ASX ANNOUNCEMENT **15 February 2017**

SIGNIFICANT RESOURCE UPGRADE TO UNDERPIN MAIDEN MINERAL RESERVES AT HEXAGON'S MCINTOSH PROJECT

Australian graphite developer Hexagon Resources Limited (ASX: HXG) is pleased to announce a further increase in the Mineral Resource at its flag ship 100% owned McIntosh Flake Graphite Project located in the East Kimberley of Western Australia to 20.9 million tonnes, marking the culmination of its extensive resource definition drilling programs over the past two years and reinforcing its position as a globally significant flake graphite project.

Highlights:

- **103% increase in Indicated Resources at the Emperor Deposit**
- **30% increase in Total Contained Graphite Tonnes at the Emperor Deposit**
- **78% increase in Total Resources at the Wahoo Deposit**
- **67% increase in Total Contained Graphite Tonnes at the Wahoo Deposit**
- **57% increase in Indicated Resources globally for the McIntosh Project**
- **The upgraded Mineral Resource includes the results of the latest 2016 drilling program (4,784m) bringing the total amount of drilling completed by Hexagon to 20,195m of reverse circulation and 6,557m of diamond drilling**
- **Hexagon is working with its partners to assess the potential of adding a spherical plant to its operation at McIntosh, with the potential to add significantly to the value of the saleable product as well as the overall economics of the project**

"The 2016 drilling at McIntosh focussed on resource definition drilling at the Emperor and Wahoo deposits for conversion into mineable ore reserves. The Emperor and Wahoo deposits will provide the bulk of the tonnes for the initial stage of mining at McIntosh and underpin the Pre-Feasibility Study for the project. Once the Company is generating revenue from the project, exploration and development efforts will focus on significantly expanding the resource base to support many decades of mining at McIntosh" commented Hexagon's CEO / Head of Operations, Tony Cormack.

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SUMMARY

The resource upgrade provides further evidence of the continuity of the grade, scale and quality of the deposits at McIntosh to underpin a long-life mining centre, producing a high purity flake graphite concentrate as feed stock for production of high value spherical graphite. The updated resource, which represents a 57% increase in the total indicated resource, now comprises a total of **20.9Mt grading 4.5% TGC for 940,500 tonnes of battery relevant contained graphite, see Table 1.**

Table 1: McIntosh Global Resource Table

Deposit	JORC Classification	Material Type	Tonnes (Mt)	TGC (%)	Contained Graphite (Tonnes)
EMPEROR	*Indicated*	*Oxide*	-	-	-
		Primary	*6.9*	*4.4*	*300,000*
	Inferred	*Oxide*	-	-	-
		Primary	*4.5*	*4.5*	*202,000*
	Indicated + Inferred	**Oxide + Primary**	**11.4**	**4.4**	**502,000**
LONGTOM	*Indicated*	*Oxide*	-	-	-
		Primary	*4.5*	*4.7*	*210,500*
	Inferred	*Oxide*	*0.5*	*4.5*	*24,500*
		Primary	*2.1*	*4.8*	*103,000*
	Indicated + Inferred	**Oxide + Primary**	**7.1**	**4.7**	**338,000**
WAHOO	*Indicated*	*Oxide*	-	-	-
		Primary	*1.0*	*4.4*	*44,500*
	Inferred	*Oxide*	*0.2*	-	-
		Primary	*0.3*	*4.1*	*23,000*
	Indicated + Inferred	**Oxide + Primary**	**1.6**	**4.3**	**67,500**
BARRACUDA	*Inferred*	*Oxide*	*0.3*	*4.5*	*11,500*
		Primary	*0.5*	*4.4*	*21,500*
	Inferred	**Oxide + Primary**	**0.7**	**4.4**	**33,000**
Total Resource	**Indicated + Inferred**	**Oxide + Primary**	**20.9**	**4.5**	**940,500**

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

The new resource estimate includes the results of the successful 2016 drilling campaign completed in the second half of 2016 and represents a 22% increase in total resource tonnage compared with the resource upgrade announced on 27th January 2016 (see ASX: HXG announcement – Australia's Largest Flake Graphite Resource).

