



HEXAGON ENERGY MATERIALS LIMITED

ABN 27 099 098 192

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2023**

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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

Stephen Hall – Chief Executive Officer – Appointed 1 September 2023
Ian Gregory – Company Secretary

Registered Office & Principal Place of Business

45 Ventnor Avenue
West Perth WA 6005

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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 Group
Level 5, 191 St Georges Terrace
Perth, WA 6000
Website: www.automicgroup.com.au

Securities Exchange

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

Your Directors present their half-year report on Hexagon Energy Materials Limited ('Hexagon' or 'Company') and its controlled entities ('Consolidated Entity' or 'Group') for the half-year ended 31 December 2023.

1. BOARD OF DIRECTORS

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

Name	Position	Period of Directorship
Charles Whitfield	Non-Executive Director	Appointed 22 August 2016
	Non-Executive Chairman	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. 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 interim financial report encompassing the entities that it controlled during the period.

3. NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Hexagon is focused on Future Energy project development and Future Energy materials exploration and project development with the overarching goal of providing a pragmatic solution to the energy transition.

Hexagon is developing a business to deliver decarbonised Hydrogen (blue Ammonia) into export and domestic markets at scale, via its WAH2 Project.

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. The Company 80% owns the Ceylon Graphite project located in Alabama in the USA.

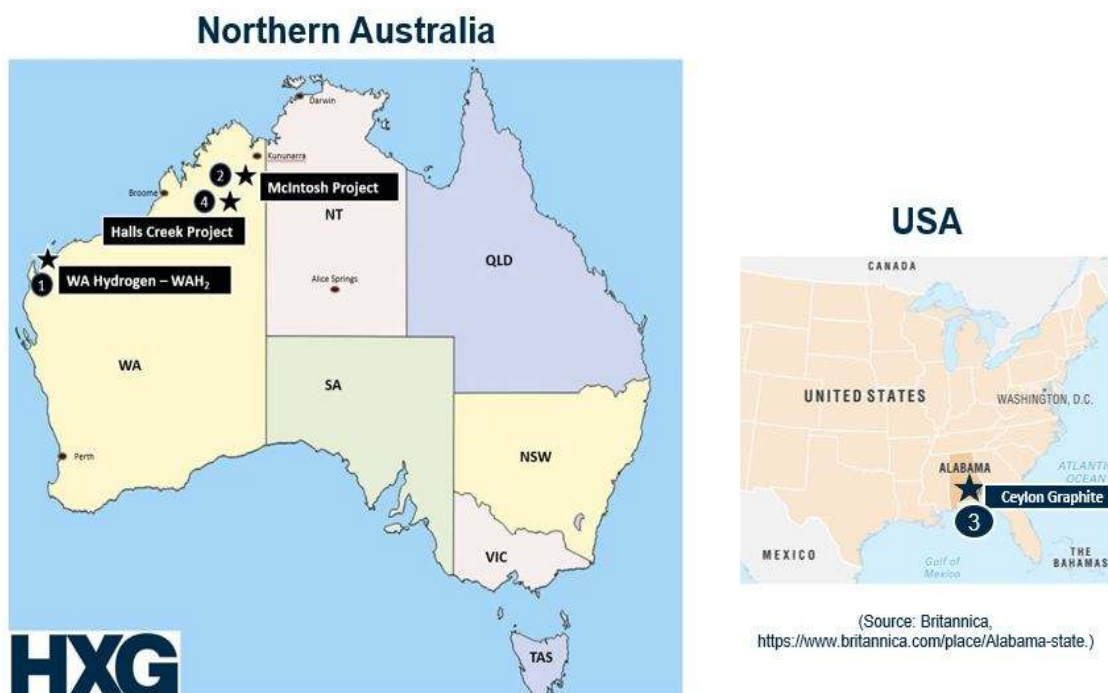


Figure 1 - Hexagon's Project Locations

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The Company's flagship WAH₂ low-emissions ammonia project progressed to plan during the period. The completed WAH₂ Project Pre-Feasibility Study (PFS) (HXG Announcement 2 August 2023) demonstrated the technical and financial feasibility of the project and supported commencement of pre-FEED in Q3 2023. The project is on-track for FEED-entry in mid 2024 and is targeting a final investment decision in late 2025 and first production in 2028.

