



HEXAGON RESOURCES LIMITED
ABN 27 099 098 192

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015



CORPORATE DIRECTORY

Board of Directors

Neville Miles	Non-Executive Chairman
Anthony Cormack	Executive Director and CEO
Garry Plowright	Non-Executive Director

Company Secretaries

Leni Stanley and Brent Van Staden

Registered Office Level 16 344 Queen Street Brisbane QLD 4000 GPO Box 363 Brisbane QLD 4001 Telephone: +61 7 3221 6022 Email: info@hexagonresources.com Website: www.hexagonresources.com	Management Office Unit 4, 20 Peel Road O'Connor WA 6163 Telephone: 0427 349 451 Email: info@hexagonresources.com Website: www.hexagonresources.com
Auditors BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Telephone: 07 3237 5999 Fax: 07 3221 9227 Website: www.bdo.com.au	Share Registry BoardRoom Pty Ltd Level 12 225 George Street Sydney NSW 2000 Telephone: 1300 737 760 Facsimile: 1300 653 459 Website: www.boardroomlimited.com.au

DIRECTORS' REPORT

Your Directors present their report on Hexagon Resources Limited (formerly Lamboo Resources Limited - the 'Company') and its controlled entities (the 'Consolidated Entity') for the half-year ended 31 December 2015.

DIRECTORS

The names and details of the Directors of Hexagon Resources Limited in office at the date of this report or at any time during the financial half-year are:

Name	Position	Period of Directorship
Neville Miles	Non-Executive Chairman	Appointed 9 December 2014
Anthony Cormack	Executive Director and CEO	Appointed 17 December 2014
Garry Plowright	Non-Executive Director	Appointed 10 June 2015

OPERATING RESULTS

For the half-year ended 31 December 2015, the loss for the Consolidated Entity after providing for income tax was \$579,681 (2014 (restated): loss \$4,236,717).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

REVIEW OF OPERATIONS

The Company's tenements include advanced exploration projects at McIntosh, Halls Creek and Mabel Downs in East Kimberley of Western Australia, Valla in Northern New South Wales as well as advanced projects in South Korea.

The prime focus of the Company continues to be the McIntosh flake graphite project in the East Kimberley, with limited field work undertaken at the Halls Creek, Mabel Downs and Valla projects in Australia and on the South Korean project during the half year.

Recent Highlights from activities at the McIntosh Flake Graphite Project:

- Ultra-high purity of +99% TC from simple floatation
- Largest JORC Compliant Flake Graphite Resource in Australia
- JORC Resource Estimate for McIntosh of 17.2Mt @ 4.63% TGC for 797,200 tonnes of contained graphite
- Less than 15% of the 50 kilometre strike length potential has been drill tested to date
- Huge upside exists to significantly expand the resource base further
- Significant drill intercepts reported during the half year:

EMPEROR

T6GDD164: 44m @ 4.4%TGC from 47m

T6GDD167: 47 metres @ 5.0% TGC from 126m, including 13 metres @ 6.3% TGC from 143m and 10 metres @ 6.3% TGC from 158m

T6GDD168: 59m @ 4.7%TGC from 96m

T6GDD176: (upper zone) 16 metres @ 5.3% TGC from 87m, including 5 metres @ 6.9% TGC from 87m and 4 metres @ 6.0% TGC from 99m plus (lower zone) 29m @ 4.3% TGC from 156m including 13m @ 5.7% TGC from 143m

(*combined intercept of 45 metres @ 4.7% TGC)

T6GDD192: 40 metres @ 4.2% TGC from 38m, including 5 metres @ 6.0% TGC from 38m, 12 metres @ 4.8% TGC from 48m and 10 metres at 4.8% TGC from 68m

T6GDD193: 139 metres @ 4.0% TGC from 57m, including 6 metres @ 5.1% TGC from 57m, 9 metres @ 6.0% TGC from 74m

T6GDD194: 62 metres @ 4.2% TGC from 117m, including 6m @ 4.9% TGC from 130m; 5m @ 8.3% TGC from 156m and 6 metres at 8.6% TGC from 173m

WAHOO

T4GDD179: 31 metres @ 4.4% TGC from 28m and 12 metres @ 5.8% TGC from 47m

T4GDD177: 8 metres @ 5.1% TGC from 50m and 5 metres @ 4.8% TGC from 83m

BARRACUDA

T5GDD190: 2 metres @ 6.3% TGC from 40m and 6 metres @ 4.4% TGC from 50 metres, including 2 metres @ 6.1% TGC from 50m.

MCINTOSH FLAKE GRAPHITE PROJECT

Table 1: McIntosh Flake Graphite Project Global Mineral Resource Estimate – 27 January 2016

Deposit	JORC Classification	Material Type	Tonnes (Mt)	TGC (%)	Contained Graphite (Tonnes)
EMPEROR	Indicated	Oxide	-	-	-
		Primary	3.4	4.32	145,250
	Inferred	Oxide	-	-	-
		Primary	5.1	4.79	240,900
	Indicated + Inferred	Oxide + Primary	8.4	4.61	386,150
LONGTOM	Indicated	Oxide	-	-	-
		Primary	4.5	4.71	210,350
	Inferred	Oxide	0.5	4.51	24,350
		Primary	2.1	4.84	103,000
	Indicated + Inferred	Oxide + Primary	7.1	4.73	337,700
WAHOO	Inferred	Oxide	0.1	4.16	3,550
		Primary	0.8	4.43	37,000
	Inferred	Oxide + Primary	0.9	4.40	40,550
BARRACUDA	Inferred	Oxide	0.3	4.49	11,350
		Primary	0.5	4.37	21,450
	Inferred	Oxide + Primary	0.7	4.41	32,800
Total Resource	Indicated + Inferred	Oxide + Primary	17.2	4.63	797,200

Notes: 1. Longtom (Target 1) has a 2% TGC lower cut-off grade. Emperor (Target 6), Wahoo (Target 4) and Barracuda (Target 5) have a 3% TGC lower cut-off grade.
2. Rounding may result in differences in total and average grades

The global Mineral Resource Estimate (MRE) for the McIntosh Flake Graphite Project comprises 17.2 million tonnes at an average grade of 4.63% TGC in compliance with the 2012 JORC code (see Table 1 and Figure 1). A total of 7.8 million tonnes at 4.55% TGC, being 45% of the total McIntosh resource, is within the indicated category, representing a high degree of geological confidence allowing for conversion into mineable ore reserves.

