



ASX ANNOUNCEMENT

26 September, 2017

MD PRESENTATION TO GENERAL MEETING OF SHAREHOLDERS
“EXPLORATION UPDATE: VITAL PILLAR TO MARKETING STRATEGY”

Hexagon Resources Limited (**Hexagon** or the **Company**) is pleased to provide a copy of the presentation that Mike Rosenstreich, Hexagon’s Managing Director will be giving at the General Meeting of Shareholders being held in Perth today.

The presentation provides preliminary findings from the recently completed 2017 McIntosh Exploration Program within the context of the Company’s broader graphite marketing strategy.

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About Graphite

Graphite is a key component in the anode of lithium-ion batteries; indeed, most batteries contain significantly more graphite than lithium (in the cathode). Traditional graphite demand has been driven largely by the steel industry and dominated by production from China. Current modest demand of 7% of graphite for batteries is expected to increase dramatically driven by unprecedented interest in energy storage for electric cars, scooters and renewable energy. Demand for Expandable Graphite for use in tech-applications, electromagnetic shielding and fire retardants is also experiencing a strong surge in demand.

About Hexagon Resources Ltd

Hexagon is ideally placed to take advantage of these favourable economics developing its large scale McIntosh Project in a stable political environment to meet this rising demand.

Hexagon Resources Ltd (**ASX: HXG**) is an Australian listed mineral development company seeking to produce a high purity graphite for use in lithium ion batteries and other high-tech applications from its McIntosh Flake Graphite Project located in northern Western Australia.

A Prefeasibility Study was completed in May 2017 which confirmed the technical and financial viability of the McIntosh Project and provides a significant step to the commercialisation of the project. The McIntosh Project is located close to roads, infrastructure and a suitable port “facing” the expanding



technology manufacturing markets in SE Asia. Located in the stable geopolitical environment of Australia and underpinned by large scale resource potential – this project offers customers long-term stable supply of essential raw materials in batteries and other high-tech applications.

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.



Recent Exploration Highlights

Vital Pillar to HXG's Graphite Marketing Strategy

Mike Rosenstreich
26 September, 2017
Hexagon General Meeting of Shareholders
Perth, Western Australia

Recent Exploration (2017)

2017 Program –Objectives & Activities



Objective:

- Advance the feasibility study and continuing to assess and demonstrate the large scale potential of the Project area.

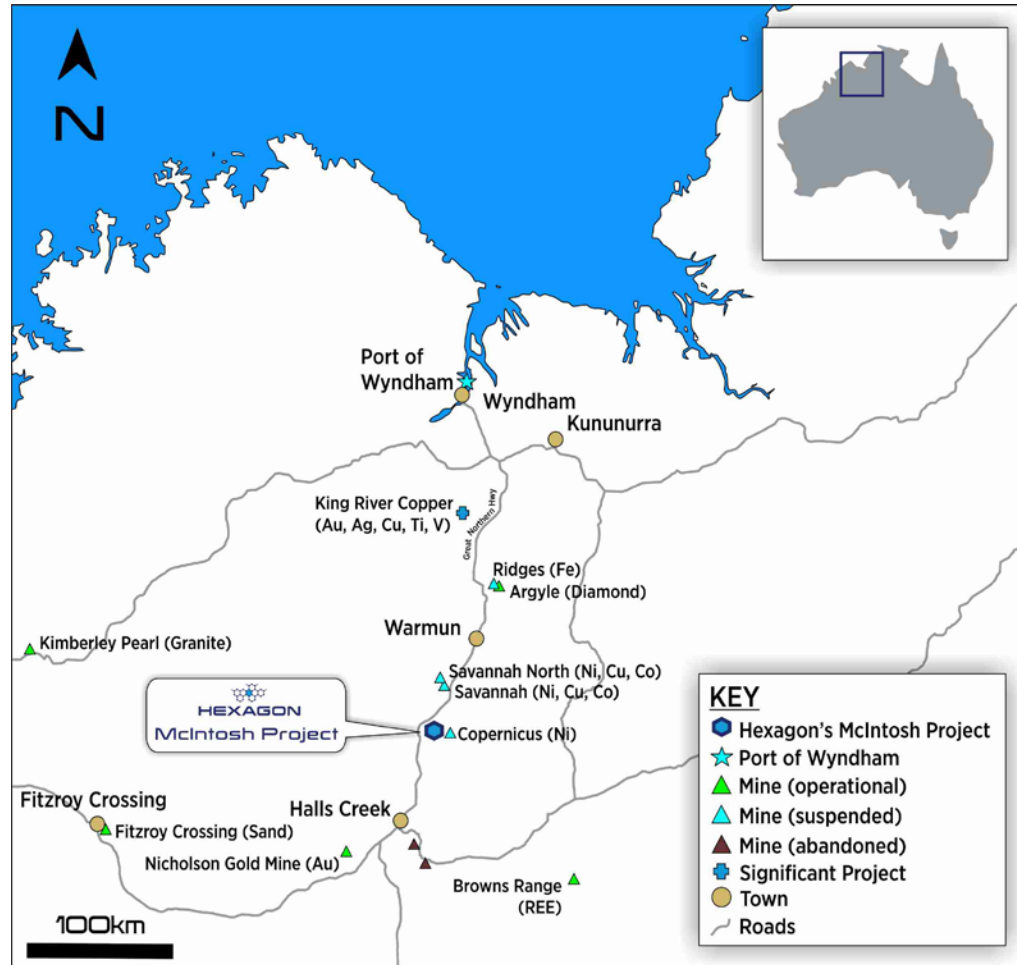
Activities:

- drilling at the Longtom and Barracuda deposits to generate metallurgical samples, geotechnical data and confirm/upgrade some areas of the current Mineral Resources;
- reconnaissance rock chipping program across high priority targets identified by airborne EM in the eastern prospects; and
- continuing the negotiation process with the native title groups in regard to the Mining Lease applications and access for exploration at new high priority targets.



