

ASX ANNOUNCEMENT

25 August 2016

CORPORATE UPDATE

The Board of Hexagon Resources Limited (ASX: HXG, "Hexagon" or "Company") wishes to provide an update on our progress on a number of activities the company is engaged in.

MCINTOSH PRE-FEASIBILITY STUDY

- The McIntosh Pre-feasibility study is continuing with the Company focusing efforts on environmental, hydrogeological, geotechnical assessments along with engineering and process design.
- Drilling at the McIntosh project will recommence at the beginning of September with the aim of increasing the global McIntosh resource as well as increasing the geological confidence (in respect to the JORC code) at the Emperor, Wahoo and Barracuda deposits in preparation for mining operations.
- An aerial VTEM survey over the Marlin and Mahi Mahi prospects is planned to commence in the coming weeks with the aim to significantly expand the potential of the McIntosh Project.

LITHIUM-ION BATTERY TEST WORK

The Company has engaged an industry expert in the battery space to co-ordinate and manage a detailed independent lithium-ion battery test work program in the USA. Results from the preliminary assessment of the McIntosh blended flake graphite concentrate will show its potential suitability for use as an anode in a lithiumion battery.

GRAPHENE TEST WORK

Hexagon currently has graphene test work in progress with a potential commercial partner in Europe, results of this test work are due in the coming weeks. The Company is confident of positive results from the test work in Europe based the outstanding university test work results of a 90% yield achieved from the McIntosh flake graphite earlier in the year.



MARKETING AND OFFTAKE DISCUSSIONS

The Company is continuing offtake discussions with a number of interested parties, the company has centered these discussions on matching our material to the specific end users applications. The Company views the process of matching our ultra high purity material to the end users specification as imperative.

The Company believes this process has to be completed thoroughly for a sustainable long term offtake agreement to be established. The Company is very encouraged by the degree of interest that has been displayed from interested parties based on the ultra high purity of the McIntosh product.

SOUTH KOREA OPTIONS BEING FINALISED

The Company is in advanced discussions in relation to its graphite assets located in South Korea, with options currently in the process of being finalised. The Company anticipates that it will be in a position to make an announcement to the market in the coming weeks.

FUTURE FINANCING OPTIONS

The Company is continuing to assess various funding options available and is in discussions with several interested parties on financing the McIntosh project. The Company is assessing a range of financing options with various equity, debt and partnership options.

GOLD AND BASE METAL ASSESSMENT

Hexagon has engaged CSA Global to conduct a desk top assessment of the Company's tenements in the Kimberley of Western Australia, with a specific focus on the gold and base metal potential, and in particular the Halls Creek tenement package.

The desktop assessment will provide the Company a forward looking work program, along with an indicative budget, aimed at providing confidence for the Company to progress with the development of these assets. Whilst our focus remains graphite, we believe it very important that we find ways to maximize our shareholders value with respect to significant potential of our Halls Creek tenements and these are our first steps to do so.



Hexagon's CEO/Head of Operations, Tony Cormack commented, "It really is an exciting time for Hexagon and its shareholders. We have had a tremendous amount of success at McIntosh and we continue to deliver on our promises. The Hexagon team has worked hard to deliver these outstanding results, on both the graphite and graphene fronts, with our focus now centered on securing long lasting supply agreements with strategic end users. With the ultra high purity product that can be produced from McIntosh from simple processing techniques, success is set to continue as we take the company to the next level".

Further information:

Tony Cormack CEO / Head of Operations tonyc@hexagonresources.com 0427 349 451