Hexagon appointed WAH₂ Commercial Advisor Stephen Hall into the position of Company CEO in September 2023 (HXG Announcement 4 September 2023). Mr Hall has significant experience in the energy sector across the full value chain and asset lifecycle, which he has leveraged to establish strategic commercial relationships with key project partners for land, gas supply, carbon capture and storage (CCS), infrastructure development, utilities, and offtake.

Hexagon's McIntosh Graphite Project remained under a joint venture with Green Critical Minerals Pty Ltd (GCM).

In 2021, Hexagon signed a Binding Earn-In Option with South Star Battery Metals Corporation (South Star) (TSXV:STS) in relation to Hexagon's 80% owned Ceylon Graphite Project in Alabama USA (HXG ASX Announcement 4 November 2021). Hexagon awaits a Preliminary Economic Assessment which is due for completion at the end of Q1 2024 by South Star.

The Company's McIntosh and Halls Creek minerals projects were the subject of strategic discussions regarding their future development during the period.

4. FINANCIAL REVIEW

For the half-year ended 31 December 2023, the loss for the Consolidated Entity after providing for income tax was \$352,037 (2022: \$975,438).

The Company received a research and development income tax concession of \$493,528 during the period.

During the period the Company received \$200,000 from Green Critical Minerals, as reimbursement for previous exploration costs.

The Consolidated Entity's main expenses were as follows:

	31-Dec-23	31-Dec-22
	\$	\$
Business development	175,040	57,975
Corporate and administration expenses	338,300	288,148
Exploration and evaluation expenditure	163,783	822,521
Impairment of exploration and evaluation expenditure	145,722	60,625
Personnel expenses and director fees	230,136	69,048

5. CORPORATE

Capital Structure

At 31 December 2023 the Company had 512,915,901 ordinary shares on issue.

AGM

On 30 November 2023 the Company held its Annual General Meeting, all resolutions put to the AGM were decided and passed via a poll.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs during the period.

7. REVIEW OF OPERATIONS

7.1 WAH₂ Low Emission Ammonia

The WAH₂ 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 Asia’s energy transition drives an increasing demand for low emissions energy.

The WAH₂ project progressed to plan through the period with pre-FEED technical activities commenced and on track to support FEED-entry in mid 2024, continued progression of commercial discussions, regulatory approvals activities gaining momentum, and further strengthening of the Hexagon team.

Land Allocation

In May 2023 the Western Australian Government approved allocation of land for Hexagon’s proposed WAH₂ 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.

During the period, the terms of the Option to Lease for the land allocated to Hexagon have been agreed in-principle with DevelopmentWA and approvals are being progressed.

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Figure 2 - The WAH₂ Project location within the Maitland Strategic Industrial Area (SIA)

WAH₂ Concept

The WAH₂ Project will use proven technology to reform natural gas feedstock, carbon capture and storage (CCS) in depleted gas reservoirs to produce low-carbon ammonia (NH₃) for export via the Port of Dampier.

