HEXAGON ENERGY MATERIALS LIMITED

ABN 27 099 098 192

FINANCIAL REPORT

YEAR ENDED 30 JUNE 2023

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CORPORATE DIRECTORY

Board of Directors

Charles Whitfield – Non-Executive Chairman
Garry Plowright – Non-Executive Director
Andrew Kirk – Non-Executive Director
Philipp Kin – Non-Executive Director *(appointed 11 August 2023)*

Officers of the Company

Ian Gregory – Company Secretary
Stephen Hall – Chief Executive Officer *(appointed 1 September 2023)*

Registered Office & Principal Place of Business

45 Ventnor Avenue
West Perth WA 6005

T: +61 (08) 6244 0349

E-mail: info@hxgenergymaterials.com.au
Website: www.hxgenergymaterials.com.au

Domicile and Country of Incorporation

Australia

Australian Business Number

27 099 098 192

Auditors

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
Website: www.bdo.com.au

Share Registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
Website: www.automic.com.au

Securities Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange - Perth
ASX Code - HXG (Ordinary Shares)

CHAIRMAN'S LETTER

Dear Fellow shareholders,

2022/23 has been a watershed year for Hexagon with the completion of the WAH_2 Scoping Study in December, Preliminary Feasibility Study (PFS) in June and the granting of our preferred project site for in Maitland WA. The achievement of these goals has enabled management to move into meaningful engagement with potential partners for the WAH_2 ammonia project.

The core premise of WAH_2 is to develop a highly competitive low-emissions hydrogen project in Australia with the lowest practicable unit costs. To this end, the selected location is proximal to natural gas supply, established port facilities, a choice of carbon sequestration projects and offers significant efficiencies with existing or potential shared infrastructure. Hexagon intends to develop the project in partnership with significant multinational energy businesses such as offtake counterparties. It is anticipated that these parties will participate as investors in the project thereby reducing Hexagon's funding commitments to an achievable level.

The management team has progressed the WAH_2 Project in line with the timetable stated last AGM and below the anticipated budget. The ongoing negotiations with essential partners for the WAH_2 project concerning offtake, gas supply and financing are progressing in such a way that we feel comfortable that the stated timetable for the next 12 and 24 months is achievable. The frustration for management (and no doubt shareholders) has been that due to the confidential nature of these discussions we are unable to provide detailed progress updates. We are optimistic that as more of these pieces fall into place over the coming months, we will have significant news flow which will help to provide greater clarity on progress. Upon completion of the project, Hexagon will be one of the few viable pure-play hydrogen companies in production and, as such, will be a key investable stock for exposure to low-emissions energy.

The other undertaking for the year was to find paths forward for getting value recognition for the Company's mineral assets. The two graphite projects, "Ceylon" in Alabama and "McIntosh" in WA have advanced in collaboration with our respective partners. At the Ceylon project, Charge Minerals completed their 1500m drill program in August and are due to complete the Preliminary Economic Assessment "PEA" by the end of Q1 2024. In parallel, they have undertaken graphite characterization, metallurgical work and battery testing with overall expenditure US$1M on project in 2023 (Hexagon is free carried). The development of the graphite resources at McIntosh under the agreement signed with Green Critical Minerals "GCM" in February 2022 continues to progress with GCM undertaking drilling, groundwork and metallurgical testing in the year. Under the terms of the deal only Graphite is covered, and Hexagon has a free carry until a decision to mine.

The Company remains committed to making sure that the value of McIntosh's remaining endowment of Nickel/Copper/PGM and Halls Creek assets is recognised. The drill work undertaken at McIntosh was abbreviated due to delays in permitting and then an early wet season. The results did not dampen the belief in a broad sulphide mineralisation formation of the type found in the South African Bushveld, nor scoring a "home run" as the meterage achieved was less than hoped for.

The team is assessing the most appropriate way to get the McIntosh and Halls Creek assets into production for the least capital expenditure and has continued to pursue strategic partnership conversations in the year. Interest remains high due to the findings-to-date and the location close to established Nickel producers such as Panoramic's Savanah nickel and Future Metals' Panton mines.

As part of the Company's strategy to progress projects to a high a probability of success with minimum expenditure, we went most of the year without a CEO. I am delighted that, due to the outcome of the WAH_2 PFS and the tone of the subsequent partner conversations, the Board felt that we are now at a stage of development of the WAH_2 project where the Company requires a full time CEO and we feel very fortunate to have secured the services of Stephen Hall who has been central to progressing WAH_2 to its current stage of maturity. Post year end we also welcomed Philipp Kin to the board, Philipp brings with him his prior experience as an energy analyst and recent project financing.

The management and I appreciate the patience and support of the shareholders and look forward to being able to announce news that will illustrate the value of Hexagon to shareholders and the broader investment community.

Regards,

Charles Whitfield
Non-Executive Chairman
28 September 2023

DIRECTORS' REPORT

Your Directors present their report on Hexagon Energy Materials Limited ('Hexagon' or 'the Company') and its controlled entities ('Consolidated Entity' or 'the Group') for the year ended 30 June 2023.

1. BOARD OF DIRECTORS

The Directors of the Company in office at the date of this report or at any time during the financial year are:

Name	Position	Period of Directorship
Charles Whitfield	Non-Executive Director Non-Executive Chairman	Appointed 22 August 2016 Appointed 5 May 2017
Garry Plowright	Non-Executive Director	Appointed 10 June 2015
Andrew Kirk	Non-Executive Director	Appointed 17 May 2022
Philipp Kin	Non-Executive Director	Appointed 11 August 2023

2. INFORMATION ON THE BOARD OF DIRECTORS

The following information is current as at the date of this report.

Charles Whitfield - Non-Executive Chairman

Mr Whitfield is an experienced executive with over 20 years' experience in finance and commercial development of early-stage technology and specialist resource companies.

Mr Whitfield was an executive Director for Galaxy Resources Limited where he had responsibility for strategy and finance during the significant turnaround of Galaxy from a distressed company to one of the pre-eminent lithium companies.

Mr Whitfield is a Director of Drumrock Capital which invests in, and provides advice to, turnaround and early-stage technology and specialist resource companies. He was formerly a Managing Director with Citigroup where he held the position of Head of the Corporate Equity Solutions Group (Asia Pacific) and, prior to this, worked for the Deutsche Bank where he was Head of the Strategic Equity Group (Asia Pacific).

Mr Whitfield has a Masters in Business Administration (majoring in Finance and Strategy) from Columbia Business School (New York) and a Bachelor of Economics from the University of Exeter (UK).

Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chairman
Interests in shares and options	Direct – Ordinary shares – 4,126,214 Indirect – Ordinary shares – 875,000

Garry Plowright - Non-Executive Director

Mr Plowright is an experienced executive with over 25 years' experience in finance, commercial and technical development within the mining and exploration industry, working for some of Australia's leading resource companies.

Mr Plowright has been involved in gold, base metals and iron ore exploration and mining development projects in Australia and worldwide. Previous experience has been built in the supply and logistics of services to the mining and exploration industry including capital raising, corporate governance and compliance, project management, mining and environmental approvals and regulations, contract negotiations, tenure management, land access, stakeholder and community engagement. Mr Plowright has extensive experience in mining law and has provided services to the industry in property acquisitions, project generation and joint venture negotiations.

Mr Plowright has held global operational and corporate roles with Gindalbie Metals Ltd, Mt Edon Gold Ltd, Pacmin Mining, Atlas Iron Ltd, Tigris Gold (South Korea) and Westland Titanium (New Zealand).

Other current directorships	Non-Executive Director of Fenix Resources Limited (ASX: FEX)
Former directorships in last 3 years	None
Special responsibilities	None
Interests in shares and options	Indirect – Ordinary shares – 1,000,000

Andrew Kirk – Non-Executive Director – Appointed 17 May 2022	
Mr Kirk worked for Woodside for 17 years where he developed their corporate LNG strategies. He has been working in the Hydrogen industry for the past three years, establishing Green Hydrogen Asia in Malaysia to transition the heavy vehicle market from diesel to renewable Hydrogen. He has provided commercial and strategic advice to Hexagon since August 2021 on the company's Hydrogen strategy and projects. Mr Kirk holds a Bachelor of Applied Science (Geology) and a Post-Graduate Diploma (Petroleum Geology) from Curtin University and completed the Accelerated Development Program (ADP63) at London Business School.	
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	None
Interests in shares and options	Direct – Ordinary shares – 1,000,000

Philipp Kin – Non-Executive Director – Appointed 11 August 2023	
Mr Kin has a wealth of experience in the energy sector and a specific background in project financing. His career has spanned stockbroking, investment banking, mergers and acquisitions, debt capital markets, equity capital markets and oil, gas and energy research in roles including Lead WA LNG Asset Economist at Shell, Head of Oil and Gas Research at Royal Bank of Scotland, Senior Investment Relations Advisor at Oil Search, and Director of Corporate Finance at Baillieu Holst. While with Shell Mr Kin worked on both offshore and onshore exploration projects, the development of conventional and unconventional hydrocarbon projects, and commercial projects including assisting the Gorgon LNG team to Final Investment Decision. His most recent role is as Director at BurnVoir Corporate Finance, a boutique firm specialising in debt and equity capital markets.	
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	None
Interests in shares and options	None

3. INFORMATION ON THE OFFICERS OF THE COMPANY

Ian Gregory
Company Secretary
Mr Gregory has over 30 years' experience in the provision of company secretarial and business administration services in a variety of industries, including exploration, mining, mineral processing, oil and gas, banking, insurance, and aquaculture. Prior to founding his own consulting business in 2005, he was the Company Secretary of the Iluka Resources Limited group of companies, the Company Secretary and Compliance Manager of IBJ Australia Bank Limited, the Australian operations of The Industrial Bank of Japan, as well as the Company Secretary of the Griffin Coal Mining group of companies. Mr Gregory currently consults on company secretarial and governance matters to a number of listed and unlisted companies.