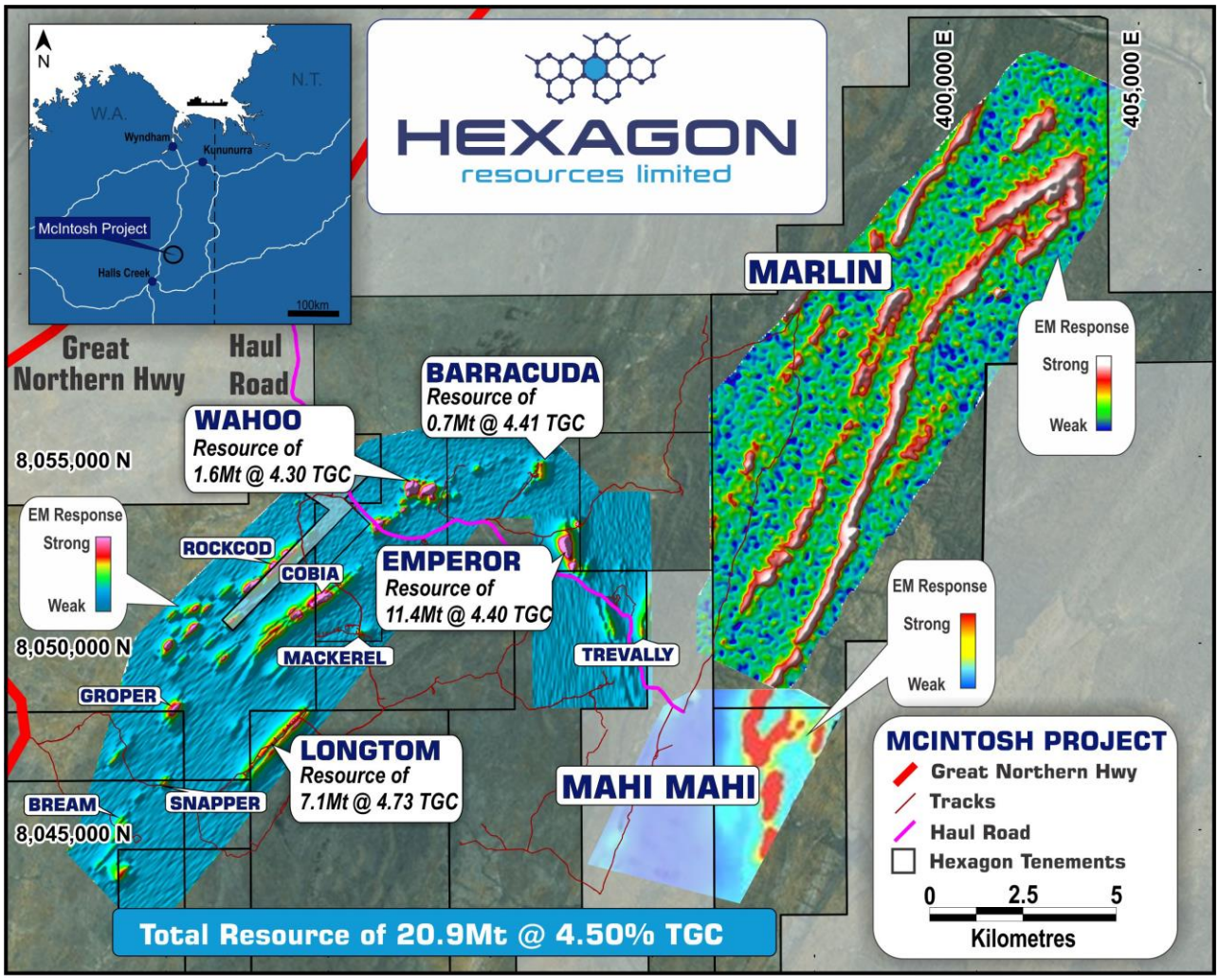

Figure 1: McIntosh Flake Graphite Project, East Kimberley, Western Australia

"The 2016 resource definition drilling program has delivered, the results of the resource upgrade will feed into a reserve base for completion of the Pre-Feasibility Study. The resource upgrade together with the results of the 2016 XCite electromagnetic survey, currently being modelled and expected to more than double the McIntosh Exploration Target Estimate, puts Hexagon on course to become a global flake graphite producer of significance" commented Hexagon's CEO / Head of Operations, Tony Cormack.

EMPEROR

Updated JORC 2012 compliant resources for Emperor has delivered a 103% increase in the total indicated resources along with a 30% increase in total contained graphite for the deposit. The resource upgrade along with the outstanding bulk scale metallurgical results, demonstrate the size, quality and purity of the flake graphite at McIntosh. The Emperor and Wahoo deposits will form the majority of resource / reserve base for the Pre-Feasibility Study calculations.

