

ASX Announcement – 15 May 2023

Hexagon Secures Land for WAH₂ Project

Highlights:

- The Western Australian Government has approved allocation of land for Hexagon's proposed WAH₂ low-emissions ammonia project.
- The 40 Ha site is in Hexagon's preferred location in the Maitland Strategic Industrial Area.
- This significant milestone will assist ongoing commercial discussions regarding key project inputs.
- WAH₂ Pre-Feasibility Study (PFS) remains on track for completion in Q2 2023.

WAH₂ Land Allocation

Hexagon energy materials is delighted to announce that it has received approval from the Western Australian Government for its application concerning the Company's preferred site for the WAH₂ Project to produce low-emissions ammonia for the growing Asian market.

Hexagon previously notified the market of the application (HXG ASX Announcements 17 January 2023 and earlier).

The 40 Ha site is located in the Maitland Strategic Industrial Area and was selected due to its closeness to existing services, an existing infrastructure corridor and established export routes. The site is ideally located to serve key Asian markets such as Japan and South Korea and to provide domestic supply to Australia.

Hexagon will now progress discussions with DevelopmentWA to finalise key terms for land tenure.

The Western Australian State Development, Jobs and Trade Minister, Roger Cook, commented *"The approval of land allocation for Maitland SIA will help transform the greenfield site into a globally competitive, multi-product industrial precinct. Land allocated in the Maitland SIA will enable a range of projects, including ammonia, hydrogen and renewable energy, which will aim to decarbonise emissions on the Burrup Peninsula."*

The Western Australian Lands Minister, John Carey, commented *"This is a major boost for regional WA, and in particular for the City of Karratha, as these projects create and sustain local jobs while strengthening and diversifying the State's economy. Land allocations in Maitland SIA will enable a range of projects that will aim to decarbonise emissions on the Burrup Peninsula and establish WA as a significant exporter of low-emissions energy."*

Hexagon Chairman, Charles Whitfield adds, *"This is a huge milestone for the project and clears the way for advancing the other strategic partnerships which were contingent on securing the project site. With this cornerstone asset confirmed, I expect to see results from the other key components of the project work to be formalised in the near future."*

The Western Australian Government's full announcement can be found at:

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<https://www.mediastatements.wa.gov.au/Pages/McGowan/2023/05/Land-allocation-approvals-for-green-industrial-precinct-in-the-Pilbara.aspx>

Strategic Collaboration

In parallel with its technical studies, Hexagon is progressing confidential discussions with preferred parties for all the main inputs for the project:

- Gas supply
- Power supply
- CO₂ sequestration
- Water supply
- Infrastructure access.

The allocation of land and confirmation of WAH₂ Project location will assist in maturing these discussions and developing Memoranda of Understanding with selected parties.

Discussions regarding ammonia offtake, project structuring and project participation will commence in Q2 2023.

Hexagon looks forward to being able to update the market on progress, subject to confidentiality undertakings.

Timeline

The project remains on track for PFS completion in Q2 2023, and the project timeline unchanged from previously advised (HXG ASX Announcements 23 March 2023 and 8 March 2023). In summary:

Q2 2023	• Complete WAH₂ Preliminary Feasibility Report • Secure Option to Lease from WA Government over preferred project site • Progress commercial discussions
Subject to positive feasibility outcome and recommendations:	
Q3 - Q4 2023	• WAH₂ Concept Selection Studies • Binding commercial agreements (conditional on FID) prior to FEED entry • FEED entry by end 2023
Q1 - Q4 2024	• FEED Studies • Unconditional binding commercial agreements prior to FID • FID by end 2024

WAH₂ Project recap

The WAH₂ Project is Hexagon's flagship project to supply low-emissions ammonia to the decarbonising powerhouse economies of the Asia Pacific, including Japan and South Korea.

The WAH₂ Project is well-placed as the energy transition drives an increasing demand for low-emissions energy.

In summary, subject to the results and recommendations of the PFS, the WAH₂ Project would:

- use proven technology to reform natural gas to produce hydrogen.
 - WAH₂'s feed-gas requirement is modest in the context of the WA gas market.
 - There are several potential suppliers with access to existing distribution infrastructure.