Mr Gregory holds a Bachelor of Business from Curtin University, is a past member and Chairman of the Western Australian Branch Council of Governance Institute of Australia (GIA) and has also served on the National Council of GIA.

Stephen Hall
Chief Executive Officer *(appointed 1 September 2023)*

Mr Hall is an experienced executive with over 30 years of experience in the energy sector across the full value chain and asset lifecycle. Prior to joining Hexagon Mr Hall spent 28 years with Woodside Energy before founding an independent business advisory firm to provide strategic and commercial support to the energy sector.

At Woodside Mr Hall held roles including Vice President Strategy Power & New Markets, Vice President Strategic Planning, and Vice President North West Shelf Development. Through these roles he developed broad leadership experience and expertise in setting corporate strategy, new business development, commercial structuring, negotiations, project development and delivery, and stakeholder management.

4. MEETINGS OF DIRECTORS
The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2023 and the number of meetings attended by each Director.

Directors	Meetings attended	Eligible to attend
Charles Whitfield	2	2
Garry Plowright	2	2
Andrew Kirk	2	2

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Group, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement.

5. CORPORATE INFORMATION
Hexagon is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ('ASX'). Hexagon has prepared a consolidated financial report encompassing the entities that it controlled during the financial year (refer note 22).

6. NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES
Hexagon Energy Materials Limited (ASX: HXG) is an Australian company focused on *Future Energy* project development and *Future Energy* materials exploration and project development.

Hexagon is developing a business to deliver decarbonised Hydrogen (blue Ammonia) into export and domestic markets at scale, via its WAH_2 Project.

Hexagon's plan is to use renewable energy in clean Hydrogen production to the greatest extent possible in its projects, transitioning from blue to green Hydrogen production on a commercial basis, over time.

Hexagon 100% owns the McIntosh Nickel-Copper-PGE and Graphite project in Western Australia and the Halls Creek Gold and Base metals project in WA.

Hexagon's overarching goal for 2023 is to secure and leverage technical and commercial alliances by commodity across its project portfolio whilst maintaining a core focus on Northern Australian Future Energy and Future Energy Materials project development, in-house.

7. REVIEW OF BUSINESS RISKS
There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Group and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Group and the market price of the Company's shares.

The Board reviews the risks of the Group and the action plans to address these risks on a regular basis.

a) Operating Risks
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. In addition, difficulties in commissioning and operating plant and equipment include mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, health incidents including pandemic diseases like COVID-19 (coronavirus), industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

b) Environmental Risks
The operations and proposed activities of the Company are subject to the environmental laws and regulations. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if 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.

c) Economic

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

d) Market conditions

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

i) general economic outlook;
ii) introduction of tax reform or other new legislation;
iii) interest rates and inflation rates;
iv) changes in investor sentiment toward particular market sectors;
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.

e) Additional requirements for capital

The Company must have sufficient capital to fund its WAH_2 Project and exploration activities, along with other working capital requirements. At the reporting date it has cash and cash equivalents of approximately $1.5M.

Any additional equity financing will dilute shareholdings, and additional 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 and scale back its development programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

f) Speculative investment

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to invest.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's shares.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulations in relation to its exploration and development activities. The Directors are not aware of any significant breaches during the period covered by this report.

9. CURRENCY

The financial report is presented in Australian dollars and amounts are rounded to the nearest dollar.

10. DIVIDENDS

No dividends were paid during the financial year ended 30 June 2023 (2022: nil) and no dividend is recommended for the current year.

11. FINANCIAL REVIEW

For the year ended 30 June 2023, the loss for the Consolidated Entity after providing for income tax was $955,210 (2022: loss of $14,393,804).

The Company received a research and development income tax concession of $766,799 (2022: $290,981) during the financial year.

The Consolidated Entity's main expenses were as follows:	30-Jun-23	30-Jun-22
	$	$
Business development	376,905	145,965
Corporate and administration expenses	537,809	769,570
Exploration and evaluation expenditure	968,578	1,251,908
Impairment of exploration and evaluation expenditure	62,146	12,107,892
Personnel expenses and director fees	123,091	443,964

Cashflows
The major items of cash receipts / (expenditures) during the year were:

	30-Jun-23	30-Jun-22
	$	$
Receipts:		
Receipt of funds in relation to WA Graphite transaction with GCM	300,000	-
Receipt of government grant in relation to exploration assets	1,078,171	-
Proceeds from issue of shares, net of capital costs	-	1,738,702
Expenditures:		
Payments to suppliers and employees (1)	(635,392)	(1,125,323)
Payments for exploration and evaluation expenses	(1,131,953)	(2,718,360)
Payments for exploration and evaluation assets	(211,653)	(505,155)

(1) Employee payments that relate specifically to the Company's projects are included in "Payments for exploration and evaluation expenses" and "Payments for exploration and evaluation assets".

12. CORPORATE

Management Changes
On 11 August 2023 the Company appointed Philipp Kin as a Director of the Company. Philipp has a wealth of experience in the energy sector and a specific background in project financing.

On 1 September 2023 the Company appointed Stephen Hall as Chief Executive Officer of the Company. Mr Hall is an experienced executive with over 30 years of experience in the energy sector across the full value chain and asset lifecycle.

Capital Structure
At 30 June 2023 the Company had 512,915,901 ordinary shares.

13. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Refer to the Review of Operations below.

14. PLANNED DEVELOPMENTS AND EXPECTED RESULTS OF OPERATION

The likely developments of the Company are anticipated to be as follows:

- **WAH$_2$ Project$_t$:** Through this project, Hexagon intends to supply low-emissions ammonia to Asia Pacific markets, leveraging ammonia's advantages as a hydrogen carrier and its direct use in clean power generation. The project aims to be an early mover, using proven technology and leveraging existing infrastructure to accelerate schedule and reduce both project risk and costs. Pre-Feasibility Studies have been completed and support Hexagon's commitment to Pre-FEED workstreams which commenced in Q3 2023.

- **McIntosh Project – Ni-Cu-PGEs:** Review and reporting of geochemical assessments with the intention of adding ranked geochemical targets to the 19 areas of interest previously reported, and progressing value accretive transactions for shareholders.

- **McIntosh Project – Graphite:** Progress value accretive transaction via Green Critical Minerals Joint Venture.

- **Ceylon (USA) Project – Graphite:** Progress value accretive transaction via Earn-In Agreement with South Star Metals Corp.

- **Halls Creek Project – Gold and Base Metals:** Secure strategic partner to advance exploration of Gold and PGE potential.

15. REVIEW OF OPERATIONS

During the financial year, Hexagon was focused on progressing its Future Energy Materials and Future Energy Projects long-term growth strategy outlined in the Company's 30 November 2022 Annual General Meeting Presentation and illustrated in Figure 1 below.

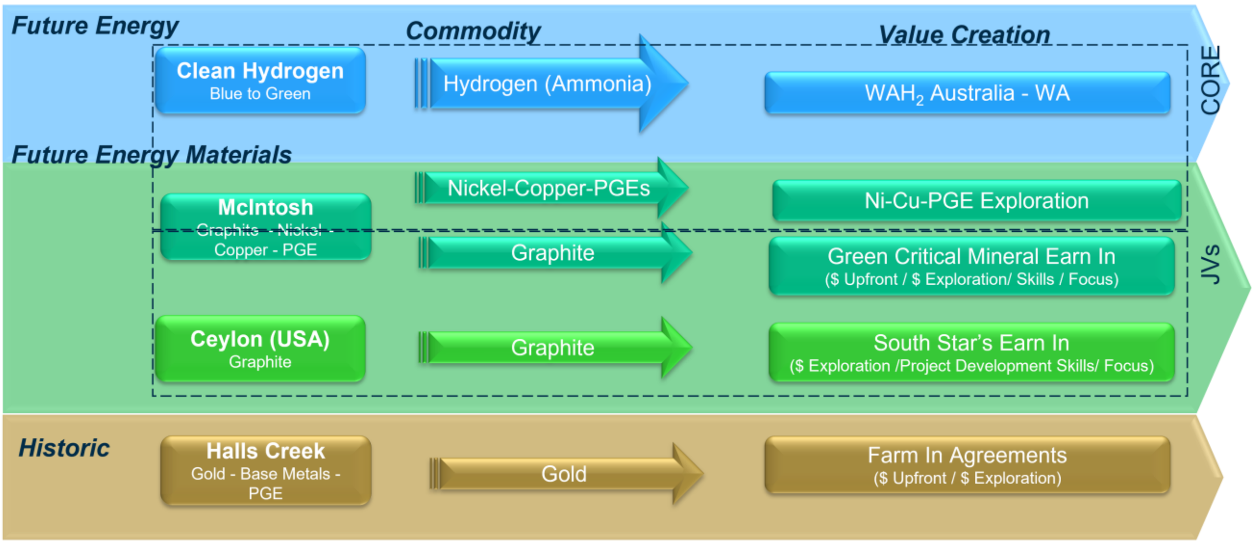

Figure 1: Hexagon's Strategy 2022-23

1. WAH$_2$

The WAH$_2$ Project is Hexagon's flagship project to supply low-emissions ammonia to the decarbonising powerhouse economies of the Asia Pacific, including Japan and South Korea. The project is well placed as the energy transition drives an increasing demand for low -emissions energy.