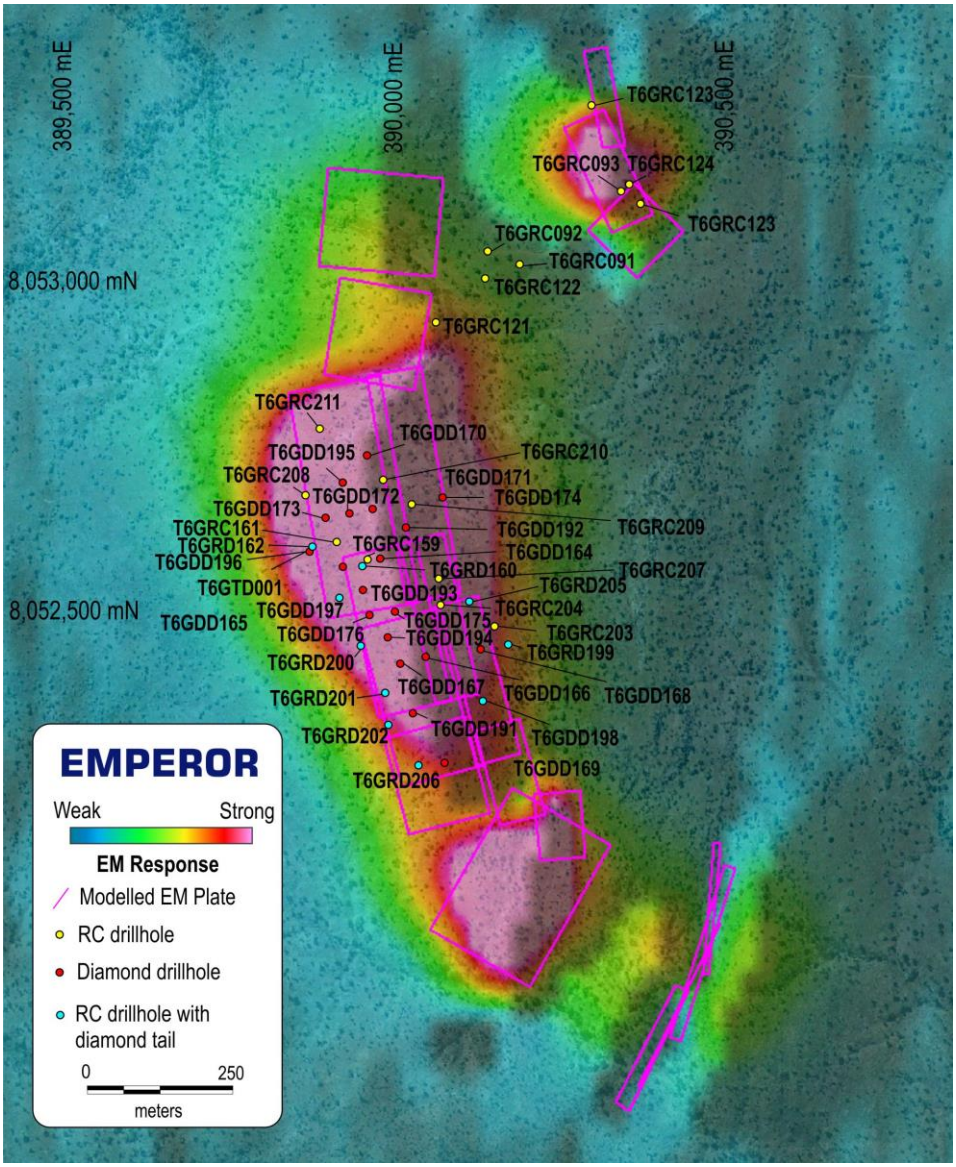

Figure 2: Plan view of drill hole collar locations at the Emperor deposit

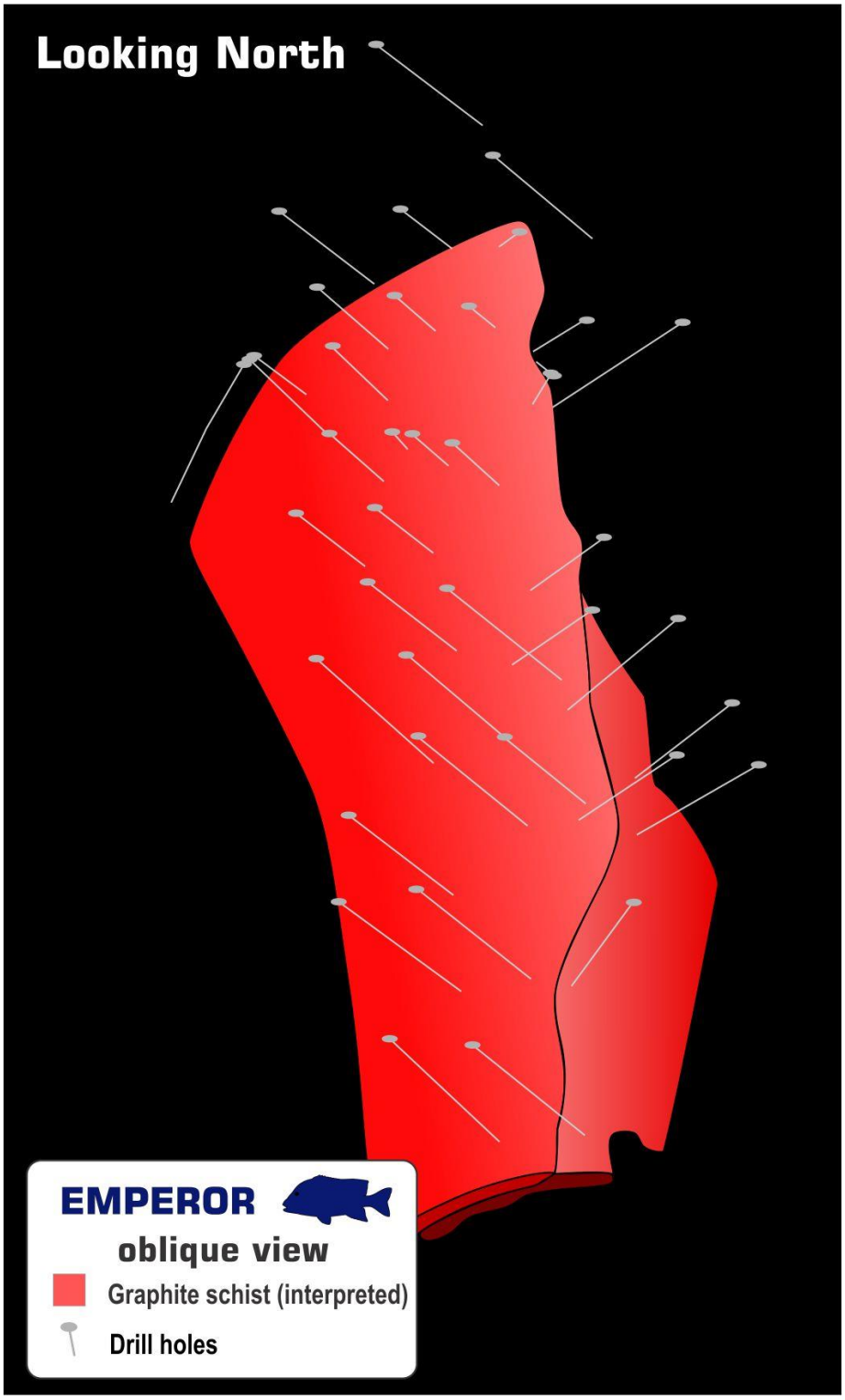

Figure 3: Oblique view of the Emperor Resource Model

WAHOO

Updated JORC 2012 compliant resources for Wahoo has delivered a 78% increase in the total resources along with a 67% increase in total contained graphite for the deposit. Wahoo has also demonstrated outstanding bulk scale metallurgical results, with a +99% TC concentrate produced from simple flotation, combined with a +370mAh/g reversible capacity demonstrated across the entire flake size range in the stage 1 lithium-ion battery test work completed in the USA.

