



**ASX Announcement 4 November 2024
Hexagon Energy Materials Limited (ASX: HXG)**

***Hexagon and Chevron Australia agree on Indication of Gas Supply
for WAH₂ Project***

Hexagon Energy Materials limited (ASX:HXG) ('Hexagon' or 'the Company') is delighted to advise that it has agreed to an Indication for the Supply of Pipeline Gas ('Indication') from Chevron Australia Pty Ltd ('Chevron') to the Company's WAH₂ Clean Ammonia Project.

The non-binding Indication has been prepared for the purpose of facilitating discussions between Chevron and Hexagon with the objective of agreeing and executing, subject to obtaining all required board or management approvals, a gas sales and purchase agreement by September 2025 to support Hexagon's WAH₂ Project Final Investment Decision targeted for the end of 2025.

The Indication contains confidential indicative commercial terms and contemplates:

- The supply of 33 TJ/d of gas from 2029 (60% of Hexagon's requirements for Phase 1 of the WAH₂ Project); and
- An initial supply period of 10 years and a potential extension for a further 5 years.

Separately to the Indication with Chevron, Hexagon expects to enter additional memoranda of understanding with other parties for gas supply and other aspects of the WAH₂ Project including CO₂ sequestration, infrastructure and offtake over the coming weeks and months.

These will support the WAH₂ Project's entry into Front End Engineering and Design ('FEED') which is planned to commence at the end of 2024.

Hexagon's Chairman Charles Whitfield commented:

"This is an important step forward in the development of the WAH₂ Project. The Indication for gas supply is a demonstration of the growing confidence in the viability of the clean ammonia business in Australia and its ability to supply the critical energy and bunkering markets. The Indication, together with the increasing momentum of the Project, provides further support for the Company's progress of several strategic initiatives to transform the Company into a clean ammonia producer."

Chevron Australia General Manager Gas Marketing Australia Patrick Beashel said:

"As one of Western Australia's largest producers of domestic gas, we are pleased to have reached agreement with Hexagon for a non-binding Indication for the Supply of Gas to the WAH₂ Clean Ammonia Project. The Project is an example of the potential of leveraging reliable natural gas supply to produce lower carbon sources of energy."

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About the WAH₂ Project

The WAH₂ project is Hexagon's flagship project to supply low-emissions ammonia to the decarbonising powerhouse economies of the Asia Pacific, including Japan and South Korea as well as being a source of decarbonised "bunker" fuel for powering bulk carriers carrying iron ore from Australia to Asia. The project is well placed as Asia's energy transition drives an increasing demand for low emissions energy.

The Project is progressing towards its target of entering front end engineering and design ('FEED') at the end of 2024.

1.1 Pre-FEED Technical Activities

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

Topsoe has completed its pre-FEED scope and optimisation of ancillary process and services by Petrofac continues to plan with results to-date suggesting a lower carbon intensity than the PFS Base Case¹ could be achieved.

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

1.2 Land Allocation

Hexagon has been allocated land in the Maitland Strategic Industrial area by the Western Australian Government. The 40 Ha site's proximity to an existing deepwater port and infrastructure is a key asset that underpins the competitiveness of the WAH₂ Project.

The terms of the Option to Lease for the land allocated to Hexagon for the WAH₂ Project have been agreed in-principle with Development WA and final approvals are pending.

1.3 Input and Infrastructure Agreements

Hexagon has executed a Key Terms Agreement² with the Water Corporation of Western Australia for the supply of sufficient volume of water for Phase 1 of the WAH₂ Project.

With the Indication of Gas Supply per this announcement covering 60% of WAH₂ Phase 1 requirements, the project is well on its way to securing two of the most critical input components.

Hexagon continues to progress confidential commercial discussions with other key input and service providers regarding further gas supply, CO₂ sequestration and infrastructure. These discussions have included confidential indicative pricing from third parties for several key aspects of the project, have continued to reduce uncertainty and have tended to come in under PFS Base Case assumptions¹, providing opportunities to improve project economics.

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

1.4 Sales and Offtake

Hexagon has stated that the two main sources of demand for clean ammonia in the region will be from the displacement of coal in thermal power generation (in countries like Japan and South Korea) and from the displacement of marine fuel oil and diesel in the marine bulk carrier fleet.

Hexagon has signed a memorandum of Understanding with Oceania Marine Energy Pty Ltd ('Oceania')³ regarding the potential development of a low-emissions ammonia bunkering business at Dampier.

¹ HXG ASX 'WAH₂ Project Pre-Feasibility Study' updated announcement dated 2 August 2023.

² HXG ASX announcement 'WAH₂ Project – Water Supply Key Terms Agreement' dated 11 March 2024.

³ HXG ASX announcement 'WAH₂ Project – Ammonia Bunkering Memorandum of Understanding' dated 13 May 2024.

This could create a valuable, additional, domestic market for Hexagon’s WAH₂ Project that would require no additional capital expenditure and be complementary to Hexagon’s primary objective of exporting low-emissions ammonia from WAH₂ to help decarbonise power generation in Asia.

Confidential commercial discussions continue to progress with potential off-takers and strategic partners and will ramp up as the pre-FEED technical work and financial modelling is completed..

1.5 Timeline

Hexagon’s target is WAH₂ FEED-entry at the end of 2024, leading to a final investment decision at the end of 2025 and the start of production at the end of 2028.

FEED-entry will require the completion of planned technical work and finalisation and execution of conditional commercial agreements for key aspects of the project. Given the interdependency between the commercial agreements, their sequencing and timing will be determined as they progress.

Authorisation

This announcement has been authorised by the Board of Directors.

About Hexagon Energy Materials Limited

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 decarbonized hydrogen (low-emission ammonia) into export and domestic markets at scale, via its WAH₂ Project. The Company plans to use renewable energy to the greatest extent practicable.

To learn more please visit: www.hxgenergymaterials.com.au

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