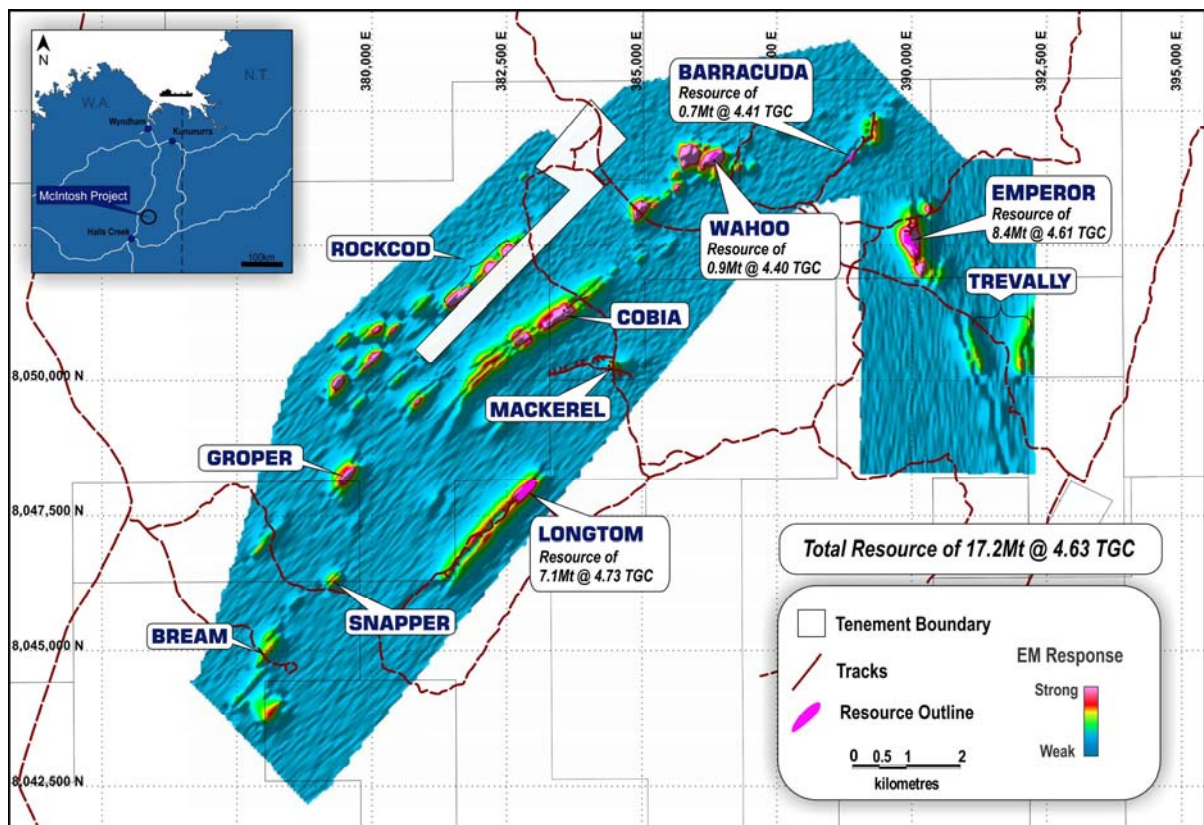


Figure 1: McIntosh Flake Graphite Project, East Kimberley, Western Australia

The mineral Resource classification criteria is based on the drill spacing, diamond core logging, geological mapping and 3 dimensionally modelled VTEM geophysical survey data which together confirm the grade and geological continuity of the graphitic schist mineralisation. All four deposits are hosted in a graphitic schist in a strongly metamorphosed meta-sedimentary sequence.

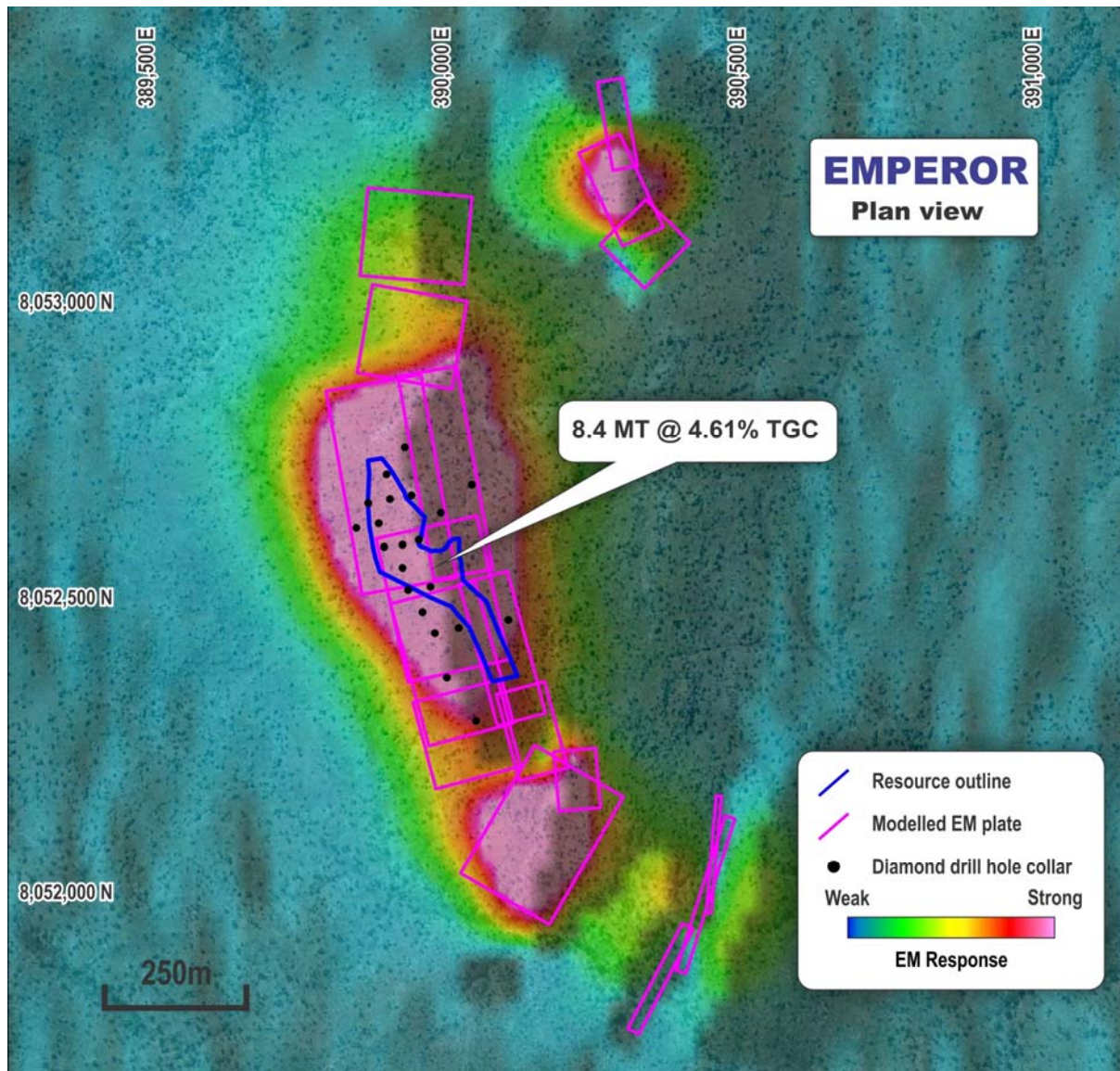


Figure 2: Plan view of the Emperor Deposit showing Diamond Drill Holes, Resource Outline, VTEM Anomaly and Model Plates

With 797,200 tonnes of contained graphite, McIntosh is the largest flake graphite resource in Australia, combined with a highly desirable +99% flake graphite concentrate purity which can be achieved with a simple grind and flotation process.

Bulk scale metallurgical test work on McIntosh diamond core from Emperor and Wahoo was conducted by ALS Global in Adelaide.

