HEXAGON resources limited

High Purity Flake Graphite for New Technologies

ASX Release 12 April, 2017

Exploration Target confirms high level of graphite endowment

- Exploration Target of 110 to 220 million tonnes grading between 2.5% to 5% total graphitic carbon.
- Strong correlation between electromagnetic anomalies and drill indicated resources.
- Scale of Exploration Target highlights project potential to support a long-term/large scale flake graphite project.

Hexagon Resources Limited (**ASX: HXG**) is pleased to provide an Exploration Target estimate for its McIntosh Flake Graphite Project of between 3 to 11 million tonnes of contained graphitic carbon in addition to the 0.95 million tonnes already delineated in Indicated and Inferred Mineral Resources reported 15 February, 2017. The estimate summarised in Table 1 highlights a significant flake graphite endowment for the Project which should underpin the Company's efforts to generate offtake for its high quality flake concentrate product. Hexagon's Managing Director, Mike Rosenstreich commented "we have a great correlation between our drilled resources and the EM responses to arrive at this estimate. It is important for us to *be able to demonstrate to potential customers the scale of our project which underpins our pre-feasibility study work and hopefully the development of a long-term graphite business*".

Table 1. McIntosh Flake Graphite Project – Exploration Target Estimate.

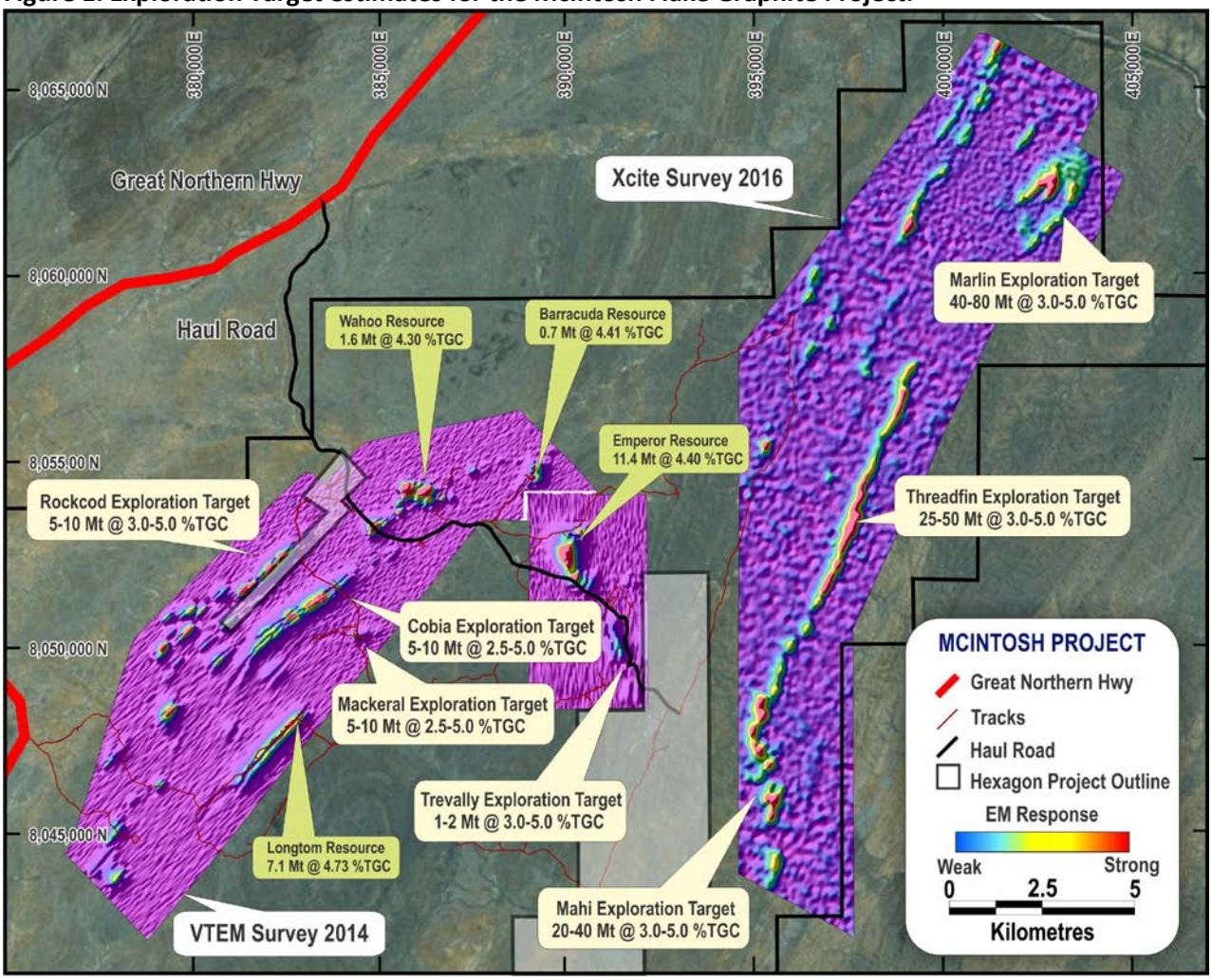
Prospect	Tonnage Range (Mt)	Grade Range (%TGC)
Emperor[2]	3 - 8	4.0 – 5.0
Longtom[2]	4 - 6	4.0 – 5.0
Wahoo[2]	1 - 2	4.0 – 5.0
Barracuda[2]	1 - 2	4.0 – 5.0
Cobia	5 - 10	2.5 – 5.0
Marlin	40 - 80	3.0 – 5.0
Mahi	20 - 40	3.0 – 5.0
Threadfin	25 - 50	3.0 – 5.0
Rockcod	5 - 10	3.0 – 5.0
Mackerel	5 - 10	2.5 – 5.0
Trevally	1 - 2	3.0 – 5.0
Total	**110 - 220**	**2.5 – 5.0**