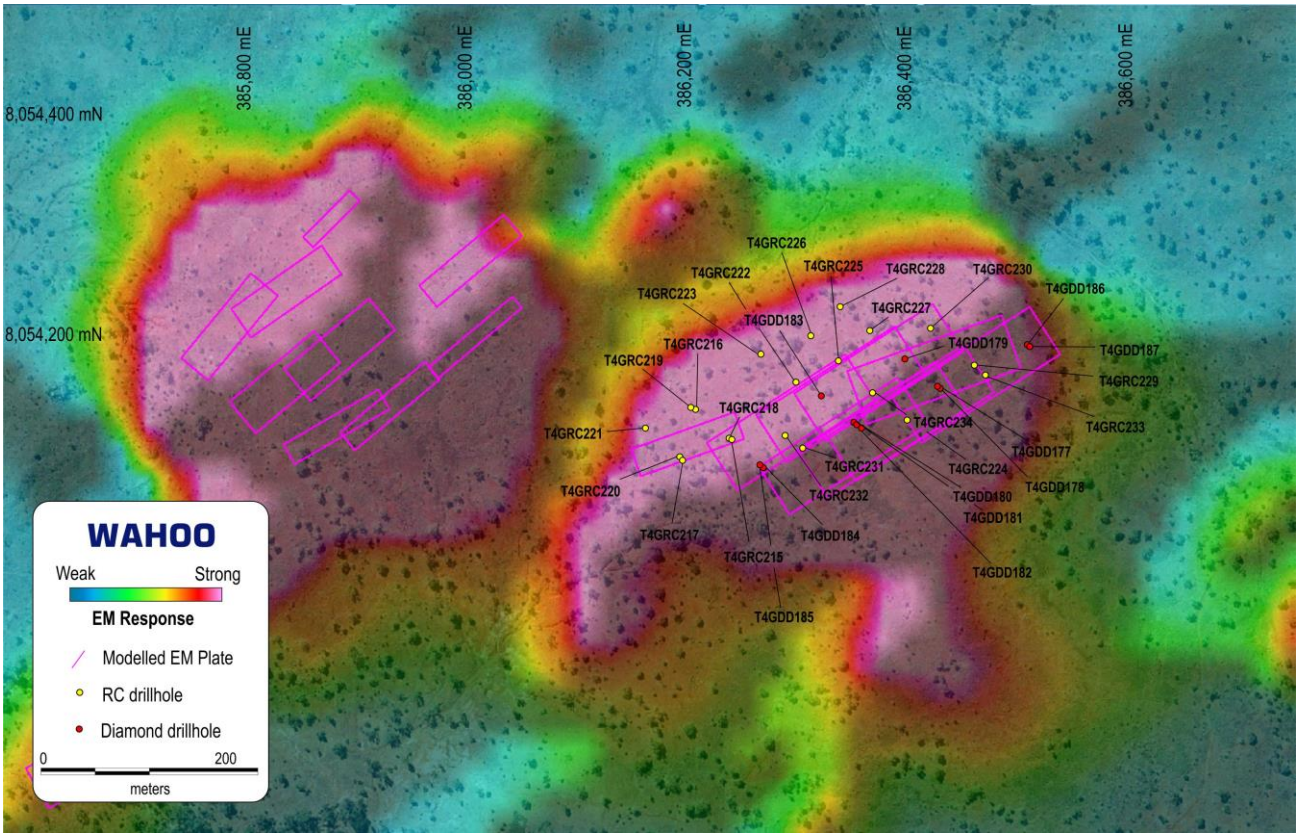

Figure 4: Plan view of the drill hole collar locations at Wahoo

"McIntosh is well located on an existing Haul Road right alongside the Great Northern Highway allowing for superb access to the Port of Wyndham. This resource upgrade along with the upcoming revision to the Exploration Target Estimate will demonstrate the sheer size of the McIntosh Project, combined with the quality of the flake, as reported in the outstanding bulk scale metallurgical and stage 1 lithium-ion battery test work, confirms McIntosh as a high quality / large scale flake graphite project" commented Hexagon's CEO / Head of Operations, Tony Cormack.