The WAH$_2$ project progressed to plan through the period with screening work completed in Q4 2022, allocation of land by the Western Australian Government in May 2023, successful completion of Pre-Feasibility Studies in mid-2023 and progression of commercial discussions.

1.1 Land Allocation

In May 2023 the Western Australian Government approved allocation of land for Hexagon's proposed WAH_2 low-emissions ammonia project. The 40 Ha site is in Hexagon's preferred location in the Maitland Strategic Industrial Area and is proximal to existing services, an existing infrastructure corridor and established export routes.

Hexagon is in discussions with DevelopmentWA to finalise key terms for land tenure.

Figure 2: Location of WAH2 Project

1.2 Pre-Feasibility Study

The WAH_2 Pre-Feasibility Study (PFS) was completed on time and on budget in Q2 2023 with engineering and cost estimation undertaken by Petrofac (a leading energy services company) in parallel to Hexagon's commercial discussions with potential gas suppliers, carbon capture and sequestration (CCS) service providers, utility providers and ammonia customers.

The key results of the PFS include:

- Market assessment.
- Identification of preferred production technology.
- Scale and phasing of production capacity.
- Definition of the Base Case project. This is an 'islanded project' that builds, owns, and operates dedicated facilities for supply of utilities, production of ammonia and production export. This provides for a project that is, as far as practicable, independent of others and therefore offers Hexagon a high degree of control. It also facilitates the evaluation of potential benefits of third-party provision of services and shared infrastructure.
- Mass balance analysis to support low-emissions intensity of the ammonia produced.
- AACE Class 4 capital and operating cost estimates.
- Economic analysis.
- Risk assessment and mitigation controls.
- Definition of Pre-FEED scope.

1.3 Commercial Discussions

During the period Hexagon progressed confidential commercial discussions with potential gas suppliers, CCS service providers, utility providers and ammonia customers. The results of the PFS will enable these discussions to progress.

The results of the WAH2 PFS were encouraging with project risks reduced to a level considered appropriate to enter Pre-FEED, which is planned to commence in Q3 2023. The focus of Pre-FEED activities will be:

- Progressing commercial discussions with respect to ammonia offtake, gas supply and provision of CCS services to secure conditional[1] agreements prior to FEED entry;
- Maturing opportunities for shared water supply, CO2 transport and ammonia export infrastructure to access economies of scale and further lower unit costs;
- Maturing opportunities for third-party supply of power to increase renewables penetration, capture synergies with plant and reduce overall costs.
- Optimising plant design to reduce unit capital and operating costs;
- Progressing commercial discussions with potential equity participants and financiers;
- Exploring opportunities related to Government funding and incentives;
- Executing Option to Lease with DevelopmentWA over allocated land; and
- Developing and executing a stakeholder management plan to build and maintain stakeholder support.

The Pre-FEED scope of work is intended to support concept selection and FEED entry in H1 2024.

2. McIntosh Project – Ni-Cu-PGEs

Hexagon's McIntosh Project in the West Australian (WA) Kimberley area lies in the centre of an area of active Ni-Cu-PGE extraction. The McIntosh Project comprises 17 exploration tenements spanning 542km.

Hexagon's systematic Ni-Cu-PGE exploration approach over recent years identified targets (IP anomalies A&B and anomalies 22 and 9) which were drilled during 2022. Results of the 4m composite from the first phase of this Reverse Circulation (RC) exploration program are being evaluated with 1m resampling being undertaken. A geochemical assessment of the 895 ultra-fine fractions (UFF) soils program over McIntosh's Panton North, Mini M and Togo prospects is also in progress and will incorporate the results from a March 2022 review with the aim of adding further ranked geochemical targets to the previously reported 19 areas of interest for the asset ahead of strategic project decisions by the Company.

3. McIntosh Project – Graphite

During the period Hexagon continued to work with Green Critical Minerals Pty Ltd (GCM) who are executing a Binding Terms Sheet Earn-In Agreement with Hexagon signed in February 2022 which gives GCM the right to earn up to 80% interest in the graphite mineral rights only across Hexagon's McIntosh Project tenement.

In November 2022 Hexagon received A$300,000 as the first tranche payment under the terms of the agreement. GCM announced results from an exploratory drill program (ASX:GCM 18 July 2023). Highlights included 280m thick Graphite Schist at the Emperor target. A follow-up drill program planned for Q3 2023 is designed to fully delineate the potential and support release of an updated Resource. The expanded Emperor Resource will form the basis of an updated PFS that is planned for completion in Q1 2024.

4. Ceylon (USA) Project – Graphite

During the period Hexagon continued to work with Canadian-headquartered graphite project development company South Star Metals Corp (South Star) on a development deal (Binding Earn-in-Option) in relation to Hexagon's 80% owned Ceylon Graphite Project (comprising of a ground holding of 500 km²) located in Alabama in the USA.

South Star initiated the 43-101 Maiden Resource Report in Q1 2023. RoM concentrates have been tested for a variety of value-add/battery applications, and a development program for charactersation/battery testing/met work of 35kg of RoM ore is currently underway alongside mobilization to complete an additional 1500-2000m of drilling with Preliminary Economic Assessment (PEA) completion expected Q1 2024

[1] Conditions precedent to include WAH_2 Final Investment Decision

DIRECTORS' REPORT

5. Halls Creek Project – Gold and Base Metals

The Halls Creek project lies approximately 100 kilometres to the Southwest of McIntosh. As with McIntosh, the Company has undertaken systematic, structured geological assessments and drill target identification over recent years. Encouraging findings warrant additional research prior to strategic decisions by the Company to advance exploration of Gold and PGE potential.

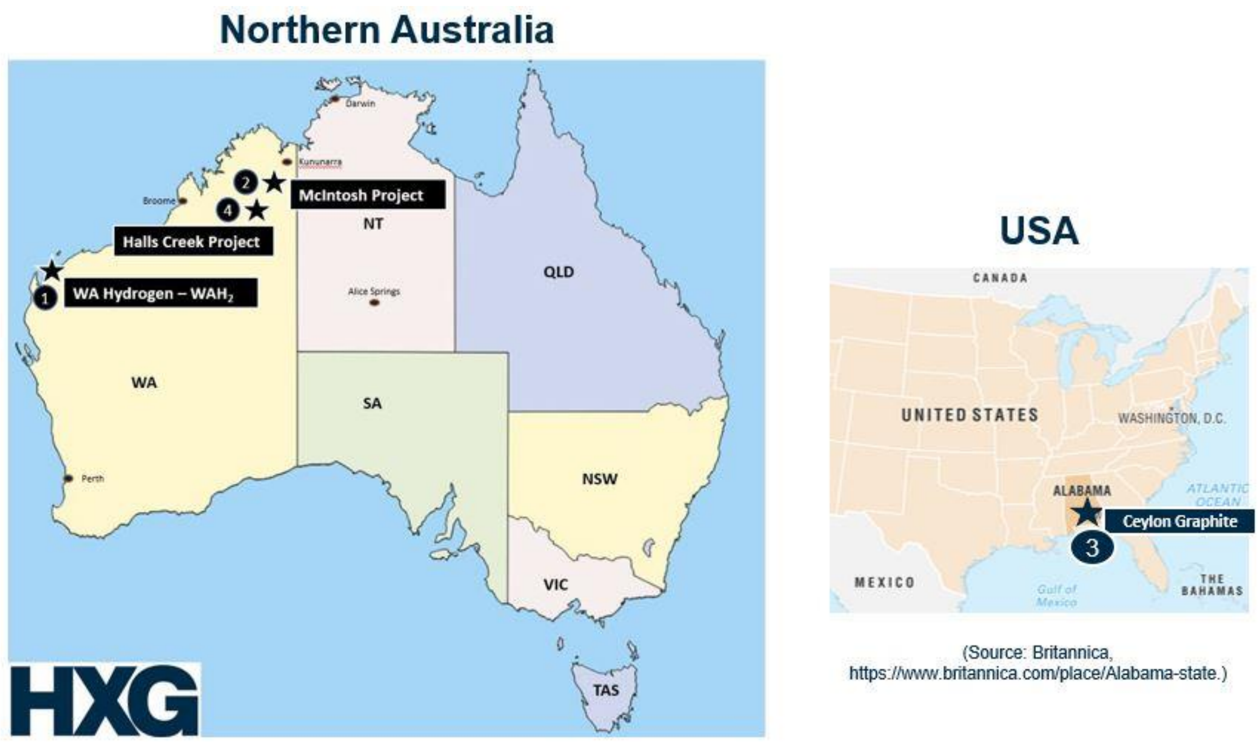

Figure 3: Hexagon's Project Locations

Competent Persons' Attributions
Exploration Results

The information within this report that relates to exploration results including geological data for the McIntosh Project and Halls Creek Project is based on information generated and compiled by Mr Michael Atkinson. Mr Atkinson is a consultant to Company and a member of The Australian Institute of Geoscientists. He has 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 he consents to the inclusion of the above information in the form and context in which it appears in this report.