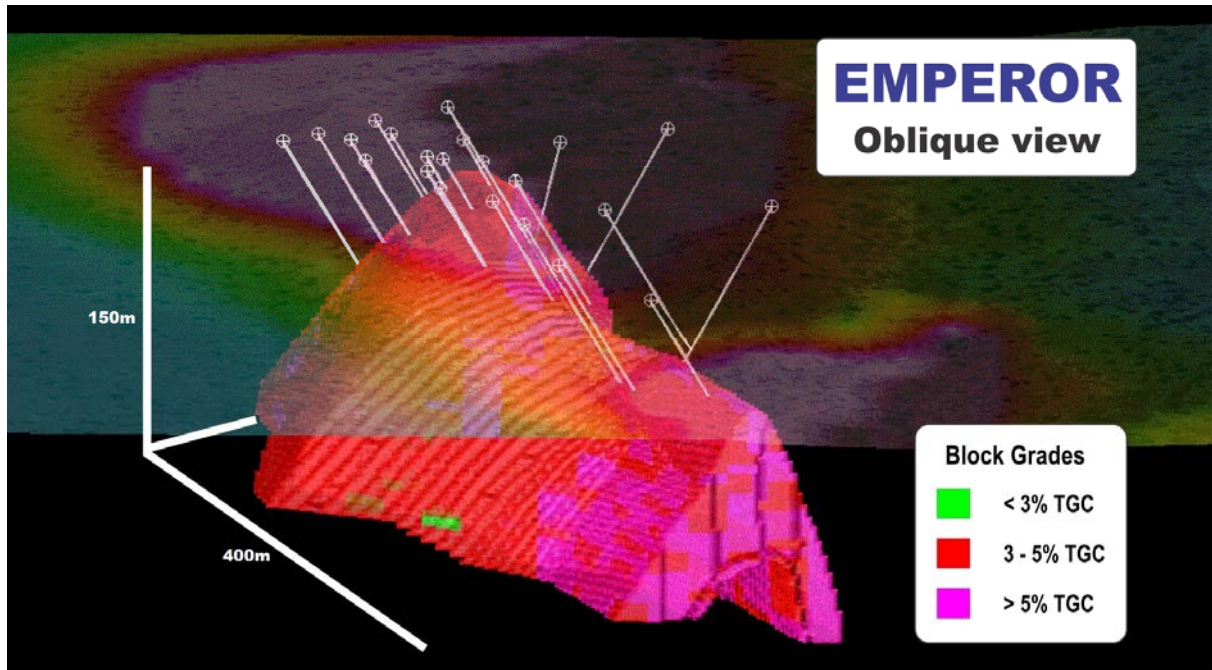


Figure 3: Oblique view of the Maiden resource Estimate at the Emperor Deposit

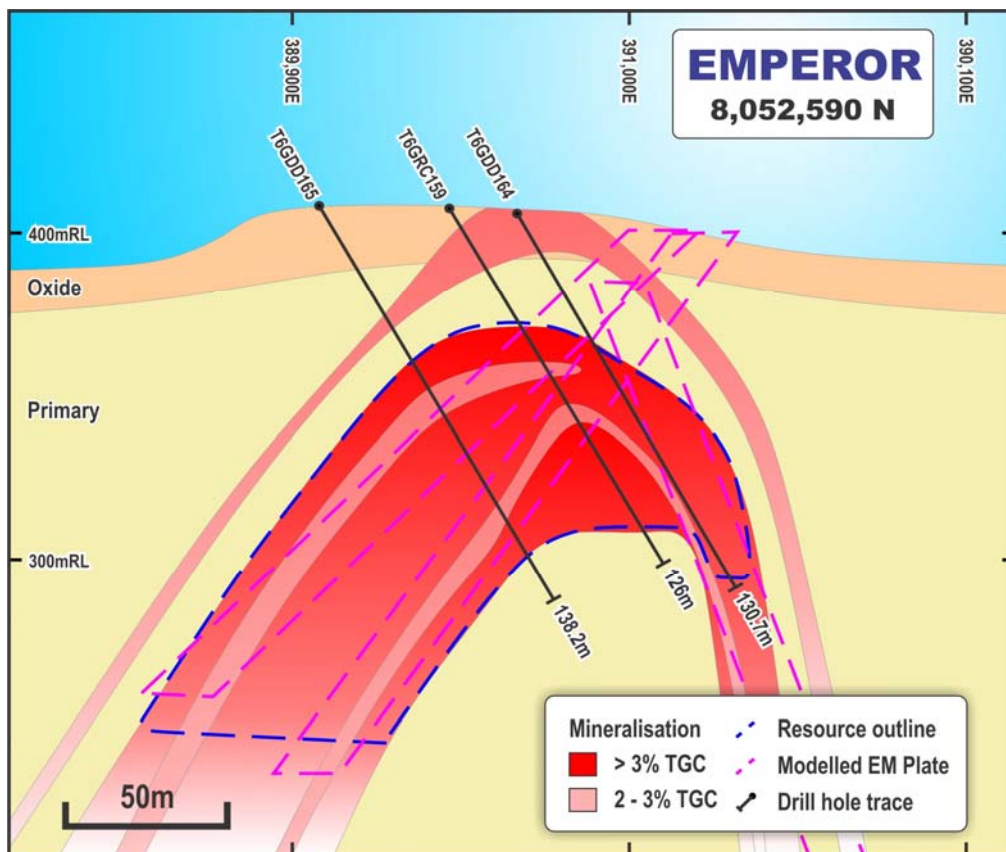


Figure 4: Cross-section view of the Emperor Deposit at 8,052,590mN

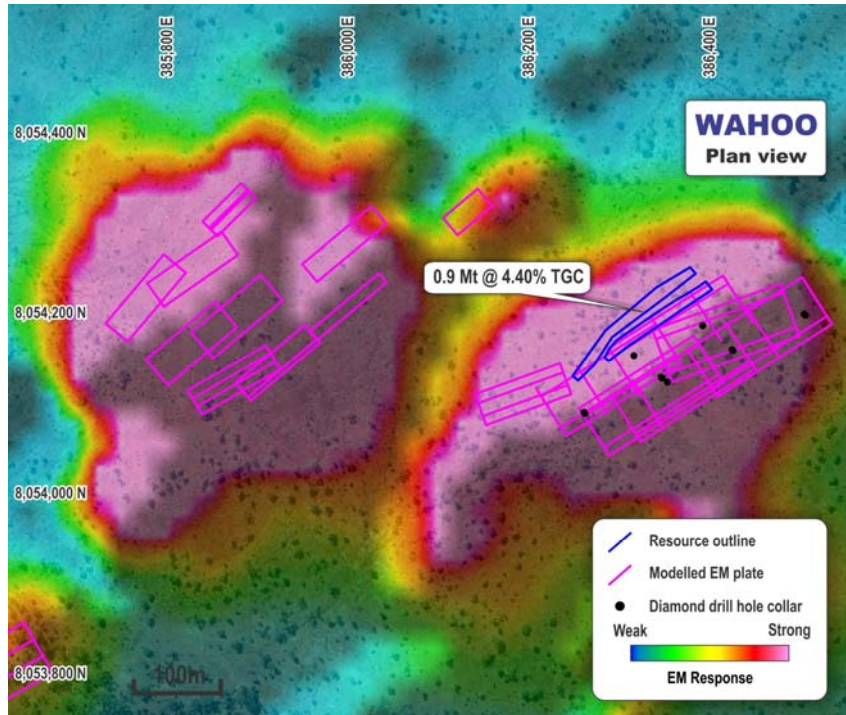


Figure 5: Plan view of the Wahoo Deposit showing Diamond Drill Holes, Resource Outline, VTEM Anomaly and Model Plates