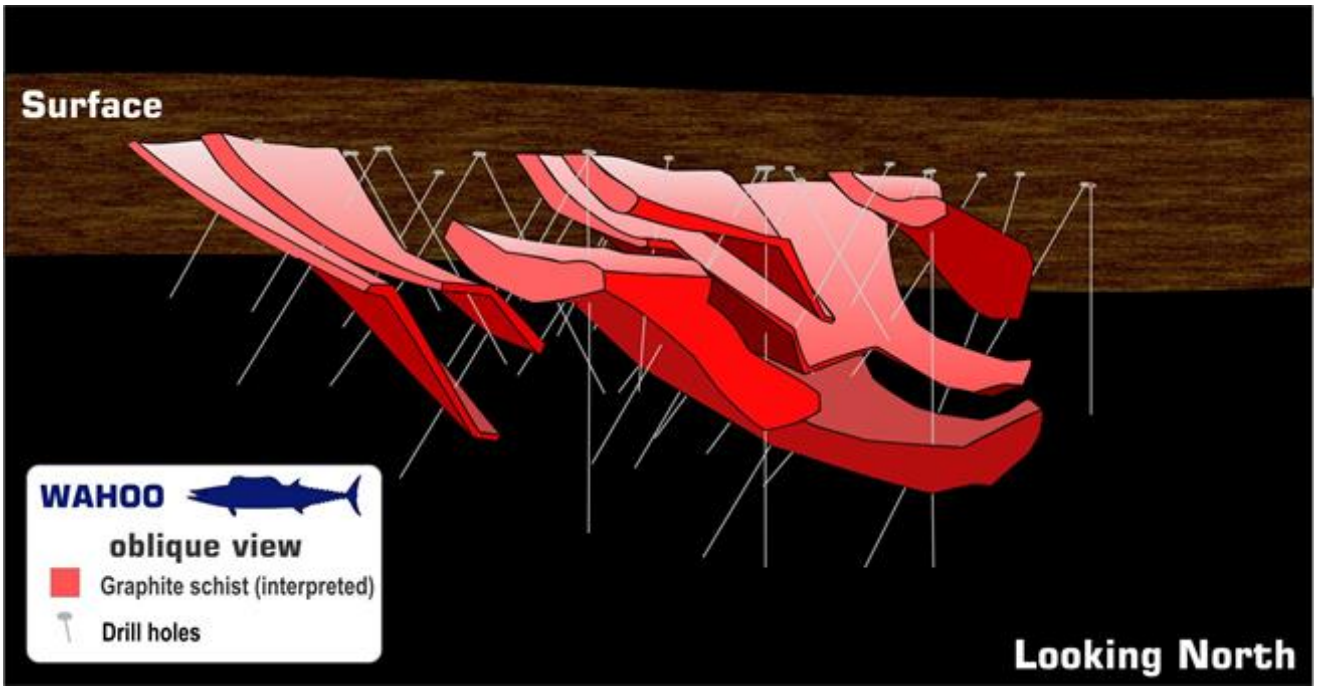

Figure 5: Oblique view of the Wahoo Deposit, looking north

Further information:

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Competent Persons Statement

The information in this report that relates to Mineral Resources for Emperor 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, Wahoo is based on information compiled by Mrs Amy Doherty 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 to 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.

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APPENDIX 1

JORC Table 1 Assessment

Table 1 (Section 1) – Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Sampling methods- Reverse Circulation (RC) drilling used high pressure air and a sophisticated cyclone with a cone splitter. Sampling was taken as continuous one metre intervals. Diamond drill (DD) core was generally sampled at one metre intervals. Where geology indicated an obvious change, sampling was undertaken so that the one metre samples could be composited. Duplicate samples were taken during RC drilling. RC drilling samples of 3 to 5 kg weight were shipped to the laboratory in plastic bags; samples were pulverized and milled for assay. Diamond core was marked up and cut into half and quarter core using a large diamond bladed saw.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information	Industry standard RC and DD methods were used. It is noted that although RC drilling may yield samples sufficient to estimate graphite content (total graphitic carbon, or "TGC"), RC samples are generally considered insufficient to estimate graphite flake size and purity. Diamond core drilling is recommended to twin selected RC holes so as to verify TGC, flake size and purity or liberation characteristics.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	RC drilling (5 ½" hammer) along with NQ and HQ diamond core accounts for the drilling in the McIntosh database.