16. INTEREST IN EXPLORATION TENEMENTS

Hexagon Energy Materials Limited held the following interests in exploration tenements as at 30 June 2023:

Pedirka Blue Hydrogen Project (NT, Australia)

Tenement	Ownership Status	Application Date	Grant Date	Expiry Date
EL29237	100% Hexagon	28/11/2011	04/01/2013	03/01/2024
EL29239	100% Hexagon	28/11/2011	04/01/2013	03/01/2024

McIntosh, WA

Tenement	Ownership Status	Application Date	Grant Date	Expiry Date
E80/3864	100% Hexagon	29/01/2007	08/04/2008	7/04/2024
E80/3906	100% Hexagon	16/03/2007	03/12/2008	2/12/2024
E80/3907	100% Hexagon	16/03/2007	03/12/2008	2/12/2024
E80/3928	100% Hexagon	17/04/2007	02/06/2009	1/06/2023
E80/4688	100% Hexagon	15/02/2012	25/10/2012	24/10/2024
E80/4732	100% Hexagon	24/08/2012	14/11/2013	13/11/2023
E80/4733	100% Hexagon	28/08/2012	15/11/2013	14/11/2023
E80/4734	100% Hexagon	29/08/2012	17/09/2014	16/09/2024
E80/4739	100% Hexagon	20/09/2012	14/11/2013	13/11/2023
E80/4825	100% Hexagon	28/08/2013	03/09/2014	2/09/2024
E80/4841	100% Hexagon	03/12/2013	27/08/2014	26/08/2024
E80/4842	100% Hexagon	03/12/2013	27/08/2014	26/08/2024
E80/4879	100% Hexagon	12/05/2014	23/07/2015	22/07/2025
E80/4931	100% Hexagon	16/12/2014	12/08/2015	11/08/2025
E80/5151	100% Hexagon	13/10/2017	05/07/2019	4/07/2024
E80/5157	100% Hexagon	13/11/2017	05/07/2019	4/07/2024

Halls Creek, WA

Tenement	Ownership Status	Application Date	Grant Date	Expiry Date
E80/4793	100% Hexagon	17/05/2013	03/11/2014	2/11/2024
E80/4794	100% Hexagon	17/05/2013	03/09/2014	2/09/2024
E80/4795	100% Hexagon	17/05/2013	10/12/2014	9/12/2024
E80/4858	100% Hexagon	23/01/2014	06/05/2016	5/05/2026
E80/5126	75% Hexagon	15/08/2017	25/10/2019	24/10/2024
P80/1814	100% Hexagon	05/09/2013	07/10/2014	
P80/1815	100% Hexagon	05/09/2013	07/10/2014	
P80/1816	100% Hexagon	05/09/2013	07/10/2014	
P80/1817	100% Hexagon	05/09/2013	07/10/2014	
P80/1818	100% Hexagon	05/09/2013	07/10/2014	

Alabama, USA

Tenement	Ownership Status	Application Date	Grant Date	Expiry Date
MLAs*	80% Hexagon		28/02/2019	27/02/2024

* Mineral Lease Agreements with respective mineral rights holders.

17. INDEMNIFICATION OF OFFICERS OR AUDITOR

Indemnification

The Company has agreed to indemnify the current directors and company secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and company secretary of the Company, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Company will meet, to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Company paid a premium, during the year, in respect of a director and officer insurance policy, insuring the directors of the Company, the company secretary, and executive officers of the Company against any liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act. The directors have not included details of the nature of the labilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts as such disclosure is prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Company.

18. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of any Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

19. SHARE OPTIONS

Details of options issued and expired during the financial year are set out below:

Options	Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted during the year	Lapsed during the year	Balance at the end of the year
Options	30-Dec-20	30-Dec-22	$0.10	4,000,000	-	(4,000,000)	-
Total				**4,000,000**	**-**	**(4,000,000)**	**-**

20. REMUNERATION REPORT – AUDITED

This report for the year ended 30 June 2023 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent company.

Individual KMP disclosure

Details of KMP of the Group who held office during the financial year are as follows:

Directors	Position	Appointment Date	Resignation Date
Charles Whitfield	Non-Executive Director and Non-Executive Chairman	22 August 2016 5 May 2017	- -
Garry Plowright	Non-Executive Director	10 June 2015	-
Andrew Kirk	Non-Executive Director	17 May 2022	-
Philipp Kin	Non-Executive Director	11 August 2023	-

Other KMP	Position	Appointment Date	Resignation Date
Ian Gregory	Company Secretary	1 December 2021	-
Stephen Hall	Chief Executive Officer	1 September 2023	-

There have been no other changes after the reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Governance, Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Contractual Arrangements
- F Share-based Compensation
- G Equity Instruments Issued on Exercise of Remuneration Options or Rights
- H Value of Shares to KMP
- I Voting and comments made at the Company's 2022 Annual General Meeting
- J Loans to KMP
- K Loans from KMP
- L Other transactions with KMP

A. Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of Hexagon comprise the Board of Directors.

The performance of the Group depends upon the quality of its KMP. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B. Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- Remuneration levels of executives, and
- Non-executive director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

➢ Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Company's specific policy for determining the nature and amount of emoluments of board members of the Company is as follows:

In accordance with the Constitution, the existing Shareholders of the Company have determined in general meeting that the maximum non-executive Director remuneration to be $300,000 in total, per annum.

As at 30 June 2023, Non-Executive Director fees were $40,000 per annum (2022: $40,000 per annum) for each director.

As at 30 June 2023, the Chairman was entitled to receive fees of $65,000 per annum (2022: $65,000). A Director will not be entitled to receive Directors' fees if he or she is employed by the Company in a full-time executive capacity.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director will also be reimbursed for out of pocket expenses incurred as a result of their Directorship or any special duties.

The remuneration of Non-Executives is detailed in Table 1 and Table 2, and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

➢ Executive Directors and Key Management Personnel Remuneration

The Company aims to reward the executive Directors and key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of Executives is detailed in Table 1 and Table 2, and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

C. Remuneration and Performance

The following table shows the share price, market capitalisation and the losses of the Group as at 30 June for the last five financial years:

	2023	2022	2021	2020	2019*
Share price at end of financial year ($)	0.010	0.016	0.07	0.04	0.09
Market capitalisation at end of financial year ($M)	5.13	8.21	30.77	11.70	27.43
Loss for the financial year ($)	955,210	14,393,804	1,813,077	2,341,291	3,522,805
Director and KMP remuneration	245,600	780,659	653,926	883,477	1,694,912

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

The Company may issue options or rights to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

The Company did not engage remuneration consultants during the 2023 financial year to review management and other staff remuneration packages.

D. Details of Remuneration

During the financial year ended 30 June 2023 and 30 June 2022 KMP received short-term employee benefits, post-employment benefits, share-based payments and employee benefits expenses.

Table 1: Remuneration of Directors and other KMP of the Group for the year ended 30 June 2023:

	Short Term Employee Benefits			Long Term Employee Benefits	Post-Employment Benefits	Share-based Payments		Share-based Payments Related %
	Salary & Fees	Bonus	Consulting fees	Leave Entitlements	Super-annuation	Shares & Options	Total	
30-Jun-23	$	$	$	$	$	$	$	
Directors								
Charles Whitfield	65,000	-	85,000	-	-	-	150,000	-
Garry Plowright	40,000	-	7,200	-	4,200	-	51,400	-
Andrew Kirk	40,000	-	-	-	4,200	-	44,200	-
Total	**145,000**	**-**	**92,200**	**-**	**8,400**	**-**	**245,600**	-

Table 2: Remuneration of Directors and other KMP of the Group for the year ended 30 June 2022:

	Short Term Employee Benefits			Long Term Employee Benefits	Post-Employment Benefits	Share-based Payments		Share-based Payments Related %
	Salary & Fees	Bonus	Consulting fees	Leave Entitlements	Super-annuation	Shares & Options	Total	
30-Jun-22	$	$	$	$	$	$	$	
Directors								
Charles Whitfield	65,000	-	85,000	-	-	-	150,000	-
Garry Plowright	40,000	-	17,510	-	4,000	-	61,510	-
Andrew Kirk	4,839	-	79,200	-	484	-	84,523	-
Justyn Stedwell	10,740	-	-	-	-	-	10,740	-
Merrill Gray	218,755	-	-	21,511	21,875	-	262,141	-
Sub-Total	**339,334**	**-**	**181,710**	**21,511**	**26,359**	**-**	**568,914**	-
Other KMP								
Rowan Caren	23,400	-	-	-	-	-	**23,400**	-
Lianne Grove	200,375	-	-	(34,734)	22,704	-	**188,345**	**-**
Sub-Total	**223,775**	**-**	**-**	**(34,734)**	**22,704**	**-**	**211,745**	**-**
Total	**563,109**	**-**	**181,710**	**(13,223)**	**49,063**	**-**	**780,659**	-

Table 3: Shareholdings of KMP (Direct and Indirect Holdings)

30-Jun-23	**Balance at 1/07/2022**	**Granted as Remuneration**	**Shares sold on market**	**Balance at 30/06/2023**
Directors				
Charles Whitfield	**5,001,214**	-	-	**5,001,214**
Garry Plowright	**1,000,000**	-	-	**1,000,000**
Andrew Kirk	**-**	-	-	**-**
Total	**6,001,214**	**-**	**-**	**6,001,214**

E. Contractual Arrangements

Agreement with Chairman – Charles Whitfield

On 4 May 2017, the Company and Charles Whitfield entered into an agreement containing the terms and conditions under which he will provide his services as Non-Executive Chairman of the Company and an agreement containing the terms and conditions under which he will provide his services as a Consultant to the Company.