- use proven technology to convert hydrogen to ammonia.
 - Ammonia is considered the most appropriate energy carrier as it offers reduced processing and transportation costs and greater energy-efficiency than the alternatives of liquid hydrogen or liquid organic hydrogen carriers, and it aligns with customers' need for ammonia.
- involve capture and storage of CO₂ in depleted gas reservoirs to deliver low-emissions hydrogen and ammonia.
 - Several credible potential CO₂ sequestration alternatives are being developed proximal to WAH₂. Greenhouse gas assessment permits have been awarded to joint ventures operated by Santos (G-9-AP) and Woodside (G-10-AP), and the Australian Gas Infrastructure Group is investigating the potential to use its wholly owned Tubridgi asset for CO₂ sequestration.

Ends

About Hexagon Energy Materials Limited

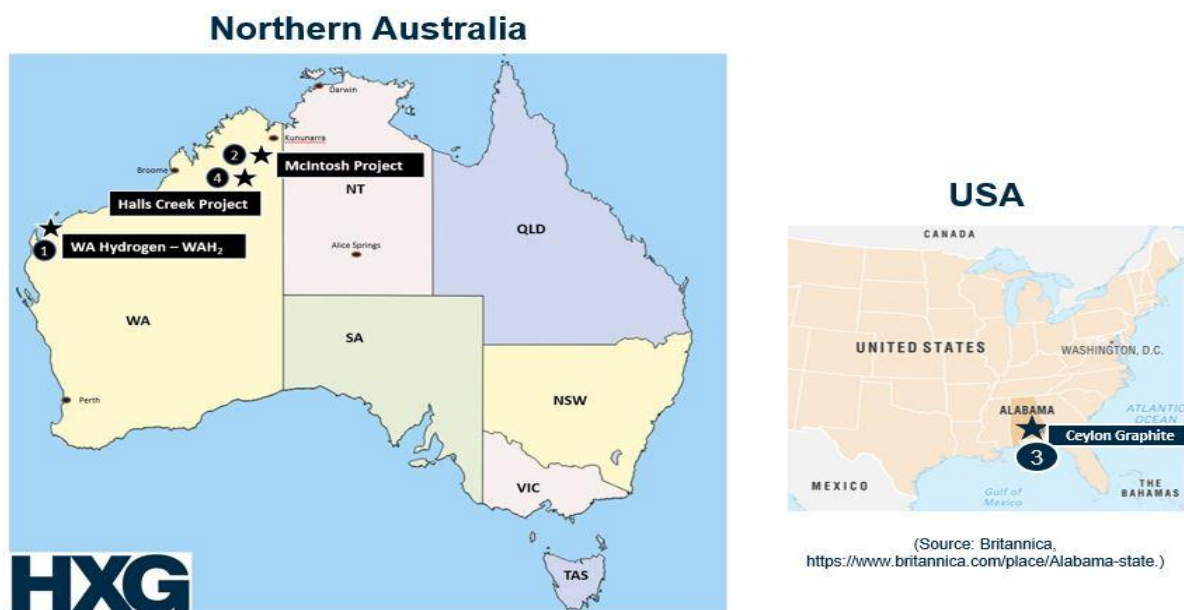
Hexagon Energy Materials Limited (ASX: HXG) is an Australian company focused on future energy project development and energy materials exploration and project development.

Hexagon 100% owns the McIntosh Nickel-Copper-PGE and Graphite project in Western Australia and the Halls Creek Gold and Base metals project in WA. On 14 February 2022 Hexagon announced a binding Graphite Mineral Rights Earn-in agreement (up to 80%) had been entered into with Critical Green Minerals Pty Ltd, with McIntosh Graphite expected to become part of an ASX Initial Public Offering during 2023. In the USA, Hexagon has an 80 per cent controlling interest of the Ceylon Graphite project located in Alabama, over which South Star Battery Materials Corp (TSXV: STS) on 7 December 2021 signed an Option to develop and Earn-In up to 75% interest.

Hexagon is developing a business to deliver low-emissions hydrogen/ammonia into export and domestic markets at scale, via Hexagon's WAH₂ Project.

Hexagon plans to use renewable energy in its low-emissions hydrogen/ammonia production as far as practicable.

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



Locations of Hexagon's projects

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

Authorisation

This announcement has been authorised by the Board of Directors.

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