HEXAGON

HEXAGON ENERGY MATERIALS LIMITED

ABN 27 099 098 192

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

CONTENTS

CORPORATE DIRECTORY

Board of Directors
Merrill Gray - Managing Director
Charles Whitfield - Non-Executive Chairman
Garry Plowright - Non-Executive Director

Officers of the Company
Ian Gregory - Company Secretary

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Applecross, WA 6153

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Domicile and Country of Incorporation
Australia

Australian Business Number
27 099 098 192

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

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

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

DIRECTORS' REPORT

Your Directors present their half-year report on Hexagon Energy Materials Limited ('Hexagon' or 'Company') and its controlled entities ('Consolidated Entity' or 'Group') for the half-year ended 31 December 2021.

1. BOARD OF DIRECTORS

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

Name	Position	Period of Directorship
Merrill Gray	Managing Director	Appointed 18 October 2021
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
Justyn Stedwell	Non-Executive Director	Appointed 1 December 2020, Resigned 18 October 2021

2. CORPORATE INFORMATION

Hexagon is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). Hexagon has prepared a consolidated interim financial report encompassing the entities that it controlled during the period.

3. NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Hexagon is an Australian-listed company focused on future energy project development and future energy materials exploration and project development. Hexagon's corporate strategy is shown in Figure 1 below.

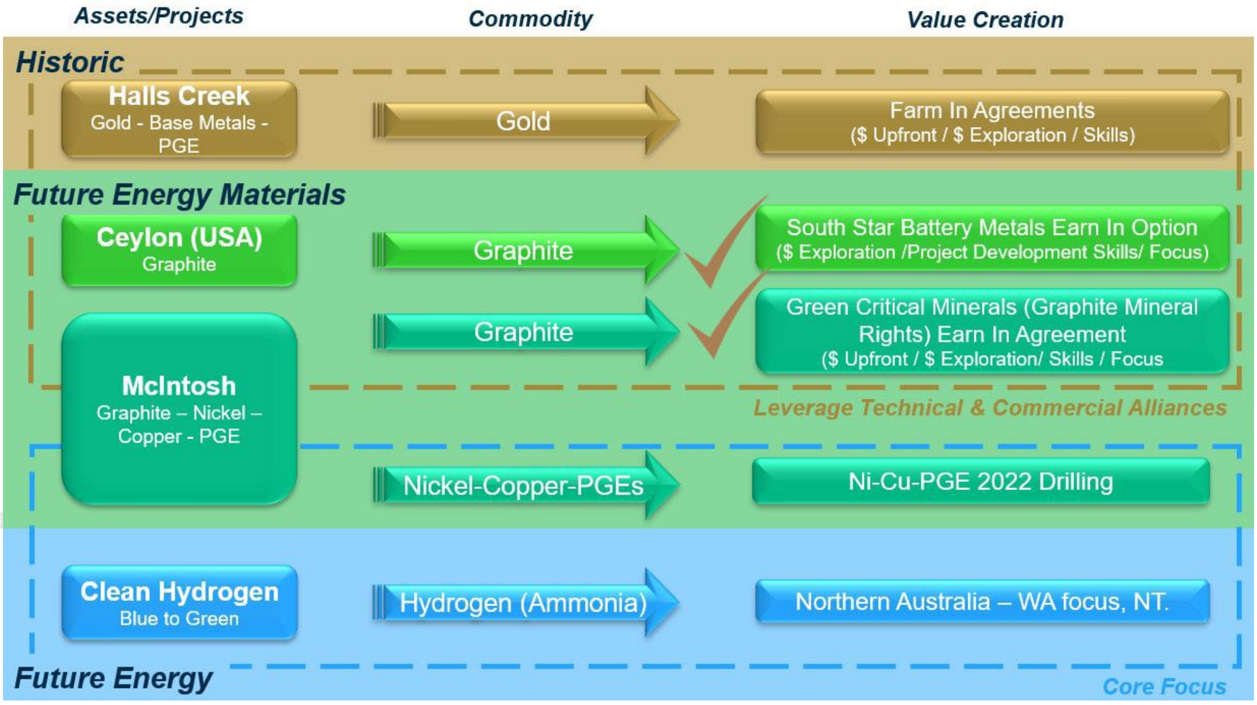
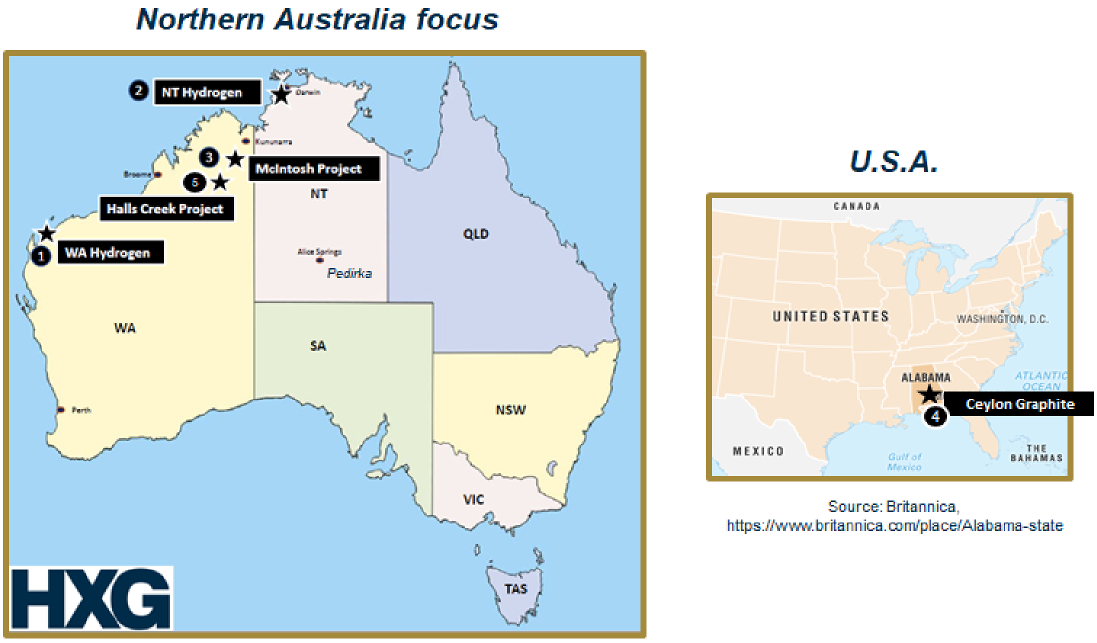


Figure 1 – Hexagon Strategy

Figure 2 provides locational maps showing all of Hexagon's projects/assets.

Over the reporting period Hexagon's focus was progression of its core future energy project, the Pedirka Blue Hydrogen project located in the Northern Territory. On 28 February 2022 the Pedirka Pre-Feasibility (PFS) was completed and announced on ASX.

DIRECTORS' REPORT



Source: Britannica,
https://www.britannica.com/place/Alabama-state

Figure 2 – Hexagon Project Locations

Hexagon's core *future energy materials* project, the McIntosh project, which is prospective for Nickel-Copper-PGE (Ni-Cu-PGEs) and Graphite, was progressed over the period with a number of ASX announcements made (HXG ASX Announcement (19 August 2021 / 12 October 2021 / 11 November 2021 / 16 December 2021 / 2 February 2022).

Hexagon's historic Halls Creek Gold and Base metals project was also progressed during the period with announcements made on (HXG ASX Announcement (22 July 2021 / 7 December 2021 / 7 February 2022).

In the USA, Hexagon holds an 80 per cent controlling interest of the Ceylon Graphite project located in Alabama, over which South Star Battery Metals Corp. (TSXV: STS, OTCQB:STSBF) signed a 75% Earn-In option agreement on 7 December 2021.