Note[1]: This estimate is in addition to tonnes in the current defined Mineral Resources reported to ASX 15th February 2017.

Cautionary Statement: The potential quantity and grade of the Exploration Targets is conceptual in nature, there has been insufficient exploration work to estimate a mineral resource and it is uncertain if further exploration will result in defining a mineral resource.

An Exploration Target has been determined using a combination of exploration data consisting of mapping and drilling or geophysical modelling of EM data collected from a VTEM survey completed in 2014 and Xcite survey completed in late 2016. Selected areas with a strong EM response have been modelled as "plates" to provide an indication of the approximate geometry of potential graphite mineralisation. Figure 1 shows the location of the Exploration Targets generated, overlain on coloured contours of the "late-time EM" anomalism coloured using comparable channels from the VTEM and Xcite EM surveys.

Figure 1. Exploration Target estimates for the McIntosh Flake Graphite Project.



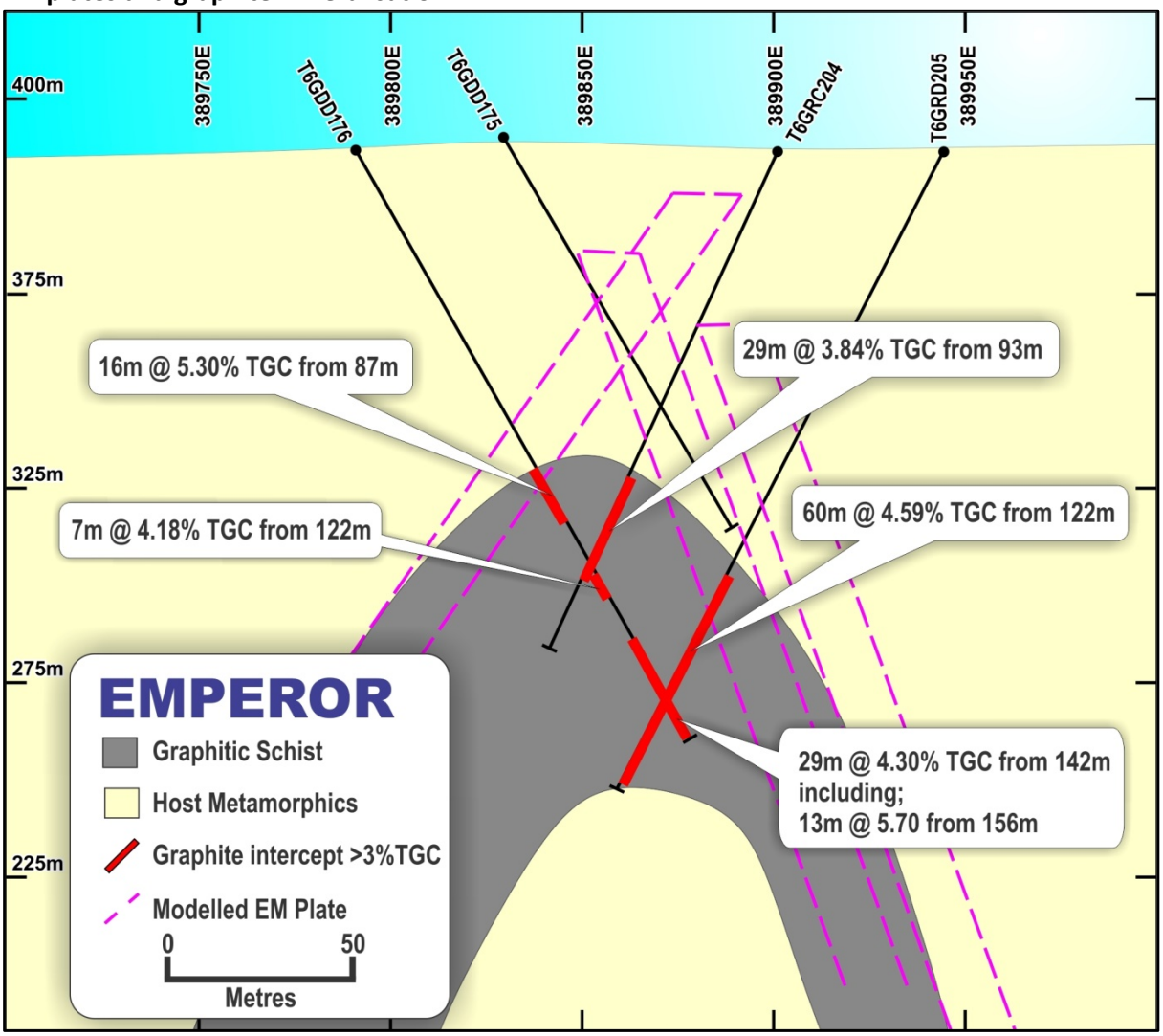
Note *– the Exploration Target figures exclude the Resource figures which were reported to ASX on 15 February, 2017.*

Background

Due to the electro-conductive properties of graphite, the use of EM data is a proven technique in identifying potential graphite mineralisation. This is demonstrated in Figure 2, depicting a section of the Emperor Deposit (11.4 Mt at 4.4% TGC) showing a strong correlation between graphite mineralisation and the modelled EM plates. This strong correlation is replicated across the other three Mineral Resource areas of Longtom, Wahoo and Barracuda. Note - the Mineral Resources referred to herein are those reported on 15 February, 2017 and are not included in this Exploration Target estimate.

Southern Geoscience Consultants (SGC) interpreted and modelled the EM data to generate a series of targets or plate models. Hexagon's geologists who undertook the previous drilling programs and Mineral Resources estimation then assessed each target area using the modelled plates to provide guidance of possible strike length and dip of the graphitic units with applied thicknesses ranging between 15 to 40 metres to a depth of 100 to 150 metres as illustrated in Figure 3. The thicknesses and depth ranges are based on drilling carried out by Hexagon and historical drilling.

Figure 2. Schematic cross section of Emperor deposit illustrating the strong correlation between modelled EM plates and graphite mineralisation.