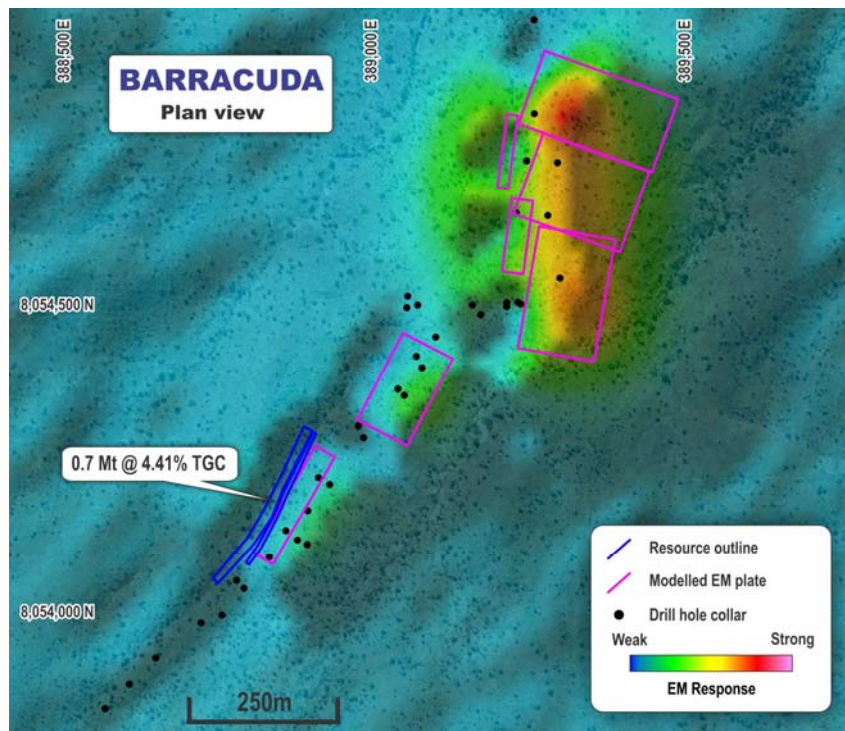


Figure 6: Plan view of the Barracuda Deposit showing Diamond Drill Holes, Resource Outline, VTEM Anomaly and Model Plates

A total of 3 diamond drill holes were completed at Barracuda for a total of 1,258m, with an average depth of 98m. 9 RC holes completed in 2014 for a total of 828m and an average depth of 92m were used to complete the MRE for the Barracuda Deposit. Mineralisation at Barracuda remains open in every along strike as well as down dip with the deposit having significant potential for expansion.

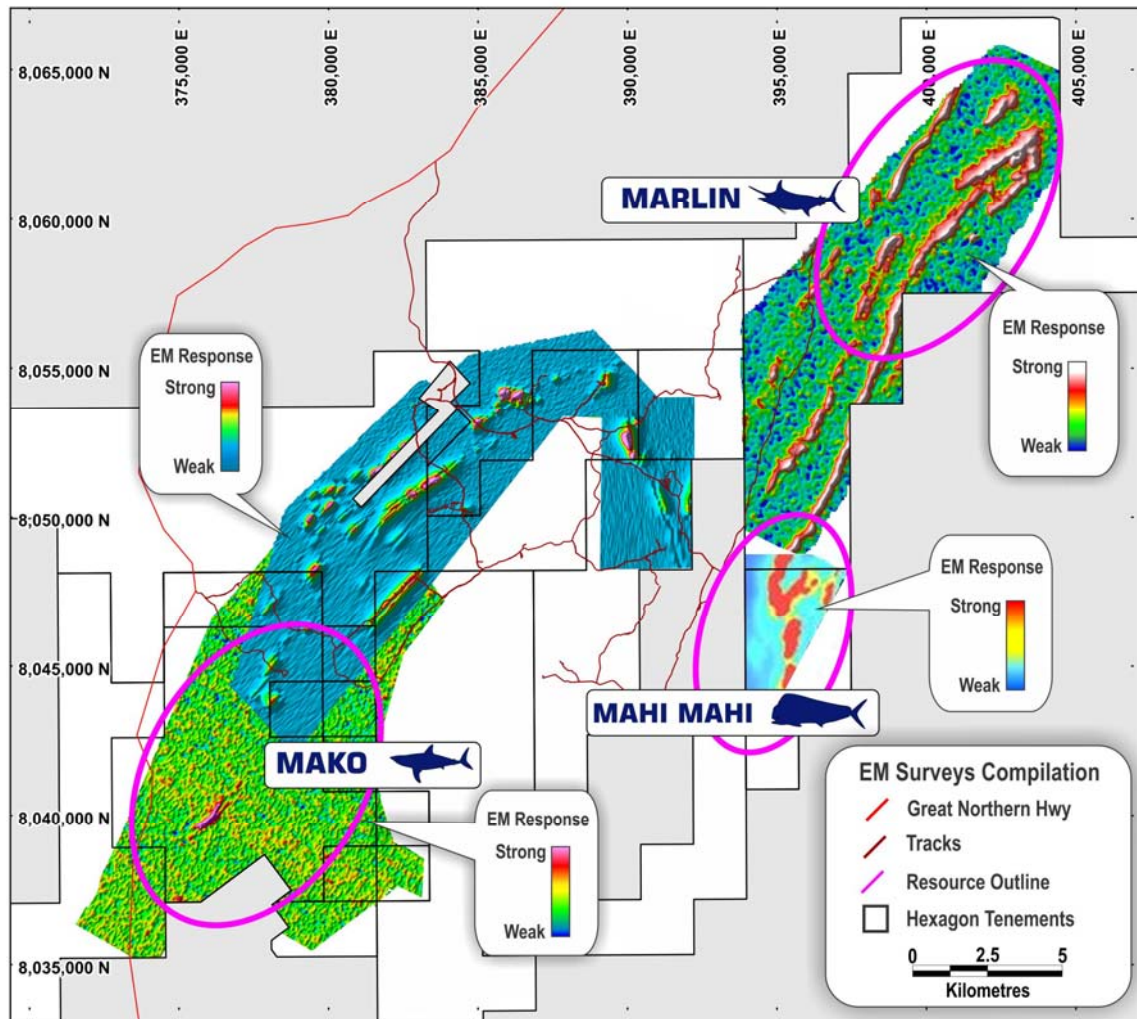


Figure 7: Exploration potential of the Greater McIntosh Tenement Package

Hexagon is in discussions with a range of engineering and consultancy firms with a view of progressing to a feasibility study for McIntosh, with the aim of fast tracking the project into production. Hexagon is also in the advanced stages of drill planning for the 2016 field season with a focus on further resource development along with first pass exploration at the exciting targets of Marlin, Mahi Mahi and Mako (see Figure 7).

The natural flake graphite market is currently experiencing outstanding growth due to the increasing demand for lithium-ion batteries for use in electric vehicles and energy storage from renewable sources such as solar and wind. Hexagon's strategy is focussed on taking advantage of the continued growth in the sector by producing high purity flake graphite for use as anode material in these batteries.

Commercial samples of the McIntosh ultra high purity flake graphite concentrate have been produced by ALS global in Adelaide for end users to test in their specific applications. Discussions with potential off take partners is ongoing with the company focusing its efforts on the end-user groups in the li-ion battery market.

