HEXAGON RESOURCES LIMITED

ABN 27 099 098 192

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

HEXAGON
resources limited

CORPORATE DIRECTORY

Board of Directors

Charles Whitfield	Non-Executive Chairman
Mike Rosenstreich	Managing Director
Garry Plowright	Non-Executive Director

Company Secretary
Rowan Caren

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Auditors BDO Audit (WA) Pty Ltd 38 Station Street, Subiaco WA 6008 Tel: (+61 8) 6382 4600 Fax: (+61 8) 6382 4601 Website: www.bdo.com.au	**Share Registry** Automic Registry Services Pty Ltd Level 3 50 Holt Street Surry Hills NSW 2010 Telephone: 1300 288 664 / (61 2) 9698 5414 Website: https:// investor.automic.com.au

DIRECTORS' REPORT

Your Directors present their report on Hexagon Resources Limited (the 'Company') and its controlled entities (the 'Consolidated Entity') for the half-year ended 31 December 2018.

DIRECTORS

The names and details of the Directors of Hexagon Resources Limited in office at the date of this report or at any time during the financial half-year are:

Name	Position	Period of Directorship
Charles Whitfield	Non-Executive Chairman	Appointed 22 August, 2016 Appointed Chair 5 May 2017
Michael Rosenstreich	Managing Director	Appointed 17 March, 2017
Garry Plowright	Non-Executive Director	Appointed 10 June, 2015

OPERATING RESULTS

For the half-year ended 31 December 2018, the loss for the Consolidated Entity after providing for income tax was $997,209 (2017: gain $230,590).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company entered into a Joint Venture Agreement with Mineral Resources Limited in November 2018. Refer McIntosh Flake Graphite Project section of this report for details.

REVIEW OF OPERATIONS

The Company's tenements include the advanced McIntosh Flake Graphite project and the early stage Halls Creek Project, both located in the East Kimberley of Western Australia.

HALF-YEAR HIGHLIGHTS

McIntosh Graphite Project

- Upstream:
  - Finalisation of Joint Venture Agreement with Mineral Resources Ltd (MinRes).
  - Feasibility Study underway - due for completion by October 2019 as part of the McIntosh JVA.
  - Major drilling program completed in late October for a total of 10,673 metres to generate 14 tonnes of metallurgical samples, increase resources confidence at the Emperor deposit and test various target areas.
- Downstream:
  - Hexagon achieves 99.999% graphite purity (99.999% wt. % C) from pilot scale 20kg McIntosh sample.
  - Results confirm ability for McIntosh graphite to exceed carbon purity specification for "nuclear graphite" industry.
  - Cell cycling tests using McIntosh graphite exceed benchmark reversible capability levels, indicating McIntosh produces a high-quality material suitable for lithium ion batteries and capable of surpassing high-quality synthetic materials used in Li-ion battery production.

Halls Creek Project

- Major data compilation and target generation program completed.
- Planning underway on detailed airborne aeromagnetic program designed to provide detailed geological context of the Halls Creek tenements.

