



**HEXAGON ENERGY MATERIALS LIMITED**

**ABN 27 099 098 192**

# **ANNUAL REPORT**

**YEAR ENDED 30 JUNE 2024**

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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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Website: [www.hxgenergymaterials.com.au](http://www.hxgenergymaterials.com.au)

**Domicile and Country of Incorporation**

Australia

**Australian Business Number**

27 099 098 192

**Auditors**

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

**Share Registry**

Automic Pty Ltd  
Level 5, 191 St Georges Terrace  
Perth, WA 6000  
Website: [www.automic.com.au](http://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,

Hexagon's last two years have been characterised by building a foundation for the WAH<sub>2</sub> Project.

The concept of the project development has always been to forge as low-risk and low-cost pathway as practicable to become a major regional supplier of clean ammonia to the fast-growing demand from power and transport applications. In order to achieve this, the strategy has been to secure a strategically significant site and assemble a consortium of experienced partners who have existing businesses and operations in the key "building blocks" of clean ammonia production - namely, gas supply, water supply, CO<sub>2</sub> sequestration and infrastructure.

Establishing Hexagon's industry credibility has been the Company's main focus due to it being key to getting these large multinational groups to engage and be willing to partner with us. This has involved building a highly regarded team of executives and consultants, executing technical work, and progressing multiple bilateral commercial discussions to move the WAH<sub>2</sub> Project forward in a coordinated manner.

The Company has been in a position where, over the past couple years, substantial progress has been made "below the surface", but only a fraction has passed a state of development where we have been able to make formal announcements which, we recognise, has been frustrating for management and shareholders alike. Nevertheless, pushing all these initiatives forward in parallel has been a key part of building industry confidence as highly regarded industry partners gain comfort from the other parties involved.

Internal excitement is building within the Company as we approach a point where several of these key initiatives are nearing the stage of maturity when they can be announced and build on previous announcements regarding land, water supply and ammonia bunkering. So, after a long period of "wait and see" we are now on the cusp of a series of critical milestones which we expect to radically change the development stage and risk profile of the project and hence the Company valuation.

An important aspect of the Company's strategy is to minimise any dilution to shareholders. We have outlined the plan for financing of the project, by bringing in strategic equity partners to share the financing from the FEED stage forward. In the meantime, we completed an innovative funding round in the year to complete pre-FEED which allows the Company to issue shares with reference to future share price levels once some of the anticipated re-rating news flow has been announced.

From a strategic perspective, the Company has also long signaled its intent to simplify its asset portfolio to become a pure ammonia producer and divest the mineral assets into a separate vehicle where shareholders can get value for the mineral assets' considerable potential. Transactions around the graphite rights were struck some time ago, but as WAH<sub>2</sub> becomes more developed, the intent is to complete this initiative with respect to the rest of the mineral portfolio.

The executive team, Board and I continue to resolutely focus on the stated strategy and, as the fruits of this work start to become apparent, we look forward to well-deserved returns for our shareholders.

Regards,



Charles Whitfield  
Non-Executive Chairman  
16 August 2024

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**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 2024.

**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.

<b>Charles Whitfield - Non-Executive Chairman</b>	
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

<b>Garry Plowright - Non-Executive Director</b>	
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

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**DIRECTORS' REPORT**

<b>Andrew Kirk – Non-Executive Director</b>	
Mr Kirk worked for Woodside for 17 years where he developed their corporate LNG strategies. More recently he has been working in the hydrogen industry establishing Green Hydrogen Asia in Malaysia to transition the heavy vehicle market from diesel to renewable Hydrogen, and as EVP LNG and Sustainable Fuels for B.Grimm LNG Limited in Bangkok. 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. He 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

<b>Philipp Kin – Non-Executive Director – Appointed 11 August 2023</b>	
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 BurnVoor 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**

**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 corporate strategy, new business development, commercial structuring, negotiations, project development and delivery, and stakeholder management.

**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 IJB 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.

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**DIRECTORS' REPORT**

**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 2024 and the number of meetings attended by each Director.

Directors	Meetings attended	Eligible to attend
Charles Whitfield	6	6
Garry Plowright	6	6
Andrew Kirk	6	6
Philipp Kin	6	6

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 19).

**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 (as clean ammonia) into export and domestic markets at scale, via its WAH<sub>2</sub> Project.

Hexagon plans to use renewable energy in clean ammonia production to the greatest extent practicable in its projects and expects to increase the penetration of renewable energy, on a commercial basis, over time.

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

**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.

With respect to the WAH<sub>2</sub> Project, this includes failure to appropriately engineer and design all elements of the project, failure to efficiently construct and commission the project and, once operational, failure of contracted feedstock supply (including gas and water) or services (including CO<sub>2</sub> transport and CO<sub>2</sub> sequestration).

With respect to the Company's mineral assets, this includes failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, commissioning, operational and technical difficulties encountered in mining.

In addition, there are generic risks that affect all aspects of the Company's operations. These include mechanical failure or plant breakdown, unanticipated 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.

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**DIRECTORS' REPORT**

**b) Environmental Risks**

The operations and proposed activities of the Company are subject to the environmental laws and regulations of the jurisdiction. As with most industrial, exploration and mining operations, the Company's activities are expected to have an impact on the environment, particularly if the WAH<sub>2</sub> Project or a 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<sub>2</sub> Project and exploration activities, along with other working capital requirements. At the reporting date it has cash and cash equivalents of \$980,515.

Any additional equity financing would 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 programs 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 any 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 2024 (2023: nil) and no dividend is recommended for the current year.



**DIRECTORS' REPORT**

**11. FINANCIAL REVIEW**

For the year ended 30 June 2024, the loss for the Consolidated Entity after providing for income tax was \$1,555,503 (2023: loss of \$955,210).

The Consolidated Entity's main expenses were as follows:

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	\$	\$
Business development	544,562	376,905
Corporate and administration expenses	742,130	537,809
Exploration and evaluation expenditure	264,375	968,578
Impairment of exploration and evaluation expenditure	151,481	62,146
Personnel expenses and director fees	497,776	123,091

Cashflows

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

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	\$	\$
<b>Receipts:</b>		
Receipt of funds in relation to WA Graphite transaction with GCM	200,000	300,000
Receipt of research and development income tax concessions	493,528	1,057,780
Proceeds from the issue of convertible notes	1,000,000	-
<b>Expenditures:</b>		
Payments to suppliers and employees <sup>(1)</sup>	(1,081,541)	(635,392)
Payments for business development	(673,183)	(276,198)
Payments for exploration and evaluation expenses	(287,530)	(1,131,953)
Payments for exploration and evaluation assets	(227,236)	(211,653)

(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 2024 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<sub>2</sub> Project:** Through this project, Hexagon intends to supply clean 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. Hexagon's target is WAH<sub>2</sub> FEED entry at the end of Q3 2024. This will require the completion of planned technical work and finalisation and execution of conditional commercial agreements for key aspects of the project.
- **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 the earn-in arrangement with Green Critical Minerals.
- **Ceylon (USA) Project – Graphite:** Progress value accretive transaction via Earn-In and Option 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 2023 Annual General Meeting.

##### **WAH<sub>2</sub> Project**

The WAH<sub>2</sub> Project is Hexagon's flagship project to supply clean 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.

