HEXAGON
resources limited
High Purity Flake Graphite for New Technologies

ASX ANNOUNCEMENT **6 October 2016**

EXCELLENT STAGE 1 LITHIUM ION BATTERY RESULTS FROM MCINTOSH AND $2M PLACEMENT

The Board of Hexagon Resources Limited (ASX: HXG, "Hexagon" or "Company") is pleased to report the initial stage 1 lithium ion battery anode test work results from its 100% owned McIntosh project located in the East Kimberley region of Western Australia. Test work was conducted on a 97.5% TC blended flake graphite concentrate containing all the flake sizes, produced from a 300kg representative sample from HQ diamond drill core from the McIntosh project by an independent company in the USA. Hexagon Resources is also pleased to confirm it has received commitments to raise $2,000,000 by issue of shares at a price of $0.20 per share. The Company will issue 10,000,000 shares under its existing placement capacity in the coming days. This money will be used to accelerate the Stage 2 lithium-ion battery test work after the very positive results released today. Additionally Hexagon will accelerate the PFS and maximise the activities for the remainder of the field season.

Battery Testing Highlights:

- **Excellent reversible capacity >370mAh/g on a representative McIntosh flake graphite blended concentrate (coin cell data, electrode: 91.9 wt% graphite, 2% conducting carbon, 6.1% binder)**
- **Reversible capacity results are within experimental error of full theoretical capacity for graphite (372mAH/g)**
- **These outstanding results have been achieved prior to any spheronisation or coating process being applied**
- **Crystallite size and BET surface are normal for flake graphite, and surface area after grinding to 635 mesh is ~ 6.2m^2/g being a good result for next stage processing of spheronisation and coating**
- **The McIntosh representative, blended concentrate displays high reversible capacity and at this stage of testing does not exhibit any characteristics that would make it not suitable for LIB applications**

Hexagon's CEO/Head of Operations, Tony Cormack commented, *"These results are simply outstanding. The 300kg of sample material from half HQ diamond core came from along and across strike, through the entire mineralised profile across multiple deposits, it is a realistic representation of the McIntosh deposits. The material was then put through a simple crush, grind and float process producing a blended flake graphite concentrate as a single product. The significance of these results are that 100% of the concentrate, across the entire flake size distribution, was found to be within experimental error of the theoretical capacity of flake graphite".*

These results have significant implications for lowering McIntosh's CAPEX and OPEX due to the removal of screens from the processing circuit and by producing a single ultra-high purity product stream for supply as spherical feed. Most importantly, high purity impacts significantly on expected product pricing and McIntosh has ultra-high purity across the entire flake size distribution.

Hexagon has also established that there will be a significant increase in demand for lithium ion batteries as electric vehicles and battery storage become mainstream. Hexagon and its partners will look to accelerate its material testing program and is in the process of generating a 3 tonne representative sample from HQ drill core to produce >100kg of concentrate for spherinisation and coating to then assemble a lithium-ion cell. The validation and verification of these lithium-ion cells will be a key bargaining tool for finalising offtake agreements and project funding.

Discussions are ongoing with key parties in the USA, Europe and Asia, these outstanding results see's the company well placed in the high value end of the flake graphite market.

Further information:

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