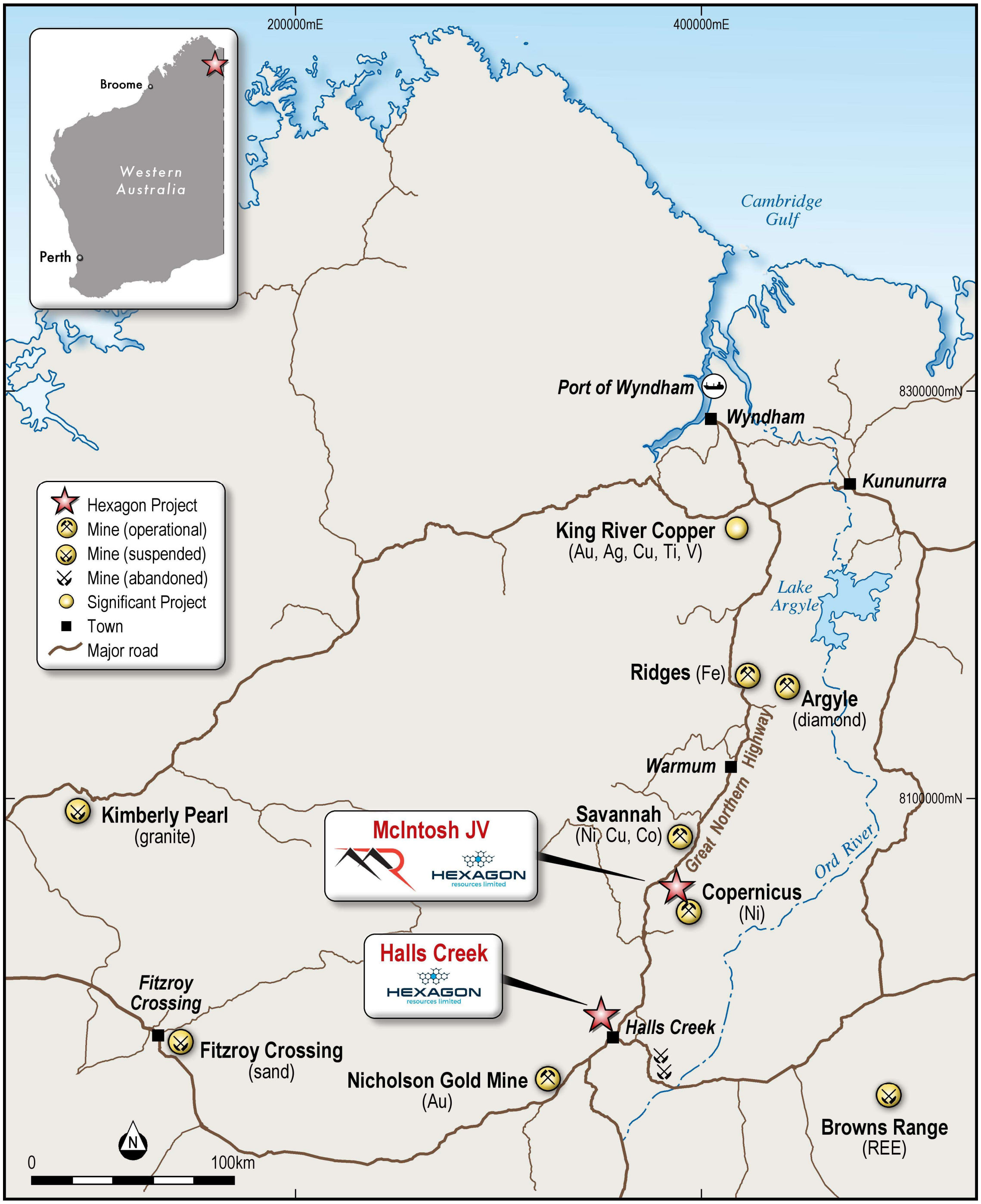
Corporate

- Chief Commercial Officer appointed to build-up team with added commercial skills to implement Hexagon's commercialisation strategy.
- Closing cash balance of $5.8 million. The Company has no debt.

MCINTOSH FLAKE GRAPHITE PROJECT

Hexagon signed a binding Heads of Agreement with Mineral Resources Limited ("MinRes") whereby Stage 1 of development of its McIntosh Project is fully funded, subject to a positive feasibility study (FS) outcome, as approved by Hexagon shareholders in May 2018. A Joint Venture Agreement (JVA) between the two companies was executed in November 2018, however MinRes had operated the JV since Hexagon shareholder approval on 14 May 2018.

Figure 1: Location Plan of Hexagon Projects in the East Kimberley region of Western Australia



Under the agreement, Hexagon and MinRes established an unincorporated joint venture after confirmation that MinRes has completed its initial farm-in expenditure of $300,000 on 28 September 2018, with Hexagon and MinRes respectively holding a 49% and 51% participating interests. From the Effective Date, 14 May, 2018, MinRes is solely responsible to:

- Undertake feasibility studies within 18 months (before 14 October 2019);
- Commence activities for the development of the Project within 24 months (before 14 April 2020); and
- Complete project development activities and achieve commercial production of graphite concentrate within 36 months, namely before 14 April 2021.