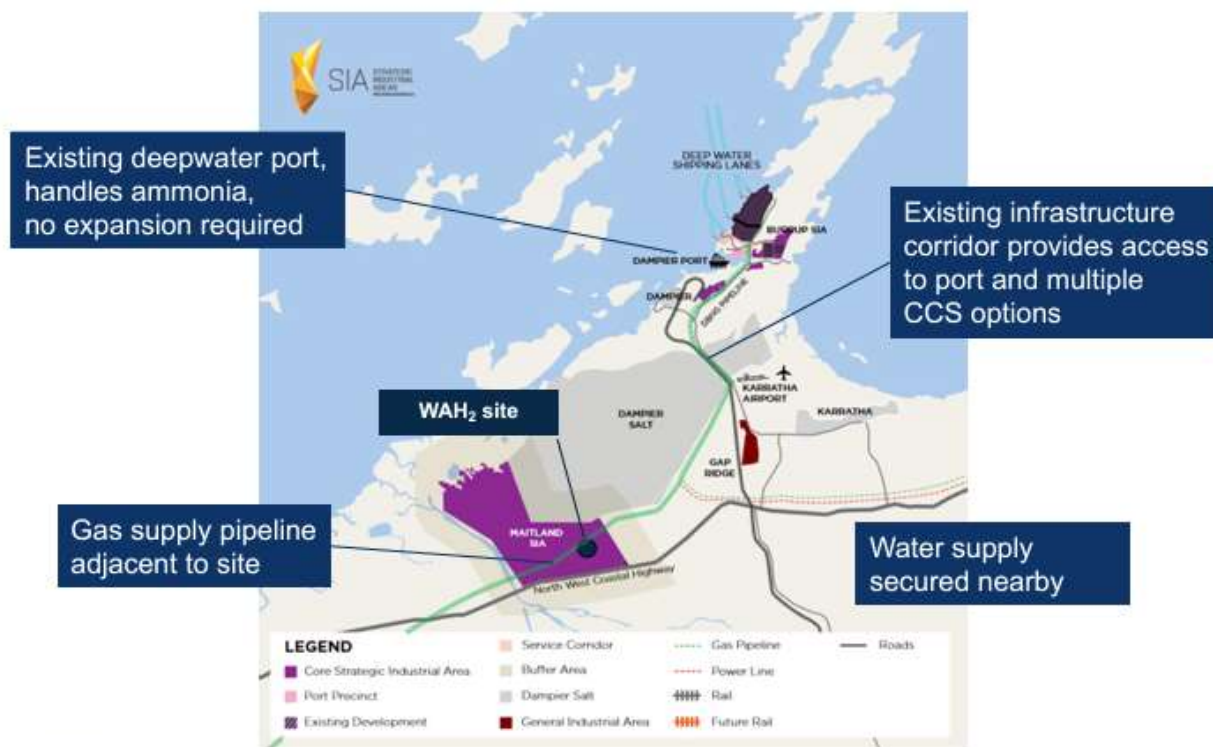
The WAH<sub>2</sub> project progressed to plan through the period with pre-FEED technical activities commencing in Q3 2023 and on-track to support FEED-entry at the end of Q3 2024, continued progression of commercial discussions, regulatory approvals activities gaining momentum, and further strengthening of the Hexagon team.

##### **(i) Land Allocation**

In May 2023 the Western Australian Government approved allocation of land for Hexagon's proposed WAH<sub>2</sub> 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.

The terms of the Option to Lease for the land allocation to Hexagon have been agreed in-principle with DevelopmentWA and final approvals are pending.

Figure 1: Location of WAH<sub>2</sub> Project



**(ii) Technical Project Delivery**

The WAH<sub>2</sub> pre-FEED technical work commenced in Q3 2023 with Petrofac Asset Solutions Australia Ltd (Petrofac) as lead engineer and Topsoe A/S (Topsoe) as technology provider.

Topsoe has completed its pre-FEED scope which covers the core process and includes design basis, process flow diagrams, mass balance, equipment specification, preliminary plant layout and cost estimate. Optimisation of ancillary process and services by Petrofac continues to plan with results to-date suggesting a lower carbon intensity than the PFS Base Case<sup>1</sup> could be achieved. This work is supported by ongoing vendor engagement and detailed engineering.

Preparation of an updated overall cost estimate and the FEED project execution plan is underway.

**(iii) Commercial Project Delivery**

In March 2024, Hexagon signed a Key Terms Agreement (KTA) with the Water Corporation of Western Australia<sup>2</sup>. The KTA supports the removal of capital costs associated with a dedicated desalination plant and associated pipelines from the WAH<sub>2</sub> Base Case, partially offset by the capital and operating costs of water supply. Water supply without a desalination plant would reduce the project's power and fuel gas requirements and allow the scope of environmental and regulatory approvals to be significantly reduced and de-risked.

In May 2024, Hexagon signed a Memorandum of Understanding (MoU) with Oceania Marine Energy<sup>3</sup> regarding the potential supply of low-emissions ammonia as a fuel for the bulk carriers that ship iron ore exports from Australia. This offers the opportunity to establish a material new bunkering industry in Western Australia that could create a valuable, additional, domestic market for Hexagon's WAH<sub>2</sub> Project. Ammonia bunkering would offer market diversification, require no additional capital expenditure and be complementary to Hexagon's primary objective of exporting low-emissions ammonia from WAH<sub>2</sub> to help decarbonise power generation in Asia.

Confidential commercial discussions have progressed with potential gas suppliers, CO<sub>2</sub> sequestration service providers, infrastructure owners, ammonia customers and strategic partners. The insights gained from these discussions, including confidential indicative pricing from third parties for several key aspects of the project, have reduced uncertainty and have tended to come in under PFS Base Case assumptions<sup>4</sup>, 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.

<sup>1</sup> HXG ASX WAH<sub>2</sub> Project Pre-Feasibility Study Updated Announcement, 2 August 2023.

<sup>2</sup> ASX:HXG WAH<sub>2</sub> Project Water Supply Key Terms Agreement, 11 March 2024

<sup>3</sup> ASX:HXG WAH<sub>2</sub> Project Ammonia Bunkering Memorandum of Understanding, 13 May 2024

<sup>4</sup> ASX:HXG WAH<sub>2</sub> Project Pre-Feasibility Study Updated Announcement, 2 August 2023

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#### (iv) Regulatory Approvals

Hexagon has retained Australasian Environmental Solutions (AES) to lead environmental approvals for the WAH<sub>2</sub> Project and John Thurtell Consulting Services to provide Native Title and Heritage advice.

The requirements for baseline environmental and heritage surveys have been defined, a request for proposals issued and planning is underway, including application for a Section 9191 Licence (per the Land Administration Act 1997).

#### (v) Market Developments

During the period, the market for low-emissions ammonia has strengthened and uncertainty is reduced.

- There has been increasing recognition of the importance of low-emissions ammonia to Japan's and South Korea's energy transitions by independent institutions<sup>5</sup>;
- The Japanese Government has introduced an additional target for the import of low-emissions hydrogen/ammonia of 12 MTPA H<sub>2</sub>e by 2040<sup>6</sup> – if half of this was ammonia, it would equate to ~30 MTPA of ammonia; and
- Successful demonstration of commercial-scale co-firing of ammonia in Japan's Hekinan power plant completed, construction underway to enable commercial operations.<sup>7</sup>

Japan has confirmed its definition of low-emissions ammonia and Hexagon's WAH<sub>2</sub> project would clearly exceed those expectations.

- Japan's updated Basic Hydrogen Strategy sets a low-emissions benchmark of 0.84 kg CO<sub>2</sub>e/kg NH<sub>3</sub>. The WAH<sub>2</sub> PFS Base Case<sup>8</sup> has an expected emissions intensity of approximately one quarter of this (0.2 kg CO<sub>2</sub>e/kg NH<sub>3</sub>).

