



31 October 2016

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Dear Fellow Shareholders.

I am delighted to be addressing you all at such an exciting time for Hexagon. Over the past 12 months we have achieved a massive amount of work and achieved many goals. Some of the key highlights include:

- a. the declaration of a large JORC resource in Jan 2016;
- b. third party confirmation of the quality of the metallurgy of that resource including demonstrating a non-complex process to get to 99% without acid;
- c. commencement of our Pre-Feasibility study and subsequently the completion of Phase 1 / Kickoff of Phase 2 of the PFS;
- d. We then followed up with some Outstanding Graphite and Graphene Bulk sample results which included producing graphene from the "green" method without the use of hazardous chemicals. This is very important for companies looking for sustainable supply sources;
- e. And this was then followed by very successful stage 1 Lithium Ion battery results.

The next year will be equally transformational as Hexagon heads towards production and revenue generation. Looking forward to some of the tasks we are working on:

- a. upgrading and expanding our McIntosh resource. We just concluded a round of infill and extensional drilling in which we intend to announce results in the coming weeks. Right now we have the airborne EM mobilising to run over the large scale Marlin and Mahi Mahi prospects.
- b. Finalising our PFS with the aim of starting the DFS as soon as we finish.
- c. Accelerating our Phase 2 Battery testing development and chasing offtake partners in both the Graphene and Flake Graphite (for batteries) spaces. A 3 tonne bulk sample is currently being prepared to send to the US to build batteries.
- d. Options for financing. From our prelim PFS studies we now have some options we are considering in terms of plant design etc. and costs we could envisage would be needed to develop the project.
- e. And on strengthening our register with initiative on investor relations.



I was very happy with our recent raise that will allow us to accelerate our feasibility test work. The two funds that took up this placement are strong anchors on our register along with several of our larger investors that have increased their positions significantly over the past 6 months. The continued positive progress of the McIntosh and the fact that the team now has a history of delivering on our goals, is leading to a lot of additional interest in our stock.

On our other interesting potential projects, we continue to investigate the potential of Halls Creek and once established, look at options to maximise value for our shareholders. We recently received our first stage desktop study on this and will report the results after interpretation.

We will finalise the strategy for our South Korean assets and intend to announce an update in the coming weeks. Whilst this is also an exciting project, we intend to stay focused on McIntosh whilst capturing value for shareholders.

On the costs side, we continue to contain our administration costs and focus as much money towards the development of the project as we can. This is not always easy as we are still doing some corporate activities around our South Korea assets and we still try to recover the Hengda deposit.

We have added an Options package to the Directors and key staff in this year's Resolutions. We believe it is in shareholders' interest, that a) We attract the best talent to run the company, b) We try to keep our cash component of that remuneration as low as we can to preserve cash, c) we make the Options vest on the goals that will also lead to a return for our shareholders (in this case sustained Share Price appreciation and Financing the McIntosh project).

On the personnel side, we have a great team and I thank them for the tireless work they have done in the past 12 months to build this company. The team are fully committed from keeping our shareholders up to date with the latest Graphite/Graphene/eV/Storage news on our twitter feed, to spending weeks on site whilst the drills are running. In the coming months ahead we intend to add to the team appointing some key positions to help us to further accelerate and market our resource. It is important that we have the right team in place as we work through this phase of finalising our studies, working on offtakes and financing the project.

I look forward with excitement to my next Chairman's address. I am humbled to be in the role as it is a pleasure to work in the team and report such exciting and satisfying progress at Hexagon.

Lastly again I thank our shareholders for their continued support. I believe we have delivered the past 12 months both on the project and have been rewarded with a nice appreciation of the share price. We will continue to stay focused on our end goal and work with the same energy and dedication we have since joining. I look forward to everyone being rewarded for these efforts.

I will let Tony update you on the operational progress that has been made and walk through the new presentation that was released to ASX this morning.

Thank you.

Neville Miles
Chairman