MinRes completed its initial drilling program at McIntosh during the period, having approved an initial budget to allow for a comprehensive drilling program of ~12,000 metres, as part of the McIntosh Feasibility Study (FS). This returned initial positive results, including at the Emperor Mineral Resource, where graphite mineralisation was intercepted at shallower depths than expected and intersecting thick zones of graphite mineralisation at the Mahi Mahi target. The drilling program was also designed to generate samples for metallurgical testing optimise the Stage 1 upstream flowsheet and to provide concentrate for downstream testing.

With MinRes focused on the upstream aspects of the project, Hexagon is focused on the value-adding, downstream processing of graphite concentrates. The Company is pursuing opportunities to supply the energy storage sector, advanced technologies and established industrial applications: all at the high-specification, premium priced end of the market. Hexagon updated its strategy on this in August 2018, which highlighted the modified downstream flow sheet, specific end-use customers and products as well as product price expectations for various products.

In the December quarter, Hexagon reported results from follow-up purification test work on a large-scale, 19.5kg (43lb) graphite sample from McIntosh which returned ultra-high purity, up to “five nines” (99.999%) graphite results. This further confirmed Hexagon’s downstream graphite strategy focused on low-cost purification targeting high-end specialty markets. The test work also confirmed virtually no notable concentrations of critical elements potentially deleterious to advanced batteries and to several other high-tech applications.

Hexagon’s US-based technical partner is constructing a pilot-scale facility which Hexagon expects to be available from mid-2019. This will enable Hexagon to finalise design parameters of a larger scale furnace and generate samples for marketing purposes.

Hexagon commenced a scoping study to evaluate its downstream business case which it expects to be complete in the June quarter of 2019.

HALLS CREEK PROJECT

The Halls Creek project is an early-stage exploration project prospective for gold and base metals deposits.

During the period, the Company completed a major data compilation and target generation program.

Planning is underway for a detailed airborne aeromagnetic program designed to provide detailed geological context to integrate all tenement areas and expedite systematic assessment.

Hexagon met with Traditional Owner groups in Halls Creek in July 2018 to discuss heritage surveys and planned low-impact work programs across the prospects identified. Following a change in the traditional owners responsible for assigning authorised monitors, a further meeting is planned in Q1 2019 to discuss the planned 2019 program with the new members.

COMPETENT PERSONS' ATTRIBUTIONS

Exploration Results and Mineral Resource Estimates

The information within this report that relates to exploration results, Exploration Target estimates, geological data and Mineral Resources at the McIntosh and Halls Creek Projects is based on information compiled by Mr. Mike Rosenstreich who is an employee of the Company. Mr. Rosenstreich is a Fellow of The Australasian Institute of Mining and Metallurgy and has 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 he consents to the inclusion of this information in the form and context in which it appears in this report.

Metallurgical Test Work Outcomes

The information within this report that relates to metallurgical test work outcomes and processing of the McIntosh material is based on information provided by a series of independent laboratories. Mr. Rosenstreich (referred to above) managed and compiled the test work outcomes reported in this announcement. A highly qualified and experienced researcher at NAmLab planned, supervised and interpreted the results of the NAmLab test work. Mr. Michael Chan of Hexagon Resources, Ltd. also reviewed the metallurgical test work outcomes. Mr. Chan is a Metallurgical Engineer and a Member of the Australasian Institute of Mining and Metallurgy. Mr. Chan and the NAmLab principals have sufficient relevant experience relevant to the style of mineralisation and types of test-work 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 have consented to the inclusion of this information in the form and context in which it appears in this report.

CORPORATE

Ms Lianne Grove was appointed as Chief Commercial Officer responsible for financial and management and advancing the commercial affairs of the Company. Ms Grove is an experienced Certified Practicing Accountant (CPA) and senior finance professional with 25 years of experience. She has spent more than 15 years in senior management positions, including roles with resources companies such as oil and gas producer AWE Limited, where she was Commercial & Finance Manager, and at Dampier Salt, a subsidiary of Rio Tinto.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

During 2019, the Company will continue to progress its downstream processing strategy with a focus on pursuing opportunities to supply the energy storage sector, advanced technologies and established specialty industrial applications.

Drill results and an updated Mineral Resource estimate are planned for the March quarter, 2019 as well as ongoing test work to finalise the process flow sheet. A Feasibility Study for the McIntosh project, being managed by MinRes, is expected to be complete by October 2019.