Costs for electrolysis-based ('green') low-emissions ammonia are increasing, strengthening the competitive position of Hexagon's WAH<sub>2</sub> Project as a planned early mover.

- The cost of producing electrolysis-based 'renewable hydrogen' was assessed in December 2023 to be US\$4.5 – 6.5 /kg, an increase of between 30% and 65% over previous estimates<sup>9</sup>. This reflects the increasing costs of renewable energy, rising interest rates, and supply chain constraints; and
- This implies a cost of electrolysis-based ammonia of at least US\$800<sup>10</sup> /T NH<sub>3</sub> - which is significantly greater than the WAH<sub>2</sub> PFS Base Case cost of production of US\$552 /T NH<sub>3</sub> (and target of US\$500 /T NH<sub>3</sub>).

#### **McIntosh Project**

The McIntosh Project comprises 16 exploration tenements spanning 503km<sup>2</sup> in the East Kimberley region of Western Australia.

##### **Graphite**

During the period, Hexagon's McIntosh Graphite Project remained under a Mineral Rights Earn-In Agreement with Green Critical Minerals Pty Ltd (GCM) which saw Hexagon receive the second tranche payment of \$200,000. Subsequent to the period, GCM announced an increase in the McIntosh Graphite Project Mineral Resource Estimate to 30.2Mt grading 4.40% TGC, a 26% upgrade.<sup>11</sup>

##### **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.

<sup>5</sup> The Oxford Institute for Energy Studies, November 2023, Issue 138, The Role of Clean Hydrogen/Ammonia in Japan's Energy Transition, H. Gordenker

<sup>6</sup> Japan's Basic Hydrogen Strategy, June 2023, Ministerial Council on Renewable Energy, Hydrogen and Related Issues

<sup>7</sup> JERA Press Release 26 June 2024 'Conclusion of Fuel Ammonia Substitution Demonstration Testing at Hekinan Thermal Power Station'

<sup>8</sup> HXG:ASX, WAH<sub>2</sub> Project Pre-Feasibility Study Updated Announcement, 2 August 2023

<sup>9</sup> Hydrogen Insights December 2023, Hydrogen Council and McKinsey & Company

<sup>10</sup> ~180kg Hydrogen is required to manufacture 1T Ammonia (180\*4.4=810). Excludes other costs of conversion

<sup>11</sup> GCM: ASX Announcement, 8 July 2024

**Ceylon (USA) Project – 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<sup>12</sup> (HXG ASX Announcement 7 December 2021). The agreement provides the right for South Star to acquire 75% of the project in return for C\$750,000 in expenditure on the project and delivery of a Preliminary Economic Assessment (PEA) within agreed deadlines.

During the period, South Star completed the 2023 drilling campaign and made significant progress on the PEA which is due for completion by the end of Q3 2024.

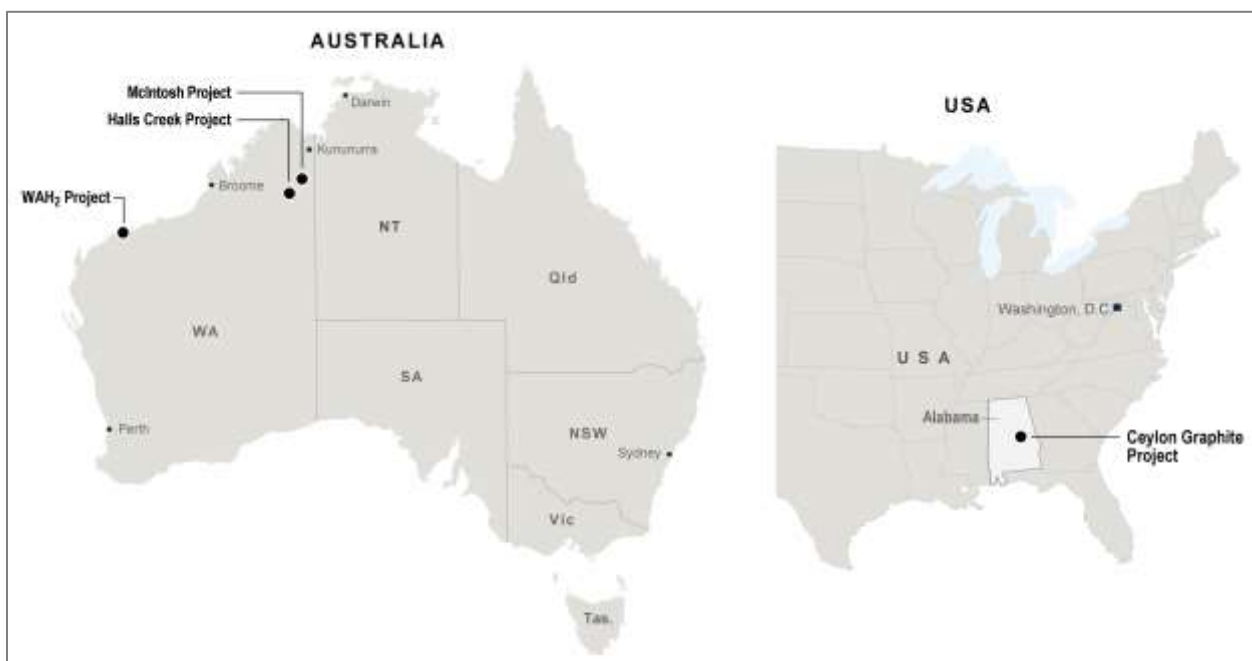
Hexagon has extended the mineral leases by two years, until 28 February 2026.

**Halls Creek Project – Gold and Base Metals**

Hexagon's Halls Creek project lies approximately 100 kilometres to the Southwest of McIntosh and 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.

**Figure 2: 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. Chris Storey and reviewed by Mr. Isaac Eadndel. Mr. Storey and MR Eadndel are consultants to Company and have 28 and 18 years' experience respectively as geologists. Isaac Eadndel is a member of AusIMM and 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.

<sup>12</sup> HXG:ASX Announcement, 7 December 2021

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**DIRECTORS' REPORT**

**16. INTEREST IN EXPLORATION TENEMENTS**

Hexagon Energy Materials Limited held the following interests in exploration tenements at 30 June 2024:

<b>Pedirka Blue Hydrogen Project (NT, Australia)</b>					
<b>Tenement</b>	<b>Ownership Status</b>	<b>Application Date</b>	<b>Grant Date</b>	<b>Expiry Date</b>	
EL29237	100% Hexagon	28/11/2011	04/01/2014	03/01/2025	
EL29239	100% Hexagon	28/11/2011	04/01/2014	03/01/2025	

<b>McIntosh, WA <sup>1</sup></b>					
<b>Tenement</b>	<b>Ownership Status</b>	<b>Application Date</b>	<b>Grant Date</b>	<b>Expiry Date</b>	
E80/3864	100% Hexagon	29/01/2007	08/04/2008	7/04/2024 <sup>4</sup>	
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	1/06/2025	
E80/4688	100% Hexagon	15/02/2012	25/10/2012	24/10/2024	
E80/4732	100% Hexagon	24/08/2012	14/11/2013	13/11/2025	
E80/4733	100% Hexagon	28/08/2012	15/11/2013	14/11/2025	
E80/4734	100% Hexagon	29/08/2012	17/09/2014	16/09/2024	
E80/4739	100% Hexagon	20/09/2012	14/11/2013	13/11/2025	
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 <sup>4</sup>	
E80/5157	100% Hexagon	13/11/2017	05/07/2019	4/07/2024 <sup>4</sup>	

<b>Halls Creek, WA</b>					
<b>Tenement</b>	<b>Ownership Status</b>	<b>Application Date</b>	<b>Grant Date</b>	<b>Expiry Date</b>	
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	
E80/5126	75% Hexagon	15/08/2017	25/10/2019	24/10/2024	
E80/5689	100% Hexagon	31/08/2021	20/07/2022	19/07/2027	
E80/5690	100% Hexagon	31/08/2021	20/07/2022	21/07/2027	
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		

<b>Alabama, USA <sup>2</sup></b>					
<b>Tenement</b>	<b>Ownership Status</b>	<b>Application Date</b>	<b>Grant Date</b>	<b>Expiry Date</b>	
MLAs <sup>3</sup>	80% Hexagon		28/02/2019	28/02/2026	

1 Green Critical Minerals has the right to earn up to 80% interest in the Graphite Mineral Rights only across Hexagon's McIntosh Project tenements. The tenements will remain wholly held/managed by Hexagon (HXG:ASX Announcement 14 February 2022).