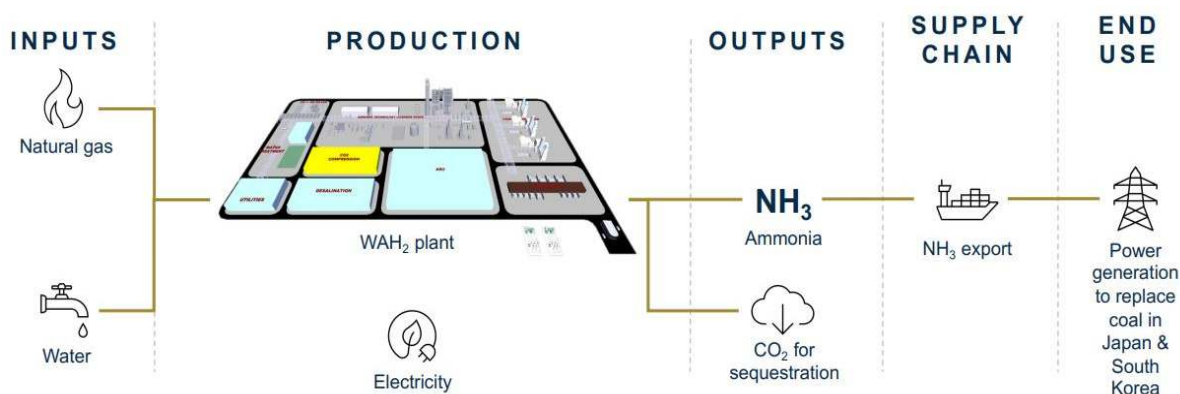


Figure 3 – WAH₂ Project Concept

Pre-FEED Technical Activities

Technical activities are being led by Petrofac Asset Solutions Australia Ltd (Petrofac) as lead engineer and Topsoe A/S (Topsoe) as technology provider.

Technical inputs from potential strategic partners have allowed refinement of the design basis which has now been set for the core process. Detailed engineering and vendor engagement are progressing to plan and will support refined capex planning.

Commercial Discussions

Confidential commercial discussions have progressed with potential gas suppliers, CCS service providers, infrastructure owners, utility providers and ammonia customers.

Hexagon has received confidential indicative pricing from third parties for several key aspects of the project. These have reduced uncertainty and have tended to come in under PFS Base Case assumptions¹, providing opportunities to improve project economics.

An economic update will be provided by Hexagon prior to FEED-entry once the ongoing confidential commercial discussions are completed.

Regulatory Approvals

The scope of work has been defined in the Regulatory Approvals Plan.

Australasian Environmental Solutions (AES) has been retained to lead environmental approvals. Requirements for baseline environmental and heritage surveys have been defined and a request for proposals issued.

Capability Building

Hexagon continues to build capability with three key additions to the WAH₂ team in recent months - Reinhardt Matisons (ex Executive Vice President Woodside), Neil Theobald (ex Vice President Chevron) and Liz Sully (ex Santos, Woodside).

Reinhardt and Neil bring decades of commercial experience in the energy sector. Each was instrumental in building Australia's LNG trade with Asian counterparties, has an extensive network of relationships in key Asian markets, and a deep understanding of the WA gas market. Liz is a regulatory approvals specialist with an in-depth knowledge of the Australian regulatory landscape and established relationships with regulators, government and contractors.

Hexagon's target remains WAH₂ FEED entry in mid 2024. This will require the completion of planned technical work and finalisation and execution of conditional commercial agreements for key aspects of the project. Confidential negotiations continue with key input providers, potential off-takers and strategic partners.

¹ HXG ASX updated announcement 2nd August 2023.

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7.2 McIntosh

The McIntosh Project comprises 16 exploration tenements spanning 542km² in the East Kimberley region of Western Australia.

Graphite

The McIntosh Project Graphite assets are a combined total Graphite resource of 23.8 million tonnes, grading 4.5% TGC, with 81% indicated (HXG ASX Announcement 5 April 2019).

During the period, Hexagon's McIntosh Graphite Project remained under a JV with partner Green Critical Minerals Pty Ltd (GCM) and saw the payment of the second tranche of \$200,000 to Hexagon as part of the Mineral Rights Earn-In Agreement with GCM.

Ni-Cu-PGEs

McIntosh lies in the centre of an area known for active Ni-Cu-PGE extraction and is surrounded by well-established Nickel and/or PGE producers, exporters and substantial Ni-Cu-PGE JORC resources. Over the past three years, Hexagon has undertaken substantial appraisal work to establish the geology of the project.

