

# Hexagon Energy Materials Ltd

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## Hexagon Energy Materials wants rare earths pilot plant to be operational in a year

- Hexagon Energy Materials is jointly developing a rare earth element (REE) separate process
- RapidSX technology is described as a game-changer for the REE industry
- In October, the company acquired 49% of Innovation Metals Corp (IMC), the company developing the technology
- Hexagon also has graphite and gold interests in WA

### How it's doing

In December, Hexagon (ASX:HGX) said it had started funding the first stage of commercialisation of RapidSX, which includes a Front-End Engineering Design (FEED) Study for a Commercial Demonstration Plant (CDP).

As part of the FEED study, HXG will fund an independent overview of the capital budget and schedule prepared by IMC, as well as some early extrapolations on capital costs for a full-scale commercial plant based on specific mixed REE chemical concentrate feedstock types.

With US\$1.8 million in funding assistance from the US Department of Defense, IMC's separation technology holds the potential to cost-effectively enable current and future REE producers to move downstream into REE separation.

This would potentially mitigate current concerns about the extreme concentration of the REE supply chain with greater participation by Western producers and manufacturers.

IMC and Hexagon have agreed to form American Innovation Metals (AIM), an incorporated joint venture, with IMC contributing the RapidSX technology IP and expertise for rare-earth separation while HXG will contribute commercial and marketing skills.

Hexagon has agreed to invest US\$2 million into the construction of the RapidSX CDP and to pay US\$4 million to IMC as deferred consideration, payable from Hexagon's share of future AIM cash flows.

Hexagon also owns the **McIntosh Project**, a large-scale, high-quality flake graphite deposit located in the Kimberley region of Western Australia.

The company is also working to enhance the performance of graphite electrodes used in electric-arc furnaces (EAF) worldwide.

Graphite electrodes are an essential part of the EAF steel production process and comprise a substantial portion of the cost.

Flake graphite from McIntosh was tested in this process, which involved it being treated with a proprietary ingredient and branded as 'Performance+'.

**Price:** 0.055

**Market Cap:** \$16.08 m

### 1 Year Share Price Graph



### Share Information

**Code:** HXG

**Listing:** ASX

**52 week High Low**  
0.085 0.03

**Sector:** General mining & base metals

**Website:** [www.hexagonresources.com](http://www.hexagonresources.com)

### Company Synopsis:

Hexagon Energy Materials Ltd (ASX:HGX) is listed on the Australian Securities Exchange.

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This work demonstrated a positive and direct correlation between the addition of Performance+ and increased electrical conductivity.

**Halls Creek** is an early-stage gold and base metal exploration project located in the highly prospective and historic gold and base metals mining province of the east Kimberley region of Western Australia.

### **What the boss says: Mike Rosenstreich, managing director**

"Given the strong support at our recent AGM for Hexagon's expanded strategy and entry into REE processing, we are tremendously pleased to be able to start working with IMC and fund development of the Commercial Demonstration Plant forthwith.

"The RapidSX technology is a game-changer for the global REE processing industry, and a historic opportunity to diversify a global REE supply chain with greater participation from Western producers and manufacturers."

### **Inflexion points**

- **Commercial demonstration plant fully operational in North America in Q4 2020**
- **Planned production capacity is between 60 and 80 tonnes per annum.**
- **Securing RapidSX Intellectual Property by finalising provisional patent applications on the technology**
- **The incorporation of American Innovation Metals (AIM) in the United States.**

### **Blue Sky**

Current primary REO market size of more than 183ktpa with a market value of US\$3.4 billion; forecasted to grow 60% (to 293ktpa) in terms of market size and forecasted growth of more than 85% (to US\$6.3B) in market value by 2025.

Certain sectors are projected to have significantly higher growth rates, with the use of REEs for EV traction motors projected to grow by 350% between 2018 and 2025, demonstrating the considerable potential scale of the AIM business.

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