2 Hexagon and South Star Battery Metals Corp (TSXV: STS, OTCQB: STSBF) (South Star) entered an Earn-In and Option Agreement on Hexagon's Ceylon Graphite Project located in Alabama, USA (HXG:ASX Announcement 4 November 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 completion of a Preliminary Economic Assessment within agreed guidelines.

3 Mineral Lease Agreements with respective mineral rights holders.

4 Extension of term has been lodged, but not granted at the time of signing this report.

**DIRECTORS' REPORT**

**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 liabilities 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**

On 13 June 2024, the Company announced that the Company's McIntosh graphite rights earn-in partner GCM Graphite Pty Ltd had filed a writ of summons in the Supreme Court of Western Australia against the Company and its wholly owned non-core subsidiary McIntosh Resources Pty Ltd with respect to information disclosure warranties in the parties earn-in agreement.

Hexagon strongly refutes GCM Graphite's claims, considers them to be without merit, and will vigorously defend them.

Hexagon has instructed lawyers to advise and act on its behalf and intends to fully defend the claims and its rights, including as to costs in the process.

**19. REMUNERATION REPORT – AUDITED**

This report for the year ended 30 June 2024 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.

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**DIRECTORS' REPORT**

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 2023 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.

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**DIRECTORS' REPORT**

➤ **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 2024, Non-Executive Director fees were \$40,000 per annum (2023: \$40,000 per annum) for each director.

As at 30 June 2024, the Chairman was entitled to receive fees of \$65,000 per annum (2023: \$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 2024 for the last five financial years:

	2024	2023	2022	2021	2020
Share price at end of financial year (\$)	0.01	0.01	0.016	0.07	0.04
Market capitalisation at end of financial year (\$M)	5.13	5.13	8.21	30.77	11.70
Loss for the financial year (\$)	1,555,503	955,210	14,393,804	1,813,077	2,341,291
Director and KMP remuneration	666,650	245,600	780,659	653,926	883,477

**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 2024 financial year to review management and other staff remuneration packages.

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**DIRECTORS' REPORT**

**D. Details of Remuneration**

During the financial year ended 30 June 2024 and 30 June 2023 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 2024:**

	Short Term Employee Benefits			Long Term Employee Benefits	Post-Employment Benefits	Share-based Payments	Total	Share-based Payments Related %
	Salary & Fees	Bonus	Consulting fees	Leave Entitlements	Super-annuation	Shares & Options		
30-Jun-24	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>								
Charles Whitfield	65,000	-	85,000	-	-	-	150,000	-
Garry Plowright	40,000	-	-	-	4,400	-	44,400	-
Andrew Kirk	40,000	-	-	-	4,400	-	44,400	-
Philipp Kin	43,333	-	56,000	-	4,767	-	104,100	-
<b>Sub-Total</b>	<b>188,333</b>	<b>-</b>	<b>141,000</b>	<b>-</b>	<b>13,567</b>	<b>-</b>	<b>342,900</b>	<b>-</b>
<b>Other KMP</b>								
Stephen Hall	296,250	-	-	-	27,500	-	323,750	-
<b>Sub-Total</b>	<b>296,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,500</b>	<b>-</b>	<b>323,750</b>	<b>-</b>
<b>Total</b>	<b>484,583</b>	<b>-</b>	<b>141,000</b>	<b>-</b>	<b>41,067</b>	<b>-</b>	<b>666,650</b>	<b>-</b>

**Table 2: 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	Total	Share-based Payments Related %
	Salary & Fees	Bonus	Consulting fees	Leave Entitlements	Super-annuation	Shares & Options		
30-Jun-23	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>								
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	-
<b>Total</b>	<b>145,000</b>	<b>-</b>	<b>92,200</b>	<b>-</b>	<b>8,400</b>	<b>-</b>	<b>245,600</b>	<b>-</b>

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

	Balance at 1/07/2023	Granted as Remuneration	Shares Purchased on Market	Balance at 30/06/2024
<b>30-Jun-24</b>				
<b>Directors</b>				
Charles Whitfield	5,001,214	-	-	5,001,214
Garry Plowright	1,000,000	-	-	1,000,000
Andrew Kirk	-	-	1,000,000	1,000,000
Philipp Kin	-	-	-	-
<b>Sub-Total</b>	<b>6,001,214</b>	<b>-</b>	<b>1,000,000</b>	<b>7,001,214</b>
<b>Other KMP</b>				
Stephen Hall	-	-	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6,001,214</b>	<b>-</b>	<b>1,000,000</b>	<b>7,001,214</b>

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## 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 Non-Executive Director – Philipp Kin

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 Philipp Kin; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

The agreement for Consulting Services:

- commencing 1 June 2023 until 1 August 2024;
- involves the payment to Philipp Kin of \$1,000 per day excluding GST, on a one day per week basis or as agreed in advance;
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

**Agreement with Chief Executive Officer – Stephen Hall**

On 1 September 2023, the Company and Stephen Hall entered into an agreement containing the terms and conditions under which he will provide his services as Chief Executive Officer of the Company.

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.
- 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.

**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 may reward Directors and senior management for their performance and align 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 2024.

**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 2024.

**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 2024.

**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 2024.

**I. Voting and comments made at the Company's 2023 Annual General Meeting**

The Company received 93% "Yes" votes on a poll in respect of its Remuneration Report for the 2023 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 2024 (2023: nil).

**DIRECTORS' REPORT**

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**K. Loans from KMP**

There were no loans from any KMP during the year ended 30 June 2024 (2023: 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 (2023: \$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 2024 of \$195,085 (2023: \$195,085).

**Philipp Kin - Non-Executive Director**

Philipp Kin provided Consulting Services totaling \$56,000 to the Company during the financial year (2023: nil).

**Garry Plowright - Non-Executive Director**

Garry Plowright provided Consulting Services to the Company during the 2023 financial year, totaling \$7,200.

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 2024.

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*End of Remuneration Report*

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**DIRECTORS' REPORT**

**20. 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://hxgenenergymaterials.com.au/corporate/corporate-governance/>.

**21. 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 Pty Ltd and its related practices:

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	\$	\$
<b>Remuneration for other services</b>		
Taxation services	13,260	14,007
Technical advice including R&D Claims	24,007	35,204
<b>Total Non-Audit Services</b>	<b>37,267</b>	<b>49,211</b>

**22. EVENTS SINCE THE END OF THE FINANCIAL YEAR**

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.