Review: Location - Western Australia

The McIntosh Project.....



McIntosh Flake Graphite Project - is well located “politically” & geographically:

- East Kimberley is an established mining area.
- Project & Port access is well positioned to key customer groups – gateway to Asia and shipping routes to Europe, Middle East and USA.
- Western Australia has an established and stable mining regulatory environment.
- Excellent relationships with all key stakeholders.

Customers are attracted by “supply” from stable, reputable countries with good environmental practices.

Review: - Achievements to date

Geology & Resources-Large Scale.....

Scale is important – it demonstrates long-term supply capability.

JORC Classification	Tonnes (Mt)	TGC (%)	Contained Graphite (kt)
Total Indicated & Inferred	21.3	4.5%	964

ASX Report 25 May, 2017; Cut-off is 3%TGC and rounding errors may occur.

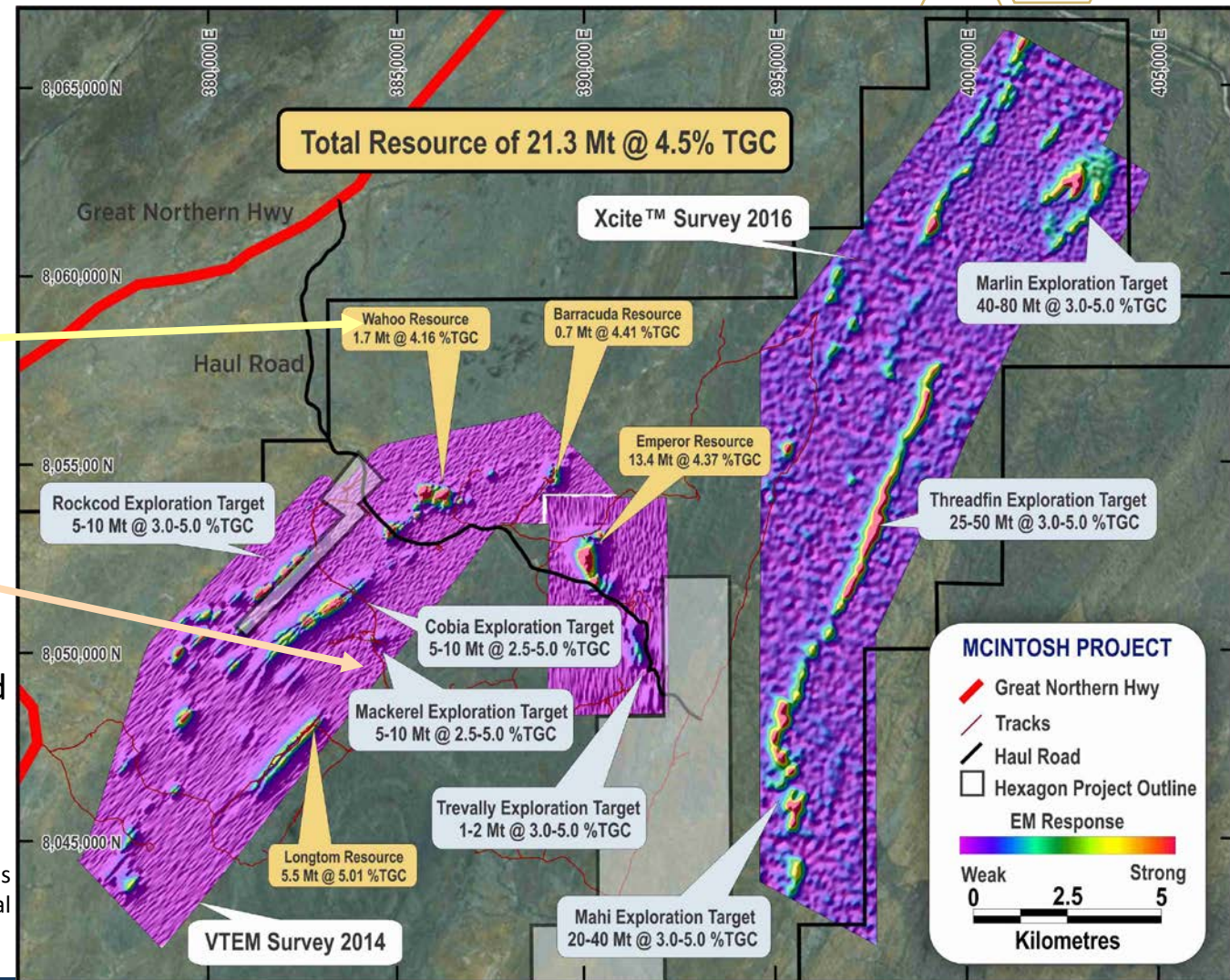
Exploration Target* (additional to JORC Resources)

Prospect	Tonnage Range (Mt)	Grade Range TGC (%)
Total	110 - 220	2.5 – 5.0

ASX Report 12 April, 2017

- Excellent correlation between EM “highs” and drilled mineralisation.
- Drilling has excellent potential to increase existing resources and convert “targets” into resources.