During the period, Hexagon compiled data and conducted strategic discussions regarding future development.

7.3 Ceylon (USA) - Graphite

The Ceylon Graphite Project is located on the northeast end of the Alabama Graphite Belt and covers approximately 500 acres in Coosa County, Alabama. The Project is a historic mine active during World Wars I and II. It is 80% owned by Hexagon.

The Company has a binding Earn-In and Option Agreement signed on the project with South Star Battery Metals Corp (HXG ASX Announcement 7 December 2021). The agreement provides the right for South Star to acquire 75% in the project in return for C\$750,000 in expenditure on the project and delivery of a Preliminary Economic Assessment (PEA) within agreed deadlines.

Hexagon is awaiting the PEA which is due for completion by the end of Q1 2024 by South Star following drilling they conducted during 2023.

Subsequent to the period, Hexagon extended the mineral leases by two years, until 28 February 2026.

7.4 Hall Creek – Gold and Base Metals

Hexagon's Halls Creek project has demonstrated significant potential for Au-Base Metal-PGE. During the period, the Company progressed preparatory work for additional exploration including heritage approvals and conducted strategic discussions regarding future development.

8. COMPETENT PERSONS' ATTRIBUTION

Exploration Results

Any information within this report that relates to Exploration Results, geological data and Metallurgical test results at the McIntosh, Alabama and Halls Creek Projects is based on information compiled by Mr Michael Atkinson and is subject to the individual consents and attributions provided in the original ASX reports referred to in the text of this report. Mr Atkinson is not aware of any other new information or data that materially affect the information included in the original market announcement referred to above, and that all material assumptions and technical parameters have not materially changed.

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.

9. SUBSEQUENT EVENTS

The Directors are not aware of any 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.

10. AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration forms part of the Directors' Report and is attached on page 9.

Signed in accordance with a resolution of the Board of Directors.



Charles Whitfield
Chairman
15 March 2024

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

As lead auditor for the review of Hexagon Energy Materials Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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
15 March 2024

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Hexagon Energy Materials Limited
Interim Financial Report
For the half-year ended 31 December 2023



CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	31-Dec-23 \$	31-Dec-22 \$
Other income	3	700,933	322,879
Exchange differences on translation of foreign currencies		11	-
Business development		(175,040)	(57,975)
Corporate and administration expenses		(338,300)	(288,148)
Exploration and evaluation expenditure	4	(163,783)	(822,521)
Impairment of exploration and evaluation expenditure		(145,722)	(60,625)
Personnel expenses and director fees		(230,136)	(69,048)
Loss from continuing operations before income tax		(352,037)	(975,438)
Income tax expense		-	-
Loss from continuing operations after income tax		(352,037)	(975,438)
Total comprehensive loss for the period		(352,037)	(975,438)
Loss from continuing operations for the period is attributable to:			
Owners of Hexagon Energy Materials Limited		(352,037)	(975,438)
Non-controlling interests		-	-
		(352,037)	(975,438)
Total comprehensive loss for the period is attributable to:			
Owners of Hexagon Energy Materials Limited		(352,037)	(975,438)
Non-controlling interests		-	-
		(352,037)	(975,438)
Loss per share attributable to ordinary equity holders			
- Basic and diluted loss per share		(0.001)	(0.002)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-23	30-Jun-23
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		1,026,355	1,534,879
Trade and other receivables		23,214	43,903
Total current assets		1,049,569	1,578,782
Non-current assets			
Trade and other receivables		3,600	3,600
Plant and equipment		6,090	10,012
Exploration and evaluation assets	5	2,980,241	2,869,923
Total non-current assets		2,989,931	2,883,535
Total assets		4,039,500	4,462,317
LIABILITIES			
Current liabilities			
Trade and other payables	6	1,526,169	1,606,620
Provisions		9,671	-
Total current liabilities		1,535,840	1,606,620
Total liabilities		1,535,840	1,606,620
Net assets		2,503,660	2,855,697
EQUITY			
Contributed equity		76,276,005	76,276,005
Accumulated losses		(73,772,345)	(73,420,308)
Total equity		2,503,660	2,855,697

