

Hexagon Shareholders Approve Rare-Earth Investment

25.11.2019 | [GlobeNewswire](#)

TORONTO, Nov. 25, 2019 - Hexagon Energy Materials Limited (ASX:HXG) ("Hexagon" or the "Company") is pleased to announce strong shareholder support for its updated business strategy. Shareholders voted overwhelmingly to support the change of the Company's name to Hexagon Energy Materials Limited, reflecting Hexagon's expanded strategy to include downstream rare-earth processing; rare-earths also being a critical component of the high-growth renewable-energy, energy-storage and electric-vehicle sectors.

At the Company's Annual General Meeting on November 22, 2019, Chairman Charles Whitfield told shareholders, *"We believe that the RapidSX[®] rare earth element (REE) separation technology, developed by Innovation Metals Corp. (IMC) that Hexagon has optioned has the potential to transform the rare earths value chain as it fundamentally changes the economics around new REE project development. At the same time, Western businesses and governments are becoming increasingly focused on security of supply and the RapidSX process could unlock resources and supply chains to provide a competitive alternative for industry."*

Hexagon's Managing Director, Mike Rosenstreich commented, *"Picking up on Charles's remarks at the AGM and given the strong support for Hexagon's expanded strategy and entry into REE processing, we plan to start funding development of the Commercial Demonstration Plant forthwith."*

"Initial work will comprise finalization of the capital budget and schedule leading to commencement of front-end engineering and design work so that ordering and construction can commence early in Q1 of 2020. To earn our 49% interest in American Innovation Metals Inc. (AIM), we need to fund the US\$2 million build-out of the Demonstration Plant and global patent applications."

"We are very excited by this opportunity and with shareholder endorsement we want to get on with it. We look forward to working with IMC's principals to commercialize the RapidSX approach to meet the wide interest that we are aware of from both existing REE producers and advanced project sponsors."

Background: Investment into American Innovation Metals

More than 99% of votes cast at the recent Annual General Meeting of Hexagon Shareholders were for a change in the nature and scale of the Company's activities through the acquisition of a 49% interest in AIM, a special purpose vehicle to commercialize the RapidSX processing technology, which separates the REEs contained in chemical concentrates produced by mine-site operators, to subsequently produce rare-earth oxides (REOs) for use by various downstream manufacturers. The RapidSX technology was developed by private Canadian company IMC, the 51% partner in AIM.

For more information about Hexagon's REE business with IMC, please refer to the Company's October 10, 2019 announcement entitled, *"Hexagon Enters Rare Earths Downstream Processing Industry"*.

AIM Investment

Hexagon has a binding Investment Agreement to acquire 49% of the RapidSX technology for REE separation through AIM. The key points are:

- Investment is US\$6.0M, comprising:

- US\$2.0M to build out a Commercial Demonstration Plant (“CDP”) within 12 months; and
- US\$4.0M in deferred payments, payable through Hexagon’s share of future AIM cash flows.
- Hexagon will contribute commercial and marketing skills, identify/secure feedstocks, generate RapidSX licencing opportunities, and sales/offtakes for REOs produced.

The CDP is planned to be financially self-sustaining following the initial investment for the build-out. Ultimate commercialization could follow-on quickly centred on licensing agreements with interested producers.

REE and Separation Technologies

REOs such as oxides of praseodymium, neodymium, terbium and dysprosium are the precursors used in the production of REE permanent magnets (“REPMs”). REPMs are critical components for more efficient traction motors for electric vehicles, and direct-drive wind turbine generators for renewable power generation, as well as several key defense and high-tech industrial technology applications.

Hexagon considers that REE separation for the production of REOs is the key supply-chain constraint with approximately 85% of REOs produced in China in an opaque and highly controlled market. The dominant separation technology employed for REE separation is solvent extraction (“SX”) which in its conventional form, is highly capital intensive requiring a very large plant footprint to accommodate up to 1,500 individual mixer-settler units to achieve the desired separated REE products.

RapidSX is a form of accelerated SX which IMC has developed and operated successfully at pilot scale for various mixed REE chemical concentrate types, with financial support from the United States Department of Defense. The pilot program demonstrated significant (approximately 70% to 90%) capital cost savings on the equivalent conventional SX separation plant, as well as reduced operating costs. Table 1 below highlights the advantages of RapidSX over conventional SX — the only proven, commercial and established REE separation technology.

Table 1: Features of RapidSX compared to conventional SX circuits

	RapidSX™	Conventional Solvent Extraction	Comment
Performance & Efficiency			
Commercial Purity	Yes	Yes	
REE Recovery Rates	High	High	● Increased Separation Kinetics Faster metals separation
Processing Time	Rapid	Slow	● Agnostic on feedstock type Robust process capable of taking LREE-r
Time to Equilibrium	Days	Several Weeks	
CAPEX			
Equipment Cost	Low	High	● Considerably reduced footprint ● Commercially Available All construction materials, equipment and
Separation Staging	90% Reduction	Very High	
OPEX			
Metal Inventory/WIP	Low	High	● Low Costs <US\$2/kg for LREOs* <US\$12/kg for HREOs*
Organic Volumes	Low	High	
Labor	Low	High	● Significantly reduced separation times
Power Consumption	Low	High	

* Estimated OPEX figures from IMC RapidSX p

About Hexagon Energy Materials Limited

Hexagon Energy Materials Limited is listed on the Australian Securities Exchange (“ASX”) under the ticker code “HXG”. The Company holds a 100% interest in the McIntosh Graphite Project in Western Australia and an 80% interest in the Ceylon Graphite Project in Alabama, USA. With a

current focus on the downstream processing of graphite and other energy materials, Hexagon has attained formidable technical knowledge based on test work of its McIntosh project flake-graphite material, which is applicable and highly valuable for a range of specialty-material applications. The Company's focus is on creating sustained shareholder value by maximizing near-term growth opportunities to commercialize that downstream business in the USA, where it has forged strong technical, commercial and investor relationships.

Learn more at www.hexagonresources.com

Forward-Looking Statements

This news release contains projections and statements that may constitute "forward-looking statements" within the meaning of applicable United States, Canadian and other laws. Forward-looking statements in this release may include, among others, statements regarding the future plans, costs, objectives, or performance of Hexagon Energy Materials Limited or the assumptions underlying any of the foregoing. In this news release, words such as "may", "could", "would", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", and "goal", "estimate," and similar words, and the negative forms thereof, are used to identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that are beyond the control of Hexagon Energy Materials Limited, and which may cause the actual results, level of activity, performance or achievements of Hexagon Energy Materials Limited to be materially different from those expressed or implied by such forward-looking statements. Such risks and uncertainties could cause actual results, plans and objectives of Hexagon Energy Materials Limited to differ materially from those expressed in the forward-looking information. Hexagon Energy Materials Limited can offer no assurance that its plans will be completed. These and all subsequent written and oral forward-looking information are based on estimates and opinions of Hexagon Energy Materials Limited management on the dates they are made and expressly qualified in their entirety by this notice. Except as required by law, Hexagon Energy Materials Limited assumes no obligation to update forward-looking information should circumstances or the estimates or opinions of Hexagon Energy Materials Limited management change.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/339596--Hexagon-Shareholders-Approve-Rare-Earth-Investment.html>

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