**23. 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**  
Chairman  
16 August 2024

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## 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 2024, 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 Pty Ltd**  
Perth  
16 August 2024

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME**

	Note	30-Jun-24	30-Jun-23
		\$	\$
Other income	6	705,129	1,113,360
Exchange differences on translation of foreign currencies		(403)	(296)
Business development	7	(544,562)	(376,905)
Corporate and administration expenses	7	(742,130)	(537,809)
Exploration and evaluation expenditure	7	(264,375)	(968,578)
Finance costs		(60,000)	-
Impairment of exploration and evaluation expenditure	11	(151,481)	(62,146)
Gain on disposal of plant and equipment		95	255
Personnel expenses and director fees	7	(497,776)	(123,091)
<b>Loss from continuing operations before income tax</b>		<b>(1,555,503)</b>	<b>(955,210)</b>
Income tax expense	8	-	-
<b>Loss from continuing operations after income tax</b>		<b>(1,555,503)</b>	<b>(955,210)</b>
<b>Total comprehensive loss for the year</b>		<b>(1,555,503)</b>	<b>(955,210)</b>
<b>Loss from continuing operations for the year is attributable to:</b>			
Owners of Hexagon Energy Materials Limited		(1,555,503)	(955,210)
Non-controlling interests		-	-
		<b>(1,555,503)</b>	<b>(955,210)</b>
<b>Total comprehensive loss for the year is attributable to:</b>			
Owners of Hexagon Energy Materials Limited		(1,555,503)	(955,210)
Non-controlling interests		-	-
		<b>(1,555,503)</b>	<b>(955,210)</b>
<b>Loss per share attributable to ordinary equity holders</b>			
- Basic and diluted loss per share (\$)	9	(0.003)	(0.002)

*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-24	30-Jun-23
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10(a)	980,515	1,534,879
Trade and other receivables		39,135	43,903
<b>Total current assets</b>		<b>1,019,650</b>	<b>1,578,782</b>
<b>Non-current assets</b>			
Trade and other receivables		3,600	3,600
Plant and equipment		4,134	10,012
Exploration and evaluation assets	11	3,029,745	2,869,923
<b>Total non-current assets</b>		<b>3,037,479</b>	<b>2,883,535</b>
<b>Total assets</b>		<b>4,057,129</b>	<b>4,462,317</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	413,957	1,606,620
<b>Total current liabilities</b>		<b>413,957</b>	<b>1,606,620</b>
<b>Non-current liabilities</b>			
Trade and other payables	12	1,342,978	-
Borrowings	13	1,000,000	-
<b>Total non-current liabilities</b>		<b>2,342,978</b>	<b>-</b>
<b>Total liabilities</b>		<b>2,756,935</b>	<b>1,606,620</b>
<b>Net assets</b>		<b>1,300,194</b>	<b>2,855,697</b>
<b>EQUITY</b>			
Contributed equity	14	76,276,005	76,276,005
Accumulated losses	15	(74,975,811)	(73,420,308)
<b>Total equity</b>		<b>1,300,194</b>	<b>2,855,697</b>

*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 \$
<b>Balance at 1 July 2023</b>	<b>76,276,005</b>	<b>(73,420,308)</b>	<b>2,855,697</b>
<b>Comprehensive income:</b>			
Loss for the year	-	(1,555,503)	(1,555,503)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(1,555,503)</b>	<b>(1,555,503)</b>
<b>Transactions with owners in their capacity as owners:</b>			
<b>At 30 June 2024</b>	<b>76,276,005</b>	<b>(74,975,811)</b>	<b>1,300,194</b>

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

*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	30-Jun-24	30-Jun-23
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,486	-
Payments to suppliers and employees		(1,081,541)	(635,392)
Payments for business development		(673,183)	(276,198)
Payments for exploration and evaluation expenses		(287,530)	(1,131,953)
Receipt of funds in relation to WA Graphite transaction with GCM		200,000	300,000
Receipt of research and development income tax concessions		493,528	1,057,780
Receipt of government grant in relation to exploration assets		-	20,391
Interest received		20,017	12,892
<b>Net cash used in operating activities</b>	10(c)	<b>(1,327,223)</b>	<b>(652,480)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of plant and equipment		95	255
Payments for exploration and evaluation assets	11	(227,236)	(211,653)
<b>Net cash used in investing activities</b>		<b>(227,141)</b>	<b>(211,398)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of convertible notes	13	1,000,000	-
<b>Net cash provided by financing activities</b>		<b>1,000,000</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(554,364)</b>	<b>(863,878)</b>
Cash and cash equivalents at the beginning of the year		1,534,879	2,398,757
<b>Cash and cash equivalents at the end of the year</b>	10(a)	<b>980,515</b>	<b>1,534,879</b>

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

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## 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 2024 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 16 August 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 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 2024 the group recorded a loss of \$1,555,503 (2023: \$955,210), net cash outflows from operating activities of \$1,327,223 (2023: \$652,480) and working capital of \$605,693 (2023: working capital deficiency of \$27,838). 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 is finalising access to additional funding of up to \$0.75 million via a convertible note, if required, to progress technical work, regulatory approvals and commercial negotiations with key service and offtake partners in readiness for WAH<sub>2</sub> Project FEED-entry;
- The Group is expecting to submit a research and development reimbursement claim with the ATO which, if approved, is anticipated to be received in Q3;
- 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.

### 4. MATERIAL ACCOUNTING POLICY

#### (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 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) New Accounting Standards and Interpretations

The Group has adopted all new accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning 1 July 2023. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Group.

##### Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting year ended 30 June 2024. The Directors have not early adopted any of these new or amended standards or interpretations. The Directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**4. MATERIAL ACCOUNTING POLICY (CONTINUED)**

**AASB 2020-1 (issued March 2020): Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current**

The entity currently classifies its convertible debt instruments as non-current liabilities. When these amendments are adopted, these instruments will be classified as current liabilities because the conversion feature fails the 'fixed for fixed' test to be classified as an equity instrument.

Non-current liabilities will therefore decrease, and current liabilities will increase by a corresponding amount in the balance sheet for 30 June 2025.

Non-current liabilities will also decrease, and current liabilities will increase by \$1,000,000 in the restated comparative balance sheet for 30 June 2024 comparatives, and by \$1,000,000 in the balance sheet at the beginning of the earliest comparative period, 1 July 2023.

**(c) Other Accounting Policies**

Other material accounting policy information is included in the relevant notes. These policies have been consistently applied to all years presented, unless otherwise stated.

**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**

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to mining assets.

**6. OTHER INCOME**

	30-Jun-24	30-Jun-23
	\$	\$
Interest income	10,115	22,794
Government drilling co-funding	-	20,391
WA Graphite transaction with GCM (i)	200,000	300,000
Research and development income tax concession	493,528	766,799
Other revenue	1,486	3,376
	<b>705,129</b>	<b>1,113,360</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6. OTHER INCOME (CONTINUED)**

- (i) During the current financial year, Hexagon's McIntosh Graphite Project remained under a Mineral Rights Earn-In Agreement with Green Critical Minerals Pty Ltd (GCM) which saw Hexagon receive the second tranche payment of \$200,000 from GCM. During the 2023 financial year the Company received \$300,000 from CGM as part of its first tranche payment. Under the terms of the agreement, Hexagon is free carried through to a decision to mine at McIntosh and for any downstream value-added components of the value chain developed by GCM.