Hexagon will also be commencing a detailed test work program on the McIntosh flake graphite concentrate with Adelaide Research and Innovation Pty Ltd a wholly owned subsidiary of the University of Adelaide. The test work program will include characterisation of the physical, electrical, structural and chemical composition using a number of specialist techniques and evaluate the extraction of graphene using 3 exfoliation methods with a series of characterisation techniques. It will also determine the quality and yield of the isolated graphene.

HEXAGON TENEMENT HOLDINGS - AUSTRALIA

Project	Tenement	Type	Number	Ownership Status
McIntosh, WA	Melon Patch	E	E80/3864	100% Hexagon
	McIntosh Hills	E	E80/3928	100% Hexagon
	Melon North	E	E80/3906	100% Hexagon
	Melon South	E	E80/3907	100% Hexagon
	Black Granite	E	E80/4396	100% Hexagon
	White Rock South	EL	E80/4688	100% Hexagon
	Panton West	EL	E80/4734	100% Hexagon
	Black Rock Creek	EL	E80/4739	100% Hexagon
	Togo	EL	E80/4732	100% Hexagon
	Edle Creek	EL	E80/4825	100% Hexagon
	Alice Downs	EL	E80/4842	100% Hexagon
	White Rock	EL	E80/4841	100% Hexagon
	Carolyn Hills South	P	P80/1821	100% Hexagon
	Panton North	E	E80/4733	100% Hexagon
	Mabel Hill	ELA	E80/4879	100% Hexagon
Mabel, WA	Wills Creek	ELA	E80/4931	100% Hexagon
	Mabel Downs	E	E80/4385	100% Hexagon
	Spring Creek	E	E80/4797	100% Hexagon
Halls Creek, WA	Six Mile Bore	E	E80/4814	100% Hexagon
	Golden Crown South	E	E80/4794	100% Hexagon
	Highway	E	E80/4793	100% Hexagon
	Granite	E	E80/4795	100% Hexagon
	Granite	P	P80/1816	100% Hexagon
	Granite	P	P80/1817	100% Hexagon
	Granite	P	P80/1815	100% Hexagon
	Granite	P	P80/1818	100% Hexagon
	Granite	P	P80/1414	100% Hexagon
	Granite	P	P80/1799	100% Hexagon
	Granite	P	P80/1801	100% Hexagon
	Granite	P	P80/1800	100% Hexagon
Valla, NSW	Valla	EL	EL6702	100% Hexagon

There were no acquisitions or disposals of tenements in the half year.

GEUMAM FLAKE GRAPHITE PROJECT

During the half Hexagon Resource did not complete any field work, or advance any studies or test work on its South Korean Projects. The company is investigating its options and is in discussions with a number of parties in relation to its South Korean assets.

HEXAGON TENEMENT HOLDINGS - SOUTH KOREA

Geumam Flake Graphite Project

Tenement Number	Registration Number	Area (ha)	Registered Holder	Grant Date	Expiry Date
Dangjin 54-4	200432	44	Won Kwang Mines Inc	30 July 2014	31 July 2021
Dangjin 56-3	200433	68	Won Kwang Mines Inc	30 July 2014	31 July 2021
Dangjin 66-1	200434	68	Won Kwang Mines Inc	30 July 2014	31 July 2021
Dangjin 55-3	80077	68	Won Kwang Mines Inc	7 February 2012	6 February 2032
Dangjin 65-1	80014	68	Won Kwang Mines Inc	8 December 2011	7 December 2031
Dangjin 65-2	78355	68	Won Kwang Mines Inc	17 December 2009	16 December 2029
Dangjin-54-2	200258	135	Won Kwang Mines Inc	23 May 2013	22 May 2020
Dangjin-55-4	200259	64	Won Kwang Mines Inc	23 May 2013	22 May 2020

Taehwa Flake Graphite Project

Tenement Number	Registration Number	Area (ha)	Registered Holder	Grant Date	Expiration Date
Hongcheon 91-2	079948	68	Won Kwang Mines Inc	15 November 2011	14 November 2031

Samcheok Flake Graphite Project

Tenement Number	Registration Number	Area (ha)	Registered Holder	Grant Date	Expiration Date
Samcheok 09-2	200216	68	Won Kwang Mines Inc	10 January 2013	9 January 2020

Competent Persons Statement

The information in this report that relates to Mineral Resources for Emperor, Wahoo and Barracuda is based on information compiled by Mr Shane Tomlinson who is an independent consultant and a member of The Australian Institute of Geoscientists and Mr Tony Cormack who is a full time employee of Hexagon Resources Limited and a member of the Australasian Institute of Mining and Metallurgy. Mr. Cormack has sufficient experience which is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cormack consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for Longtom (Target 1) is based on information compiled by Mr Rod Williams, a Competent Person, who is a Member of The Australian Institute of Geoscientists and a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams is employed by Norvale Pty Ltd, an independent consulting company. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The information that relates to Mineral Resources at Longtom (Target 1) have been previously reported by Hexagon and Mr Williams provided his consent at that time (refer to HXG announcement 20th January 2014).

The information in this report relating Exploration Target Estimates, Exploration Drilling, Assay Results and Geological Data at the McIntosh Project is based on information previously compiled and / or reviewed by Mr. Tony Cormack, Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Hexagon Resources Limited. Mr. Cormack has sufficient experience which is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cormack consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

APPENDIX 1

Table 1: Diamond drill holes from Emperor, Wahoo and Barracuda

Hole ID	Easting	Northing	R.L. (m)	Dip (°)	Azimuth (°)	Depth EOH (m)
T6GDD164	389965	8052595	410	-60	83	130.7
T6GDD165	389910	8052582	421	-60	83	138.2
T6GDD166	390035	8052446	424	-60	77	81.2
T6GDD167	389996	8052438	423	-60	77	183.3
T6GDD168	390121	8052457	425	-60	257	155.5
T6GDD169	390066	8052284	407	-60	77	104.5
T6GDD170	389944	8052750	401	-60	77	99.2
T6GDD171	389953	8052668	409	-60	77	95.1
T6GDD172	389921	8052663	416	-60	77	90.3
T6GDD173	389883	8052654	418	-60	77	141.2
T6GDD174	390056	8052688	403	-60	257	135.2
T6GDD175	389986	8052513	414	-60	77	114.2
T6GDD176	389946	8052507	412	-60	77	171.2
T4GDD177	386425	8054160	402	-60	307	171.2
T4GDD178	386425	8054160	402	-90	307	159
T4GDD179	386395	8054186	400	-60	307	108.3
T4GDD180	386343	8054125	401	-60	307	111.2
T4GDD181	386343	8054125	401	-90	307	157.4
T4GDD182	386343	8054125	401	-60	127	66.3
T4GDD183	386313	8054150	400	-60	307	60
T4GDD184	386261	8054089	399	-60	307	123.3
T4GDD185	386261	8054089	399	-90	307	147.3
T4GDD186	386507	8054196	400	-60	307	78.3
T4GDD187	386507	8054196	400	-90	307	75.3
T5GDD188	389280	8054640	396	-60	267	108.2
T5GDD189	389300	8054728	393	-60	267	95.6
T5GDD190	389300	8054540	395	-60	267	90.2
T6GDD191	390014	8052356	408	-60	77	129.2
T6GDD192	390004	8052642	405	-75	257	99.2
T6GDD193	389940	8052547	411	-60	77	201.3
T6GDD194	389977	8052476	413	-60	77	179
T6GDD195	389908	8052709	400	-60	77	99.3
Total (m):						3,899