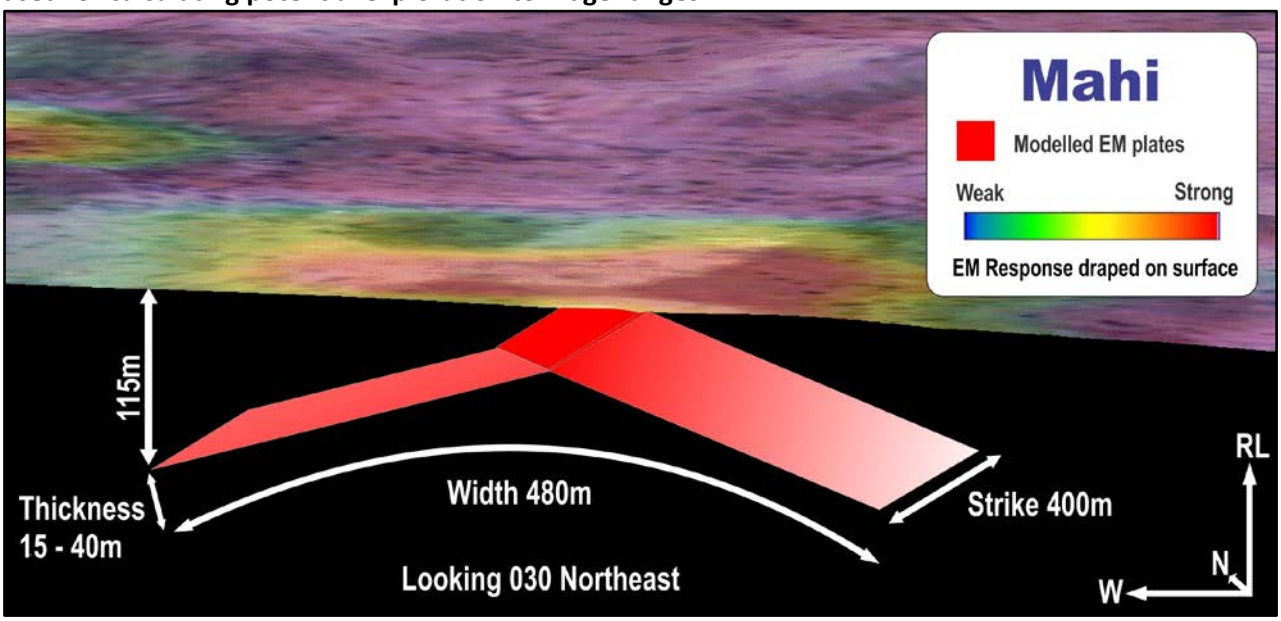


The Xcite survey has highlighted approximately 20 strike kilometres of "late-time" EM anomalism, of which only 4.5 km has been modelled by SGC, comprising 12 plates, to provide the exploration target ranges for the Mahi, Threadfin and Marlin prospects as outlined in Table 1.

A nominal density of 2.8 t/m^3 has been used to convert volumes to tonnes. This is based on density measurements from the four existing Mineral Resources from both oxide (2.7 t/m^3) and fresh (2.9 t/m^3) mineralisation.

The grade range used for each prospect making up the Exploration Target is between 3 to 5% TGC based on the grade distribution across the four Mineral Resources and the strength of the associated EM responses.

Figure 3. Oblique image of modelled EM plates at the Mahi prospect demonstrating geometry and extents used for calculating potential exploration tonnage ranges.



Outlook – further potential

The conductive nature of many massive sulphide deposits also makes EM a powerful and commonly utilised exploration technique in identifying potential nickel sulphide deposits. The McIntosh Project is located within the Halls Creek Orogen (HCO) in the Kimberly region of Western Australia. The HCO comprises a complex Paleoproterozoic terrain consisting of low to high grade metasedimentary rocks (the horizon for potential graphite mineralisation) with mafic and mafic-ultramafic intrusions (target rocks for nickel sulphides). Based on graphite mineralisation being hosted within metasediments all modelled EM plates used to calculate the Exploration Target have come from the mapped metasedimentary units.