***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.



Review: - Achievements to date



Positive Pre-Feasibility Outcomes...

PHYSICALS	Unit	Annual Average	Life of Mine (LOM)
Ore Mined	Mt	2.4	14.3
Strip Ratio	W:O	4.3	4.5
Total Mined	Mt	11.3	79.3
Total Mined	Mbcm	4.1	28.7
Head Grade	% TGC	4.25	4.25
Plant Recovery	%	87-93	93
Concentrate	Kt	82.0	573.7
Concentrate Grade	% TGC	98	98

PFS – Initial development scenario

- **PFS Outcomes** - are positive and provide significant encouragement to explore important opportunities to improve and enhance project economics and margins.
- Platform to complete Feasibility Study and downstream processing test work (Stage 2 Project).

PFS FINANCIAL OUTCOMES	Unit	Life of Mine (LOM)
Site Operating Costs	AUD/t Conc	987
Realisation Costs (FOB)	AUD/t Conc	51
Total Operating Costs	AUD/t Conc	1,038
Start-up Capital (Incl 15% Contingency)	AUD Millions	148
Sustaining Capital	AUD Millions	24.9
Revenue	AUD Millions	1,197
Revenue	AUD/t Conc	2,087
EBITDA	AUD Millions	654
EBITDA Margin	%	51
Pre-tax NPV (Discount rate:8%)	AUD Millions	261
Post-tax NPV (Discount rate:8%)	AUD Millions	175
Pre-tax IRR	%	46
Post-tax IRR	%	36
Payback Period	Years	3

Review: - Achievements to date



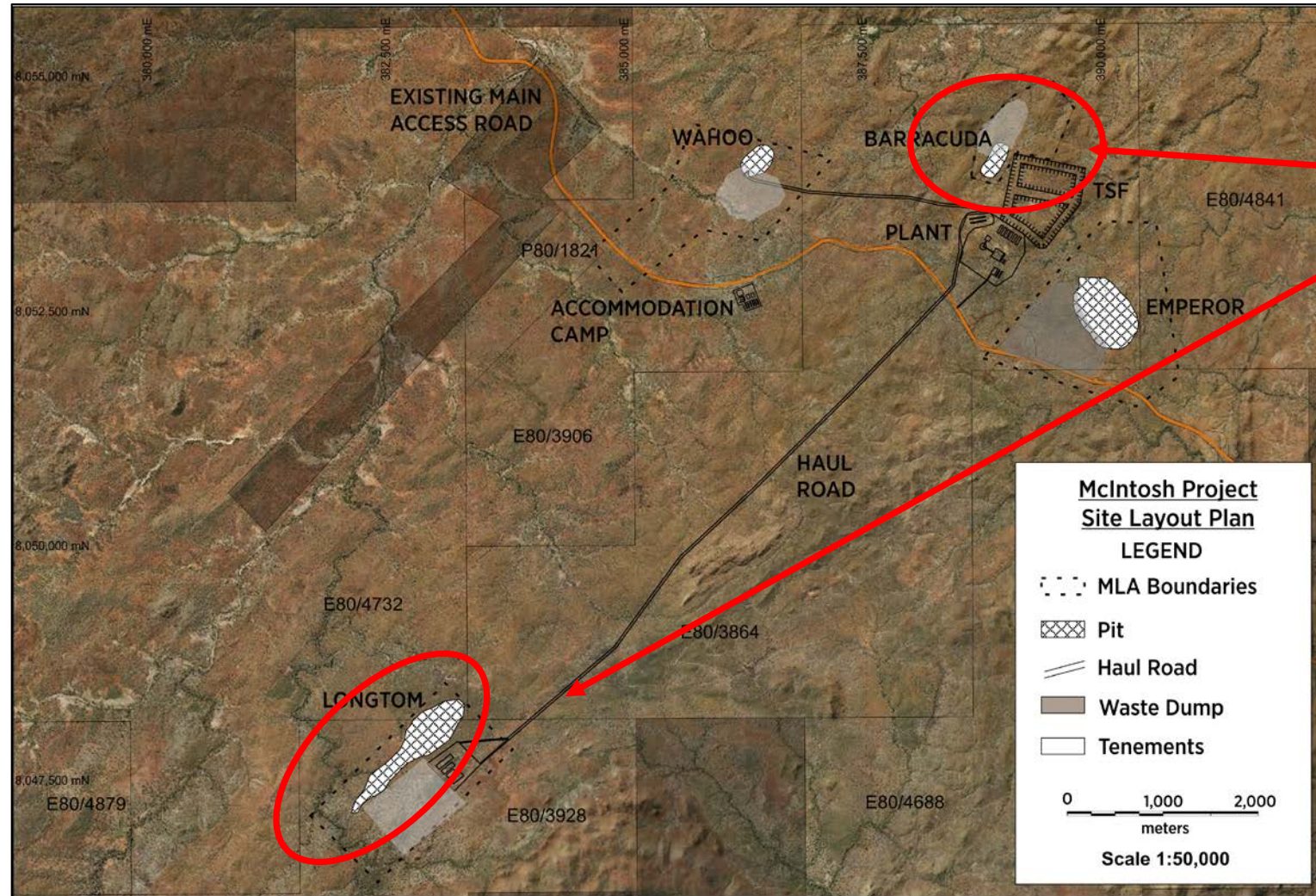
Value adding with additional downstream processing of flake concentrate

- Pre-Feasibility - examined only production of a high-purity flake concentrate for the lithium ion battery market.
- Recent battery test work results for spheroidised material are highly encouraging – the sample “passed” on all the key preliminary assessment criteria.