Subsequent to period end, on 7 March 2022, Hexagon introduced its Western Australian blue Ammonia project (WAH_2) which, leveraging the findings from the Pedirka PFS, is considered to be a more commercially attractive clean Hydrogen project for Hexagon to progress.

Hexagon's plan is to transition its projects from blue to green hydrogen production on a commercial basis, by using renewable energy to the greatest extent possible from the outset, in clean hydrogen production. Supporting this strategy on 2 February 2022 Hexagon signed a Memorandum of Understanding (MoU) with renewable energy company FRV Services Australia Pty Ltd (FRV Australia) which is 51% owned by Fotowatio Renewable Ventures S.L and 49% owned by OMERS Infrastructure, part of OMERS Canadian defined benefit pension plan fund. FRV Australia has almost 800MWdc of Australian PV Assets built or under construction in Australia.

Hexagon's overarching goal moving forward is to progress core Northern Australian Future Energy Materials (McIntosh) and Future Energy project developments (WAH_2) projects in-house while also securing and leveraging technical and commercial alliances by commodity across its project portfolio.

4. FINANCIAL REVIEW

For the half-year ended 31 December 2021, the loss for the Consolidated Entity after providing for income tax was $13,522,663 (2020: $665,210).

The Consolidated Entity's main expenses were as follows:	31-Dec-21	31-Dec-20
	$	$
Impairment of exploration and evaluation expenditure	11,893,061	-
Business development	-	304,813
Corporate and administration expenses	450,811	308,365
Exploration and evaluation expenditure	999,894	303,529
Personnel expenses and director fees	219,448	148,480
Net reversal of share-based payments	-	(37,400)

DIRECTORS' REPORT

5. CORPORATE

Management Changes

On 18 October 2021 Merrill Gray was appointed Managing Director of the Company and Mr. Justyn Stedwell stepped down as Non-Executive Director.

On 7 February 2022 Lianne Grove ceased to be Chief Operating Officer upon her exit from the Company.

On 1 December 2021 Ian Gregory was appointed Company Secretary and Rowan Caren resigned as Company Secretary.

Capital Structure

At 31 December 2021 the Company had 446,013,827 ordinary shares and 4,000,000 unlisted options on issue (exercisable at $0.10 expiring 30 December 2022).

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 7 December 2021 the Company announced that a binding Earn-In and Option Agreement had been signed covering the 75% Earn-In by South Star Battery Metals Corp. ("South Star") (TSX: STS, OTCQB: STSBF) to Hexagon's Ceylon Graphite project located in Alabama, USA. The core elements of the Earn-In and Option Agreement which runs over three years being:

A right for South Star to acquire 75% in the project for C$750,000 in expenditure on the project (including meeting eligible costs as set out in the Agreement) as follows:

(a) Expenditures on the Property of at least C$250,000 by the first anniversary of the Agreement;
(b) Expenditures of at least C$250,000 by the second anniversary of the Agreement;
(c) Expenditures of at least C$250,000 by the third anniversary of the Agreement; and
(d) Preparation by South Star of a National Instrument 43-101 compliant Preliminary Economic Assessment in respect to the Project by the third anniversary of the Agreement.

After exercise of the Option, a JV company is to be formed where all parties will participate in further exploration and development of the project and any operation of the project, on a pro-rata basis in proportion to their percentage holdings.

For a period of six months following the 75% Earn-in Option being exercised Hexagon and other deal participants individually have the right, but not the obligation, to sell their remaining 25% interest in the project for an aggregate payment of C$250,000 in South Star shares ("Put Option").

Should South Star's interest in the project JV company increase to 90% or greater, South Star shall have the right, but not the obligation, to purchase the entire remaining interest not owned or under its control on a basis proportional to the Put Option.

South Star may withdraw from the Earn-In during the 3 year Earn-In period, provided that South Star ensures that the project is in good standing for a 12-month period post withdrawal. South Star remains responsible for the rehabilitation work on the project with respect to activities conducted by it during the Earn-In.

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

7. REVIEW OF OPERATIONS

During the period, the Company completed a detailed strategic review of the Company's asset portfolio and identified a clear strategy for growth as a future energy and future energy materials business (as set out in Figure 1).

Since April 2021 the Pre-Feasibility Study (PFS) for the NT (Pedirka) blue Hydrogen Project located in Australia's Northern Territory has been progressed. The Pedirka PFS scope of work provided inputs into financial model covering multiple locations – Alice Springs (base case) and Middle Arm, Darwin. An expanded Pedirka PFS scope assessed alternative locations, feedstock sources and technologies.

Subsequent to period close, more commercially attractive opportunities for Hexagon to pursue a pathway to Hydrogen / Ammonia production, specifically in WA, were identified.

During the period, the Company also focused in-house resources on progressing the highly prospective Ni-Cu-PGE McIntosh Project.

Subsequent to 31 December 2021 the Company signed a Binding Terms Sheet Earn-In Agreement with Green Critical Minerals Pty Ltd ("Green Critical Minerals") that will bring cash and exploration funding to the McIntosh Project, leveraging past investment from Hexagon.

During the period, the Company set up a data room and held preliminary discussions with established ASX listed gold companies who hold ground near Halls Creek in Western Australia. This is part of the strategic undertaking around core project focus in-house whilst to securing alliances which leverage additional technical and commercial resources to create value.

DIRECTORS' REPORT

7.1 Clean Hydrogen Projects

Hexagon's future energy strategy centres around developing a large-scale business that produces and delivers decarbonised hydrogen (blue ammonia) into export and domestic markets. Establishing a basis for the Company's growth as the clean Hydrogen market emerges.

Current target markets include coal fired power stations (where ammonia can readily be co-fired to reduce carbon emissions) and shipping fuels (maritime vessel use) to reduce carbon emissions relative to the fossil fuels currently in use.

7.1.1 Pedirka Blue Hydrogen Project:

The Company commenced the Pedirka PFS in April 2021 with a targeted completion date of 31 December 2021. The PFS scope of work included:

1. Engineering and design across plant, equipment and supporting infrastructure by Genesis Energies, part of Technip Energies;
2. Key financial model inputs through multiple Studies by experts including in relation to:
   - Transportation material handling & storage (feedstock, and end product logistics);
   - Plant constructability options;
   - Environmental approvals;
   - Water supply options; and
   - Coal feedstock resources and mine planning.
3. Third party CCS toll services.

The outcomes generated form this scope of work provided inputs into financial model covering multiple locations – Alice Springs (base case) and Middle Arm, Darwin. An expanded PFS scope assessed alternative locations, feedstock sources and technologies. The Pedirka PFS was completed and announced on 28 February 2022.

Figure 3 also shows the work completed for the Pedirka PFS.