The agreement for Non-Executive Chairman Services:

- has no specified term;
- involves the payment to Charles Whitfield of annual director's fees of $65,000, plus the reimbursement of all reasonable business expenses;
- participation in the employee share option plan at the discretion of the Board and subject to shareholder approval;
- has provision for 90 days' notice for termination by either the Company or Charles Whitfield; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

The agreement for Consulting Services:

- has no specified term;
- involves the payment to Charles Whitfield of annual consulting fees of $85,000, plus the reimbursement of all reasonable business expenses;
- participation in the employee share option plan at the discretion of the Board and subject to shareholder approval;
- has provision for 90 days' notice for termination by either the Company or Charles Whitfield; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

Agreement with Non-Executive Director – Garry Plowright

The agreement for Non-Executive Director Services:

- has no specified term;
- annual director fees of $40,000 plus superannuation, plus the reimbursement of all reasonable business expenses;
- has provision for termination by either the Company or Garry Plowright; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

Agreement with Non-Executive Director – Andrew Kirk

The agreement for Non-Executive Director Services:

- has no specified term;
- annual director fees of $40,000 plus superannuation, plus the reimbursement of all reasonable business expenses;
- has provision for termination by either the Company or Andrew Kirk; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

Agreement with Company Secretary – Ian Gregory

Mr Ian Gregory was appointed Company Secretary on 1 December 2021. Mr Gregory was engaged on an on-going consultancy style agreement for the provision of services as company secretary. Services were invoiced monthly based on an agreed hourly fee of $200 plus GST. The contract provides for a 30-day notice period.

F. Share-based Compensation

The Company rewards Directors and senior management for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits.

Options

No incentive-based options were issued as remuneration to Directors or other KMP during the year ended 30 June 2023.

Employee Share Loan Scheme Shares

No employee share loan scheme shares were issued as remuneration to Directors or other KMP during the year ended 30 June 2023.

G. Equity Instruments Issued on Exercise of Remuneration Options or Rights

There were no other remuneration options, rights or shares exercised during the year ended 30 June 2023.

H. Value of Shares to KMP

No short or long-term incentive-based shares were issued as remuneration to KMP during the year ended 30 June 2023.

I. Voting and comments made at the Company's 2022 Annual General Meeting

The Company received 92% "Yes" votes on a poll in respect of its Remuneration Report for the 2022 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

J. Loans to KMP

There were no loans made to any KMP during the year ended 30 June 2023 (2022: nil).

K. Loans from KMP

There were no loans from any KMP during the year ended 30 June 2023 (2022: nil).

L. Other transactions with KMP

Charles Whitfield - Non-Executive Chairman

Drumrock Capital Ltd, an entity associated with Charles Whitfield, provided consulting services totaling $85,000 to the Company during the financial year (2022: $85,000).

An entity associated with Charles Whitfield is currently a creditor with respect to Ebony Energy for Director fees accrued prior to the acquisition. These rights have a book value in Ebony Energy's accounts at 30 June 2023 of $195,085 (2022: $195,085).

Garry Plowright - Non-Executive Director

Garry Plowright provided Consulting Services totaling $7,200 to the Company during the financial year (2022: $17,510).

Andrew Kirk - Non-Executive Director

The Trustee for the Asiago Trust, an entity associated with Andrew Kirk, provided Commercial Advisory and Project Management Services during the 2022 financial year, totaling $79,200.

All transactions were made on normal commercial terms and conditions and at market rates.

There were no other transactions with KMP during the financial year ended 30 June 2023.

End of Remuneration Report

21. GOVERNANCE

The Board of Directors is responsible for the operational and financial performance of the Company, including its corporate governance. The Company believes that the adoption of good corporate governance adds value for stakeholders and enhances investor confidence.

The Company's corporate governance statement is available on the Company's website, in a section titled "Corporate Governance": https://hxgenergymaterials.com.au/corporate/corporate-governance/.

22. NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments other than their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board of Directors has considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, BDO Audit (WA) Pty Ltd and its related practices:

	30-Jun-23	30-Jun-22
	$	$
Remuneration for other services		
Taxation services	14,007	25,683
Technical advice including R&D Claims	35,204	44,566
Total Non-Audit Services	**49,211**	**70,249**

23. EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 3 July 2023 the Company completed its Pre-Feasibility Study on time and budget. The completed PFS demonstrates the technical and financial feasibility of the WAH2 project and supports Hexagon's commitment to pre-FEED analysis with the aim of supplying low-emissions ammonia to its target, electrical co-generation, market in Asia.

On 11 August 2023 the Company appointed Philipp Kin as a Director of the Company. Philipp has a wealth of experience in the energy sector and a specific background in project financing.

Mr Kin's Non-Executive Director Services agreement:

- has no specified term;
- annual director fees of $40,000 plus superannuation, plus the reimbursement of all reasonable business expenses;
- has provision for termination by either the Company or Philipp Kin; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

On 1 September 2023 the Company appointed Stephen Hall as Chief Executive Officer of the Company. Mr Hall is an experienced executive with over 30 years of experience in the energy sector across the full value chain and asset lifecycle.

Mr Hall's Chief Executive Officer agreement:

- has no specified term;
- annual salary of $350,000 plus superannuation,
- eligible to participate in Executive Performance Incentives offered by the Company from time to time under the ESOP (Executive Performance Incentives). The Executive Performance Incentives and applicable KPIs will be agreed between the Company and Stephen Hall. Mr Hall will only be entitled to option or share based payments with respect to Executive Performance Incentives. To the extent required, the Company will seek shareholder approval to Executive Performance Incentives.

DIRECTORS' REPORT

- At any time during the period commencing on the commencement date and ending 4 months after the commencement date, the Company may end Mr Hall's employment by giving 1 months' written notice. Following that 4 month period, the Company may end Mr Hall's employment at any time by giving 3 months' written notice.
- Mr Hall may end his employment at any time by giving the Company 3 months' written notice.
- has provision for termination by either the Company or Stephen Hall; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

The directors are not aware of any other matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

24. AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration forms part of the Directors' Report and is attached on page 22.

Signed in accordance with a resolution of the Board of Directors

Charles Whitfield
Non-Executive Chairman
28 September 2023

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF HEXAGON ENERGY MATERIALS LIMITED

As lead auditor of Hexagon Energy Materials Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hexagon Energy Materials Limited and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth,

28 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	30-Jun-23	30-Jun-22
		$	$
Other income	6	1,113,360	296,835
Exchange differences on translation of foreign currencies		(296)	33,935
Business development		(376,905)	(145,965)
Corporate and administration expenses	7	(537,809)	(769,570)
Exploration and evaluation expenditure	7	(968,578)	(1,251,908)
Impairment of exploration and evaluation expenditure	12	(62,146)	(12,107,892)
Loss on disposal of plant and equipment		255	(5,275)
Personnel expenses and director fees	7	(123,091)	(443,964)
Loss from continuing operations before income tax		**(955,210)**	**(14,393,804)**
Income tax expense	8	-	-
Loss from continuing operations after income tax		**(955,210)**	**(14,393,804)**
Total comprehensive loss for the year		**(955,210)**	**(14,393,804)**
Loss from continuing operations for the year is attributable to:			
Owners of Hexagon Energy Materials Limited		(955,210)	(14,393,804)
Non-controlling interests		-	-
		(955,210)	**(14,393,804)**
Total comprehensive loss for the year is attributable to:			
Owners of Hexagon Energy Materials Limited		(955,210)	(14,393,804)
Non-controlling interests		-	-
		(955,210)	**(14,393,804)**
Loss per share attributable to ordinary equity holders			
- Basic and diluted loss per share ($)	9	(0.002)	(0.032)

The Consolidated Statement of Profit or Loss & Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30-Jun-23	30-Jun-22
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	10(a)	1,534,879	2,398,757
Trade and other receivables	11	43,903	336,573
Total current assets		**1,578,782**	**2,735,330**
Non-current assets			
Trade and other receivables		3,600	3,300
Plant and equipment		10,012	12,120
Exploration and evaluation assets	12	2,869,923	2,658,270
Total non-current assets		**2,883,535**	**2,673,690**
Total assets		**4,462,317**	**5,409,020**
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,606,620	1,585,063
Provisions	14	-	13,050
Total current liabilities		**1,606,620**	**1,598,113**
Total liabilities		**1,606,620**	**1,598,113**
Net assets		**2,855,697**	**3,810,907**
EQUITY			
Contributed equity	15	76,276,005	76,276,005
Reserves	16	-	107,716
Accumulated losses	17	(73,420,308)	(72,572,814)
Total equity		**2,855,697**	**3,810,907**

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2022	**76,276,005**	**107,716**	**(72,572,814)**	**3,810,907**
Comprehensive income:				
Loss for the year	-	-	(955,210)	**(955,210)**
Total comprehensive loss for the year	**-**	**-**	**(955,210)**	**(955,210)**
Transactions with owners in their capacity as owners:				
Net reversal of share-based payments	-	(107,716)	107,716	-
At 30 June 2023	**76,276,005**	-	**(73,420,308)**	**2,855,697**

	Contributed Equity $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2021	**74,507,303**	**107,716**	**(58,179,010)**	**16,436,009**
Comprehensive income:				
Loss for the year	-	-	(14,393,804)	**(14,393,804)**
Total comprehensive loss for the year	**-**	**-**	**(14,393,804)**	**(14,393,804)**
Transactions with owners in their capacity as owners:				
Issue of share capital	1,891,907	-	-	**1,891,907**
Capital raising costs	(123,205)	-	-	**(123,205)**
At 30 June 2022	**76,276,005**	**107,716**	**(72,572,814)**	**3,810,907**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30-Jun-23	30-Jun-22
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(635,392)	(1,125,323)
Payments for business development		(276,198)	-
Payments for exploration and evaluation expenses		(1,131,953)	(2,718,360)
Receipt of funds in relation to WA Graphite transaction with GCM		300,000	-
Receipt of government grant in relation to exploration assets		1,078,171	-
Interest received		12,892	2,951
Net cash used in operating activities	10(c)	**(652,480)**	**(3,840,732)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		255	-
Payment for plant and equipment		-	(3,730)
Payments for exploration and evaluation assets	12	(211,653)	(505,155)
Net cash used in investing activities		**(211,398)**	**(508,885)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,738,702
Payment for lease liability		-	(42,074)
Net cash provided by financing activities		**-**	**1,696,628**
Net decrease in cash and cash equivalents		**(863,878)**	**(2,652,989)**
Cash and cash equivalents at the beginning of the year		2,398,757	5,051,746
Cash and cash equivalents at the end of the year	10(a)	**1,534,879**	**2,398,757**

*The Consolidated Statement of Cash Flows
should be read in conjunction with the Notes to the Financial Statements.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hexagon Energy Materials Limited is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Financial Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries. The Group is primarily involved in resources, energy materials, and clean energy.

2. BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Hexagon is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors on 28 September 2023.

(a) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

(c) Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2023 the group recorded a loss of $955,210 (2022: $14,393,804), net cash outflows from operating activities of $652,480 (2022: $3,840,732) and a working capital deficiency of $27,838 (2022: working capital of $1,137,217). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising or other fund-raising activities to continue its operational activities in the next 12 months. The Directors consider that additional working capital will be able to be raised as required and that the Group will continue as a going concern and as such the financial report has been prepared on 'a going concern' basis. In arriving at this position, the Directors have considered the following matters:

- The Group has the ability to defer some of its exploration expenditure to conserve working capital if necessary;
- Should it be required, the Directors are satisfied that the Company could raise additional funds by either a form of equity raising such as a share purchase plan or entitlements issue or from the sale of non-core assets to fund on-going exploration commitments and for working capital.

The Directors are satisfied that there are sufficient opportunities to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

3. PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position statement of financial position respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ACCOUNTING POLICIES

(a) Foreign Currency Translation

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars. The functional and presentation currency of the Company is Australian dollars (AUD). The functional currency of the subsidiaries of the Group is based on their domicile.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investments in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or other expenses.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position,
- Income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(b) Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the item of expense to which it relates.

Assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability.

Cash flows are reported on a gross basis and inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(c) New and revised Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(d) Other Accounting Policies

Other significant accounting policies are included in the relevant notes. These policies have been consistently applied to all years presented, unless otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. KEY JUDGEMENTS AND ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Impairment
The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Exploration & evaluation expenditure
The Group previously capitalised exploration and evaluation expenditure in relation to its McIntosh and Alabama projects and carried forward the expenditure to the extent that they were expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. During the previous financial year however, Hexagon changed its accounting policy so that all exploration and evaluation expenditure in relation to its McIntosh and Alabama Project will be expensed as incurred until a time where an asset is in development.

The Group continues to capitalise exploration and evaluation expenditure in relation to its Gold Project and performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to these areas of interest.

6. OTHER INCOME

	30-Jun-23	30-Jun-22
	$	$
Interest income	22,794	2,951
Government drilling co-funding	20,391	-
WA Graphite transaction with GCM (i)	300,000	-
Research and development income tax concession	766,799	290,981
Other revenue	3,376	2,903
	1,113,360	**296,835**

(i) During the financial year the Company completed its agreement with Green Critical Minerals 'GCM', with all CPs being met and the receipt by Hexagon from CGM of $300,000 as first tranche payment. GCM (through its transaction with Chase Mining 'CML') is now funded to meet its spending commitments for exploration and progressing of the graphite potential at McIntosh. Under the terms of the agreement, Hexagon is free carried through to decision to mine at McIntosh and for any downstream value-added components of the value chain developed by the transaction GCM/CML.

Recognition and Measurement
Income
Income is recognised and measured at the fair value of the consideration received or receivable to the extent that is probable that the economic benefits to flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised.

Interest Income
Interest income is recognised when the Company gains control of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OTHER INCOME (CONTINUED)

Research and Development Incentives

The research and development incentive which is received annually based on the previous financial years research and development expenditure is recognised when there is reasonable assurance that the Company will comply with the required conditions for that incentive to be received. Where refundable, the refund is treated as other income.

7. EXPENSES

	30-Jun-23	30-Jun-22
	$	$
Corporate and administration expenses		
Accounting and finance expenses	149,268	192,044
Compliance and regulatory expenses	230,708	239,433
Consulting and corporate expenses	85,000	85,000
Depreciation expense	2,108	7,271
Investor relations and promotional expenses	655	109,662
Insurance expense	29,161	30,790
IT expenses	11,447	22,207
Rent expense	22,786	66,797
Travel and accommodation expenses	1,806	3,202
Other administration expenses	4,870	13,164
	537,809	**769,570**
Exploration and evaluation expenditure		
Exploration and evaluation expenditure on McIntosh Project	968,578	1,251,908
	968,578	**1,251,908**
Personnel expenses and director fees		
Wages and salaries, including superannuation	13,891	329,385
Director fees and other benefits	109,200	114,579
	123,091	**443,964**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

	30-Jun-23	30-Jun-22
	$	$
Accounting loss before income tax	(955,210)	(14,393,804)
Tax at the Australian tax rate of 30% (2022: 30%)	(286,563)	(4,318,141)
Research & development benefits	(230,040)	(87,294)
Other permanent differences	39,431	2,529
Deferred tax assets not bought to account	477,172	4,402,906
Income tax expense/benefit	**-**	-
Deferred tax liability		
Unrealised foreign exchange	-	10,299
Research and development assets/exploration	860,977	797,481
Other temporary differences	2,971	-
	863,948	**807,780**
Offset of deferred tax assets	(863,948)	(807,780)
Net deferred tax liability recognised	**-**	**-**
Unrecognised deferred tax asset		
Tax losses	10,910,531	10,686,174
Expenses taken into equity	73,958	107,240
Other temporary differences	2,866,343	3,052,477
	13,850,832	**13,845,891**
Offset of deferred tax liabilities	(863,948)	(807,780)
Net deferred tax assets	**12,986,885**	**13,038,111**

Recognition and Measurement

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (CONTINUED)

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the statement of financial position method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

9. EARNINGS PER SHARE

	30-Jun-23	30-Jun-22
Net loss attributable to the ordinary equity holders of the Group ($)	(955,210)	(14,393,804)
Weighted average number of ordinary shares for basic loss per share (No.)	512,915,901	456,196,035
Continuing operations		
- Basic and diluted loss per share ($)	(0.002)	(0.032)

Recognition and Measurement

The Consolidated Entity presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

10. CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the year

	30-Jun-23	30-Jun-22
	$	$
Cash on hand and at bank	514,864	2,378,742
Short-term deposits	1,020,015	20,015
	1,534,879	**2,398,757**

(b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 19: Financial Risk Management.

(c) Reconciliation of net cash flows from operating activities to loss for the year after tax

	30-Jun-23	30-Jun-22
	$	$
Loss after income tax	(955,210)	(14,393,804)
Adjustments for:		
Depreciation	2,108	7,271
Exchange differences on translation of foreign currencies	296	(33,935)
Impairment of exploration and evaluation expenditure	62,146	12,107,892
Lease amortisation and interest	-	26,534
(Gain) / loss on disposal of plant and equipment	(255)	5,275
Research and development income tax concession	-	(290,981)
Change in operating assets and liabilities		
Decrease / (increase) in receivables	229,928	(206,948)
Increase / (decrease) in trade payables and accruals	21,557	(1,039,371)
Decrease in employee entitlements	(13,050)	(22,665)
Net cash outflow from operating activities	**(652,480)**	**(3,840,732)**

10. CASH AND CASH EQUIVALENTS (CONTINUED)

(d) Non-cash financing and investing activities

No non-cash financing and investing activities have occurred during the year ended 30 June 2023.

Recognition and Measurement

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less.

11. TRADE AND OTHER RECEIVABLES

	30-Jun-23	30-Jun-22
	$	$
Other receivables	43,903	45,592
Research and development income tax concession receivable (i)	-	290,981
	43,903	**336,573**

(i) The 2021 research and development income tax concession was received in July 2022.

12. EXPLORATION AND EVALUATION ASSETS

	30-Jun-23	30-Jun-22
	$	$
Carrying amount of exploration and evaluation expenditure	2,869,923	2,658,270
Movement reconciliation		
Balance at the beginning of the financial year	**2,658,270**	**13,314,152**
Exploration expenditure during the year	273,799	1,422,010
Acquired through share consideration	-	30,000
Impairment of exploration and evaluation expenditure (i)	(62,146)	(12,107,892)
Balance at the end of the financial year	**2,869,923**	**2,658,270**

(i) Impairment of exploration and evaluation expenditure:

In line with accounting standards and policies the Company is required to assess exploration and evaluation assets for impairment for each reporting period.

The Company commenced the Pedirka PFS in April 2021 with a targeted completion date of 31 December 2021. The outcomes generated from this Pedirka PFS scope of work provided inputs into a financial model covering multi-plant locations – Alice Springs (base case) and Middle Arm, Darwin. The PFS was expanded to assess alternative locations, feedstock sources and technologies and was completed and announced on 28 February 2022. At which time, more commercially attractive clean Hydrogen projects for Hexagon to pursue were identified.

Based on the Pedirka PFS findings, in accordance with the requirements of Australian Accounting Standard AASB 6 (see below), accounting adjustments for the reporting period have subsequently been made. The Company has impaired all exploration and evaluation expenditure in relation to the Pedirka Project.