Parameter Tested	Units	McIntosh Sample (average)	Reference Material	
Yield	%	58	c.50%	✓
Particle Size (D50)	Microns (µm)	15.3	15.1	✓
Particle Size Distribution (D90/D10)	Ratio	2.2	2.4	✓
Tap Density	g/cm ³	0.92	1.07	✓
Surface Area	m ² /g	8.9 ¹	2 - 5	✓
Reversible Capacity ²	mAh/g	370	>360	✓

- Further work planned to include optimisation of Surface Area (BET) and demonstrate cycle efficiencies.

Exploration Findings



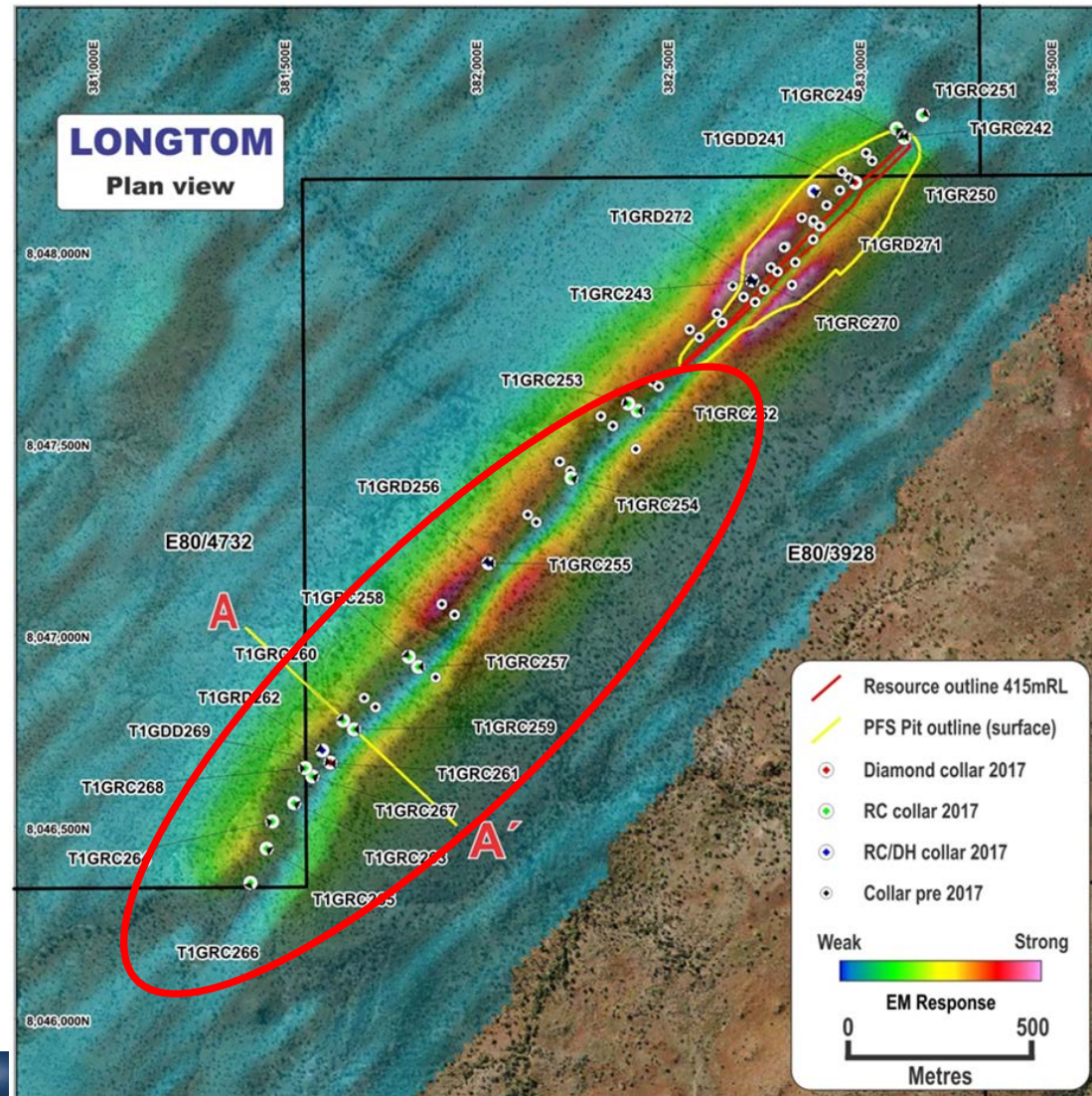
RC & DDC Drilling Program

Drilling: 32 drill holes for 2,306m.

Barracuda: - aimed to improve confidence in the Mineral Resources, upgrade classification from Inferred.

Longtom: - aimed to extend the resources along strike and generate metallurgical samples.