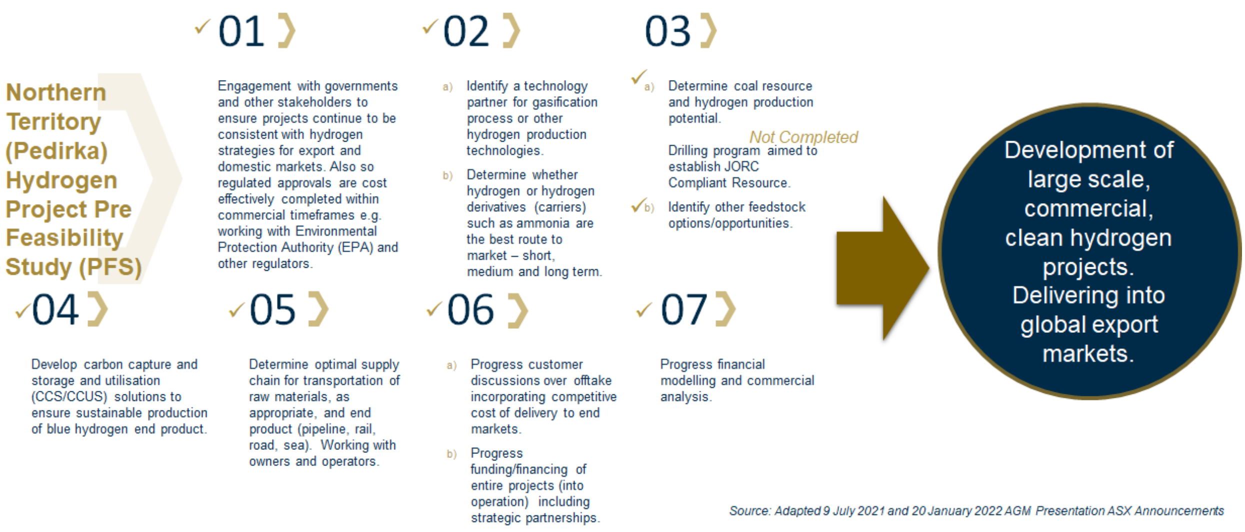


Figure 3 – Pedirka PFS Critical Success Factors

Pedirka coal exploration drilling, as envisaged at the outset of the Pedirka PFS, was not completed due to delays in achieving drilling approvals (the Mine Management Plan or MMP). Approvals were complicated by, amongst other factors, local endangered fauna occurrences at Pedirka, which in turn led to additional approvals requirements being set out for Hexagon, which could not be completed before the local geological field season closed for 2021.

All other aspects of the Pedirka PFS as scoped at the outset of the Pedirka PFS were advanced. Other aspects of the overall Pedirka business process emerged as being more critical in the commercial assessment of Pedirka than the drilling program outputs and the further delineation of the Pedirka coal deposit.

As a result of the findings and the opportunities identified through the Pedirka PFS work, Hexagon will pursue a lower risk, lower capital and operating expenditure, more rapid and cost-effective route to market in establishing its clean Hydrogen business, than that of the model originally laid out for Pedirka and assessed through the Pedirka PFS.

The Pedirka PFS process provided a range of valuable insights that have led to well informed decision making about the future energy/clean Hydrogen component of the Company's growth strategy.

Specifically, this led to a clean Hydrogen project in the North West of WA, described in the section below, being established.

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7.1.2 Western Australian Blue Ammonia Project (WAH$_2$):

The Company has commenced work on a potentially more rapidly realisable and more commercially attractive, clean Hydrogen project located in the North West of WA.

Hexagon's strategic/competitive advantages for the WAH$_2$ project lies in:

- Taking an early to market blue ammonia/clean hydrogen approach where Hexagon will transition to green ammonia/clean Hydrogen as technology permits.
- Hexagon's ability to leverage long term networks and relationships within the area/sector/across end markets.
- A fully integrated project plan across key project components:
  - Natural Gas supply – multiple party discussions are underway.
  - Initial blue Ammonia Plant Engineering, Design and Costings received.
  - North West WA plant location (site) negotiations underway - 80 hectares in WA Government Strategic Industrial Areas;
  - Supporting infrastructure discussions e.g. Renewable Energy supply by FRV Australia and others, Electrical networks/easements, DBGP access, Road etc;
  - Process Water Options Study;
  - CO_2 CCS – confidential toll service provider discussions are underway;
  - Blue Ammonia sales discussions including with trading houses are underway;
  - Port / supply chain logistics review/discussions;
  - Financial modelling;
  - Strategic Investors discussions are underway.
- Hexagon and the overall Hydrogen team's insights gained through the Pedirka PFS.
- Hexagon's Hydrogen core focus and ability to rapidly adapt/progress in a way that cannot be achieved by large companies.

7.1.2.1 Natural Gas Supply

Hexagon is in discussions with natural gas producers and suppliers that can deliver on a low-cost basis, with minimal exposure to market volatility that support project development, commissioning and production timelines.

In February 2022 a gas supply brokerage agreement was signed with a well-connected established aggregator to:

- Support Hexagon within a certain timeframe to secure, on a conditional basis, all of Stage 1 gas feedstock requirements;
  - Offers/interest in supplying 70% of WAH2 requirements have been received from "top tier" suppliers;
- Similar gas feedstock supply for Stage 2;
- Lead into binding agreements, conditional on project milestone achievement;

Pre-existing discussions are also underway across a range of West Australian gas producers/suppliers.

7.1.2.2 Plant Location (Site)

- In January 2022, Hexagon lodged a proposal with the WA Government (DevelopmentWA) in relation to a strategic site for the WAH$_2$ project.
- Hexagon is currently progressing lease terms to secure 80 ha. of land at the WA Government owned Ashburton North Strategic Industrial Area (SIA).
- Discussions held with DevelopmentWA in February 2022 will see a site within the Maitland SIA also critically assessed.
- A multi-criteria review is being used to assess the merits of each site.

7.1.2.3 Supporting Infrastructure

- FRV has developed 9 solar farms investing + A$1 B in Australia (800 MWdc generation capacity) to date.
- 2,000 MW of renewable energy generation installed globally by FRV's parent.
- Green hydrogen projects already in operation, ranging from <1MW to 20MW.

7.1.2.4 CO2 Carbon Capture and Storage (CCS)

The key integrated CCS business components are:

- Suitable/depleted reservoir;
- Subsea infrastructure including for monitoring;

DIRECTORS' REPORT

- Surface facilities (on shore ideally);
- Permitting and approvals;
- Carbon credit access; and
- Multi-customer base.

7.1.2.5 Action Plan / Milestones for WAH_2 Moving Forward

During 2022 Hexagon plans to secure the following:

- Commercial natural gas offtake agreements - Quantity and price with one or multiple parties;
- A Land Lease (Site) agreement with DevelopmentWA;
- Commercial CCS toll treatment services contract(s) with a third party;
- A commercial Renewable Energy supply agreement;
- Ammonia export sales agreements/Options;
- Strategic Investment Partnerships/Financing;

Hexagon is currently completing scoping study level work with the view to proceeding into an accelerated PFS for WAH_2.

7.2 McIntosh Project – Graphite, Ni-Cu-PGEs

Hexagon holds 17 tenements covering 542 km^2 of ground in the East Kimberley of Western Australia known as the McIntosh Project. Between 2015 and 2019 Hexagon (initially as Lamboo Resources Limited which subsequently became Hexagon Resources) focused solely on Graphite project development. Substantial drilling programs, metallurgical test work programs, market analysis and project commercial analysis were completed over this period.

Figure 4 below shows the McIntosh Project's location.