**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.

**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-24	30-Jun-23
	\$	\$
<b>Business development</b>		
Business development: Consulting expenses	516,635	376,905
Business development: Legal expenses	27,927	-
	<b>544,562</b>	<b>376,905</b>
<b>Corporate and administration expenses</b>		
Accounting and finance expenses	141,942	149,268
Compliance and regulatory expenses	277,015	230,708
Consulting and corporate expenses	181,000	85,000
Depreciation expense	5,878	2,108
Investor relations and promotional expenses	57,162	655
Insurance expense	26,850	29,161
IT expenses	16,087	11,447
Rent expense	25,091	22,786
Travel and accommodation expenses	3,238	1,806
Other administration expenses	7,867	4,870
	<b>742,130</b>	<b>537,809</b>
<b>Exploration and evaluation expenditure</b>		
Exploration and evaluation expenditure on McIntosh Project	264,375	968,578
	<b>264,375</b>	<b>968,578</b>
<b>Personnel expenses and director fees</b>		
Wages and salaries, including superannuation	340,276	13,891
Director fees and other benefits	157,500	109,200
	<b>497,776</b>	<b>123,091</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**8. INCOME TAX EXPENSE**

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	\$	\$
Accounting loss before income tax	(1,555,503)	(955,210)
Tax at the Australian tax rate of 30% (2023: 30%)	(466,651)	(286,563)
Research & development benefits	(148,058)	(230,040)
Other permanent differences	660	39,431
Deferred tax assets not brought to account	614,049	477,172
<b>Income tax expense/benefit</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liability</b>		
Research and development assets/exploration	908,924	860,977
Other temporary differences	-	2,971
	<b>908,924</b>	<b>863,948</b>
Offset of deferred tax assets	(908,924)	(863,948)
<b>Net deferred tax liability recognised</b>	<b>-</b>	<b>-</b>
<b>Unrecognised deferred tax asset</b>		
Tax losses	11,442,654	10,910,531
Expenses taken into equity	40,675	73,958
Other temporary differences	2,655,972	2,866,343
	<b>14,139,301</b>	<b>13,850,832</b>
Offset of deferred tax liabilities	(908,924)	(863,948)
<b>Net deferred tax assets</b>	<b>13,230,377</b>	<b>12,986,884</b>

**9. EARNINGS PER SHARE**

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
Net loss attributable to the ordinary equity holders of the Group (\$)	(1,555,503)	(955,210)
Weighted average number of ordinary shares for basic loss per share (No.)	512,915,901	512,915,901
<b>Continuing operations</b>		
- Basic and diluted loss per share (\$)	(0.003)	(0.002)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**10. CASH AND CASH EQUIVALENTS**

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

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	\$	\$
Cash on hand and at bank	960,500	514,864
Short-term deposits	20,015	1,020,015
	<b>980,515</b>	<b>1,534,879</b>

**(b) Interest rate risk exposure**

The Group's exposure to interest rate risk is discussed in Note 16: Financial Risk Management.

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

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	\$	\$
Loss after income tax	(1,555,503)	(955,210)
<b>Adjustments for:</b>		
Depreciation	5,878	2,108
Exchange differences on translation of foreign currencies	403	296
Finance costs	60,000	-
Impairment of exploration and evaluation expenditure	151,481	62,146
Gain on disposal of plant and equipment	(95)	(255)
<b>Change in operating assets and liabilities</b>		
Decrease in receivables	4,768	229,928
Decrease in trade payables and accruals	5,845	21,557
Decrease in employee entitlements	-	(13,050)
<b>Net cash outflow from operating activities</b>	<b>(1,327,223)</b>	<b>(652,480)</b>

**(d) Non-cash financing and investing activities**

No non-cash financing and investing activities have occurred during the year ended 30 June 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**11. EXPLORATION AND EVALUATION ASSETS**

	30-Jun-24	30-Jun-23
	\$	\$
Carrying amount of exploration and evaluation expenditure	3,029,745	2,869,923
<b><u>Movement reconciliation</u></b>		
<b>Balance at the beginning of the financial year</b>	<b>2,869,923</b>	<b>2,658,270</b>
Exploration expenditure during the year	287,303	273,799
Acquisition of tenements	24,000	-
Impairment of exploration and evaluation expenditure (i)	(151,481)	(62,146)
<b>Balance at the end of the financial year</b>	<b>3,029,745</b>	<b>2,869,923</b>

(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.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**12. TRADE AND OTHER PAYABLES**

	30-Jun-24	30-Jun-23
	\$	\$
<b>CURRENT</b>		
Trade payables	314,401	160,479
Other payables and accrued expenses	99,556	1,446,141
	<b>413,957</b>	<b>1,606,620</b>
	30-Jun-24	30-Jun-23
	\$	\$
<b>NON-CURRENT</b>		
Other payables and accrued expenses	1,342,978	-
	<b>1,342,978</b>	<b>-</b>

**Liquidity risk exposure**

The Group's exposure to liquidity risk is discussed in Note 16: Financial Risk Management.

**13. BORROWINGS**

	30-Jun-24	30-Jun-23
	\$	\$
Convertible notes payable	1,000,000	-
	<b>1,000,000</b>	<b>-</b>

Key terms of the Convertible Notes:

- There are 10 Convertible Notes issued with an issue price of \$100,000 each. Each may be converted into fully paid shares in the future at a minimum floor price of \$0.02 per share or higher, depending on the Company's share price at the time of conversion.
- Interest Rate: 12%.
- Maturity Date: 21 December 2025.
- The Convertible Notes are unsecured.
- Lender: Professional and sophisticated investors, via Investorlink Direct Pty Ltd as the Convertible Note Agent.
- Transactions costs were \$60,000.

**Liquidity risk exposure**

The Group's exposure to interest risk is discussed in Note 16: Financial Risk Management.

**Recognition and Measurement:**

Convertible notes issued by the Group can be converted to share capital at the option of the holder or at the option of the issuer in certain circumstances. The notes issued are hybrid financial liabilities, comprising a host debt liability and multiple embedded derivative liabilities. The Company has elected upon initial recognition of the convertible notes to recognise the whole instrument as a financial liability carried at fair value through profit or loss. On initial recognition the fair value of the convertible note equates to the fair value of consideration paid, as no gain or loss on initial recognition can be recognised per the requirements of the accounting standards AASB 9. The fair value of the financial liabilities is carried through profit or loss (i.e. the convertible note portion). The convertible notes are classified as a non-current liability as they mature on 21 December 2025.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**14. CONTRIBUTED EQUITY**

**a. Issued and fully paid**

	30-Jun-24		30-Jun-23	
	\$	No.	\$	No.
Fully paid ordinary shares	76,276,005	512,915,901	76,276,005	512,915,901
	<b>76,276,005</b>	<b>512,915,901</b>	<b>76,276,005</b>	<b>512,915,901</b>

**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**

<b>ORDINARY SHARES</b>	<b>Quantity</b>	<b>\$</b>
Balance 30 June 2022	512,915,901	76,276,005
Balance 30 June 2023	512,915,901	76,276,005
<b>Balance 30 June 2024</b>	<b>512,915,901</b>	<b>76,276,005</b>

**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.

**15. ACCUMULATED LOSSES**

	30-Jun-24	30-Jun-23
	\$	\$
<b><u>Movement reconciliation</u></b>		
<b>Balance at the beginning of the financial year</b>	<b>(73,420,308)</b>	<b>(72,572,814)</b>
Net loss during the year	(1,555,503)	(955,210)
Net reversal of share-based payments	-	107,716
<b>Balance at the end of the financial year</b>	<b>(74,975,811)</b>	<b>(73,420,308)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16. 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 program 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 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-24	30-Jun-23
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	980,515	1,534,879
Trade and other receivables	42,735	47,503
	<b>1,023,250</b>	<b>1,582,382</b>
<b>Financial liabilities</b>		
Trade and other payables	1,756,935	1,606,620
Borrowings	1,000,000	-
	<b>2,756,935</b>	<b>1,606,620</b>
<b>Net exposure</b>	<b>(1,733,685)</b>	<b>(24,238)</b>

**(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-24		30-Jun-23	
	Weighted average interest rate	Balance \$	Weighted average interest rate	Balance \$
Cash and cash equivalents	1.35%	980,515	2.81%	1,534,879

**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.

At 30 June 2024, 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-24	30-Jun-23	30-Jun-24	30-Jun-23
	\$	\$	\$	\$
<b>Judgements of reasonably possible movements:</b>				
+ 1.0% (100 basis points)	9,805	15,349	9,805	15,349
- 1.0% (100 basis points)	(9,805)	(15,349)	(9,805)	(15,349)

The other financial instruments of the Group that are not included in the above table, such as convertible notes, are interest bearing and expose the Group to fair value risk, which has been disclosed below in note 16 (d) Fair value estimation.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(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-24	30-Jun-23
	\$	\$
<b>Cash at bank and short-term bank deposits:</b>		
Financial institutions - Standard & Poor's rating of AA-	980,515	1,534,879
	<b>980,515</b>	<b>1,534,879</b>

**(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.

The table below reflects the respective undiscounted cash flows for financial liabilities existing at 30 June 2024.

