

## ASX ANNOUNCEMENT

31 October 2024

### September 2024 Quarterly Activities Report

- **Pilot Plant Commissioning progress at 95%**
- **HiPurA® HPA New Zealand Patent Granted**
- **R&D refund advance from Radium capital**

**ChemX Materials (ASX:CMX) (ChemX or the Company)**, an Australian high purity critical materials company, is pleased to present its September 2024 quarterly report. The Company is developing its 100%-owned, HiPurA® process to produce High Purity Alumina (HPA) in Perth, Western Australia along with its High Purity Manganese (HPM) Project on the Eyre Peninsula in South Australia.

#### **Pilot Plant Commissioning progress at 95%**

ChemX previously announced the successful commissioning of the Pilot Plant Leach module in Q2 CY2024, and this remains in a state of operational readiness. Delays were experienced in the construction of the Solvent Extraction (SX) module due to longer than expected lead times on key process equipment and delivery of critical electrical infrastructure.

During this period in parallel, ChemX has progressed increased safety measures including:

- Completion of double containment bunding installations and additional double walled storage vessels
- Development of enhanced safety systems supporting integrated wireless control with interlocks, alarms, and automated shutdown/startup procedures
- Development of enhanced control capabilities for optimisation of key process parameters including historization and online trend analysis

The above initiatives deliver improved safety layers with regard to solvent extraction (SX) area management and provide key inventory hold points within the process where purity may be quantitatively verified against expected elemental purity before processing further.

These cost saving measures negate unnecessary processing of sub-standard interim process batches, build towards key commercial plant design considerations, and unlock advanced process optimisation capabilities.



Figure 1 – ChemX Team pictured alongside the HiPurA® SX electrical control cabinets following successful installation

**Chief Executive Officer, Peter Lee commented:**

"Unfortunate delays experienced within key process equipment deliveries and electrical infrastructure works were disappointing for ChemX. Working closely with key vendors we advanced in parallel other modules of the Pilot Plant to achieve operational readiness status."

"Electrical infrastructure installation now determines the critical path for commissioning of the HiPurA® HPA Pilot Plant and ChemX is working with its contractor and suppliers to ensure this delivered as soon as possible."

"The company has increased investment in enhanced process safety and control systems to support permitting of the various licenses linked to commissioning of the HiPurA® Pilot Plant processes."

"A key advantage of the patented HiPurA® process is that it is not tied to mine development and related approvals and can be readily deployed in suitable jurisdictions close to key markets and customers such as the United States, Korea and Japan."

ChemX has achieved operational readiness within Precipitation, Drying and Calcination areas. Other key statutory activities including waste-water disposal permitting and chemical storage & handling permitting pre-requisites are in progress and advancing.

ChemX was pleased to recently host the Honourable Senator Don Farrell, Special Minister of State; Minister for Trade and Tourism, Deputy Leader of the Government in the Senate, to its O'Connor facility to inspect our patented HPA process. The Minister's visit was in line with the successful conclusion of an Australia-



United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement<sup>1</sup>, delivering a meaningful gateway for Australian exporters to diversify into the Middle East.

The UAE is Australia's largest trading partner in the Middle East, with two-way trade between the nations representing \$9.9 Billion (2023) and two-way investment estimated to be over \$20.6 Billion (2023). Notable key Australian exports to the UAE include **alumina**, meat, dairy, oil seeds, seafood, canola seeds, nuts, honey, coal, chickpeas, lentils and higher education.



*Figure 2 – Pictured ChemX CEO Peter Lee with Honourable Senator Don Farrell, Special Minister of State; Minister for Trade and Tourism, Deputy Leader of the Government in the Senate inspecting ChemX's HiPurA® Solvent Extraction (SX) module, still pending energisation infrastructure installation*

#### **Grant of HiPurA® HPA New Zealand Patent**

During the quarter, ChemX was pleased to receive notice of grant for its innovative HiPurA® patent within New Zealand from the New Zealand Intellectual Property Office (NZIPO). Pleasingly, this further solidifies ChemX's competitive edge in becoming a key producer of 4N (99.99%) and 5N (99.999%) HPA within Australasia.

Further international jurisdiction grants are pending and are expected within the coming six to 24 months.

<sup>1</sup> <https://www.trademinister.gov.au/minister/don-farrell/media-release/trade-deal-secured-united-arab-emirates>

### **R&D refund advance from Radium capital**

Radium Capital is a R&D finance provider offering advance access to eligible R&D funds. ChemX Materials' total FY24 eligible tax refund was initially estimated to be \$A552,419. Based on this sum, 80% (\$441,935) was advanced to ChemX by Radium Capital as previously announced.