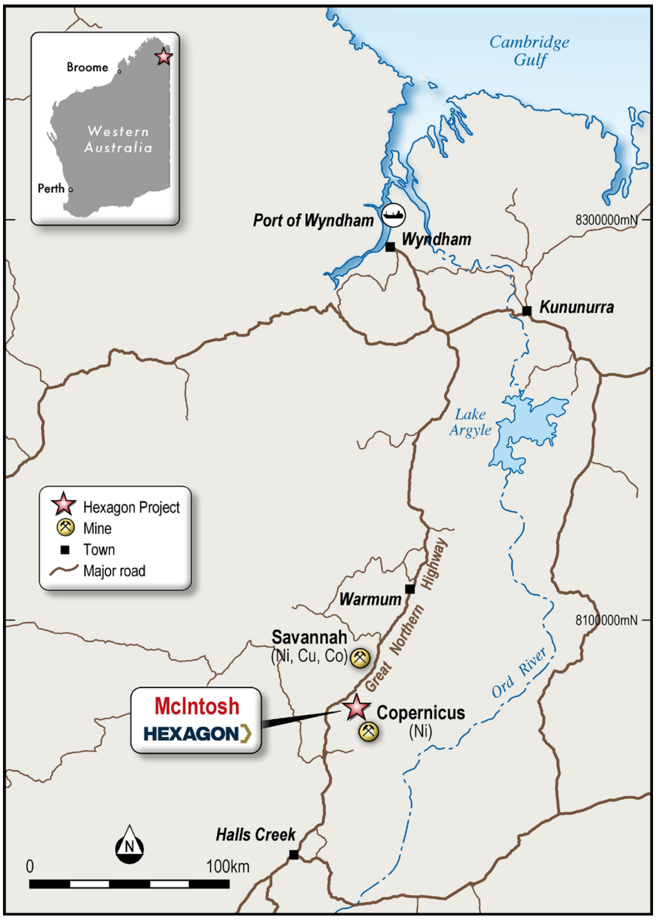

Figure 4 : Location map for Hexagon's McIntosh Project

DIRECTORS' REPORT

7.2.1 McIntosh Project – Ni-Cu-PGEs:

Over the past 18 months, Hexagon has undertaken a detailed review of all past McIntosh data and analysis focussing on Ni-Cu-PGEs. Sulphide mineral intersections had previously been recorded at the McIntosh Project during drilling for Graphite (ASX Announcement by HXG, previously Lamboo Resources Limited, 27 November 2015) but to date had not been analysed for Ni-Cu-PGEs. Past McIntosh drill core being held in Hexagon's warehouse has now been retrieved, resampled, and sent for Ni-Cu-PGE analysis.

7.2.1.1 PGE drill intersections at Melon Patch:

Melon Patch was identified as a priority Ni-Cu-PGE prospect as part of the historic geochemical review undertaken by Hexagon over the McIntosh Project area (See HXG ASX Announcement 28 June 2021) (refer Figure 5).

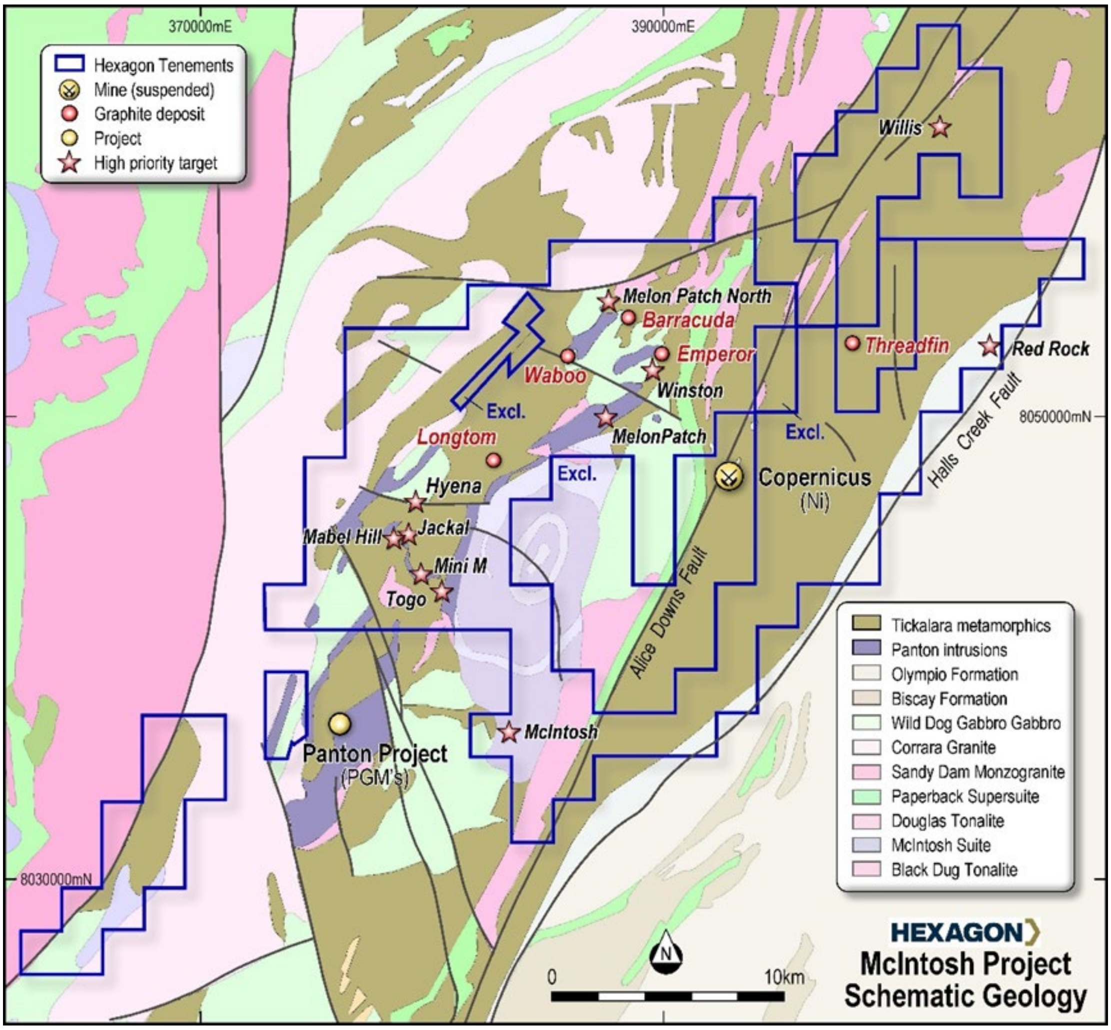

Figure 5 - McIntosh Project with location of Graphite deposits and current Ni-Cu-PGE prospects

The area of known PGE mineralisation was first identified by Anglo American in the 1970s prior to being drill tested with costeans and limited drilling (See WAMEX Reports A29518 & A64948). The historic drilling completed to date consisted of 9 holes drilled in 4 sections at ~500m line spacing, the drilling defined two semi continuous peridotite (Panton Suite) hosted chromitite seams with 3PGE (Pt+Pd+Au) grades. The results included SMP002: 1m @ 1g/t 3PGE and SMP006: 20m @ 0.75g/t 3 PGE. Refer to Figure 6 and Figure 7 below.

Hexagon intends to revisit this area during the 2022 field season to investigate this mineralisation and further understand its significance.

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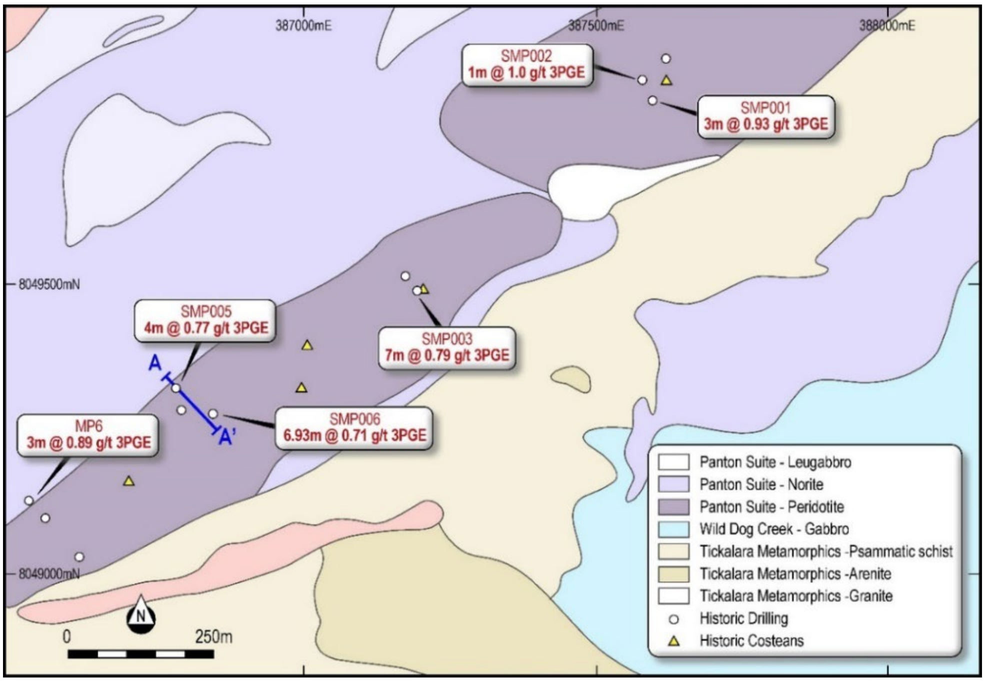