Exploration Findings



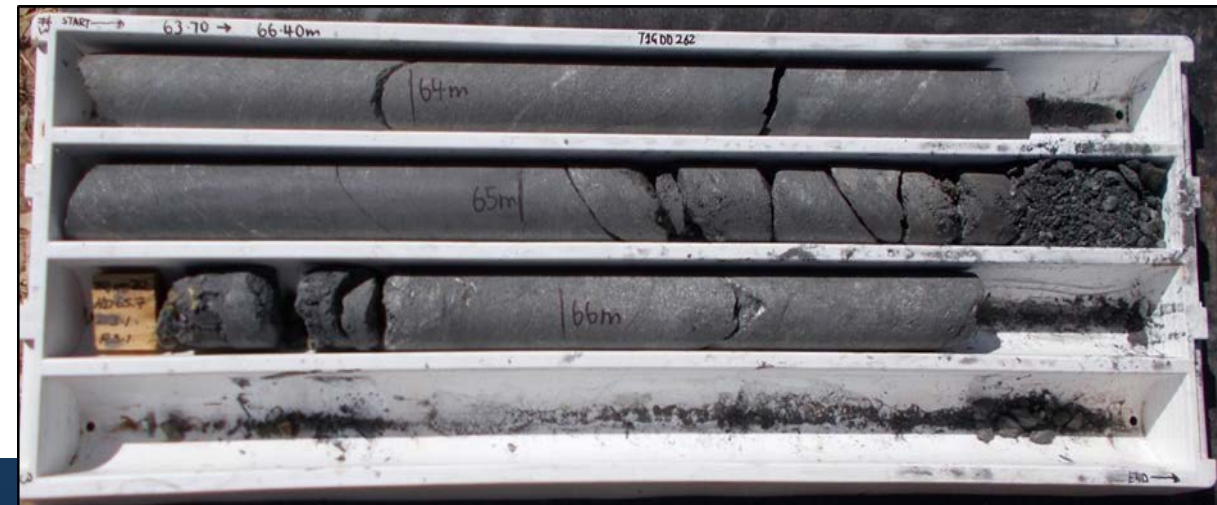
Longtom:

Current Mineral Resource is 5.5Mt at 5.01% TGC.

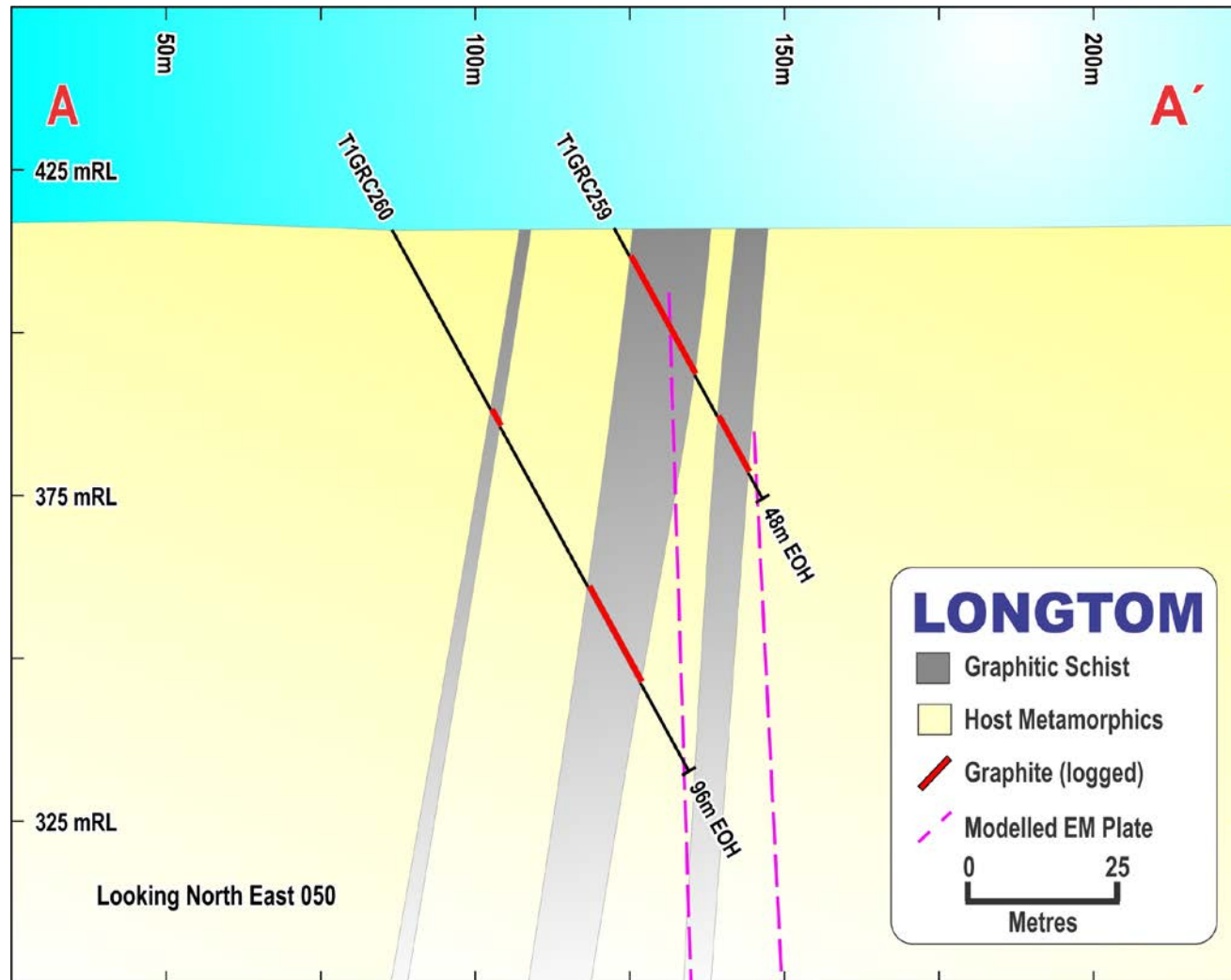
Defined an additional 1.8km of strike length of strongly graphitic schist. [yellow outline is existing PFS pit outline].