Contractual maturities of financial liabilities	<6 months	>6-12 months	>12 months	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>30-June-24</b>					
Trade and other payables	413,957	-	1,342,978	1,756,935	1,756,935
Borrowings *	-	-	1,000,000	1,000,000	1,000,000
	<b>413,957</b>	<b>-</b>	<b>2,342,978</b>	<b>2,756,935</b>	<b>2,756,935</b>
<b>30-Jun-23</b>					
Trade and other payables	263,642	-	1,342,978	1,606,620	1,606,620
	<b>263,642</b>	<b>-</b>	<b>1,342,978</b>	<b>1,606,620</b>	<b>1,606,620</b>

\* Convertible notes are based on contractual cash flows unless conversion to equity elected earlier by the note holder.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Fair value estimation**

*(i) Cash & cash equivalents*

The carrying amount is fair value, due to the liquid nature of these assets.

*(ii) Other receivables*

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value due to their short-term nature.

*(iii) Convertible note liability*

The convertible note liability is recorded at its fair value, and subsequently measured at fair value at each reporting period or until settlement, with fair value movements recognised in the statement of profit or loss as a finance cost.

*(iv) Fair value measurement hierarchy*

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets and liabilities;
- (b) Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e as prices), or indirectly (i.e derived from prices); or
- (c) Level 3 – a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

The table below classifies financial instruments recognized in the consolidated Statement of Financial Position according to the fair value measurement hierarchy stipulated in AABS 7 Financial Instruments disclosures.

	Level 1	Level 2	Level 3	Total
Year ended 30 June 2024	\$	\$	\$	\$
<b>Borrowings</b>				
Convertible Note	-	(1,000,000)	-	(1,000,000)
	-	(1,000,000)	-	(1,000,000)

The fair value of financial instruments traded in active markets is based upon quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes a number of assumptions based upon observable market data existing at each reporting period.

The convertible notes are determined at fair value. These instruments are classified as level 2 financial liabilities.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**17. 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 and the CEO.

The Group operates in two operating segments, mineral exploration in Australia and WAH<sub>2</sub> Project. This is the basis in which internal reports are provided to the Directors and CEO for assessing performance and determining the allocation of resources within the Group.

**(i) Segment performance**

	Exploration Australia	WAH <sub>2</sub> Project	Total
30-Jun-24	\$	\$	\$
<b>Revenue</b>			
WA Graphite transaction with GCM	200,000	-	200,000
Research & development income tax concession	348,171	145,357	493,528
Unallocated expenses net of unallocated income	-	-	11,601
<b>Total segment revenue</b>			<b>705,129</b>

**Reconciliation of segment results to net loss before tax**

**Amounts not included in segment results but reviewed by the Board**

- Business development	-	(544,562)	(544,562)
- Exploration and evaluation expenditure	(264,375)	-	(264,375)
- Impairment of exploration and evaluation expenditure	(151,481)	-	(151,481)
- Corporate and administration expenses	-	-	(1,300,214)
<b>Net loss before tax from continuing operations</b>			<b>(1,555,503)</b>

	Exploration Australia	WAH <sub>2</sub> Project	Total
30-Jun-23	\$	\$	\$
<b>Revenue</b>			
WA Graphite transaction with GCM	300,000	-	300,000
Government drilling co-funding	20,391	-	20,391
Research & development income tax concession	766,799	-	766,799
Unallocated expenses net of unallocated income	-	-	26,170
<b>Total segment revenue</b>			<b>1,113,360</b>

**Reconciliation of segment results to net loss before tax**

**Amounts not included in segment results but reviewed by the Board**

- Business development	-	(376,905)	(376,905)
- Exploration and evaluation expenditure	(968,578)	-	(968,578)
- Impairment of exploration and evaluation expenditure	(62,146)	-	(62,146)
- Corporate and administration expenses	-	-	(660,941)
<b>Net loss before tax from continuing operations</b>			<b>(955,210)</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**17. SEGMENT REPORTING (CONTINUED)**

**(ii) Segment assets**

	Exploration Australia	WAH <sub>2</sub> Project	Total
	\$	\$	\$
<b>30-Jun-24</b>			
Segment assets	3,029,745	-	3,029,745
Unallocated assets			
- Cash and cash equivalents			980,515
- Trade and other receivables			42,735
- Plant and equipment			4,134
<b>Total assets</b>			<b>4,057,129</b>

**30-Jun-23**

Segment assets	2,869,923	-	2,869,923
Unallocated assets			
- Cash and cash equivalents			1,534,879
- Trade and other receivables			47,503
- Plant and equipment			10,012
<b>Total assets</b>			<b>4,462,317</b>

**(iii) Segment liabilities**

	Exploration Australia	WAH <sub>2</sub> Project	Total
	\$	\$	\$
<b>30-Jun-24</b>			
Segment liabilities	69,627	14,077	83,704
Unallocated liabilities			
- Trade and other payables			1,673,231
- Borrowings			1,000,000
<b>Total Liabilities</b>			<b>2,756,935</b>

**30-Jun-23**

Segment liabilities	8,715	109,947	118,662
Unallocated liabilities			
- Trade and other payables			1,487,958
<b>Total Liabilities</b>			<b>1,606,620</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**18. 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.

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Short-term benefits	625,583	237,200
Long-term benefits	-	-
Post-employment benefits	41,067	8,400
	<b>666,650</b>	<b>245,600</b>

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

**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 (2023: \$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 2024 of \$195,085 (2023: \$195,085).

**Philipp Kin - Non-Executive Director**

Philipp Kin provided Consulting Services totaling \$56,000 to the Company during the financial year (2023: nil).

**Garry Plowright - Non-Executive Director**

Garry Plowright provided Consulting Services to the Company during the 2023 financial year, totaling \$7,200.

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 2024.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**19. PARENT ENTITY INFORMATION**

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

	30-Jun-24	30-Jun-23
	\$	\$
Current assets	1,019,650	1,578,782
Non-current assets	1,694,501	1,540,557
<b>Total assets</b>	<b>2,714,151</b>	<b>3,119,339</b>
Current liabilities	413,957	263,642
Non-current liabilities	1,000,000	-
<b>Total liabilities</b>	<b>1,413,957</b>	<b>263,642</b>
<b>Net assets</b>	<b>1,300,194</b>	<b>2,855,697</b>
Issued capital	76,276,005	76,276,005
Accumulated losses	(74,975,811)	(73,420,308)
<b>Total equity</b>	<b>1,300,194</b>	<b>2,855,697</b>
Loss after income tax	(3,966,939)	(3,340,568)
<b>Total comprehensive income</b>	<b>(3,966,939)</b>	<b>(3,340,568)</b>

**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
	2024	2023	
Ebony Energy Pty 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
WAH2 Clean Energy Pty Ltd (1)	100%	100%	Australia
Hexagon Clean Energy Properties Pty Ltd (2)	100%	-	Australia
Hexagon Clean Energy Operations Pty Ltd (2)	100%	-	Australia
Hexagon Holdings USA Inc	100%	100%	United States of America
Energy Materials of America LLC (3)	-	-	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 and Hexagon Clean Energy Operations Pty Ltd.