Table 2: Significant diamond core intercepts from Emperor, Wahoo and Barracuda

Hole ID	Depth (From)	Depth (To)	Intersection (m)	Grade (%TGC)
T6GDD164	47	91	44	4.4
T6GDD164	47	54	7	7.1
T6GDD164	62	67	5	5.0
T6GDD164	84	91	7	5.0
T6GDD164	110	115	5	5.4
T6GDD165	47	56	9	4.7
T6GDD165	78	87	9	4.4
T6GDD167	107	111	4	4.9
T6GDD167	126	173	47	4.7
T6GDD167	143	156	13	6.3
T6GDD167	158	168	10	6.3
T6GDD167	178	181	3	4.6
T6GDD168	96	155	59	4.7
T6GDD168	110	116	6	5.7
T6GDD168	132	144	12	7.0
T6GDD168	138	144	6	9.8
T6GDD170	36	39	3	4.5
T6GDD171	27	41	14	4.5
T6GDD171	35	41	6	5.5
T6GDD171	67	71	4	7.7
T6GDD172	43	53	10	4.3
T6GDD172	45	48	3	5.3
T6GDD172	60	63	3	5.2
T6GDD173	73	91	18	4.5
T6GDD173	84	90	6	6.4
T6GDD173	104	126	22	4.7
T6GDD173	104	111	7	5.1
T6GDD173	120	124	4	6.4
T6GDD176	87	103	16	5.3
T6GDD176	87	92	5	6.9
T6GDD176	99	103	4	6.0
T6GDD176	142	171	29	4.3
T6GDD176	156	169	13	5.7
T6GDD176	156	161	5	7.3
T4GDD177	50	58	8	5.1
T4GDD177	83	91	8	3.8
T4GDD177	83	88	5	4.8
T4GDD178	10	20	10	3.2
T4GDD178	95	102	7	4.1
T4GDD179	28	60	32	4.4
T4GDD179	28	31	3	5.5
T4GDD179	47	59	12	5.8

Hole ID	Depth (From)	Depth (To)	Intersection (m)	Grade (%TGC)
T4GDD180	19	22	3	4.7
T4GDD180	43	46	3	4.4
T4GDD180	53	57	14	3.3
T4GDD180	62	66	4	5.0
T4GDD181	49	62	13	3.5
T4GDD181	51	57	6	4.3
T4GDD181	76	86	10	4.4
T4GDD181	76	82	6	5.7
T4GDD183	17	21	4	5.6
T4GDD183	29	38	9	3.8
T4GDD183	29	32	3	5.2
T4GDD184	10	17	7	3.6
T4GDD185	38	49	11	4.8
T4GDD185	39	47	8	5.6
T5GDD189	83	86	3	5.3
T5GDD190	40	42	2	6.3
T5GDD190	50	53	3	4.9
T5GDD190	74	77	3	4.0
T6GDD191	108	111	3	5.3
T6GDD192	38	78	40	4.2
T6GDD192	38	43	5	6.0
T6GDD192	48	60	12	4.8
T6GDD192	68	78	10	4.8
T6GDD193	39	46	7	4.2
T6GDD193	57	198	139	4.0
T6GDD193	57	63	6	5.1
T6GDD193	74	83	9	6.0
T6GDD193	96	101	5	4.5
T6GDD193	116	120	4	5.0
T6GDD193	123	127	4	5.4
T6GDD193	144	149	5	5.9
T6GDD193	165	171	5	4.8
T6GDD193	176	183	7	4.8
T6GDD193	186	195	9	5.3
T6GDD194	117	179	62	4.2
T6GDD194	130	130	6	4.9
T6GDD194	156	156	5	8.3
T6GDD194	173	173	6	8.6
T6GDD195	64	67	3	4.4
T6GDD195	72	76	4	4.4

CORPORATE

Lamboo Resources Limited changes name to Hexagon Resources Limited

Hexagon Resources Limited changed name from Lamboo Resources Limited after seeking shareholder approval at the Annual General Meeting 27 November 2015. The Company code changed to HXG on 2 December 2015.

Rights Issue

On 7 July 2015 the company announced a rights issue under which shareholders were offered the opportunity to subscribe 1 new Lamboo share for every 5 shares held, with 34,242,560 new shares offered at a subscription price of 6 cents per share to raise up to \$2,054,554 before costs.

Eligible shareholders (including Directors) took up 29,983,844 shares under the rights issue (87.6% of the shares offered), and the balance of 4,258,716 shares were placed immediately following the close of the rights issue.

Hengda Deposit

During the half year to 31 December 2015, Directors have continued to work to secure the return of the US\$ 2 million deposit paid in respect of the Hengda transaction, however this has not been successful to date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

During 2016 the Company will continue to progress the McIntosh Project and evaluation the South Korean Projects.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

EVENTS AFTER BALANCE SHEET DATE

Subsequent to 31 December 2015, the Company has made a placement of 16,662,500 fully paid shares at 8 cents each and 8,331,250 unlisted options exercisable at 12 cents each expiring 30 September 2017 raising \$1,333,000.

As at the date of this report the Company had 232,116,747 shares on issue.

Signed in accordance with a resolution of the Board of Directors



Tony Cormack
Director
14 March 2016

Auditor's Independence Declaration
For the half-year ended 31 December 2015



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF HEXAGON RESOURCES LIMITED

As lead auditor for the review of Hexagon Resources Limited for the half-year ended 31 December 2015, 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 Resources Limited and the entities it controlled during the period.

A handwritten signature in dark ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 14 March 2016

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2015

	Note	Half-Year Ended 31 December	
		2015	2014
		\$	(restated) \$
Revenue		2,672	16,229
Unrealised foreign exchange gain	2 (a)	148,618	229,568
Employee expenses		(190,321)	(437,325)
Corporate and administration expenses		(392,032)	(862,245)
Due diligence expenses	2 (b)	-	(743,920)
Provision for non-recovery of Hengda Deposit	2 (c)	(148,618)	(2,439,024)
Loss before income tax		(579,681)	(4,236,717)
Income tax expense		-	-
Profit/(loss) after income tax expense		(579,681)	(4,236,717)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		1,128	(10,151)
Other comprehensive income for the half-year, net of tax		1,128	(10,151)
Total comprehensive income		(578,553)	(4,246,868)
Earnings per Share			
Basic and diluted earnings/(loss) per share		Cents (0.37)	Cents (3.19)

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

**Consolidated Balance Sheet
As at 31 December 2015**

	Note	31 December 2015 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		513,872	478,289
Trade and other receivables	3	54,582	150,539
Other assets		23,005	14,688
TOTAL CURRENT ASSETS		591,459	643,516
NON-CURRENT ASSETS			
Trade and other receivables		23,713	59,220
Plant and equipment		38,151	54,319
Exploration and evaluation assets	4	8,970,268	7,587,412
TOTAL NON-CURRENT ASSETS		9,032,132	7,700,951
TOTAL ASSETS		9,623,591	8,344,467
CURRENT LIABILITIES			
Trade and other payables		306,284	430,415
Provisions		37,341	37,341
TOTAL CURRENT LIABILITIES		343,625	467,756
TOTAL LIABILITIES		343,625	467,756
NET ASSETS		9,279,966	7,876,711
EQUITY			
Share capital	5	47,473,358	44,556,723
Reserves	6	47,895	981,594
Accumulated losses		(38,241,287)	(37,661,606)
TOTAL EQUITY		9,279,966	7,876,711