Criteria	JORC Code Explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	RC split samples were recovered from a cyclone and rig-mounted cone splitter. The sample recovery and physical state were recorded. Sample recovery of the diamond core is recorded on core blocks after each run and recorded in the logging.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	A face sampling hammer is used to reduce contamination at the face. Diamond drilling samples are half and quarter cored, with core sawn using a diamond blade core-saw.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	RC samples in one pair of twin holes are noted to report lower graphite content than DD core at Longtom, therefore it is suggested that RC samples are biased due to loss of fine material. HQ diamond core drilling has been utilised at Targets Wahoo, Barracuda and Emperor.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	All RC chips and diamond core were geologically logged in the field by qualified geologists. Lithological and mineralogical data is recorded for all drill holes using a coding system developed specifically for the Project. Diamond core is geotechnically logged. Primary and secondary lithologies are recorded in addition to texture, structure, colour, grain size, alteration type and intensity, estimates of mineral quantities, graphite intensity and sample recovery. The oxidation zone is also recorded and a general lithological description is made of the interval. Logging is qualitative in nature.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Geological logging is qualitative in nature.
	The total length and percentage of the relevant intersections logged.	The vast majority of intersections have been geologically logged.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Diamond drilling samples are half (metallurgical testing) and quarter core (assaying), with core sawn using a diamond blade core-saw.

Criteria	JORC Code Explanation	Commentary
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	1m samples from the RC drilling were submitted to either Actlabs or ALS Laboratories in Perth. The samples were riffle split on a 50:50 basis, with one split pulverised and analysed for Total Graphitic Carbon (TGC), Total Carbon (TC) and Total Sulphur (TS) using a Leco Furnace, and the other split held as in storage.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation techniques represent industry good practice
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Sampling procedures represent industry good practice.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling	Duplicate assay results exhibit good correlation with the original assays and no consistent bias is evident. Limited twin hole drilling has indicated negative bias in the RC graphite results compared to core samples. Diamond core drilling has been engaged.
	Whether sample sizes are appropriate to the grain size of the material being sampled	The sample sizes are considered to be appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The assaying and laboratory procedures used are appropriate for the material tested.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	VTEM geophysical work was carried out by Geotech Limited with the data validated and processed by reputable consultants.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	The RC and DD samples that were submitted by Hexagon to the laboratory include a duplicate, washed sand blank and certified standard at approximately every 20th sample submitted. The duplicate and standard samples were statistically analysed as part of the QAQC process and the data and was found to be satisfactory.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	CSA verified several graphite intersections in core and RC chip samples from Longtom, Barracuda and Emperor during a visit to Hexagon's Joondalup warehouse during January 2015. Samples from Wahoo,

Criteria	JORC Code Explanation	Commentary
		Barracuda and Emperor were submitted to a petrographic laboratory for mineralogical examination and estimation of flake size and liberation characteristics. An independent geological consultant has verified the graphite intersections in core samples from Wahoo, Barracuda and Emperor.
	The use of twinned holes.	Twinned RC and DD core holes were completed on Exploration Mackerel and Cobia. An initial comparison of RC and DD twins suggests that the RC method may be under-reporting Total Graphitic Carbon and that this needs addressing in future exploration.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	The Hexagon database is hosted in a SQL backend database, ensuring that data is validated as it is captured and exports are produced regularly. Assay results are merged into the database from the lab certificates limiting transcription or mapping errors from occurring.
	Discuss any adjustment to assay data.	Verification was based on use of duplicates, standards and blanks used. No adjustments to assay data has been made.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole collars were surveyed by a registered surveyor from Kununurra using a differential GPS and ground station. Preliminary RC collars were located by handheld Garmin 62S and Garmin 76c Global Positioning System ("GPS") units with a typical ±5 metres accuracy.
	Specification of the grid system used.	The map projection used is the Australian Geodetic MGA 94 Zone 52.
	Quality and adequacy of topographic control.	Adequate for purposes of Exploration Target estimation
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	RC drill holes at Mackerel, Cobia, Barracuda and Emperor are spaced on traverses of 40 to 250 m apart. Diamond drill holes at Targets Wahoo, Barracuda and Emperor are spaced on 40 to 80m traverses.

Criteria	JORC Code Explanation	Commentary
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Not applicable
	Whether sample compositing has been applied.	Not applicable
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	RC drill holes were drilled at near perpendicular to the strike of the graphitic schist horizons. Diamond drill core has been oriented using a Reflex ACE tool (Act II), with α and β angles measured and positioned using a Kenometer.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	The relationship between the drilling orientation and the orientation of key mineralised structures is not considered to have introduced a sampling bias.
Sample security	*The measures taken to ensure sample security.*	RC samples were collected from the cone splitter, DD samples were cut using a diamond blade core saw; samples were then placed in calico bags and then placed in self-sealing plastic bags prior to being put into bulka bags. The bulka bags were then transported by road to the laboratory in Perth. The samples were processed and the pulps despatched to Actlabs in Canada or ALS in Brisbane/Adelaide. In this announcement the samples were taken in personal luggage on a commercial plane to Perth. The sample security is considered to be adequate
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Sampling techniques and data have been handled by an independent data management consultancy in Perth, WA.