Figure 6 - Melon Patch Prospect map showing Historic drilling and Costeans with significant intercepts within mapped Panton Suite

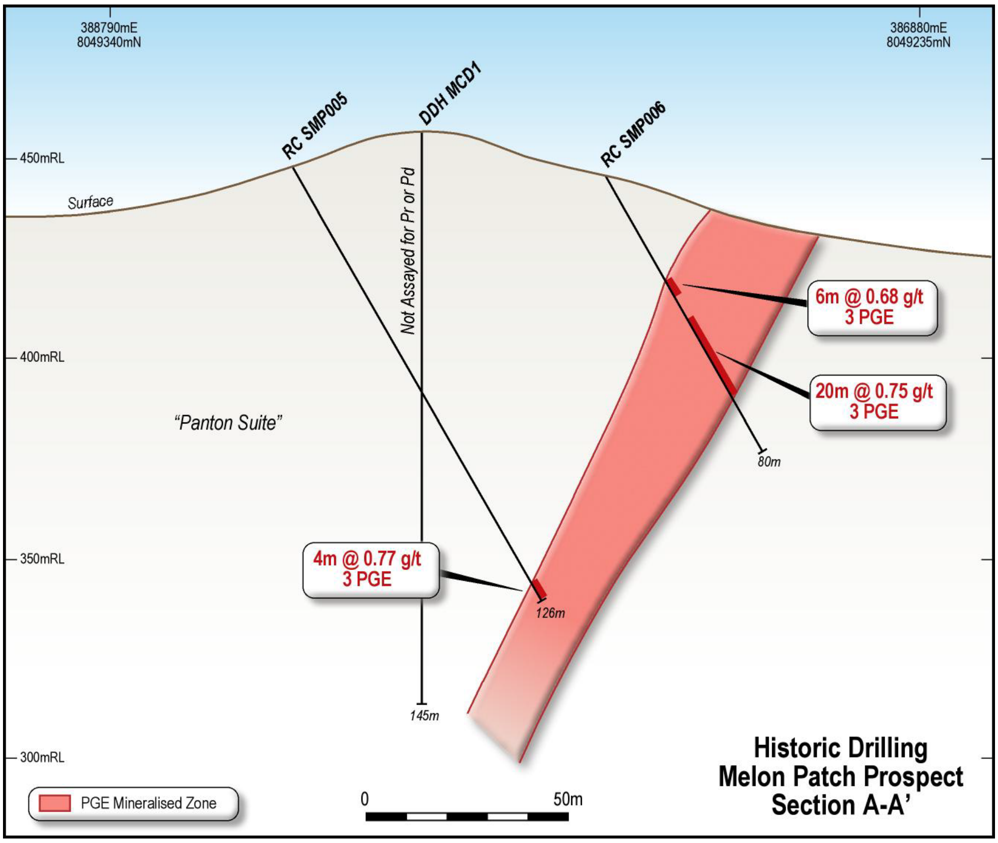

Figure 7 - Section A-A from Melon Patch prospect showing significant 3PGE intercepts, modified from WAMEX Report A73148

7.2.1.2 Historic PGE Intersection

On 2 February 2021 the Company announced that further interrogation of historic data completed by Hexagon (See ASX Announcement 28 June 2021) had highlighted a 2.2 km strike of Panton Suite within the Melon Patch prospect that has known PGE mineralisation from historic drilling.

An underexplored area at the Melon Patch prospect was found to have drill intersected PGE mineralisation of 20 m @ 0.75 g/t 3PGE. Other intersections situated within mapped Panton Suite were also found.

7.2.1.3 2021 Field Season Soil Samples

In addition, the final laboratory results from the 2021 soil sampling program (around 5,000 total samples) have now been received and are undergoing review by Dr Dennis Arne, Director of Telemark Geosciences, an experienced Geochemist (See ASX announcement 16 December 2021). The results of this review will further aid in the refinement of Hexagon's McIntosh Project 2022 field season work plan drilling program.

7.2.2 McIntosh - Graphite:

On 14 February 2022 the Company signed a Binding Terms Sheet Earn-In Agreement with Green Critical Minerals Pty Ltd ("Green Critical Minerals") that will bring cash and exploration funding to the McIntosh Project's Graphite resources and leverage off past investments made by Hexagon. A total of $500,000 cash ($300,000 on listing of the farm-in entity + $200,000 on the first anniversary of listing) is to be paid to Hexagon and $3,000,000 of exploration expenditure over four years is to be invested by Green Critical Minerals to secure 80% of the Graphite mineral rights at the McIntosh Project.

The key terms of the Binding Terms Sheet signed between Hexagon and Green Critical Minerals are:

- 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.
- On completion of an Earn-In of up to 80% by Green Critical Minerals, Hexagon and Green Critical Minerals contemplate entering into an unincorporated Joint Venture "JV" in respect to further developing a Graphite project, i.e., moving to Decision to Mine "DTM". At which time Hexagon will be free carried to DTM.
- To reach an 80% interest in the Graphite Mineral Rights, Green Critical Minerals must:
  - Complete the raising of capital funds, of not less than $4,500,000 by 31/8/2022, with all relevant ASX listing rules and listing approvals met;
  - Pay $300,000 to Hexagon on capital raise completion;
  - Pay $200,000 to Hexagon one year thereafter or on Earn-In progression to Stage 2 (whichever is earliest);
  - Meet the Stage 1 expenditure requirement by spending A$1 million on exploration within one year;
  - Meet the Stage 2 expenditure requirement by spending a further A$1 million on exploration within a further 2 years;
  - Meet the Stage 3 expenditure requirement by spending another A$1 million on exploration within a further 2 years;
- If the Stage 2 or 3 expenditure requirements are not met Hexagon will have the right to buy the Graphite mineral rights back at between $(750,000 and 1,500,000) depending on the Stage.
- After stages 1, 2 and 3 are met, it is contemplated that a Joint Venture will be formed to progress within 2 years to decision to DTM with Hexagon free carried to DTM.
- Green Critical Minerals may extend the Development Period after completing the Stage 3 Earn-In for a further 24 months by payment to Hexagon of $3 million.
- If DTM is not achieved within 2 years after completion of the Stage 3 Earn-In, Hexagon has right to buy back the Graphite Mineral rights for a payment of $1,500,000.
- At DTM, Hexagon has right to sell its remaining stake with Green Critical Minerals having a first right of refusal.
- Green Critical Minerals has a right of first refusal in the event of a proposed sale of any Tenement by Hexagon.

Hexagon will remain tenement owner and focus on exploring for Ni-Cu-PGEs at McIntosh.

7.2.3 WA Government Exploration drilling incentive

Hexagon successfully applied and secured funding through the WA Government's Exploration Incentive Scheme funds to co-fund drilling at McIntosh. A total of $60,000 has been secured for use in the 2022 field season.

7.3 Halls Creek Project – Gold and Base Metals:

The Halls Creek region is known for high-grade gold deposits such as those currently being mined by Pantoro at the Nicholson's Find Gold Mine. Hexagon's Halls Creek Project involves thirteen granted tenements, spanning approximately 430km^2, hosting known gold and base metal surface mineralisation. Additionally, the historical Butchers Creek Gold Mine located less than one kilometre to the west of Hexagon's tenements and the Golden Crown South prospects, forms part of Meteoric Resources 2020 acquired Palm Spring gold project.