Excellent potential to extend Mineral Resource to south west.
(assays pending)

Drill core: Graphitic schist intersected in drill hole T1GRD262, which is located approximately 1,400 metres along strike from the edge of the current Longtom resource.



Exploration Findings

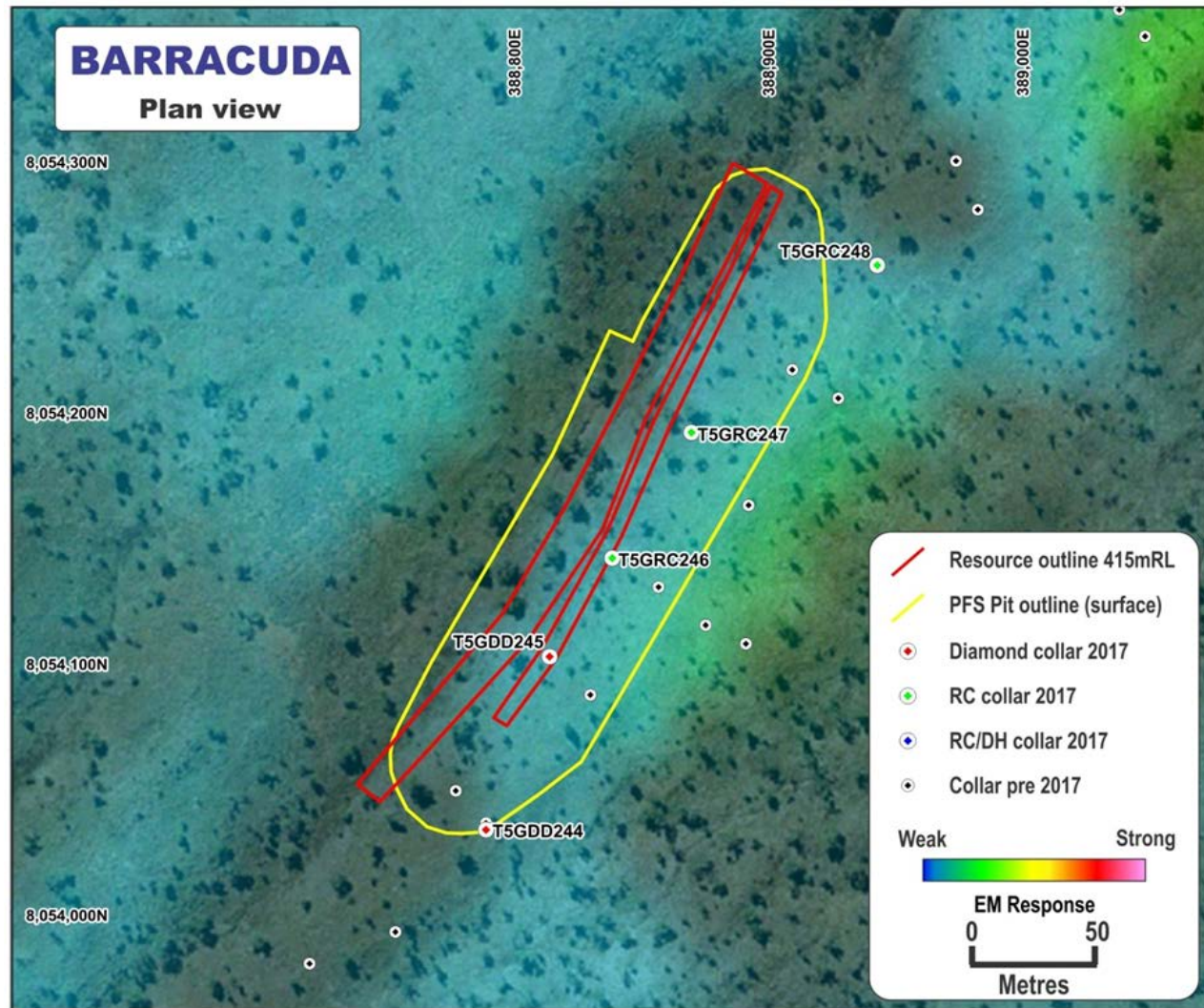


Longtom:

Schematic cross-section with geology interpretation based on drill hole logging.

- 15 metres true width.
 - shallow
 - Excellent correlation with EM modelling – shown in dashed lines.
- (assays pending)

Exploration Findings



Barracuda:

Current Mineral Resource is 0.7Mt at 4.41% TGC (100% Inferred).

5 drill holes completed to:

- upgrade Resource classification from Inferred
- Provide additional data e.g. metallurgical & geotech.