(3) On 21 December 2021 the Company deregistered Energy Materials of America LLC.

**20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**21. 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.

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
<b>Exploration obligations to be undertaken:</b>		
Payable within one year	578,085	1,198,539
Payable within one year and five years	128,301	476,997
	<b>706,386</b>	<b>1,675,536</b>

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

**22. 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.

**23. AUDITOR'S REMUNERATION**

	<b>30-Jun-24</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
<b>BDO Audit Pty Ltd</b>		
<b>Remuneration paid or payable for:</b>		
- Auditing and reviewing the financial reports	51,175	47,914
<b>Non-audit services:</b>		
- Taxation services - BDO Tax (WA) Pty Ltd	13,260	14,007
- Technical advice including R&D claims - BDO Tax (WA) Pty Ltd	24,007	35,204
<b>Total auditors' remuneration</b>	<b>88,442</b>	<b>97,125</b>

**24. EVENTS AFTER END OF FINANCIAL YEAR**

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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**CONSOLIDATED ENTITY DISCLOSURE STATEMENT**

**CONSOLIDATED ENTITY DISCLOSURE STATEMENT**

<b>Name of Entity</b>	<b>Type of Entity</b>	<b>Trustee, partner or participant in joint venture</b>	<b>% of share of capital held</b>	<b>Country of Incorporation</b>	<b>Australian resident or foreign resident (for tax purposes)</b>	<b>Foreign tax jurisdiction(s) of foreign residents</b>
Hexagon Energy Materials Ltd	N/A	N/A	N/A	Australia	Australia	N/A
Ebony Energy Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
Pedirka Basin Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
Halls Creek Resources Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
McIntosh Resources Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
Advanced Particle Group Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
Hexagon Holdings Australia Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
WAH2 Clean Energy Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
Hexagon Clean Energy Properties Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
Hexagon Clean Energy Operations Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A
Hexagon Holdings USA Inc	Body Corporate	N/A	100%	United States of America	Foreign	United States of America
Charge Minerals LLC	Body Corporate	N/A	80%	United States of America	Foreign	United States of America

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**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 2024 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 20 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2024, 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.
6. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001* and is signed for and on behalf of the directors by:



**Charles Whitfield**  
**Chairman**  
**16 August 2024**

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## 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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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
<p>As disclosed in Note 11 to the Financial Report, the carrying value of the exploration and evaluation asset represents a significant asset of the Group.</p> <p>The Group's accounting policies and significant judgements applied to capitalised exploration and evaluation expenditure are detailed in Note 11 of the Financial Report.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('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.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing whether rights to tenure of the Group's area of interest remained current at balance date;</li> <li>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;</li> <li>Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>Assessing the adequacy of the related disclosures in Note 11 of the Financial Report.</li> </ul>

## 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 2024, 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:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of 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](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 20 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Hexagon Energy Materials Limited, for the year ended 30 June 2024, 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 Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a small, faint BDO logo.

Neil Smith

Director

Perth, 16 August 2024

## SHAREHOLDER INFORMATION

The following additional information was applicable as at 25 July 2024.

### 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 3,100.
- 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	84	17,120	0.00%
1,001 - 5,000	292	1,147,540	0.22%
5,001 - 10,000	609	4,796,076	0.94%
10,001 - 100,000	1,506	59,128,439	11.53%
100,001 - 9,999,999,999	609	447,826,726	87.31%
<b>Totals</b>	<b>3,100</b>	<b>512,915,901</b>	<b>100.00%</b>

### 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 \$0.013 per unit minimum parcel size is 38,461 shares).

There are 1,866 shareholders who hold less than a marketable parcel of shares, amounting to 24,013,155 shares or 4.68% 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:

- each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;
- 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
- 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 35.58% of the securities in this class and are listed below:

Rank	Holder Name	Securities	% of Issued
1	CITICORP NOMINEES PTY LIMITED	22,448,795	4.38%
2	BNP PARIBAS NOMS PTY LTD	18,114,635	3.53%
3	INVESTORLINK DIRECT PORTFOLIO PTY LIMITED	15,274,328	2.98%
4	CHETAN ENTERPRISES PTY LTD	15,059,958	2.94%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,953,823	2.72%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,638,277	1.88%
7	LENARK PTY LTD <LENARK INVESTMENT A/C>	9,284,075	1.81%
8	LEFT BRAIN STRATEGIES PTY LTD <LEFT BRAIN STRATEGIES A/C>	9,020,427	1.76%
9	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	8,304,586	1.62%
10	INVESTORLINK SUPER PTY LIMITED	7,830,000	1.53%
11	BS PLAY PTY LTD	7,342,947	1.43%
12	MR DAVID JAMES HARRINGTON	7,300,000	1.42%
13	SIMON PATRICK DOWD	6,727,733	1.31%
14	XENOBLAST PTY LTD <PATHFINDER EXPLR P/L SF A/C>	5,232,703	1.02%
15	V V ENTERPRISES PTY LTD <VIRK FAM SF A/C>	5,079,321	0.99%
16	MR FRANK HEPBURN	5,000,000	0.97%
17	THE STEPHENS GROUP SUPER FUND PTY LTD <STEPHENS GROUP S/F A/C>	4,696,970	0.92%
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	4,317,273	0.84%
19	CHETAN ENTERPRISES PTY LTD <HEGDE SUPER FUND A/C>	4,010,304	0.78%
20	MS GISELLE LLOYD	3,867,828	0.75%
	<b>Total</b>	<b>182,503,983</b>	<b>35.58%</b>

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## SHAREHOLDER INFORMATION

### 10. Convertible Notes

- There are 10 Convertible Notes issued with an issue price of \$100,000 each. Each may be converted into fully paid shares in the future at a minimum floor price of \$0.02 per share or higher, depending on the Company's share price at the time of conversion.
- Interest Rate: 12%.
- Maturity Date: 21 December 2025.
- The Convertible Notes are unsecured.
- Lender: Professional and sophisticated investors, via Investorlink Direct Pty Ltd as the Convertible Note Agent.

### 11. Distribution of Convertible Notes is as follows:

Spread of Holdings	Holders	Securities	% of Issued Capital
1 - 1,000	5	10	100.00%
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	-	-	-
<b>Totals</b>	<b>5</b>	<b>10</b>	<b>100.00%</b>

### 12. Top 20 Convertible Note Holders

Rank	Holder Name	Securities	% of Issued
1	KEERATI PLODPRONG	5	50.00%
2	GEOFFREY VERNON BENSON	2	20.00%
3	INVESTORLINK DIRECT PORTFOLIO PTY LTD	1	10.00%
3	JANE ADAMSON <JANE ADAMSON SUPER A/C>	1	10.00%
3	DIEKMAN HOLDINGS (NSW) PTY LTD <THE ELJAC SUPER FUND A/C>	1	10.00%
	<b>Total</b>	<b>10</b>	<b>100.00%</b>

**GLOSSARY OF TECHNICAL TERMS**

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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

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