Table 1 (Section 2) – Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures,*	Hexagon Resources Limited holds (3) three MLA's, fourteen (14) granted ELs and one (1) Prospecting Licence within the

Criteria	JORC Code Explanation	Commentary
	partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	McIntosh Project area in the East Kimberley, WA. All granted tenements are in good standing and there are no encumbrances, royalties or impediments except for E80/4733 that is subject to a mill gate net royalty of 1%.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	There are no known impediments.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The East Kimberley has been largely explored for base metals and diamonds with no active previous exploration for graphite. Graphite had been noted by Gemutz during regional mapping in the Mabel Downs area for the BMR in 1967, by Rugless mapping and RAB drilling in the vicinity of Melon Patch bore, to the east of the Great Northern Highway in 1993 and has been located during nickel exploration by Australian Anglo American Ltd, Panoramic Resources Ltd and Thunderlarra Resources Ltd over the last 20 years.
Geology	*Deposit type, geological setting and style of mineralisation.*	The McIntosh Project graphite schist horizons occur in the high grade metamorphic terrain of the Halls Creek Mobile Zone of Western Australia. The host stratigraphy is the Tickalara Metamorphics which extend for approximately 130 km along the western side of the major Halls Creek Fault. The metamorphic rocks reach granulite metamorphic facies under conditions of high-temperature and high pressure although the metamorphic grade in the McIntosh Project area appears to be largely upper amphibolite facies with the presence of key minerals such as sillimanite and evidence of original cordierite. Hexagon has identified graphite schist horizons and

Criteria	JORC Code Explanation	Commentary
		accompanying aerial EM anomalies over a strike length in excess of 15 km within the granted tenements, with potential for another 35 km strike length of graphite schist in EL applications. The McIntosh target areas contain graphite and include seven (7) identified exploration target areas – Mackerel, Cobia, Wahoo, Barracuda, Emperor, Rockcod and Trevally.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole, down hole length and interception depth hole length.*	Reported in the body of the announcement.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Not relevant
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Based on a statistical analysis of drill data, lower cut-off grade of 1.9% total graphitic carbon was assumed for the Exploration Target estimates and the reported intercepts.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	RC samples were all 1m in length. Diamond core samples will vary between 1m and 2m samples.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Metal equivalents are not reported, as this is an industrial mineral project where the mineral properties define grade (e.g. flake size and purity).

Criteria	JORC Code Explanation	Commentary
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	Mineralised widths at Barracuda and Emperor are estimated to be typically between 5 and 70 metres and between 5 and 50 metres at Wahoo, compared with RC samples of 1m width. There is a very close relationship between the graphitic schist unit and Total Graphitic Carbon TGC% assays. The presence of graphitic schist is clearly evident in both the RC chips and diamond drill core so that the assay widths can be clearly related to the geological logs.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	RC and Diamond core drill holes were drilled at or near perpendicular to the strike of the graphitic schist horizons
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	Not relevant
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Sections illustrating representative graphite intersections at Wahoo, Barracuda and Emperor have been included in the report.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Not relevant
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	The September 2014 VTEM Supermax and 2016 XCite electromagnetic survey over the McIntosh Flake Graphite Project identified numerous high priority anomalies. Five of these were previously identified by induced polarisation (IP) and confirmed to be flake graphite schist by geological field mapping, petrographic analysis, rock chip sampling and exploration drilling.

Criteria	JORC Code Explanation	Commentary
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Further RC and diamond core drilling is planned across the McIntosh project area, aimed at proving up further resource and reserves and to verify the electromagnetic anomalies identified in the 2016 XCite survey. The drilling chips and core are planned to be assayed for total graphitic carbon and have been examined petrographically to assess graphite flake characteristics.

Table 1 (Section 3) – Estimation and Reporting of Mineral Resources

Criteria	JORC Code Explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	*The source database is managed by Rock Solid Data Consultancy using Maxwell Geoservices DataShed software, an industry standard database management system designed for Geological data. The data as provided by the laboratory is added directly to the McIntosh Project metadata administered by Rock Solid Pty Ltd. Field data is similarly covered by in – house checks. Rock Solid Pty Ltd provides a full QA/QC report based on the statistical analysis of certified standards and duplicates prior to incorporation into the resource database. A .mdb access extraction from Datashed and validated before importing into Surpac.*
	Data validation procedures used.	*The QAQC data was analysed using MS Excel and compared to the clients own version of the QAQC report produced using Maxwell's QAQC Reporter.*
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	*The graphite schist host at Longtom Mackerel, Cobia, Wahoo, Barracuda, Emperor, Rockcod and Trevally are essentially steeply-dipping planar to regionally folded bodies concordant with the host high-grade metamorphic stratigraphy. The Exploration Targets are interpreted to be within a similar setting to the mineralised zone at Longtom and consistent with geological interpretation used for that resource estimate. The factors affecting the continuity of grade are limited to variability in thickness, graphite content and grain size of the graphite unit which is to be expected in such a high grade metamorphic terrain. A small number of irregular felsic intrusives were intersected and could affect the grade due to dilution. Geological interpretation based on diamond and RC drill holes, modelled VTEM data collected during the 2014 and 2016 EM surveys,*