During the reporting period, final interpretation of the 2021 Field season Airborne EM (VTEM) data identified eight high priority anomalies and a further 17 lower priority anomalies at the Halls Creek project, as shown on Figure 8 below (HXG ASX Announcement 7 December 2021).

DIRECTORS' REPORT

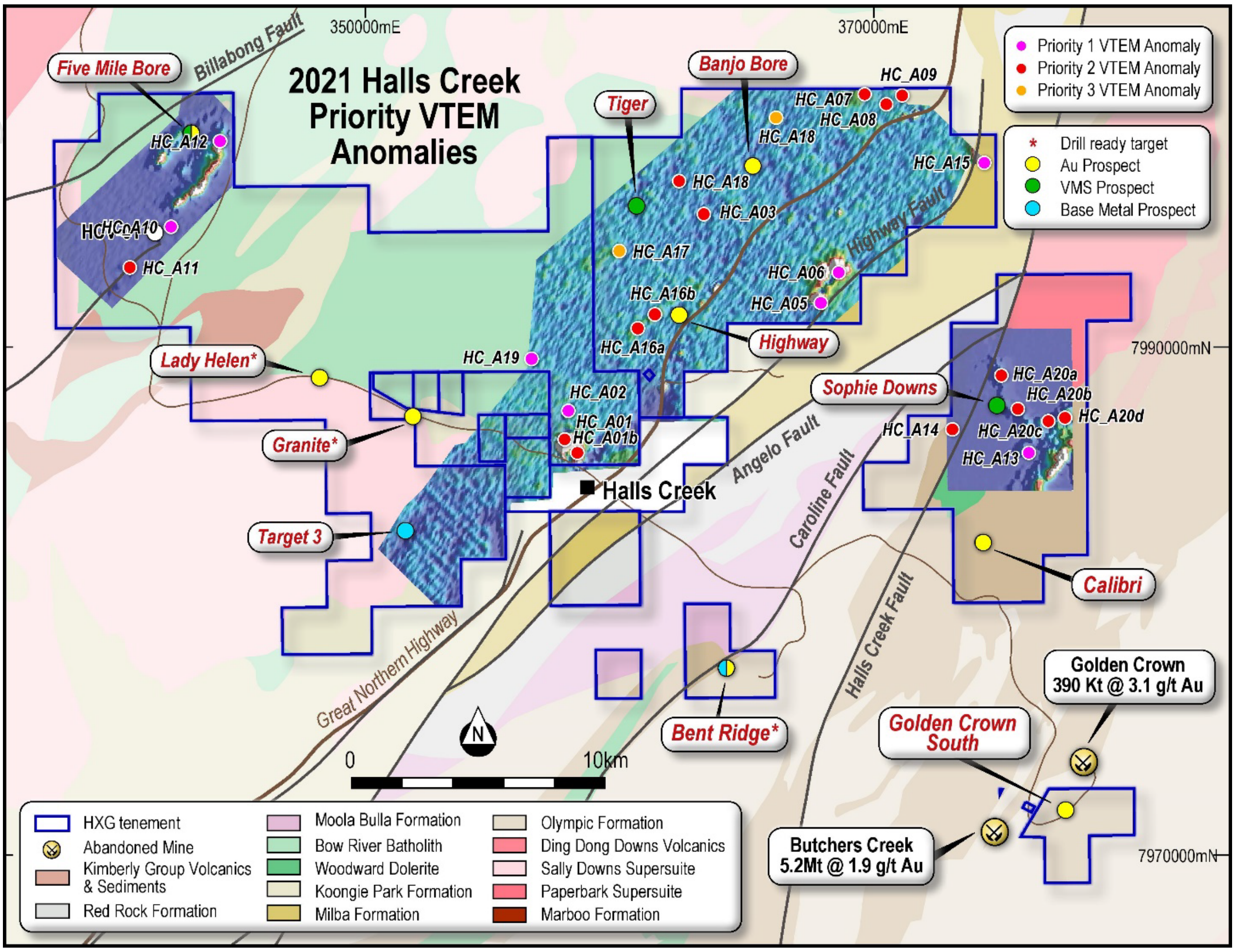

Figure 8 - Location of anomalous VTEM responses on magnetic RTP image

During the reporting period, Hexagon also successfully applied for and secured funding through the WA Government's Exploration Incentive Scheme funding to co-fund drilling at the drill ready Lady Helen prospect. A total of $100,000 has been secured.

As previously announced negotiations are underway with established ASX listed gold companies who hold ground near Hexagon's Halls Creek ground holdings in WA in relation to a similar Earn-In Agreement to other recent deals by Hexagon (HXG's December Quarterly 31 January 2022). Market updates will be made as these negotiations are progressed.

7.4 Alabama Graphite Project

On 7 December 2021 the Company announced that a binding Earn-In and Option Agreement had been signed covering the 75% Earn-In by South Star Battery Metals Corp. ("South Star") (TSX: STS, OTCQB: STSBF) to Hexagon's Ceylon Graphite Project located in Alabama, USA. The core elements of the Earn-In and Option Agreement which runs over three years being: -

A right for South Star to acquire 75% in the Project for C$750,000 in expenditure on the Project (including meeting eligible costs as set out in the Agreement) as follows:

(a) Expenditures on the Property of at least C$250,000 by the first anniversary of the Agreement;
(b) Expenditures of at least C$250,000 by the second anniversary of the Agreement;
(c) Expenditures of at least C$250,000 by the third anniversary of the Agreement; and
(d) Preparation by South Star of a National Instrument 43-101 compliant Preliminary Economic Assessment in respect to the Project by the third anniversary of the Agreement.

After exercise of the Option a JV company is to be formed where all parties will participate in further exploration and development of the project and any operation of the project, on a pro-rata basis in proportion to their percentage holdings.

For a period of six months following the 75% Earn-In option being exercised Hexagon and other deal participants individually have the right, but not the obligation, to sell their remaining 25% interest in the project for an aggregate payment of C$250,000 in South Star shares ("Put Option").

DIRECTORS' REPORT

Should South Star's interest in the project JV company increase to 90% or greater, South Star shall have the right, but not the obligation, to purchase the entire remaining interest not owned or under its control on a basis proportional to the Put Option.

South Star may withdraw from the Earn-In during the 3 year Earn-In period, provided that South Star ensures that the project is in good standing for a 12-month period post withdrawal. South Star remains responsible for the rehabilitation work on the Project with respect to activities conducted by it during the Earn-In.

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

8. Competent Persons' Attributions

Exploration Results

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

Mr. Atkinson is a consultant to Company and a member of The Australian Institute of Geoscientists. He has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves and he consents to the inclusion of the above information in the form and context in which it appears in this report.

9. SUBSEQUENT EVENTS

On 20 January 2022 the Company held its Annual General Meeting, all resolutions put to the AGM were decided and passed via a poll.

On 24 January 2022 the Company announced that a non-binding MoU had been signed with well-established, large scale, renewable energy company, FRV Services Australia Pty Ltd ("FRV Australia"). This MoU covers collaboration in relation to a new potential Northern WA Hydrogen Hub development, a potential clean Hydrogen Hub at Middle Arm, Darwin in the Northern Territory, and other collaborations elsewhere in Australia. Hexagon is seeking to use low-cost Renewable Energy to supply the power required by Hydrogen (clean Ammonia) production plants. This would see less CO_2 generated, requiring less CCS and lowering the overall production costs for Hexagon's projects.

On 7 February 2022 the Company exercised a Call Option in relation to a September 2019 deal over ELA 80/5126 which makes part of Hexagon's Halls Creek ground holdings. This was done to consolidate ground holdings in advance of future strategic transactions involving the project. This involved the issuing of 405,406 fully paid ordinary shares to a total value equivalent to $30,000 to the two vendors ($15,000 each). The shares were issued at a deemed price of $0.074 each based on the VWAP for Hexagon shares during the 30-day period ending on 9 September 2021 (2 years after the original deal).