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2023	76,276,005	(73,420,308)	2,855,697
Comprehensive income:			
Loss for the period	-	(352,037)	(352,037)
Total comprehensive loss for the period	-	(352,037)	(352,037)
At 31 December 2023	76,276,005	(73,772,345)	2,503,660

	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 period	-	-	(975,438)	(975,438)
Total comprehensive loss for the period	-	-	(975,438)	(975,438)
Transactions with owners in their capacity as owners:				
Net reversal of share-based payments	-	(107,716)	107,716	-
At 31 December 2022	76,276,005	-	(73,440,536)	2,835,469

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31-Dec-23	31-Dec-22
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(562,753)	(444,517)
Payments for business development		(309,900)	(34,715)
Payments for exploration and evaluation expense		(169,214)	(965,103)
Receipt of funds in relation to WA Graphite transaction with GCM	3	200,000	300,000
Receipt of research and development income tax concession	3	493,528	307,036
Interest received		17,212	6,824
Net cash used in operating activities		(331,127)	(830,475)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of plant and equipment		95	-
Payments for exploration and evaluation asset		(177,492)	(193,311)
Net cash used in investing activities		(177,397)	(193,311)
Net decrease in cash and cash equivalents		(508,524)	(1,023,786)
Cash and cash equivalents at the beginning of the period		1,534,879	2,398,757
Cash and cash equivalents at the end of the period		1,026,355	1,374,971

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

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NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hexagon Energy Materials Limited (referred to as 'Hexagon' or the 'Company' or 'Parent Entity') 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 this report. The consolidated financial statements of the Company as at and for the half-year ended 31 December 2023 (the 'Period') comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or the 'Group'). The Group is primarily involved in mineral exploration.

2. BASIS OF PREPARATION

This interim general purpose financial report for the half-year reporting Period ended 31 December 2023 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

The half-year interim financial report of Hexagon Energy Materials Limited was authorised for issue in accordance with a resolution of the Directors on 15 March 2024.

(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 on the historical cost basis.

(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 half year ended 31 December 2023 the Group recorded a loss of \$352,037 and had net cash outflows from operating activities of \$331,127 and had a net working capital deficiency of \$486,271. These conditions indicate 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 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 and the 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.

(d) 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.

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3. OTHER INCOME

	31-Dec-23	31-Dec-22
	\$	\$
Interest income	7,310	6,567
WA Graphite transaction with GCM	200,000	300,000
Research and development income tax concession	493,528	-
Government drilling co-funding	-	16,312
Other income	95	-
	700,933	322,879

4. EXPLORATION AND EVALUATION EXPENSES

	31-Dec-23	31-Dec-22
	\$	\$
Exploration and evaluation expenditure McIntosh	163,783	822,521
	163,783	822,521

5. EXPLORATION AND EVALUATION ASSETS

	31-Dec-23	30-Jun-23
	\$	\$
Carrying amount of exploration and evaluation expenditure	2,980,241	2,869,923
<u>Movement reconciliation</u>		
Balance at the beginning of the period	2,869,923	2,658,270
Exploration expenditure during the period	256,040	273,799
Impairment of exploration and evaluation expenditure	(145,722)	(62,146)
Balance at the end of the period	2,980,241	2,869,923

6. TRADE AND OTHER PAYABLES

	31-Dec-23	30-Jun-23
	\$	\$
Trade payables	140,317	160,479
Other payables and accrued expenses	1,385,852	1,446,141
	1,526,169	1,606,620

7. 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 two operating segments, mineral exploration in Australia, and the WAH₂ Project. 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	WAH ₂ Project	Total
31-Dec-23	\$	\$	\$
Revenue			
WA Graphite transaction with GCM	200,000	-	200,000
Research and development income tax concession	348,171	145,357	493,528
Unallocated expenses net of unallocated income	-	-	7,405
Total segment revenue			700,933