Criteria	JORC Code Explanation	Commentary
		prospect sacle geological mapping and geochemical data. *Drill coverage to ~40mx40m. Mineralisation wireframes produced based on a nominal 3% TGC cut-off grade for Emperor, Wahoo and Barracuda. Wireframes representing internal dilution (sub 3% TGC) graphitic units were produced.* *A 2% TGC cut-off grade was used for the Longtom Resource*
	Dimensions	*Emperor Deposit* *Block model extents: 800m (E), 1000m (N) and 400m (mRL).* *Parent blocks: 20m(x) x 40m(y) x 5m(z).* *Sub-blocks: 2.5m(x) x 5m(y) x 1.25m(z).* *Barracuda Deposit* *Block model extents: 500m (E), 720m (N) and 300m (mRL).* *Parent blocks: 20m(x) x 30m(y) x 5m(z).* *Sub-blocks: 2.5m(x) x 7.5m(y) x 1.25m(z).* *Wahoo Deposit* *Block model extents: 300m (E), 520m (N) and 300m (mRL).* *Parent blocks: 20m(x) x 40m(y) x 5m(z).* *Sub-blocks: 5m(x) x 10m(y) x 1.25m(z).*
	Nature of the data used and of any assumptions made.	*Geological logging in conjunction with the total graphitic carbon assays has been used to identify individual lithological units during the interpretation process.* *Total Graphitic Carbon and density estimated by Mineralised domains estimated using Ordinary Kriging (OK) for the Emperor deposit and Inverse Distance^3 (ID^3) for Wahoo and Barracuda.* *Sub 3% TGC graphitic units (internal dilution) were domained out.* *Based on a statistical analysis of drill data, lower cut-off grade of 3% total graphitic carbon was used for determining mineralised material at the Emperor, Wahoo and Barracuda deposit. A 2% TGC cut-off was used for the Longtom deposit.*
	Metallurgical factors or assumptions	*A 99% graphite concentrate was produced from a process of crushing, grinding and floatation See results in metallurgical test work conducted by ALS Global in Adelaide. Refer announcement 18 January 2016*
	Bulk Density	*Geophysical gamma density data is sufficient to estimate density in the model.* *Density for Emperor deposit was estimated by OK based on interpreted geological domains.* *Density for Barracuda and Wahoo deposits were assigned values based upon geophysical gamma and data collected from other proximal deposits.*

Criteria	JORC Code Explanation	Commentary
	Classification	*The Mineral Resource Classification at McIntosh is based on confidence in the good geological and grade continuity with drilling typically at 80m traverses for Barracuda where mineral resource estimates are classified as inferred. Emperor, Wahoo and Longtom has diamond core drilling down to 40m traverses with detailed structural, lithological and geological logging completed on-site.* *Visually logged flake graphite showed a strong correlation to returned assay results allowing for good definition of the mineralisation.* *The Mineral Resource Classification is based on high degree of geological understanding to produce a geologically driven model for the mineralised domains.* *The Mineral Resource Estimate appropriately reflects the view of the Competent Persons.*
	Audits and Reviews	*The Resource Estimate for Emperor, Wahoo and Barracuda were completed by independent consultants to the company, with all Mineral Resources reviewed and audited by the competent person. The Mineral Resource Estimate for Longtom has been previously reported on 20 January 2014 and was reviewed and audited by CSA Global.*
	Discussions of relative accuracy/confidence	*The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the JORC Code (2012 Edition).* *The mineral resource is a global estimate of tonnes and grade.* *The confidence intervals have been based on the parent block size.* *Relative tonnages and grade above the nominated cut-off grades for TGC are provided in the body of this report. Volumes of the collated blocks sub-set by mineralisation domains were multiplied by the dry density value to derive the tonnages. The contained graphite values were calculated by multiplying the TGC grades (%) by the estimated tonnage.* *No production data is available to reconcile results with.*

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Table 2: Drill holes at McIntosh Project contributing to the Mineral Resource Estimates

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

Hole ID	Easting	Northing	R.L. (m)	Dip (°)	Azimuth (°)	Depth EOH (m)
T6GDD196	389860	8052611	404	-60	77	167.8
T6GDD197	389904	8052537	407	-60	77	201.3
T6GRD198	390119	8052377	414	-75	257	198.6
T6GRD199	390158	8052464	414	-60	257	192.6
T6GRD200	389934	8052464	407	-60	77	192.6
T6GRD201	389971	8052389	403	-60	77	189.6
T6GRD202	389979	8052343	403	-60	77	183
T6GRC203	390138	8052492	415	-60	257	192
T6GRC204	390057	8052523	411	-60	257	138
T6GRD205	390099	8052529	411	-60	257	186
T6GRD206	390023	8052281	402	-60	77	159
T6GRC207	390052	8052563	407	-60	257	138
T6GRC208	389852	8052692	403	-60	77	152
T6GRC209	390013	8052675	405	-60	257	60
T6GRC210	389967	8052713	398	-60	257	60
T6GRC211	389873	8052791	398	-60	77	106
T3GRC212	383422	8051219	404	-60	317	84
T3GRC213	383472	8051159	405	-60	317	78
T3GRC214	383355	8051170	403	-60	317	82
T4GRC215	386235	8054112	396	-60	127	90
T4GRC216	386202	8054138	396	-60	127	60
T4GRC217	386190	8054093	395	-60	127	82
T4GRC218	386234	8054112	396	-60	307	90
T4GRC219	386200	8054139	396	-60	307	60
T4GRC220	386188	8054095	395	-60	307	90
T4GRC221	386157	8054121	397	-60	307	58
T4GRC222	386293	8054162	393	-60	307	74
T4GRC223	386262	8054188	395	-60	307	60
T4GRC224	386365	8054154	397	-60	307	88