prices.

Furthermore, international prices of various commodities are often denominated in United States dollars or another currency, whereas the income and expenditure of the Company are and will be taken into account in mainly Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the revenue currency such as the United States dollar and the Australian dollar as determined in international markets.

(m) **Tenure and access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to the applicable mining acts and regulations in Western Australia. Ebony's tenements are subject to the applicable mining acts and regulations in the Northern Territory.

The renewal of the term of a granted tenement is also subject to the discretion of the relevant minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The

imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

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## **2. GENERAL RISKS**

### **(a) Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including, inflation rates and interest rates, variations in the general market for listed stocks, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global pandemics, hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

### **(b) Litigation Risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

### **(c) Economic Risks**

General economic conditions, movements in interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the lithium sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **(d) Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(e) **Force Majeure**

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(f) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, assets or projects complementary to the Company's existing operations. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, assets and projects, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the short term operational goals and retaining key staff and customer and supplier relationships.

### SCHEDULE 3 - PRO FORMA BALANCE SHEET

Pro-Forma Financial Position A\$'000	HXG 30-Jun-20 (Audited)	Ebony Energy 30-Jun-20 (Audited)	Transaction <sup>1</sup>	Merged Group
<b>Current Assets</b>				
Cash and cash equivalents	1,205,587	55,381	( 55,381 )	1,205,587
Trade and other receivables	18,509	20,000	( 20,000 )	18,509
<b>Total Current Assets</b>	<b>1,224,096</b>	<b>75,381</b>	<b>( 75,381 )</b>	<b>1,224,096</b>
<b>Non-Current Assets</b>				
Exploration & Evaluation assets	1,583,396	2,550,000	4,705,383	8,838,779
Other assets	252,297	-	-	252,297
<b>Total Non-Current Assets</b>	<b>1,835,693</b>	<b>2,550,000</b>	<b>4,705,383</b>	<b>9,091,076</b>
<b>Total Assets</b>	<b>3,059,789</b>	<b>2,625,381</b>	<b>4,630,002</b>	<b>10,315,172</b>
<b>Current Liabilities</b>				
Trade and other payables	269,147	1,343,808	( 829 )	1,612,126
Provisions and Other Liabilities	80,518	464,223	135,777	680,518
<b>Current liabilities</b>	<b>349,665</b>	<b>1,808,031</b>	<b>134,948</b>	<b>2,292,644</b>
<b>Non-Current Liabilities</b>				
Other Liabilities	27,439	-	-	27,439
<b>Total Non-Current Liabilities</b>	<b>27,439</b>	<b>-</b>	<b>-</b>	<b>27,439</b>
<b>Total Liabilities</b>	<b>377,104</b>	<b>1,808,031</b>	<b>134,948</b>	<b>2,320,083</b>
<b>Net Assets</b>				
Share Capital	58,857,850	7,227,661	( 1,915,257 )	64,170,254
Reserves	2,413,317	2,680,500	( 2,680,500 )	2,413,317
Retained Earnings/(Losses)	( 58,588,482 )	( 9,090,811 )	9,090,811	( 58,588,482 )
<b>Total Equity</b>	<b>2,682,685</b>	<b>817,350</b>	<b>4,495,054</b>	<b>7,995,089</b>

**Notes:**

- <sup>1</sup> Consideration has been calculated from the issue of 88,540,069 new Shares at A\$0.06. Transaction costs are expected to total \$300,000 which includes an estimate of \$300,000 for duty which is shown as a current liability.

## SCHEDULE 4 - TERMS OF THE LEAD MANAGER OPTIONS

The following terms and conditions apply to the Lead Manager Options:

1. **(Definitions):** Words with capitalised letters have the meaning given below.
2. **(Entitlement):** Subject to the terms and conditions set out below, each Option, once vested, entitles the holder to subscribe for one Share of the Company upon exercise of the Option.
3. **(Exercise Price and Expiry Date):** Each Option will have an exercise price of \$0.10 per Option (**Exercise Price**) and expire at 5:00pm (WST) on 30 December 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
4. **(Exercise Period):** Vested Options are exercisable at any time on or prior to the Expiry Date.
5. **(Quotation of the Options):** The Company will not apply for quotation of the Options on ASX.
6. **(Transferability of the Options):** The Options are not transferable.
7. **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's registry.

8. **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then Shares of the Company.
9. **(Quotation of Shares on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
10. **(Timing of issue of Shares):** Within 30 Business Days after the later of the following:
  - (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
  - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,the Company will:
  - (c) issue the Shares pursuant to the exercise of the Options;
  - (d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

11. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
13. **(Change in exercise price):** An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (AWST) on Monday 8 March 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

#### All enquiries to Automic:

**WEBCHAT:** <https://automicgroup.com.au/>

**PHONE:** 1300 288 664 (Within Australia)

+61 2 9698 5414 (Overseas)





8 February 2021

Dear Shareholder

## March 2021 Extraordinary General Meeting

Hexagon Energy Materials Limited (ASX: HXG) (Hexagon or the Company) advises that it will hold an Extraordinary General Meeting (Meeting) in person at BDO Australia, 38 Station Street, Subiaco, WA 6008, Western Australia on Wednesday, 10 March 2021 at 10:00am (AWST).

In accordance with temporary modifications to the Corporations Act under the Corporations (Coronavirus Economic Response) Determination (No.1) 2020, the Company will not be sending hard copies of the Notice of Extraordinary General Meeting and Explanatory Memorandum to Shareholders. Instead, Shareholders can view and download the Notice of Extraordinary General Meeting and accompanying Explanatory Memorandum on the Company's website at:

- <https://hexagonresources.com/investor-centre/asx-announcements/>; or
- from the ASX website at [www.asx.com.au](http://www.asx.com.au).

With regards to the COVID-19 pandemic, the Company will adhere to all social distancing measures prescribed by government authorities at the Meeting, and Shareholders attending the Meeting will need to ensure they comply with the protocols. We are concerned for the safety and health of Shareholders, staff and advisers, so we will put in place certain measures including social distancing requirements.

If Shareholders wish to attend the Meeting they will need to contact the Company Secretary by email at [info@hxgenenergymaterials.com.au](mailto:info@hxgenenergymaterials.com.au), in order for the Company to ensure it is able to maintain compliance with COVID-19 related restrictions applicable as at the Meeting date.

Please contact the Company should you be unable to attend the Meeting physically but wish to have the opportunity to participate.

As a precaution in relation to COVID-19, each Resolution will be decided by poll, based on proxy votes and by votes from Shareholders in attendance at the Meeting.

Shareholders are strongly encouraged to vote by lodging the proxy form attached to this letter, in accordance with the instructions set out in the proxy form, by no later than 10:00am (AWST) on Monday, 8 March 2021 (being at least 48 hours before the Meeting).

Yours sincerely



Rowan Caren  
Company Secretary