Further review of eligible R&D activities has resulted in a final eligible tax refund of \$661,890. As a result of this revised figure, ChemX anticipates a further \$109,471 to be received. Upon receipt of tax refund, ChemX will return to Radium Capital the earlier advanced funds (\$441,935).

ChemX expects a net benefit of \$219,955 (less interest and payable fees) upon settlement of loan to Radium Capital.

### **Director and Shareholder Loan**

As at the date of this announcement ChemX has entered into unsecured loan agreements with an entity associated with Non-Executive Director, Stephen Strubel, SRSHGS Pty Ltd, of \$25,000 and R J & A Investments Pty Ltd, currently a substantial shareholder in the Company of \$75,000. The material terms of the loans are appended to this announcement. This advance will assist with working capital for the Company.

In addition, the Company has lodged its 2024 tax Return and R&D Claim with AusIndustry. The expected return is \$661,890. The Company has received an Advance from Radium Capital of \$442k, the surplus, less cost of Radium facility will be used for working capital and towards pilot plant.

Furthermore, the Company has appointed TritonLake as Corporate and Financial Advisors as announced to ASX on 14 October 2024.

### **ASX Compliance**

In accordance with ASX Listing Rule 5.3.1, the Company did not conduct any on-ground exploration during the quarter. With respect to Listing Rule 5.3.2, the Company confirms that there was no mine production or mine development activities for the quarter.

In accordance with Listing Rule 5.3.3, ChemX provides the following information in relation to its mining tenements in Table A. No mining tenements were acquired or disposed of during the quarter. The Company is a party to a mineral rights agreement with Pirie Resources Pty Ltd to explore for, and if warranted, develop mining operations exclusively for graphite.

Tenement	Registered Holder	Beneficial Interest	Location	Status
EL 6634	ChemX Materials Ltd	100%	South Australia	Live
EL 5920	ChemX Materials Ltd	100%	South Australia	Live

*Table A - Tenement status*

In accordance with Listing Rule 5.3.5, ChemX confirms payments totalling \$75,000 were made to directors for employment costs as well as to associates and related parties of the Company, for services rendered up to 30 September 2024.

### **Deferred Consideration Shares**

In relation to the acquisition of HiPurA® Pty Ltd which was completed on 31 December 2021:

1. The number of Deferred Consideration Shares pending issue (on issue) is 2,500,000.
2. The terms of and conditions for the issue of Deferred Consideration Shares;
  - a. Commissioning of HPA Pilot Plant
3. During the quarter no Deferred Consideration shares were issued or cancelled.
4. There were no further milestones met during the quarter.

***This Announcement has been authorised for release by the Board.***

### **For enquiries:**

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*The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant market announcements, and that the form and context in which the Competent Persons findings presented have not been materially modified from the original announcements.*

*Where the Company refers to the mineral resource for the Jamieson Tank Manganese Project in this announcement (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the mineral resource estimate in that announcement continue to apply and have not materially changed.*



### About ChemX Materials (ASX: CMX)

ChemX Materials (ASX:CMX) is an ASX-listed critical materials company developing innovative processing technology to produce high purity alumina for advanced technology and clean energy applications. ChemX Materials' 100% owned, Australian and New Zealand patented HiPurA® process technology offers a low cost and energy intensity production method to produce high purity alumina (HPA).

The Company's vision is to support the clean energy transition through the delivery of high purity materials and technology that provide real solutions to lowering carbon emissions. The Company is currently constructing a 24 tpa HiPurA® Pilot Plant in Perth, Western Australia along with a high purity manganese (HPM) Project on the Eyre Peninsula in South Australia.