The Board does not believe that this impairment is indicative of the current potential commercial value of the Pedirka Project inclusive of its underlying coal assets. The Board believes that both the Pedirka Project and Pedirka PFS expenditure which, to some extent, has carried over into the WAH$_2$ project, have residual value for the Company. In line with recent transactions, the Company will now seek to deliver shareholder value through a Pedirka Project transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Recognition and Measurement:

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

The Company is required to assess its exploration and evaluation assets for impairment if one or more of the following facts and circumstances exist:

(i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
(iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale.

13. TRADE AND OTHER PAYABLES

	30-Jun-23	30-Jun-22
	$	$
Trade payables	160,479	197,726
Other payables and accrued expenses	1,446,141	1,387,337
	1,606,620	**1,585,063**

Liquidity risk exposure

The Group's exposure to liquidity risk is discussed in Note 19: Financial Risk Management.

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

For trade and other payables, the fair value is approximate to their carrying value amount, due to their short-term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PROVISIONS

	30-Jun-23	30-Jun-22
	$	$
Provision for annual leave	-	13,050
	-	**13,050**

Recognition and Measurement

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that resources will be expended to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee Benefits
Short-term employee benefits
Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

A provision is recognised in the Consolidated Statement of Financial Position when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

15. CONTRIBUTED EQUITY

a. Issued and fully paid

	30-Jun-23		30-Jun-22	
	$	No.	$	No.
Fully paid ordinary shares	76,276,005	512,915,901	76,276,005	512,915,901
	76,276,005	**512,915,901**	**76,276,005**	**512,915,901**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

b. Movement Reconciliation

ORDINARY SHARES		Quantity	$
Balance 30 June 2021		**446,013,827**	**74,507,303**
Shares issued to acquire tenements (1)	4/02/2022	405,406	30,000
Share placement (2)	6/05/2022	66,496,668	1,861,907
Share issue expenses		-	(123,205)
Balance 30 June 2022		**512,915,901**	**76,276,005**
Balance 30 June 2023		**512,915,901**	**76,276,005**

(1) On 4 February 2022, the Company exercised a Call Option to acquire the remaining 25% interest in an Exploration Licence for its Halls Creek Gold Project. As per the Call Option, the Company issued 405,406 fully paid ordinary shares at $0.074 per share, a total value of $30,000, to the two Vendors.

(2) On 6 May 2022, 66,496,668 fully paid ordinary shares were issued at $0.028 per share to institutional and sophisticated investors to raise $1,861,907 before capital raising costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. CONTRIBUTED EQUITY (CONTINUED)

c. Capital Risk Management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange.

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

16. RESERVES

	30-Jun-23	30-Jun-22
	$	$
Options reserve	-	88,152
Share loan scheme reserve	-	19,564
	-	**107,716**

17. ACCUMULATED LOSSES

	30-Jun-23	30-Jun-22
	$	$
Movement reconciliation		
Balance at the beginning of the financial year	**(72,572,814)**	**(58,179,010)**
Net loss during the year	(955,210)	(14,393,804)
Net reversal of share-based payments	107,716	-
Balance at the end of the financial year	**(73,420,308)**	**(72,572,814)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE BASED PAYMENTS

	Number of options & shares	Share-based payment at 30-Jun-23	Reversal of share-based payment at 30-Jun-23
Capital Raise Options	-	-	($88,152)
Share loan scheme reserve	-	-	($19,564)
Total	**-**	**-**	**($107,716)**

On 30 December 2022, 4,000,000 unlisted options exercisable at $0.10 expired without being exercised. These options have been reversed through accumulated losses, refer Note 17.

19. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	30-Jun-23	30-Jun-22
	$	$
Financial assets		
Cash and cash equivalents	1,534,879	2,398,757
Trade and other receivables	47,503	339,873
	1,582,382	**2,738,630**
Financial liabilities		
Trade and other payables	1,606,620	1,585,063
	1,606,620	**1,585,063**
Net exposure	**(24,238)**	**1,153,567**

(a) Market Risk

(i) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its interest-bearing bank accounts. At the end of the reporting period, the Group had the following interest-bearing financial instruments:

	30-Jun-23		30-Jun-22	
	Weighted average interest rate	Balance $	Weighted average interest rate	Balance $
Cash and cash equivalents	2.81%	1,534,879	0.00%	2,398,757

Sensitivity

Within this analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	30-Jun-23	**30-Jun-22**	**30-Jun-23**	**30-Jun-22**
	$	**$**	**$**	**$**
Judgements of reasonably possible movements:				
+ 1.0% (100 basis points)	15,349	23,988	15,349	23,988
- 1.0% (100 basis points)	(15,349)	(23,988)	(15,349)	(23,988)

The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to meet its contractual obligations. During the year credit risk has principally arisen from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

The carrying amount of financial assets included in the Consolidated Statement of Financial Position represents the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group has no significant concentrations of credit risk within the Group except for the following:

- Note 10: Cash and cash equivalents: Cash held with Westpac Banking Corporation.

(i) Cash

The Group's primary banker is Westpac Banking Corporation which has a rating of AA- from Standards & Poor's. The Board considers the use of this financial institution to be sufficient in the management of credit risk.

	30-Jun-23	30-Jun-22
	$	**$**
Cash at bank and short-term bank deposits:		
Financial institutions - Standard & Poor's rating of AA-	1,534,879	2,398,757
	1,534,879	**2,398,757**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Directors and Management monitor the cash outflow of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Group had at reporting date were trade payables and lease liabilities incurred in the normal course of the business. Trade payables were non-interest bearing and were paid within the normal 30-60 day terms of creditor payments.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below reflects the respective undiscounted cash flows for financial liabilities existing at 30 June 2023.

Contractual maturities of financial liabilities	<6 months $	>6-12 months $	>12 months $	Total contractual cash flows $	Carrying amount $
30-June-23					
Trade and other payables	263,642	-	1,342,978	1,606,620	1,606,620
	263,642	**-**	**1,342,978**	**1,606,620**	**1,606,620**
30-Jun-22					
Trade and other payables	242,085	-	1,342,978	1,585,063	1,585,063
	242,085	**-**	**1,342,978**	**1,585,063**	**1,585,063**

Recognition and Measurement

Non-derivative financial instruments

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost it considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. If a loan or held-to maturity investment has a variable interest rate, the discount rate or measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SEGMENT REPORTING

Reportable Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors.

The Group operates in two operating segments, mineral exploration in Australia and resources allocated to administration. This is the basis in which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

(i) Segment performance

	Exploration Australia	Administration	Total
30-Jun-23	**$**	**$**	**$**
Revenue			
Interest income	-	22,794	**22,794**
Government drilling co-funding	20,391	-	**20,391**
WA Graphite transaction with GCM	300,000	-	**300,000**
Research & development income tax concession	766,799	-	**766,799**
Other income	-	3,376	**3,376**
Total segment revenue	**1,087,190**	**26,170**	**1,113,360**
Reconciliation of segment results to net loss before tax			
Amounts not included in segment results but reviewed by the Board			
- Exploration and evaluation expenditure	(968,578)	-	(968,578)
- Impairment of exploration and evaluation expenditure	(62,146)	-	(62,146)
- Corporate and administration expenses			(660,941)
- Business development			(376,905)
Net loss before tax from continuing operations			**(955,210)**

	Exploration Australia	Administration	Total
30-Jun-22	**$**	**$**	**$**
Revenue			
Interest income	-	2,951	**2,951**
Research & development income tax concession	290,981	-	**290,981**
Other income	-	2,903	**2,903**
Total segment revenue	**290,981**	**5,854**	**296,835**
Reconciliation of segment results to net loss before tax			
Amounts not included in segment results but reviewed by the Board			
- Exploration and evaluation expenditure	(1,251,908)	-	(1,251,908)
- Impairment of exploration and evaluation expenditure	(12,107,892)	-	(12,107,892)
- Corporate and administration expenses			(1,184,874)
- Business development			(145,965)
Net loss before tax from continuing operations			**(14,393,804)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SEGMENT REPORTING (CONTINUED)

(ii) Segment assets

	Exploration Australia	Administration	Total
	$	$	$
30-Jun-23			
Total segment asset	2,869,923	1,592,394	4,462,317
30-Jun-22			
Total segment asset	2,658,270	2,750,750	5,409,020

(iii) Segment liabilities

	Exploration Australia	Administration	Total
	$	$	$
30-Jun-23			
Total segment liabilities	8,715	1,597,905	1,606,620
30-Jun-22			
Total segment liabilities	109,945	1,488,168	1,598,113

21. RELATED PARTY AND KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key management personnel compensation
Key management personnel comprise Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

	30-Jun-23	30-Jun-22
	$	$
Short-term benefits	237,200	744,819
Long-term benefits	-	(13,223)
Post-employment benefits	8,400	49,063
	245,600	**780,659**

Detailed remuneration disclosures are provided in the Remuneration Report in the Directors' Report.

Transactions with Related Parties

Charles Whitfield - Non-Executive Chairman
Drumrock Capital Ltd, an entity associated with Charles Whitfield, provided consulting services totaling $85,000 to the Company during the financial year (2022: $85,000).

An entity associated with Charles Whitfield is currently a creditor with respect to Ebony Energy for Director fees accrued prior to the acquisition. These rights have an audited book value in Ebony Energy's accounts at 30 June 2022 of $195,085.

Garry Plowright - Non-Executive Director
Garry Plowright provided Consulting Services totaling $7,200 to the Company during the financial year (2022: $17,510).

