

## ASX Announcement

15 June 2020

### Corporate Update

Hexagon Energy Materials Limited (**Hexagon** or the **Company**) (ASX: HXG) would like to provide its shareholders with the following update on the Company's rare earths, exploration and corporate activities.

#### RARE EARTH ELEMENT BUSINESS STRATEGY

Hexagon has an agreement with Innovation Metals Corp. (IMC) whereby Hexagon has an option to acquire a 49% equity interest in American Innovation Metals LLC (AIM). AIM is a prospective corporate joint-venture vehicle that will own an exclusive intellectual property license for IMC's RapidSX™ technology for the separation of rare-earth elements (REE) into various high-purity rare earth oxide (REO) products. To exercise the option, Hexagon must pay IMC US\$2.0 million before 10 October 2020, which will result in Hexagon acquiring a 49% equity interest in AIM, with IMC holding the other 51%. AIM would then commercialise RapidSX for REE separation under joint management.

Updates resulting from recent meetings with IMC include:

- IMC has filed a provisional patent application for RapidSX in the United States Patent and Trademark Office; and
- AIM was incorporated in Delaware, USA.

IMC is continuing to work on the optimisation of its RapidSX technology and IMC's approach to REE separation. IMC has also provided Hexagon with additional capital and operating cost estimates, based on previous work, to support Hexagon's commercial assessments and financial modelling and is providing ongoing assistance. Hexagon is currently reviewing this information.

#### EXPLORATION PROGRAM – HALLS CREEK GOLD

The Company is planning to commence a substantial exploration program at its Halls Creek Gold project located in the Kimberley region of Western Australia.

#### HEXAGON ENERGY MATERIALS LIMITED

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The program will commence in early July and is designed to follow-up on several outstanding high-grade gold targets identified from target-generation work undertaken by Hexagon earlier in the year. (For JORC Appendix 1 Information – refer ASX Report 11 February 2020 “Halls Creek Project – High Priority Gold Targets identified”)

Gold targets (refer Figure 1) to be followed up, include:

- Lady Helen – historical drill intercept of **4 metres at 22.6 g/t gold and 17.3 g/t silver** from surface and a rock chip result of **36 g/t gold**;
- Townsite Prospect – with surface rock chip sample result of **26/t gold**;
- Granite Prospect with rock chip result of **11.5 g/t gold**; and
- Bent Ridge Prospect with **1.3 g/t gold** from rock chip sample.

The targeting has been designed to zone-in on geological interpretations refined by the detailed aeromagnetic survey flown by Hexagon late in 2019 to provide high-resolution geological context on these gold targets as well as numerous other targets prospective for gold and polymetallic base metal mineralisation.

A sequential program is planned to comprise:

1. **Geochemical** - sampling to identify new targets and better define existing targets along the Lady Helen to Bent Ridge gold trend. *[mobilise late June, July]*
2. **Geophysics** – a review of historical data and, where relevant, apply new processing techniques or geological models to identify untested targets. *[June-July]*
3. **Geological Mapping** – at a detailed prospect-scale along the Lady Helen-Bent Ridge trend and at a broader regional scale to identify structural controls on lode-gold mineralisation, the main regional structural and lithological units as reconciled to the aeromag interpretation and mapping of other anomalies identified from the aeromagnetic and historical data. *[July August]*
4. **Drilling** – a reverse-circulation and diamond core program to test the gold targets defined above. *[August-September – subject to approvals and availability of drilling contractors]*

Hexagon has been working with Ms Cherie Leeden a highly regarded, successful exploration geologist and her team, compiling historical data sets and integrating with new data to identify favourable sites for mineralisation and enable ongoing ranking of targets. The Company has also engaged a highly experienced, structural geologist from SRK Consulting to undertake the mapping program and Integrated Geological & Mining Services to manage the on ground exploration program.

A budget of approximately \$450k is allocated to this program.

## **CORPORATE ACTIVITIES**

Management's main activities are directed towards securing a strategic partner for the REE business. The aim is to secure a collaborative relationship with an 'energy materials' focused investor group which will provide the initial US\$2 million option fee and have the intent and capability to deploy additional funds to support the growth and build out of Hexagon's REE strategy.

Discussions with prospective strategic partners, located mostly overseas, were stalled by the impacts of the Corona virus pandemic. After a hiatus of several months these discussions are resuming, including with several new entities. This will be a critically important relationship and Hexagon is focused on finding the 'right match' to form a long-term, collaborative investment partnership with. These discussions which include Hexagon's major shareholders, are at a relatively early – uncommitted stage and are examining investment at the asset or 'holding company' level as well as at the Hexagon level.

Hexagon's Managing Director, Mike Rosenstreich commented "*We are all emerging from the COVID-19 restrictions and it is pleasing and encouraging that several parties are looking to re-engage on our funding discussions.*"

*There is uncertainty as to how Hexagon gets involved and contributes to the planned offshore REE business when our borders are closed and indeed, whether we plan to or will be able to exercise the RapidSX Option. These issues are weighing on shareholder's minds, though we remain confident we can address them.*

*We are working as quickly as we can in co-operation with IMC to undertake our financial modelling and to finalise a strategic REE funding transaction. That is our main game, but we also have an opportunity to add significant value in the short term by testing several high-grade gold targets at our Halls Creek Project and this work is due to start in a few weeks.*

## **COMPETENT PERSONS' ATTRIBUTIONS**

The information within this report that relates to exploration results, Exploration Target estimates and geological data at the Halls Creek Project is based on information compiled by Ms Cherie Leeden who is a Consultant to the Company and reviewed by Mr Mike Rosenstreich, a full-time employee of the Company. Ms Leeden is a Member of the Australian Institute of Geoscientists and Mr Rosenstreich is a Fellow of the Australian Institute of Mining and Metallurgy. Both, have sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral

Resources and Ore Reserves and they both consent to the inclusion of this information in the form and context in which it appears in this report.