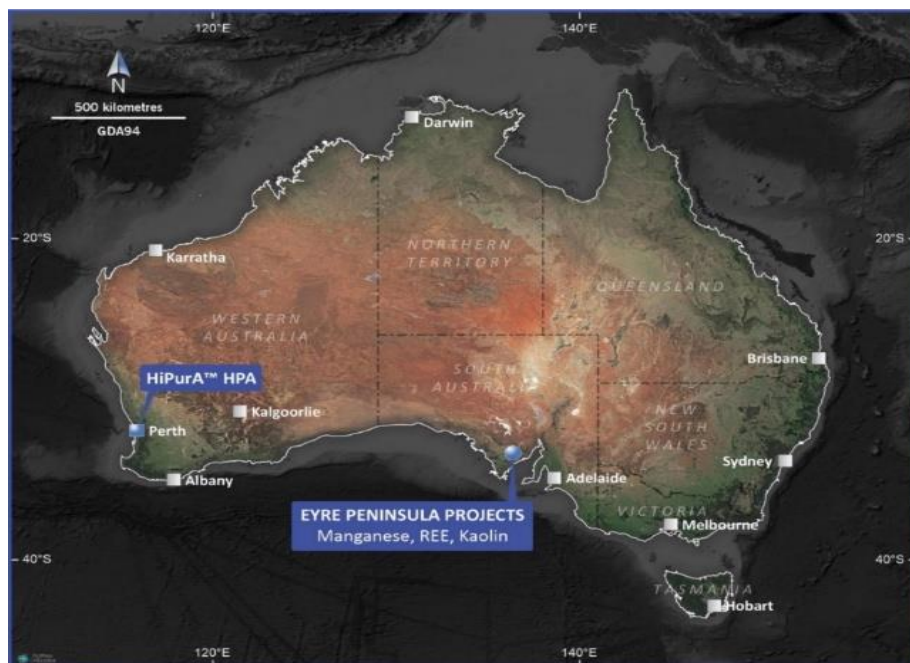


Figure 3 - ChemX Materials' project locations.

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## Appendix A

### RJ & A Investments Pty Ltd

<b>Loan Amount</b>	\$75,000
<b>Tenure</b>	6 months from Execution date 31/10/2024
<b>Interest Rate</b>	The rate of interest payable is equal to the cash rate last published by the Reserve Bank of Australia on the day prior to the Advance Date.
<b>Security</b>	Unsecured
<b>Use of Funds</b>	General Working Capital

### SRSHGS Pty Ltd

Non-Executive Director Stephen Strubel

<b>Loan Amount</b>	\$25,000
<b>Tenure</b>	6 months from Execution Date 31/10/2024
<b>Interest Rate</b>	The rate of interest payable is equal to the cash rate last published by the Reserve Bank of Australia on the day prior to the Advance Date.
<b>Security</b>	Unsecured
<b>Use of Funds</b>	General Working Capital

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ChemX Materials Limited

ABN

88 644 982 123

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows (Unaudited)		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(137)	(137)
	(c) production	-	-
	(d) staff costs	(340)	(340)
	(e) administration and corporate costs	(196)	(196)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(13)	(13)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(685)</b>	<b>(685)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(12)	(12)
	(e) investments	-	-
	(f) other non-current assets	-	-



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows (Unaudited)		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(12)</b>	<b>(12)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(22)	(22)
3.5	Proceeds from borrowings	442	442
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(28)	(28)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>392</b>	<b>392</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	595	595
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(685)	(685)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(12)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	392	392

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows (Unaudited)		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	290	290

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	290	290
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	290	290

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	75
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	442,000	442,000
7.2	Credit standby arrangements	-	-
7.3	Other (Convertible Notes)	2,200	2,200
7.4	<b>Total financing facilities</b>	2,200	2,200
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Mercer Street Global Opportunity Fund LLC, Unsecured Convertible notes issued have a face value of \$2.640m. The notes mature 15 months from their issue date. Tranche 1 \$600,000 (Expire 14/11/24) &amp; Tranche 2 \$2,040,000 (Expire 9 Jan 25) The other material terms of the facility are contained in Schedule 1 of the ASX release dated 4 August 2023.</p> <p>The Company has a loan facility from Radium Capital secured against expected R&amp;D Tax Refund Interest rate 16%. Maturity Date 31 December 24. The facility will be repaid upon receipt of 2024 tax return expected to be \$661,890 which has been lodged with the ATO..</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(685)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(12)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(697)
8.4	Cash and cash equivalents at quarter end (item 4.6)	290
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	290
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.42
	<i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes. Following which upon Pilot Plant completion expenditure is expected to decline.	



8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

As at that date of this announcement, ChemX has entered into loan agreements with an entity related to non-executive director Stephen Strubel totalling \$25,000 and also with a substantial shareholder RJ A & A Investments Pty Ltd totalling \$75,000. The material terms of the loans are appended to the quarterly report announcement.

The Company has lodged its 2024 income tax return and its R&D Claim with AusIndustry and expects a return of \$662k, of which \$441k be used to repay the R&D funding provided by Radium Capital along with associated costs. The surplus over the R&D funding and costs associated will be used for working capital and pilot plant.

The Company has also appointed TritonLake as Corporate and Financial Advisors to assist with capital, financing and corporate advisory. The Company believes it would be successful with raising additional capital.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, Refer to 8.8.2

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024.....

Authorised by: ...The Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

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and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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