Andrew Kirk - Non-Executive Director
The Trustee for the Asiago Trust, an entity associated with Andrew Kirk, provided Commercial Advisory and Project Management Services during the 2022 financial year, totaling $79,200.

All transactions were made on normal commercial terms and conditions and at market rates.

There were no other transactions with KMP during the financial year ended 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. PARENT ENTITY INFORMATION

The Parent Entity of the Consolidated Entity is Hexagon Energy Materials Limited.

	30-Jun-23	30-Jun-22
	$	$
Current assets	1,578,782	2,735,330
Non-current assets	1,540,557	1,330,712
Total assets	**3,119,339**	**4,066,042**
Current liabilities	263,642	255,135
Total liabilities	**263,642**	**255,135**
Net assets	**2,855,697**	**3,810,907**
Issued capital	76,276,005	76,276,005
Reserves	-	107,716
Accumulated losses	(73,420,308)	(72,572,814)
Total equity	**2,855,697**	**3,810,907**
Loss after income tax	(3,340,568)	(15,439,538)
Total comprehensive income	**(3,340,568)**	**(15,439,538)**

Commitments, Contingencies and Guarantees of the Parent Entity
The Parent Entity has no contractual commitments for the acquisition of property, plant and equipment.

The Parent Entity has no contingent liabilities and or contingent assets or guarantees at balance date.

Controlled Entities of the Parent Entity	Percentage Owned		Country of Incorporation
	2023	2022	
Ebony Energy Ltd	100%	100%	Australia
Pedirka Basin Pty Ltd	100%	100%	Australia
Halls Creek Resources Pty Ltd	100%	100%	Australia
McIntosh Resources Pty Ltd	100%	100%	Australia
Advanced Particle Group Pty Ltd	100%	100%	Australia
Hexagon Holdings Australia Pty Ltd	100%	100%	Australia
Hexagon Graphene Pty Ltd (1)	100%	100%	Australia
Hexagon Clean Energy Properties Pty Ltd (2)	-	-	Australia
Hexagon Holdings USA Inc	100%	100%	United States of America
Energy Materials of America LLC	100%	100%	United States of America
Charge Minerals LLC	80%	80%	United States of America

(1) On 6 September 2023 the Company changed the name of Hexagon Graphene Pty Ltd to WAH2 Clean Energy Pty Ltd.

(2) On 12 September 2023 the Company registered Hexagon Clean Energy Properties Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at the date of this report.

24. COMMITMENTS

Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

	30-Jun-23	30-Jun-22
	$	$
Exploration obligations to be undertaken:		
Payable within one year	1,198,539	1,398,573
Payable within one year and five years	476,997	1,539,721
	1,675,536	**2,938,294**

Other than the commitments noted above, there has been no other material change in the Groups commitments during the year.

25. DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

26. AUDITOR'S REMUNERATION

	30-Jun-23	30-Jun-22
BDO Audit (WA) Pty Ltd	$	$
Remuneration paid or payable for:		
- Auditing and reviewing the financial reports	47,914	43,285
Non-audit services:		
- Taxation services - BDO Tax (WA) Pty Ltd	14,007	25,683
- Technical advice including R&D claims - BDO Tax (WA) Pty Ltd	35,204	44,566
Total auditors' remuneration	**97,125**	**113,534**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. EVENTS AFTER END OF FINANCIAL YEAR

On 3 July 2023 the Company completed its Pre-Feasibility Study on time and budget. The completed PFS demonstrates the technical and financial feasibility of the WAH2 project and supports Hexagon's commitment to pre-FEED analysis with the aim of supplying low-emissions ammonia to its target, electrical co-generation, market in Asia.

On 11 August 2023 the Company appointed Philipp Kin as a Director of the Company. Philipp has a wealth of experience in the energy sector and a specific background in project financing.

Mr Kin's Non-Executive Director Services agreement:

- has no specified term;
- annual director fees of $40,000 plus superannuation, plus the reimbursement of all reasonable business expenses;
- has provision for termination by either the Company or Philipp Kin; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

On 1 September 2023 the Company appointed Stephen Hall as Chief Executive Officer of the Company. Mr Hall is an experienced executive with over 30 years of experience in the energy sector across the full value chain and asset lifecycle.

Mr Hall's Chief Executive Officer agreement:

- has no specified term;
- annual salary of $350,000 plus superannuation,
- eligible to participate in Executive Performance Incentives offered by the Company from time to time under the ESOP (Executive Performance Incentives). The Executive Performance Incentives and applicable KPIs will be agreed between the Company and Stephen Hall. Mr Hall will only be entitled to option or share based payments with respect to Executive Performance Incentives. To the extent required, the Company will seek shareholder approval to Executive Performance Incentives.
- At any time during the period commencing on the commencement date and ending 4 months after the commencement date, the Company may end Mr Hall's employment by giving 1 months' written notice. Following that 4 month period, the Company may end Mr Hall's employment at any time by giving 3 months' written notice.
- Mr Hall may end his employment at any time by giving the Company 3 months' written notice.
- has provision for termination by either the Company or Stephen Hall; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in pages 14 to 19 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001.*

5. The directors have been given the declarations by the Non-Executive Chairman and Chief Operating Officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Charles Whitfield
Non-Executive Chairman
28 September 2023

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Hexagon Energy Materials Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hexagon Energy Materials Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at

30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 (c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 12 to the Financial Report, the carrying value of the exploration and evaluation asset represents a significant asset of the Group. The Group's accounting policies and significant judgements applied to capitalised exploration and evaluation expenditure are detailed in Note 12 of the Financial Report. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* ('AASB 6'), the recoverability of exploration and evaluation expenditure requires significant judgement by management in determining whether there are any facts and circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Assessing whether rights to tenure of the Group's area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Evaluating management's basis for the impairment charge, including verifying the mathematical accuracy of the charge; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 12 of the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act*

2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Hexagon Energy Materials Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

Neil Smith

Director

Perth,

28 September 2023

SHAREHOLDER INFORMATION

The following additional information was applicable as at 14 September 2023.

1. Fully paid ordinary shares

- There are a total of 512,915,901 ordinary fully paid shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 3,370.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

Spread of Holdings	Holders	Securities	% of Issued Capital
1 - 1,000	86	16,088	0.00%
1,001 - 5,000	303	1,192,229	0.23%
5,001 - 10,000	667	5,267,720	1.03%
10,001 - 100,000	1,663	65,505,196	12.77%
100,001 - 9,999,999,999	651	440,934,668	85.97%
Totals	**3,370**	**512,915,901**	**100.00%**

3. Holders of Performance Rights

There are no performance rights on issue.

4. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those with a shareholding valued at less than $500 (at $0.01 per unit minimum parcel size is 50,000 shares).

There are 2,188 shareholders who hold less than a marketable parcel of shares, amounting to 33,139,081 shares or 6.46% of issued capital.

5. Substantial shareholders of ordinary fully paid shares

There are no Substantial Shareholders of the Company.

6. Restricted Securities

There are no shares on issue that are subject to voluntary escrow restrictions or mandatory escrow restriction under ASX Listing Rules Chapter 9.

7. Share buy-backs

There is no current on-market buy-back scheme.

8. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.

Options do not entitle the holder to vote.

SHAREHOLDER INFORMATION

9. Top 20 Shareholders of ordinary fully paid shares

The top 20 largest fully paid ordinary shareholders together held 31.82% of the securities in this class and are listed below:

Rank	Holder Name	Securities	% of Issued
1	CITICORP NOMINEES PTY LIMITED	18,593,313	3.63%
2	BNP PARIBAS NOMS PTY LTD <DRP>	17,748,055	3.46%
3	INVESTORLINK DIRECT PORTFOLIO PTY LIMITED	15,174,328	2.96%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,453,823	2.82%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,482,341	1.85%
6	LENARK PTY LTD <LENARK INVESTMENT A/C>	9,284,075	1.81%
7	LEFT BRAIN STRATEGIES PTY LTD <LEFT BRAIN STRATEGIES A/C>	9,020,427	1.76%
8	INVESTORLINK SUPER PTY LIMITED	7,430,000	1.45%
9	SIMON PATRICK DOWD	6,727,733	1.31%
10	MR DAVID JAMES HARRINGTON	6,500,000	1.27%
11	JOWJIN PTY LTD <KEERATI A/C>	6,320,000	1.23%
12	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	6,075,284	1.18%
13	180 MARKETS PTY LTD	5,677,857	1.11%
14	XENOBLAST PTY LTD <PATHFINDER EXPLR P/L SF A/C>	5,232,703	1.02%
15	MR FRANK HEPBURN	5,000,000	0.97%
16	THE STEPHENS GROUP SUPER FUND PTY LTD <STEPHENS GROUP S/F A/C>	4,696,970	0.92%
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,533,609	0.88%
18	MISS MAGGIE CHI FAN CHENG	4,065,606	0.79%
19	CHETAN ENTERPRISES PTY LTD	3,621,429	0.71%
20	COLONIAL FIRST STATE INV LTD <5443305 ROBSON A/C>	3,586,927	0.70%
	Total	**163,224,480**	**31.82%**

GLOSSARY OF TECHNICAL TERMS

CCS	Carbon Capture and Sequestration
FEED	Front End Engineering and Design
IP	Induced Polarisation
PEA	Preliminary Economic Assessment
PGE	Platinum Group Element
PFS	Preliminary Feasibility Study
R&D	Research and Development
RC	Reverse Circulation
RoM	Run of Mine
UFF	Ultra-Fine Fractions