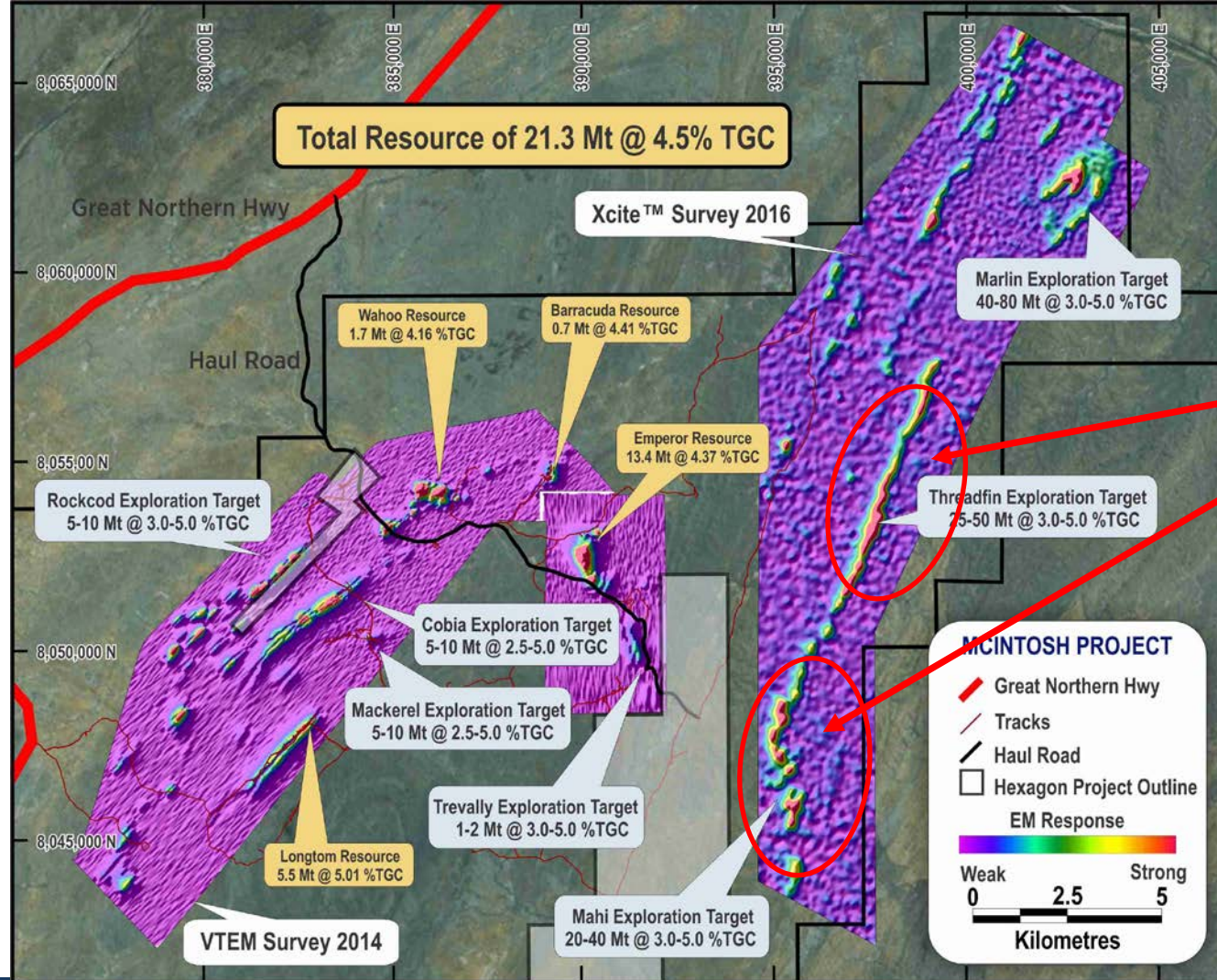
Graphite horizons were intersected where predicted.

(assays pending)

Yellow outline = PFS pit crest.

Red outline = May 2017 Resource.

Exploration Findings



Reconnaissance sampling – new generation of targets.

Preliminary follow-up of new targets from EM in Eastern Prospects.

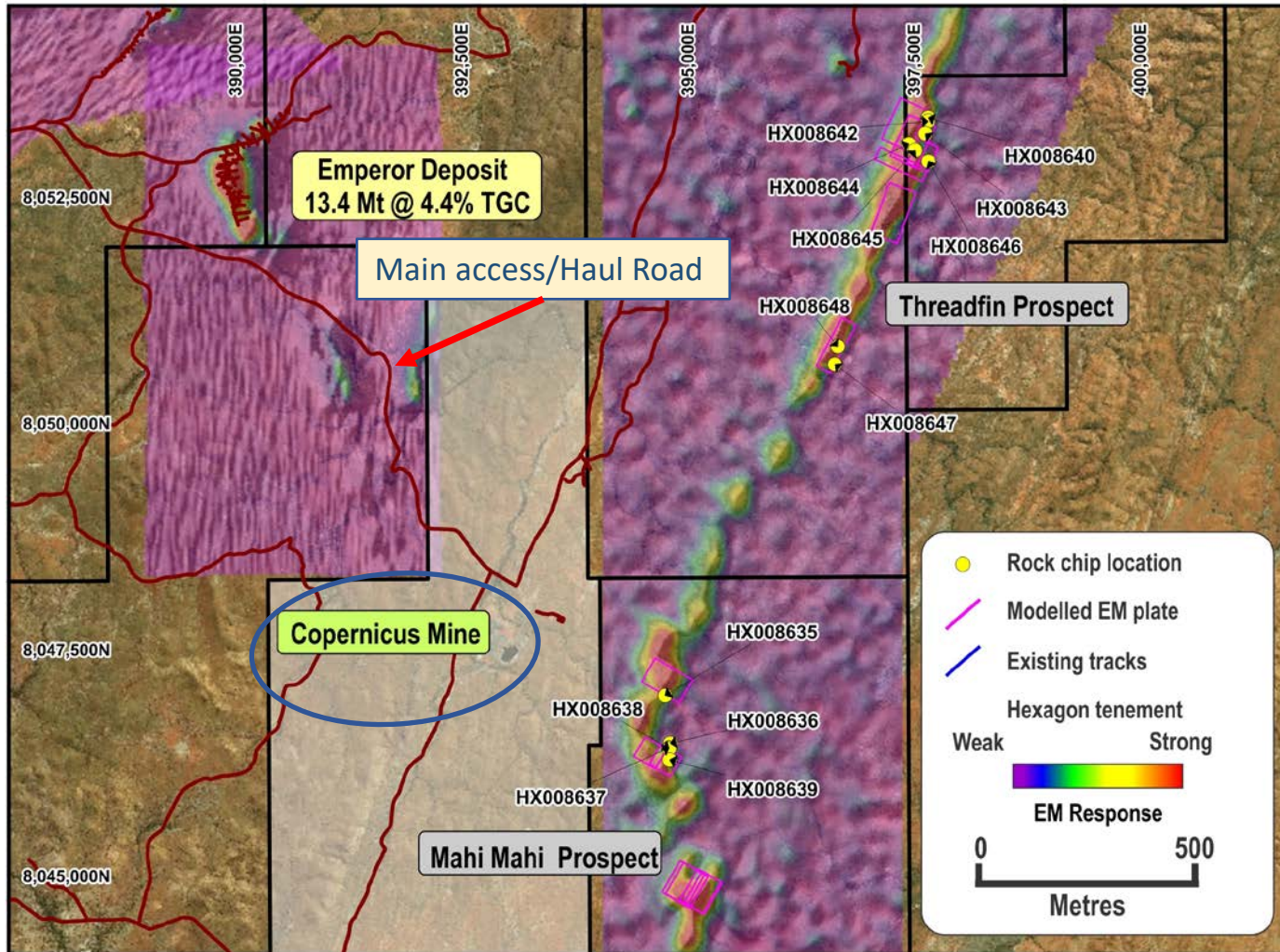
Investigated two areas:

