



24 August, 2017

Dear Fellow Shareholders,

Re: Hexagon General Meeting 16 August 2017

As you will have seen from our updates, over the past twelve months, Hexagon has made considerable progress in a multitude of areas. Early in the year, the management team transitioned to position the company for the next stage of progress, that of financing, development and commercialisation of the Macintosh graphite project. Since then, the incoming team has completed a very positive PFS, started the DFS and refinement of both the commercial specification of our product and the process flow sheet to achieve that product. In addition we've had a few wins on the housekeeping front including recovering a significant portion of the monies that had been previously lost to Hengda in the Lamboo era.

All this said, there is still considerable work to be done by the team that we have now put in place. Development and test work continues in order to enlarge applications of our graphite product material. Industry research and sales conversations are in process and the project still needs to have design finalised, be financed, constructed and put into operation.

The team is now made up of some longer-term members who have stuck with the company through thick and thin and some newer members who bring important new skills to the organisation. Many of these members have achieved considerable progress with limited budget and modest reward. The board feels strongly that in order to retain, motivate and align this team going forward, a well-structured incentive plan needs to be put in place. To this end, management has liaised with our larger shareholders to make sure that any scheme is effective in providing the right balance of motivation and reward.



In this Notice of Meeting, we are proposing two incentive schemes to shareholders. A share loan scheme for the benefit of employees and a management option scheme. We have designed these schemes to make sure that benefit to participants requires both operational and share price goals to be achieved; there is no “free lunch”. For the management scheme, the benefit has been divided into three tranches, each third is dependent on hitting specific strategic goals and share price outcomes. The threshold performance milestones are:

1. Achieving a positive Feasibility Study;
2. Securing off take of greater than 50% of planned graphite production; and
3. Securing financing for the project.

In addition, the share price will need to be at or in excess of 21c, 22c and 23c respectively for each of the option tranches to vest. Full details are outlined in the attached Notice of Meeting, but the board and shareholders who we have consulted feel that through this form of scheme there is a real emphasis on the need to perform and alignment of outcome and reward.

I do hope you will join with me in supporting this initiative as I (and many shareholders who I have spoken to) feel it is an important tool in creating the right momentum to transition Hexagon to an operating and profitable enterprise. I’m sure all shareholders know, both Mike and I are always available to speak to you to answer questions and share our outlook.

I look forward to seeing as many of you as possible at our upcoming meetings and thank you again for your continuing support.

Yours sincerely,

Charles Whitfield

Chairman

Hexagon Resources Limited