On 14 February 2022 the Company signed a Binding Terms Sheet Earn-In Agreement with Green Critical Minerals Pty Ltd ("Green Critical Minerals"), that will bring cash and exploration funding to the McIntosh Project's Graphite resources and leverage off past investment from Hexagon. A total of $500,000 cash ($300,000 on listing of the farm-in entity + $200,000 on the first anniversary of listing) is to be paid to Hexagon and $3,000,000 of exploration expenditure over four years is to be invested by Green Critical Minerals to secure 80% of the Graphite mineral rights at the McIntosh Project.

On 28 February 2022, the Company announced the findings of the Pedirka PFS and the resultant plans for pursuing the Company's clean Hydrogen / blue Ammonia strategy. The financial implications of these findings and the likely future spending and transactions around Pedirka have been accounted for as an adjusting, post period event in these accounts.

Management has continued to monitor the impact of Government restrictions in response to the COVID-19 pandemic throughout the current half year reporting period and have taken measures to ensure minimal disruption to the Company's operations and employees. The Company has continued to operate largely unaffected by WA border closures and other Government measures that were required from time to time throughout the period.

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.

DIRECTORS' REPORT

10. AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration forms part of the Directors' Report and is attached on page 15.

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

Merrill Gray
Managing Director
14 March 2022

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF HEXAGON ENERGY MATERIALS LIMITED

As lead auditor for the review of Hexagon Energy Materials Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hexagon Energy Materials Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	31-Dec-21	31-Dec-20
		$	$
Other income		5,195	379,731
Exchange differences on translation of foreign currencies		35,356	(15,081)
Business development		-	(304,813)
Corporate and administration expenses		(450,811)	(308,365)
Exploration and evaluation expenditure	3	(999,894)	(303,529)
Impairment of exploration and evaluation expenditure	4	(11,893,061)	-
Loss on disposal of plant and equipment		-	(2,073)
Personnel expenses and director fees		(219,448)	(148,480)
Net reversal of share-based payments		-	37,400
Loss from continuing operations before income tax		**(13,522,663)**	**(665,210)**
Income tax expense		-	-
Loss from continuing operations after income tax		**(13,522,663)**	**(665,210)**
Total comprehensive loss for the period		**(13,522,663)**	**(665,210)**
Loss from continuing operations for the period is attributable to:			
Owners of Hexagon Energy Materials Limited		(13,522,663)	(665,210)
Non-controlling interests		-	-
		(13,522,663)	**(665,210)**
Total comprehensive loss for the period is attributable to:			
Owners of Hexagon Energy Materials Limited		(13,522,663)	(665,210)
Non-controlling interests		-	-
		(13,522,663)	**(665,210)**
Loss per share attributable to ordinary equity holders			
- Basic and diluted loss per share		(0.03)	(0.002)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-21	30-Jun-21
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		1,816,532	5,051,746
Trade and other receivables		99,297	129,625
Total current assets		**1,915,829**	**5,181,371**
Non-current assets			
Trade and other receivables		5,500	5,500
Plant and equipment		19,286	20,936
Exploration and evaluation assets	4	2,740,409	13,314,152
Right of use assets		8,720	26,162
Total non-current assets		**2,773,915**	**13,366,750**
Total assets		**4,689,744**	**18,548,121**
LIABILITIES			
Current liabilities			
Trade and other payables	5	1,724,612	2,048,958
Provisions		42,547	35,715
Lease liability		9,239	27,439
Total current liabilities		**1,776,398**	**2,112,112**
Total liabilities		**1,776,398**	**2,112,112**
Net assets		**2,913,346**	**16,436,009**
EQUITY			
Contributed equity		74,507,303	74,507,303
Reserves		107,716	107,716
Accumulated losses		(71,701,673)	(58,179,010)
Total equity		**2,913,346**	**16,436,009**

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2021	**74,507,303**	**107,716**	**(58,179,010)**	**16,436,009**
Comprehensive income:				
Loss for the period	-	-	(13,522,663)	**(13,522,663)**
Total comprehensive loss for the period	**-**	**-**	**(13,522,663)**	**(13,522,663)**
At 31 December 2021	**74,507,303**	**107,716**	**(71,701,673)**	**2,913,346**

	Contributed Equity $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2020	**58,857,850**	**2,413,317**	**(58,588,482)**	**2,682,685**
Comprehensive income:				
Loss for the period	-	-	(665,210)	**(665,210)**
Total comprehensive loss for the period	**-**	**-**	**(665,210)**	**(665,210)**
Transactions with owners in their capacity as owners:				
Issue of share capital	500,000	-	-	**500,000**
Capital raising costs	(122,269)	88,152	-	**(34,117)**
Share based payments	-	(37,400)	-	**(37,400)**
Options expired	-	(2,220,082)	2,220,082	**-**
Performance options exercised & transferred to issued capital	94,250	(94,250)	-	**-**
Exchange differences on translation of foreign operations	-	(2,467)	2,467	**-**
At 31 December 2020	**59,329,831**	**147,270**	**(57,031,143)**	**2,445,958**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31-Dec-21	31-Dec-20
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,188,166)	(578,065)
Payments for exploration and evaluation expense		(1,646,325)	(311,336)
Receipt of McIntosh rehabilitation reimbursement		-	150,000
Interest received		2,292	1,002
Net cash used in operating activities		**(2,832,199)**	**(738,399)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(2,141)	-
Payments for exploration and evaluation asset		(403,012)	(415,184)
Receipt of government grant in relation to exploration assets		-	161,842
Net cash used in investing activities		**(405,153)**	**(253,342)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issued capital, net of capital raising costs		-	470,000
Payment for lease liability		(33,218)	(28,730)
Net cash (used in) / provided by financing activities		**(33,218)**	**441,270**
Net decrease in cash and cash equivalents		**(3,270,570)**	**(550,471)**
Cash and cash equivalents at the beginning of the period		5,051,746	1,205,587
Net foreign exchange differences		35,356	(15,080)
Cash and cash equivalents at the end of the period		**1,816,532**	**640,036**

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

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hexagon Energy Materials Limited (referred to as 'Hexagon' or the 'Company' or 'Parent Entity') is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of this report. The consolidated financial statements of the Company as at and for the half-year ended 31 December 2021 (the 'Period') comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or the 'Group'). The Group is primarily involved in mineral exploration.

2. BASIS OF PREPARATION

This interim general purpose financial report for the half-year reporting Period ended 31 December 2021 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

The half-year interim financial report of Hexagon Energy Materials Limited was authorised for issue in accordance with a resolution of the Directors on 14 March 2022.

(a) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis on the historical cost basis.

(c) Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the half year ended 31 December 2021 the Group recorded a loss of $13,522,663 and had net cash outflows from operating activities of $2,832,199. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising or other fund-raising activities to continue its operational activities in the next 12 months. The Directors consider that additional working capital will be able to be raised as required and that the Group will continue as a going concern and as such the financial report has been prepared on 'a going concern' basis. In arriving at this position, the Directors have considered the following matters:

- The Group has the ability to defer some of its 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 and the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(d) New and revised Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

NOTES TO FINANCIAL STATEMENTS

3. EXPLORATION AND EVALUATION EXPENSES

	31-Dec-21	31-Dec-20
	$	$
Exploration and evaluation expenditure McInstosh	999,894	303,529
	999,894	**303,529**

4. EXPLORATION AND EVALUATION ASSETS

	31-Dec-21	30-Jun-21
	$	$
Carrying amount of exploration and evaluation expenditure	**2,740,409**	13,314,152
<u>Movement reconciliation</u>		
Balance at the beginning of the period	**13,314,152**	**1,583,396**
Exploration expenditure during the period	1,319,318	1,136,059
Acquired through share consideration	-	10,594,697
Impairment of exploration and evaluation expenditure (i)	(11,893,061)	-
Balance at the end of the period	**2,740,409**	**13,314,152**

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.