## **ABOUT HEXAGON ENERGY MATERIALS LIMITED**

Hexagon Energy Materials (Hexagon) (ASX:HXG) is an Australian-listed company which is seeking to commercialise an innovative, new rare-earths elements (REEs) processing technology called RapidSX™, which has the potential to disrupt China's monopoly on the production of REE oxides (REOs) and thus the entire REE supply chain.

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

RapidSX offers potential capital and operating cost savings compared to existing conventional solvent extraction currently utilised by REE producers. Innovation Metals Corp. (IMC), is developing a Commercial Demonstration Plant (CDP) to commercialise its RapidSX REE separation technology. RapidSX was developed and successfully piloted by IMC with more than US\$1.8 million in assistance from the U.S. Department of Defense. Hexagon has an option to acquire a 49% interest in a corporation that will have an exclusive worldwide license for RapidSX for REE Separation. The exercise price of the option is US\$2.0 million. This corporation is American Innovation Metals LLC (AIM), which will be jointly managed and controlled by Hexagon and IMC in accordance with the agreed terms of a Shareholders Agreement.

Hexagon's focus is on the downstream processing and transformation of REEs into commercial-grade REOs, with the objective of AIM licensing the RapidSX REE-separation technology to end users around the world or developing its own REE refining capabilities. Additionally, Hexagon has several exploration holdings including the high-grade Halls Creek gold project and the McIntosh project which hosts the Company's graphite resources and is also prospective for nickel-copper and PGE deposits.

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

## **AUTHORISATION**

This announcement has been authorised by the Managing Director.

## **FOR FURTHER INFORMATION, please contact:**

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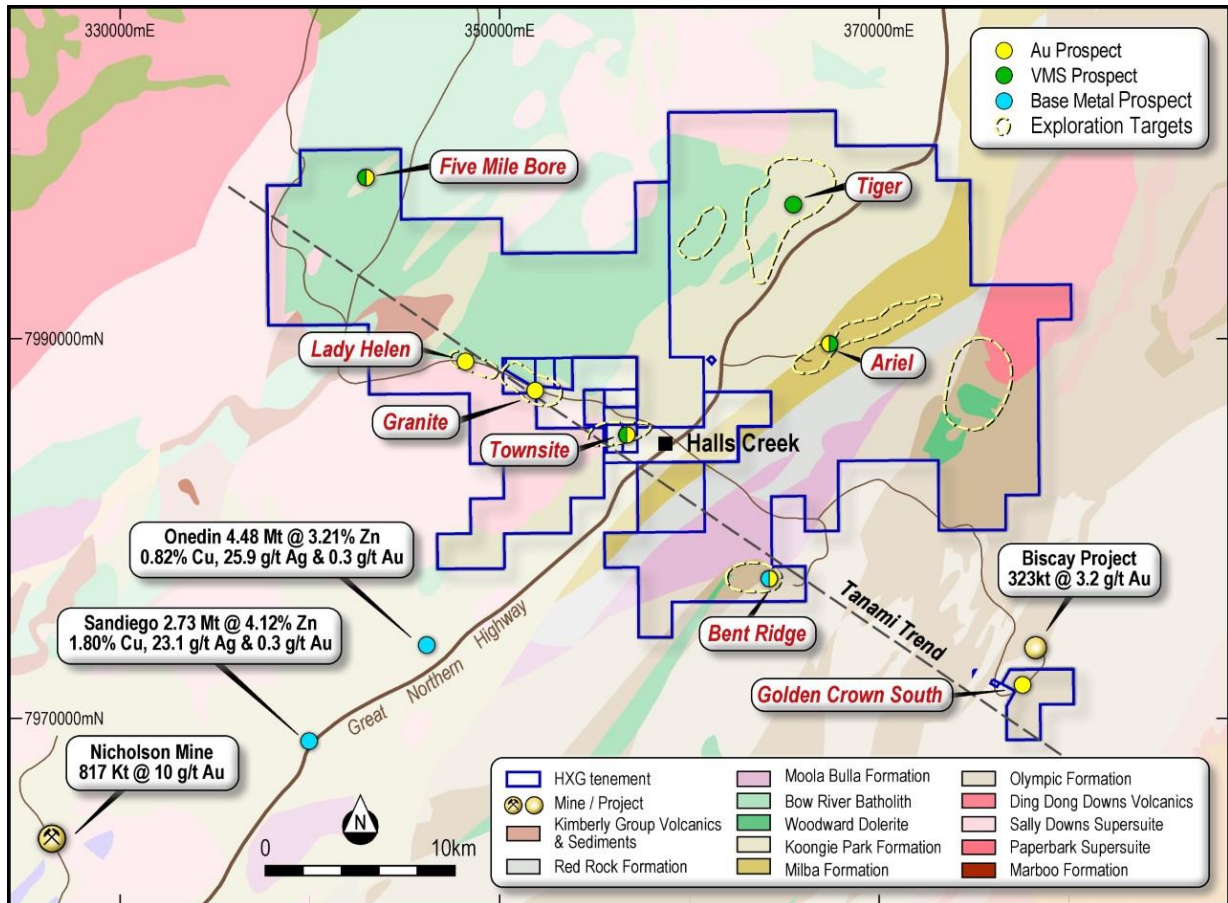


Figure 1: Halls Creek Gold Project: Schematic Geology and Target Locations