The Consolidated Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

**Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2015**

Consolidated Entity	Share Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2014	38,592,557	2,071,225	(30,570,555)	10,093,227
Transactions with owners in their capacity as owners				
Issue of share capital	2,378,429	-	-	2,378,429
Conversion of performance rights	1,171,875	(1,171,875)	-	-
Share issue costs	(94,334)	-	-	(94,334)
Total	3,455,970	(1,171,875)	-	2,284,095
Comprehensive income				
Profit after income tax	-		(4,236,717)	(4,236,717)
Other comprehensive income	-	(10,151)		(10,151)
Total comprehensive income	-	(10,151)	(4,236,717)	(4,246,868)
Balance at 31 December 2014 (restated)	42,048,527	889,199	(34,807,272)	8,130,454
Balance at 1 July 2015	44,556,723	981,594	(37,661,606)	7,876,711
Transactions with owners in their capacity as owners				
Issue of share capital	2,054,553	-	-	2,054,553
Conversion of performance rights	937,500	(937,500)	-	-
Share based payments	-	2,673	-	2,673
Share issue costs	(75,418)	-	-	(75,418)
Total	2,916,635	(934,827)	-	1,981,808
Comprehensive income				
Profit (loss) after income tax	-	-	(579,681)	(579,681)
Other comprehensive income	-	1,128	-	1,128
Total comprehensive income	-	1,128	(579,681)	(578,553)
Balance at 31 December 2015	47,473,358	47,895	(38,241,287)	9,279,966

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2015

		Half-Year Ended December	
		2015	2014
		\$	(restated)
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(587,061)	(1,402,690)
Interest received		2,550	13,071
Payments for due diligence activities	2 (b)	-	(602,794)
Net cash provided by/(used in) operating activities		(584,511)	(1,992,413)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(2,085)	(52,574)
Payments for exploration and evaluation		(1,460,720)	(1,657,653)
Government grants in relation to exploration assets		98,403	856,696
Payments for security deposits		(1,450)	(13,836)
Refund of security deposits		36,957	-
Payment of Hengda deposit	2 (c) & 3	-	(2,209,456)
Net cash used in by investing activities		(1,328,895)	(3,076,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		2,054,553	2,276,429
Share issue costs		(106,692)	(94,334)
Net cash (used in)/ provided by financing activities		1,947,861	2,182,095
Net increase/ (decrease) in cash and cash equivalents		34,455	(2,887,141)
Cash and cash equivalents at the beginning of the half-year		478,289	3,287,072
Net foreign exchange differences		1,128	(10,151)
Cash and cash equivalents at the end of the half-year		513,872	389,780

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hexagon Resources Limited (formerly Lamboo Resources Limited - the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2015.

This consolidated interim financial report was approved by the Board of Directors on 14 March 2016.

Going Concern

As at 31 December 2015 the Consolidated Entity had cash reserves of \$513,872, net current assets of \$247,834 and net assets of \$9,279,966, a loss after tax for the period ended 31 December 2015 of \$579,681 and cash outflows from operations of \$584,511. The company has not generated revenues from operations.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the future;
- the recovery of the US\$2 million Hengda Deposit, and
- the successful exploration and subsequent exploitation of the consolidated entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities;
- Subsequent to year end the company has completed a placement to raise \$1,333,000 (refer Note 10 for further details); and
- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating and note that the Company has raised approximately \$2 million from a rights issue which was well supported by shareholders and is currently planning capital raising activities to fund its proposed activities until the end of 2016.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2015.

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect measurement of the results or financial position of the Consolidated Entity.

Fair Values

The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Change in Accounting Policy for Refundable R&D Incentives

The Company previously accounted for refundable R&D tax incentives as an income tax benefit and drilling grant as other income. The entity has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income. The Company has therefore made a voluntary change in accounting policy prior to 30 June 2015. Refundable tax incentives and drilling grant are now accounted for as government grants under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance because the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable.

The impact of these changes in the Company's accounting policy on individual line items in the prior half-year financial statements can be summarised as follows:

Impact on Statement of Comprehensive Income

	Previously Reported Half-Year 2014 \$	Adjustment Half-Year 2014 \$	Restated Half-Year 2014 \$
Research and development income tax concession	856,696	(856,696)	-
Profit/(loss) after income tax expense	(3,380,021)	(856,696)	(4,236,717)
Other comprehensive income	(10,151)	-	(10,151)
Total comprehensive income	(3,390,172)	(856,696)	(4,246,868)

	Cents	Cents	Cents
Earnings per share			
Basic and diluted loss per share	(2.54)	(0.65)	(3.19)

Impact on Statement of Cash Flows

	Previously Reported Half-year 2014 \$	Adjustment Half-year 2014 \$	Restated Half-year 2014 \$
Research and development income tax concession received	856,696	(856,696)	-
Net cash used in operating activities	(1,135,717)	(856,696)	(1,992,413)
Government grants in relation to exploration assets	-	856,696	856,696
Net cash used in investing activities	(3,933,519)	856,696	(3,076,823)

	December 2015 \$	December 2014 \$
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NOTE 2 SIGNIFICANT TRANSACTIONS DURING PERIOD

(a) Unrealised foreign exchange gain	148,618	229,568
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During the prior half year ended 31 December 2014, the company paid a US\$2 million deposit in respect of the Hengda Transaction. This deposit was revalued at balance date at the relevant foreign exchange rate resulting in an unrealised foreign exchange gain.

(b) Due diligence expenses	-	743,920
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During the prior half year the company incurred substantial costs associated with the due diligence process relating to the Hengda Transaction.

(c) Provision for non-recovery of Hengda Deposit	148,618	2,439,024
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During the half year to 31 December 2014, Hexagon entered into a Framework Agreement for a proposed merger with China Sciences Hengda Graphite Co ("Hengda") and Mr Wang Fengjun (Mr Wang), General Manager and major shareholder of Hengda, and paid a US\$2 million deposit "Hengda Deposit". Hexagon has subsequently terminated its contractual arrangements relating to its proposed merger with Hengda and does not intend to proceed with that transaction.

Since then, Hexagon engaged lawyers in Hong Kong to send a letter of demand to Mr Wang and Hengda for repayment of the Hengda Deposit. Despite the agreement between Hexagon, Hengda and Wang, Hengda and Wang have failed to repay the Hengda Deposit within the time stipulated in Hexagon's demand.

Hexagon has therefore engaged Hong Kong and Chinese lawyers to advise Hexagon on its legal rights, regulatory requirements and procedures in relation to the termination of the merger transaction and specifically, its ability to recover the Hengda Deposit. There are numerous regulatory issues that must be addressed first, but at the same time, Hexagon is pursuing a negotiated settlement with the current management of Hengda, with a view to agreeing terms under which Hengda will repay the Hengda Deposit.

The Directors cannot guarantee that Hexagon will successfully recover the Hengda Deposit by legal process, but is pursuing all avenues possible. Consequently, Hexagon has recorded a provision for non-recovery Hengda Deposit to the value of \$2,741,979 (30 June 2015: \$2,593,362) in the Half Year Report to 31 December 2015. The increase in the provision is a recognition of the foreign exchange movement of the US\$ value of the deposit (Refer Note 2 (a) and 2 (c) above).