The Company commenced the Pedirka PFS in April 2021 with a targeted completion date of 31 December 2021. The outcomes generated from the Pedirka PFS scope of work provided inputs into a financial model covering multi-plant locations, namely Alice Springs (base case) and Middle Arm, Darwin. The PFS was expanded to assess alternative locations, feedstock sources and technologies and was completed and announced on 28 February 2022 (an event subsequent to the end of the half year accounting period). At which time, more commercially attractive clean Hydrogen projects for Hexagon to pursue were identified.

Based on the Pedirka PFS findings, in accordance with the requirements of Australian Accounting Standard (AASB) 6, accounting adjustments for the reporting period have subsequently been made. The Company has impaired all exploration and evaluation expenditure in relation to the Pedirka Project, as at 31 December 2021.

The Board does not believe that this impairment is indicative of the current potential commercial value of the Pedirka Project inclusive of its underlying coal assets. The Board believes that both the Pedirka Project and Pedirka PFS expenditure which, to some extent, has carried over into the WAH_2 project, have residual value for the Company. In line with recent transactions, the Company will now seek to deliver shareholder value through a Pedirka Project transaction.

5. TRADE AND OTHER PAYABLES

	31-Dec-21	30-Jun-21
	$	$
Trade payables	332,988	640,622
Other payables and accrued expenses	1,391,624	1,408,336
	1,724,612	**2,048,958**

6. SEGMENT REPORTING

Reportable Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors.

The Group operates in three operating segments, mineral exploration in Australia, mineral exploration in United States of America and resources allocated to administration. This is the basis in which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

NOTES TO FINANCIAL STATEMENTS

(i) Segment performance

	Exploration USA	Exploration Australia	Administration	Total
31-Dec-21	**$**	**$**	**$**	**$**
Revenue				
Interest income	-	-	2,292	2,292
Other income	-	-	2,903	2,903
Total segment revenue	**-**	**-**	**5,195**	**5,195**
Reconciliation of segment results to net loss before tax				
Amounts not included in segment results but reviewed by the Board				
- Exploration and evaluation expenditure	-	(999,894)	-	(999,894)
- Impairment of exploration and evaluation expenditure	-	(11,893,061)	-	(11,893,061)
- Administration, consulting and other expenses				(634,903)
Net loss before tax from continuing operations				**(13,522,663)**

	Exploration USA	Exploration Australia	Administration	Total
31-Dec-20	**$**	**$**	**$**	**$**
Revenue				
Interest income	-	-	389	**389**
Research and development income tax concession	-	161,842	-	**161,842**
Exploration and evaluation rehabilitation	-	150,000	-	**150,000**
Other income	-	-	67,500	**67,500**
Total segment revenue	**-**	**311,842**	**67,889**	**379,731**
Reconciliation of segment results to net loss before tax				
Amounts not included in segment results but reviewed by the Board				
- Exploration and evaluation expenditure	(58,938)	(244,591)	-	(303,529)
- Administration, consulting and other expenses				(741,412)
Net loss before tax from continuing operations				**(665,210)**

(ii) Segment assets

	Exploration USA	Exploration Australia	Administration	Total
	$	**$**	**$**	**$**
31-Dec-21				
Total segment asset	**-**	**2,740,409**	**1,949,335**	**4,689,744**

	Exploration USA	Exploration Australia	Administration	Total
	$	**$**	**$**	**$**
30-Jun-21				
Total segment asset	**-**	**13,314,152**	**5,233,969**	**18,548,121**

(iii) Segment liabilities

	Exploration USA	Exploration Australia	Administration	Total
	$	**$**	**$**	**$**
31-Dec-21				
Total segment liabilities	**-**	**18,700**	**1,757,698**	**1,776,398**

NOTES TO FINANCIAL STATEMENTS

	Exploration USA	Exploration Australia	Administration	Total
	$	$	$	$
30-Jun-21				
Total segment liabilities	**-**	**520,694**	**1,591,418**	**2,112,112**

7. RELATED PARTY TRANSACTIONS

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

Transactions with Related Parties

Consulting Services

Drumrock Capital Ltd, an entity associated with Charles Whitfield, provided consulting services totaling $42,500 to the Company during the period (2020: $42,500).

Managing Director Services Agreement

During the period, Hexagon welcomed Merrill Gray as Managing Director of the Company. The contractual arrangement is as follows:

- Appointment: 18 October 2021.
- Remuneration: $350,000 per annum plus superannuation.
- Review of remuneration Package: The Company will review the remuneration package each year with the first review to be conducted by 30 June 2022.
- Performance Incentives: Eligible to participate in executive performance incentives offered by the Company under the ESOP (under Executive Performance Incentives), to be agreed by Merrill Gray and the Company. To the extent required, the Company will seek shareholder approval to Executive Performance Incentives which are proposed.
- Termination of Agreement: 3 months' written notice is required.

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

8. COMMITMENTS

Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

	31-Dec-21	30-Jun-21
	$	$
Exploration obligations to be undertaken:		
Payable within one year	1,345,841	1,212,278
Payable between one year and five years	1,307,452	1,856,835
	2,653,293	**3,069,113**

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

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

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

10. DIVIDENDS & FRANKING CREDITS

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

11. SUBSEQUENT EVENTS

On 20 January 2022 the Company held its Annual General Meeting, all resolutions put to the AGM were decided and passed via a poll.

NOTES TO FINANCIAL STATEMENTS

On 24 January 2022 the Company announced that a non-binding MoU had been signed with well-established, large scale, renewable energy company, FRV Services Australia Pty Ltd ("FRV Australia"). This MoU covers collaboration in relation to a new potential Northern WA Hydrogen Hub development, a potential clean Hydrogen Hub at Middle Arm, Darwin in the Northern Territory, and other collaborations elsewhere in Australia. Hexagon is seeking to use low-cost Renewable Energy to supply the power required by Hydrogen (clean Ammonia) production plants. This would see less CO2 generated, requiring less CCS and lowering the overall production costs for Hexagon's projects.

On 7 February 2022 the Company exercised a Call Option in relation to a September 2019 deal over ELA 80/5126 which makes up part of Hexagon's Halls Creek ground holdings. This was done to consolidate ground holdings in advance of future strategic transactions involving the project. This involved the issuing of 405,406 fully paid ordinary shares to a total value equivalent to $30,000 to the two vendors ($15,000 each). The shares were issued at a deemed price of $0.074 each based on the VWAP for Hexagon shares during the 30-day period ending on 9 September 2021 (2 years after the original deal).

On 14 February 2022 the Company signed a Binding Terms Sheet Earn-In Agreement with Green Critical Minerals Pty Ltd ("Green Critical Minerals"), that will bring cash and exploration funding to the McIntosh Project's Graphite resources and leverage off past investment from Hexagon. A total of $500,000 cash ($300,000 on listing of the farm-in entity + $200,000 on the first anniversary of listing) is to be paid to Hexagon and $3,000,000 of exploration expenditure over four years is to be invested by Green Critical Minerals to secure 80% of the Graphite mineral rights at the McIntosh Project.

On 28 February 2022, the Company announced the findings of the Pedirka PFS and the resultant plans for pursuing the Company's clean Hydrogen / blue Ammonia strategy. The financial implications of these findings and the likely future spending and transactions around Pedirka have been accounted for as an adjusting, post period event in these accounts.

Management have continued to monitor the impact of Government restrictions in response to the COVID-19 pandemic throughout the current half year reporting period and have taken measures to ensure minimal disruption to the Company's operations and employees. The Company has continued to operate largely unaffected by WA border closures and other Government measures that were required from time to time throughout the period.

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.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

MLGray

Merrill Gray
Managing Director
14 March 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hexagon Energy Materials Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Hexagon Energy Materials Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth, 14 March 2022