



25 October 2016

QUARTERLY ACTIVITIES REPORT
PERIOD ENDING 30 SEPTEMBER 2016

HIGHLIGHTS:

McIntosh Flake Graphite Project:

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

Subsequent to the end of the quarter

- 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.

Corporate:

- On the 8 August Hexagon announced that it had received \$0.6m from the Federal Government's Research and Development Tax Incentive Scheme.



- Charles Whitfield joined the board of Hexagon Resources as a non-executive director effective 18 August 2016.
- Subsequent to the end of the quarter, the Company raised \$2m from the placement of 10m shares at 20 cents each.

MCINTOSH FLAKE GRAPHITE PROJECT

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.

STAGE 1 LITHIUM ION BATTERY RESULTS

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.

Test work demonstrate 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). These reversible capacity results are within experimental error of full theoretical capacity for graphite (372mAh/g) and were 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 ~ 6.2m²/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.



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 to 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 this is our first steps to do so.

HEXAGON TENEMENT HOLDINGS - AUSTRALIA

Project	Tenement	Type	Number	Ownership Status at end of Quarter	Acquired/Disposed
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	
	White Rock South	E	E80/4688	100% Hexagon	
	Panton West	E	E80/4734	100% Hexagon	
	Black Rock Creek	E	E80/4739	100% Hexagon	
	Togo	E	E80/4732	100% Hexagon	
	Edle Creek	E	E80/4825	100% Hexagon	
	Alice Downs	E	E80/4842	100% Hexagon	
	White Rock	E	E80/4841	100% Hexagon	
	Carolyn Hills South	P	P80/1821	100% Hexagon	
	Panton North	E	E80/4733	100% Hexagon	
	Mabel Hill	E	E80/4879	100% Hexagon	
	Wills Creek	E	E80/4931	100% Hexagon	
Mabel, WA	Mabel Downs	E	E80/4385	100% Hexagon	
	Spring Creek	E	E80/4797	100% Hexagon	
	Six Mile Bore	E	E80/4814	100% Hexagon	
Halls Creek, WA	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	Tenement surrendered



SOUTH KOREAN FLAKE GRAPHITE PROJECTS

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

Further information:

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Competent Persons Statement

The information in this report relating to Mineral Resource Estimates, Exploration Target Estimates, Exploration Drilling, Assay Results and Geological Data 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.