



Updates to Legal Proceedings Against Hexagon Energy Materials for Breach of Warranty

Green Critical Minerals Ltd ("GCM" or "the Company") provides an update to the legal proceedings commenced in the Supreme Court of Western Australia ("**Court**") against Hexagon Energy Materials Limited ("**HXG**") in relation to an alleged material breach of warranties under the earn-in agreement for the McIntosh Graphite Project.

BACKGROUND

On 11 June 2024, GCM announced it's wholly owned subsidiary GCM Graphite Pty Ltd ("**GCM Graphite**") had commenced legal proceedings against HXG in relation to alleged material breaches to certain warranties provided under the earn-in agreement, including in relation to previous metallurgical studies undertaken by HXG.

Prior to commencing legal proceedings, the Company had sought to resolve this dispute through negotiation, however HXG ceased meaningful engagement, leaving GCM Graphite no option but to pursue legal redress.

UPDATE – STATEMENT OF CLAIM LODGED

GCM advises that, pursuant to the orders of the Court, GCM Graphite has lodged its statement of claim with the Court and is now awaiting HXG to lodge its defense.

GCM Graphite's statement of claim alleges that:

- GCM Graphite entered into the earn-in agreement with HXG based on HXG warranting the information provided to GCM Graphite was true and correct, not misleading in a material way and that HXG had provided all material information to GCM.
- This information provided included, amongst other things, ASX Releases made by HXG stating that:
 - The McIntosh project is able to produce a saleable concentrate product consisting of fine, medium and coarse flake, grading greater than 95% TGC.
 - This saleable concentrate product has a flake population of 71% fines, 10% medium and 19% coarse.
 - Potential to increase the population of medium and coarse flake in the saleable concentrate exists; and
 - Extensive metallurgical test work has been performed by HXG which supports these statements, including statements of test work supporting a concentrate of greater than 86% of the flake population being medium and coarse flake, grading greater than 95% TGC.



- HXG did not make GCM Graphite aware or provide information which would have made GCM Graphite aware there were discrepancies in the metallurgical test work results received by HXG.
- Since the earn-in commenced GCM Graphite has performed additional exploration drilling and metallurgical test work, which included metallurgical test work to increase the medium and coarse flake population within a saleable concentrate product.
- The results GCM Graphite received from the metallurgical test work it conducted do not support the statements in the ASX Releases or other information provided by HXG to GCM Graphite.
- The metallurgical test work performed by GCM Graphite confirms the McIntosh deposit produces a fine flake concentrate product i.e. 95% or greater of the flake size is fine (<150µm) to achieve a concentrate grade of 95% TGC or greater.
- GCM Graphite has been unable to verify the origins of the metallurgical test work which HXG presented as supporting statements in its ASX Releases.
- GCM Graphite has been able to verify the origins of the metallurgical test work results performed by HXG which supports the McIntosh deposit producing a concentrate with a population of 95% or greater fine flake (<150µm) and grading 95% TGC or greater and these results align with the metallurgical test work performed by GCM Graphite.

GCM notes that to date, despite numerous requests from GCM, HXG has not provided unambiguous metallurgical test work or expert opinion which support the ASX Releases made by HXG.

DAMAGES

As outlined above and in previous ASX announcements, GCM has expended considerable time and incurred significant costs in developing the McIntosh project, on the basis of the warranties provided by HXG.

Whilst some of this work is of value to GCM as part of its current development strategy for McIntosh, there is significant expenditure which GCM would not have undertaken had it been made aware by HXG of the metallurgical test work results it has subsequently uncovered which were inconsistent with the metallurgical test work results highlighted by HXG in its ASX Announcements.

In this regard GCM is seeking damages including for wasted expenditure in excess of A\$2M.

GCM will continue to update shareholders as the legal proceedings progress.

Authorised for release by the Board of Green Critical Minerals Limited.