	December 2015 \$	June 2015 \$
NOTE 3 TRADE AND OTHER RECEIVABLES		
Other receivables	54,582	150,539
Hengda Deposit	2,741,979	2,593,362
Provision for non-recovery of Hengda Deposit	(2,741,979)	(2,593,362)
	54,582	150,539

Refer to Note 2(c) in respect of the Provision for non-recovery of the Hengda Deposit.

NOTE 4 EXPLORATION EXPENDITURE

Exploration expenditure capitalised

Balance at the beginning of the period	7,587,412	5,747,101
Exploration expenditure during the period	1,382,856	2,795,410
Research and development grants relating to exploration expenditure	-	(955,099)
	8,970,268	7,587,412

Recovery of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective area of interest.

NOTE 5 SHARE CAPITAL

Ordinary Shares (Fully Paid)

	December 2015 \$	December 2014 \$	December 2015 Number	December 2014 Number
At the beginning of the half- year	44,556,723	38,592,557	171,211,687	119,961,830
Issue of shares ⁽¹⁾	2,054,553	2,178,929	34,242,560	2,421,032
Exercise of Options ⁽²⁾	-	199,500	-	1,330,000
Conversion of Tranche 1 Performance Rights ⁽³⁾	-	1,171,875	-	12,500,000
Conversion of Tranche 2 Performance Rights ⁽⁴⁾	937,500	-	10,000,000	-
Share issue expenses ⁽⁵⁾	(75,418)	(94,334)	-	-
At reporting date	47,473,358	42,048,527	215,454,247	136,212,862

(1) 2014: 2,421,032 ordinary fully paid shares were issued at \$0.90 per share through a share placement.

2015: 34,242,560 ordinary fully paid shares were issued at \$0.06 per share through a rights issue.

(2) 2014: 1,330,000 ordinary fully paid shares were issued on the exercise of options at \$0.15.

(3) 2014: 12,500,000 ordinary fully paid shares were issued on the conversion of Tranche 1 Performance Rights previously issued as part consideration of Opirus Minerals Pty Ltd.

(4) 2015: 10,000,000 ordinary fully paid shares were issued on the conversion of Tranche 2 Performance Rights previously issued as part consideration of Opirus Minerals Pty Ltd.

(5) 2014: Amount relates to costs associated with the share capital raised under the share placement.

2015: Amount relates to costs associated with the share capital raised under the rights issue.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Details of options issued, exercised and expired during the financial period are set out below:

Expiry Date	Exercise Price	Movements (number of options)				
		1 July 2015	Issued	Exercised	Expired	31 December 2015
15 August 2015	\$0.15	4,387,835	-	-	(4,387,835)	-
30 June 2016	\$0.20	5,250,000	-	-	-	5,250,000
3 March 2018	\$0.16162	3,000,000	-	-	-	3,000,000
31 December 2016	\$0.08	-	3,000,000	-	-	3,000,000
		12,637,835	3,000,000	-	(4,387,835)	11,250,000

	December 2015 \$	June 2015 \$
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NOTE 6 RESERVES

Share Option reserve	64,816	62,143
Foreign currency translation reserve	(16,921)	(18,049)
Performance rights reserve	-	937,500
	47,895	981,594

Share Option reserve movements during the year

Opening balance	62,143	-
Issue of options during the year	2,673	62,143
Closing balance	64,816	62,143

Share Option reserve

The Share Option reserve represents the difference between the proceeds received from a convertible security and the fair value of the liability on initial recognition.

Foreign currency translation reserve movements during the year

Opening balance	(18,049)	(38,150)
Currency translation differences arising during the year	1,128	20,101
Closing balance	(16,921)	(18,049)

Foreign currency translation reserve

The Foreign currency translation reserve is used to record exchange differences arising on the translation of foreign controlled entities. The reserve is recognised in profit and loss when the net investment is disposed of.

Performance Rights

	December 2015 \$	December 2014 \$	December 2015 #	December 2014 #
Opening balance	937,500	2,109,375	10,000,000	22,500,000
Conversion of Tranche 1 Performance Rights ⁽¹⁾	-	(1,171,875)	-	(12,500,000)
Conversion of Tranche 2 Performance Rights ⁽²⁾	(937,500)	-	(10,000,000)	-
At reporting date	-	937,500	-	10,000,000

⁽¹⁾ 12,500,000 ordinary fully paid shares were issued on the conversion of Tranche 1 Performance Rights previously issued as part consideration of Opirus Minerals Pty Ltd.

⁽²⁾ 10,000,000 ordinary fully paid shares were issued on the conversion of Tranche 2 Performance Rights previously issued as part consideration of Opirus Minerals Pty Ltd.

Performance rights reserve

The performance rights reserve is used to record the value of performance rights granted

NOTE 7 SEGMENT REPORTING

Reportable Segments

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

For the purpose of segment reporting, the Consolidated Entity is deemed to have operated in two segments during the half-year:

- Exploration for of minerals within Australia; and
- Exploration for minerals within South Korea.

For the half-year ended 31 December 2015 no revenue has been derived from external customers from either of the exploration for minerals operating segments. All revenue is allocated to the Australia segment.

Segment Results

	South Korea	Australia	Consolidated
	\$	\$	\$
31 December 2015			
Segment result	(82,814)	(496,867)	(579,681)
Net Profit (Loss)	(82,814)	(496,867)	(579,681)

31 December 2015

Assets:

Segment assets	1,387,075	8,236,516	9,623,591
Unallocated corporate assets	-	-	-
Consolidated Total Assets	1,387,075	8,236,516	9,623,591

	South Korea	Australia	Consolidated
	\$	\$	\$
31 December 2014 (restated)			
Segment result	(147,926)	(4,088,791)	(4,236,717)
Net Profit (Loss)	(147,926)	(4,088,791)	(4,236,717)

30 June 2015

Assets:

Segment assets	634,489	7,709,878	8,344,467
Unallocated corporate assets	-	-	-
Consolidated Total Assets	634,489	7,709,878	8,344,467

NOTE 8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change to contingent assets and contingent liabilities disclosed in the 30 June 2015 financial report.

NOTE 9 COMMITMENTS FOR EXPENDITURE

Future exploration commitments

The Company 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 Company. The commitments at 31 December 2015 were as follows:

	<u>\$</u>
Exploration commitments	
Less than 12 months	903,250
Between 12 months and 5 years	2,272,441
Greater than 5 years	-
	<u>3,175,961</u>

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements. The Company also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

Operating lease commitments

The Company leases office premises under non-cancellable operating leases. The lease terminates on 1 January 2016 and has further two options to renew for 12 months each.

	<u>\$</u>
Office lease commitments	
Less than 12 months	15,818
Between 12 months and 5 years	-
Greater than 5 years	-
	<u>15,818</u>

NOTE 10 EVENTS AFTER BALANCE SHEET DATE

Subsequent to 31 December 2015, the Company has made a placement of 16,662,500 fully paid shares at 8 cents each and 8,331,250 unlisted options exercisable at 12 cents each expiring 30 September 2017 raising \$1,333,000.

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 2015 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



Tony Cormack
Director
14 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hexagon Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hexagon Resources Limited, which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2015 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*. As the auditor of Hexagon Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hexagon Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hexagon Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd



T R Mann

Director

Brisbane, 14 March 2016