- Threadfin
- Mahi Mahi

Threadfin & Mahi-Mahi comprise 45 to 90 Mt at 3 to 5% TGC of the overall Exploration Target* estimate.

***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.

Exploration Findings



Reconnaissance sampling – finding the next generation of targets.

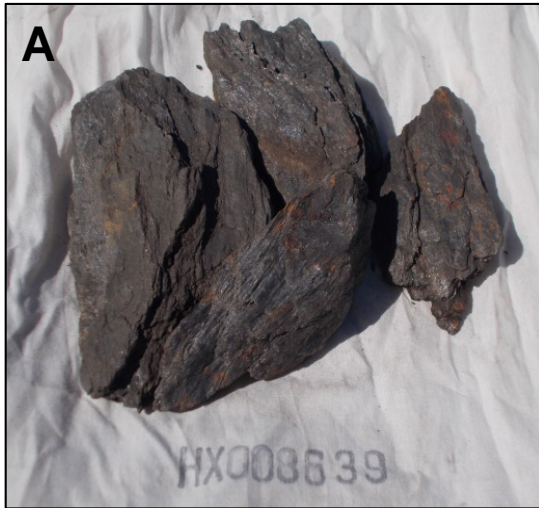
“Boots on the Ground”

A series of rock-chip samples collected (assays pending)

Discovered shallow-outcropping graphite units

In close proximity to the Copernicus Open Pit Haul-road.

Exploration Findings



Coarse grained, crystalline graphitic schist from Mahi Mahi (A) and Threadfin (B)



Drainage cutting c.15m wide graphitic schist outcrop at Threadfin (C).



Exploration Findings-Summary



1. Longtom Drilling

- Major 1.8km potential extension to the Longtom resource
- Thick (up to 15m true width), shallow graphite mineralisation.

2. Barracuda Drilling

- Confirmed geological model; graphitic zones were intersected where predicted – resource classification upgrade from Inferred is likely.
- Generated additional data and sample material.

Feeds into the Feasibility Study – larger resources and more data

3. Reconnaissance Sampling; Mahi-Mahi & Threadfin.

- Verified graphite mineralisation along modelled targets-coincident with EM trends.
- Shallow wide zones of coarse, crystalline graphite found outcropping.
- Well located with respect to the Copernicus Haul road.

Supports HXG's view of the large scale of the project to underpin long-term offtake

Development Outlook



The Next Steps...

Stage1 Project in WA:

1. **Complete Feasibility** study including:

- Enhanced process flow sheet to reduce OpEx and enhance flake size;
- Review CapEx – look at the real likely numbers; and
- Verify two product streams suitable for 2 different market segments.

2. **Finance and offtake** – in progress; looking at equity e.g. in Project, off-take related finance and JV/Technical partnerships.

Stage 2: Downstream Processing

1. Further battery test work –aimed at purified spherical graphite product.

- pilot plant for spheroidisation
- Purification work

2. Test work at potential Expandable Graphite production.

McIntosh Graphite – “Made in Australia”



Compelling reasons to get involved

Sound Project Fundamentals:

1. Quality product - purity and no deleterious elements suitability for LiB verified, other uses possible:
2. Large Scale – in terms of annual production rates and long-term supply
3. Sound financial returns as shown by PFS numbers with significant scope to improve.

Safe Reliable Jurisdiction

1. Western Australia is ranked 3rd on the Fraser Institutes 2016 Global Investment Attractiveness Index
2. Sound environmental and social responsibility management credentials

On the door-step of SE Asia

1. Easily accessible shipping logistics from Northern Australian port.

Diversification

Increasing supply concerns from traditional suppliers especially in regard to OH&S and environmental issues.

Important Notices



Competent Person

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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.



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