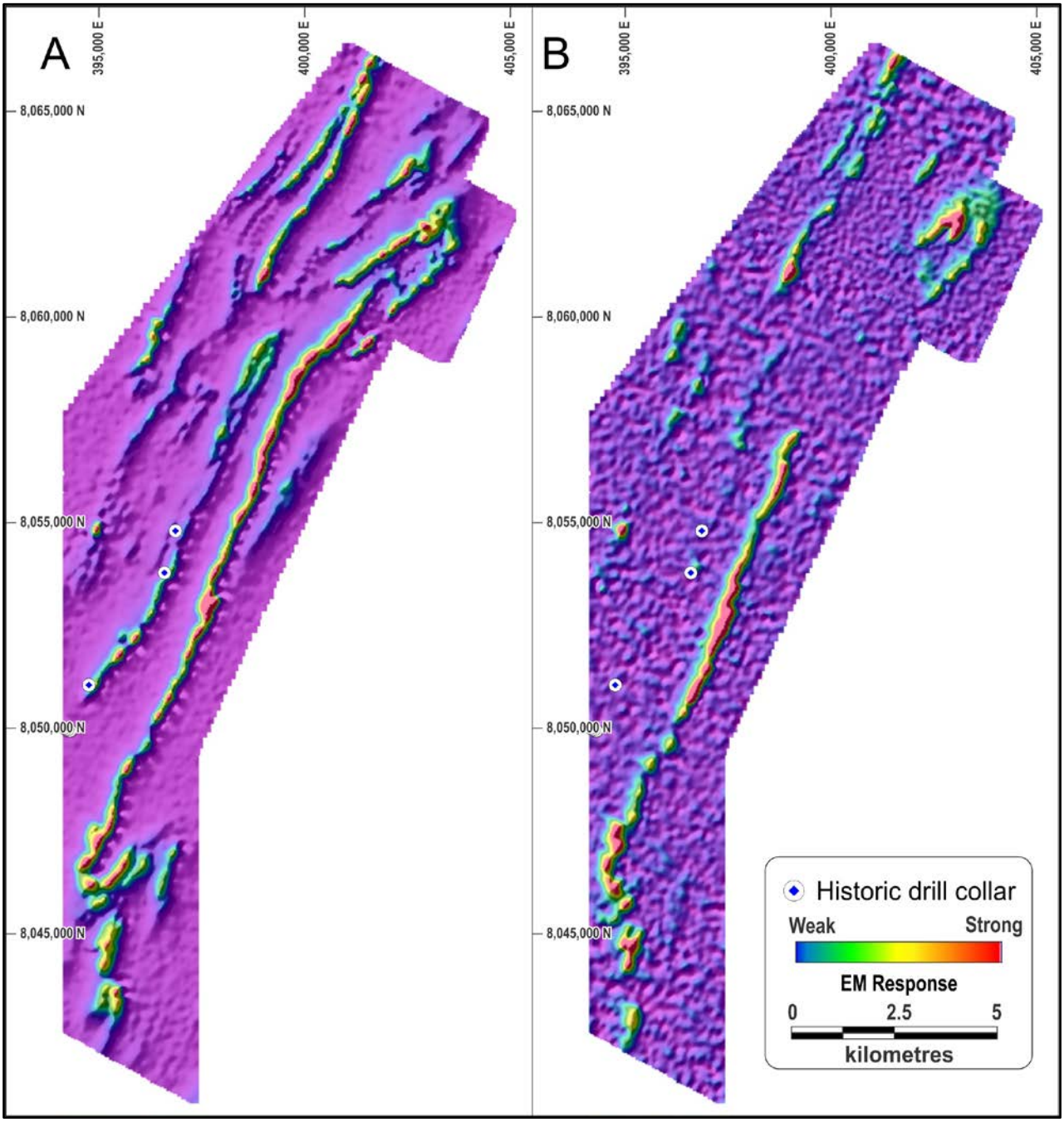
Historical drilling targeting nickel sulphide mineralisation within the Xcite survey area frequently intercepted graphitic schist within the metasediment units as reported in Open File annual reports sourced from the Dept. of Minerals & Petroleum. These graphitic units indicated by drilling coincide with "mid-time channel" anomalism from the Xcite EM data. This type of anomalism is interpreted to reflect shallow graphitic units with widths of up to 15 metres and make up an additional 10-15 strike kilometres of secondary target horizons which are not included in the current Exploration Target and are illustrated in Figure 4.

Competent Person
The information within this report that relates to exploration results, Exploration Target Estimates, geological data and Mineral Resources at the McIntosh Project is based on information compiled by Mr Shane Tomlinson and Mr Mike Rosenstreich who are both employees of the Company. Mr Rosenstreich is a Fellow of The Australasian Institute of Mining and Metallurgy and Mr Tomlinson is a Member of the Australian Institute of Geoscientists. They both, individually have sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and they consent to the inclusion of this information in the form and context in which it appears in this report.

Technical Detail
This Report aims to provide a high level summary of various technical aspects of the Company's projects. For more details on the underlying technical parameters the reader is referred to the ASX Reports on the Hexagon Resources Limited website, www.hexagonresources.com.

Forward-Looking Statements: *This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Hexagon Resources Limited's planned development and exploration programmes and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Hexagon Resources Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

Figure 4. EM images showing areas where drilling has intersected graphitic schist, which corresponds to EM anomalism in a mid-time channel (Figure 4A) but not in late-time channels (Figure 4B).



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