Reconciliation of segment results to net loss before tax

Amounts not included in segment results but reviewed by the Board

- Business development	-	(175,040)	(175,040)
- Exploration and evaluation expenditure	(163,783)	-	(163,783)
- Impairment of exploration and evaluation expenditure	(145,722)	-	(145,722)
- Corporate and administration expenses	-	-	(568,425)
Net loss before tax from continuing operations			(352,037)

	Exploration Australia	WAH ₂ Project	Total
31-Dec-22	\$	\$	\$
Revenue			
WA Graphite transaction with GCM	300,000	-	300,000
Government drilling co-funding	16,312	-	16,312
Unallocated expenses net of unallocated income	-	-	6,567
Total segment revenue			322,879

Reconciliation of segment results to net loss before tax

Amounts not included in segment results but reviewed by the Board

- Business development	-	(57,975)	(57,975)
- Exploration and evaluation expenditure	(822,521)	-	(822,521)
- Impairment of exploration and evaluation expenditure	(60,625)	-	(60,625)
- Corporate and administration expenses	-	-	(357,196)
Net loss before tax from continuing operations			(975,438)

(ii) Segment assets

	Exploration Australia	WAH ₂ Project	Total
	\$	\$	\$
31-Dec-23			
Segment assets	2,980,241	-	2,980,241
Unallocated assets			1,059,259
Total assets			4,039,500
30-Jun-23			
Segment assets	2,869,923	-	2,869,923
Unallocated assets			1,592,394
Total assets			4,462,317

(iii) Segment liabilities

	Exploration Australia	WAH ₂ Project	Total
	\$	\$	\$
31-Dec-23			
Segment liabilities	81,832	17,837	99,669
Unallocated liabilities			1,436,171
Total liabilities			1,535,840
30-Jun-23			
Segment liabilities	8,715	152,697	161,412
Unallocated liabilities			1,445,208
Total liabilities			1,606,620

8. RELATED PARTY TRANSACTIONS

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

Transactions with Related Parties

Charles Whitfield - Non-Executive Chairman

Drumrock Capital Ltd, an entity associated with Charles Whitfield, provided consulting services totaling \$42,500 to the Company during the financial period (2022: \$42,500).

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 31 December 2023 of \$195,085.

Philipp Kin - Non-Executive Director

Philipp Kin provided Consulting Services totaling \$33,000 to the Company during the period (2022: nil).

There were no other transactions with related parties during the period.

NOTES TO FINANCIAL STATEMENTS

9. 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.

	31-Dec-23	30-Jun-23
	\$	\$
Exploration obligations to be undertaken:		
Payable within one year	641,028	1,198,539
Payable between one year and five years	139,041	476,997
	780,069	1,675,536

The exploration commitments noted above are based on the expiry dates of the Company's current tenements. It does not include exploration commitments on tenements that will be renewed in the future.

During the period the Company signed multiple key agreements for its WAH₂ Project and committed to the following expenditure:

- Petrofac Asset Solutions Australia (Ltd) was appointed lead engineer and the Company committed to \$102,461 in work orders.
- Topsoe A/S was appointed technology provider and the Company committed to Euro 62,000 in work orders.
- Australasian Environmental Solutions (AES) was appointed lead environmental approvals and the Company committed to \$46,000 in work orders.

Other than the commitments noted above, there has been no other material change in the Group's commitments during the period.

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

11. DIVIDENDS & FRANKING CREDITS

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

12. SUBSEQUENT EVENTS

The Directors are not aware of any 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.

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DIRECTORS' DECLARATION

The Directors are not aware of any 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.

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Charles Whitfield
Chairman
15 March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hexagon Energy Materials Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Hexagon Energy Materials Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Neil Smith
Director

Perth, 15 March 2024

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