The Company plans to complete a scoping study its downstream business case late in the March quarter, 2019. As well there is an ongoing process of product development and marketing which the Company plans will lead to technical collaboration and marketing agreements.

Business development activities are focussed on continued assessment of opportunities for new, graphite projects suited to its downstream strategy and for farm-out options for its Halls Creek Project.

AUDITOR'S INDEPENDENCE DECLARATION

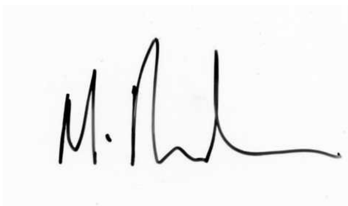
A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

EVENTS AFTER REPORTING DATE

There were no significant events subsequent to 31 December 2018.

As at the date of this report the Company had 291,783,397 shares on issue.

Signed in accordance with a resolution of the Board of Directors.



Michael Rosenstreich

Managing Director
13 March 2019

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF HEXAGON RESOURCES LIMITED

As lead auditor for the review of Hexagon Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hexagon Resources Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2019

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2018

	Note	Half-Year Ended 31 December 2018 $	Half-Year Ended 31 December 2017 $
Interest Revenue		14,116	2,875
Unrealised foreign exchange gain/(loss)		39,285	(10,429)
Gain on disposal of investment		-	1,051,793
Employee expenses		(274,829)	(212,341)
Share based payment expense	10	(223,431)	(150,279)
Corporate and administration expenses		(551,181)	(451,029)
Loss on disposal plant and equipment		(1,169)	-
Profit/(Loss) before income tax		(997,209)	230,590
Income tax expense		-	-
Profit/(Loss) from continuing operations		(997,209)	230,590
Loss from discontinued operations		-	-
Net profit/(loss) for the half-year		(997,209)	230,590
Other comprehensive income			
Items that will not reclassified to profit or loss			
Gain on revaluation of equity investments at FVOCI		3,561	
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-	-
Reclassification of exchange differences on disposal of foreign subsidiary		-	30,920
Available-for-sale financial assets – net change in fair value		-	(940)
Available-for-sale financial assets – reclassified to profit or loss		-	(1,045,049)
Other comprehensive income for the half-year, net of tax		3,561	(1,015,069)
Total comprehensive income		(993,648)	(784,479)

	2018	2017
Earnings/(loss) per Share	*Cents*	*Cents*
Basic and diluted earnings/(loss) per share	(0.34)	(0.32)
Basic and diluted earnings/(loss) per share – continuing	(0.34)	(0.32)
Total comprehensive income for the half-year attributable to owners arises from:		
Continuing operations	(993,648)	(784,479)
Discontinued operations	-	-
	(993,648)	(784,479)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Balance Sheet
As at 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents		5,804,661	7,361,880
Trade and other receivables		781	18
TOTAL CURRENT ASSETS		5,805,442	7,361,898
NON-CURRENT ASSETS			
Trade and other receivables		5,500	6,950
Equity investments at FVOCI	2	71,102	67,540
Plant and equipment		20,756	23,032
Exploration and evaluation assets	3	11,034,952	10,443,220
TOTAL NON-CURRENT ASSETS		11,132,310	10,540,742
TOTAL ASSETS		16,937,752	17,902,640
CURRENT LIABILITIES			
Trade and other payables		133,983	322,009
Provisions		19,514	26,159
TOTAL CURRENT LIABILITIES		153,497	348,168
TOTAL LIABILITIES		153,497	348,168
NET ASSETS		16,784,255	17,554,472
EQUITY			
Share capital	4	58,817,934	58,817,934
Reserves	5	2,180,986	1,970,448
Accumulated losses		(44,214,665)	(43,233,910)
TOTAL EQUITY		16,784,255	17,554,472

The Consolidated Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018

Consolidated Entity	Share Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2017	51,132,064	2,324,532	(41,928,288)	11,528,308
Transactions with owners in their capacity as owners				
Issue of share capital	20,000	-	-	20,000
Share based payments	-	150,279	-	150,279
Share issue costs	-	-	-	-
Total	20,000	150,279	-	170,279
Comprehensive income				
Profit (loss) after income tax	-	-	230,590	230,590
Other comprehensive income	-	(1,015,069)	-	(1,015,069)
Total comprehensive income	-	(1,015,069)	230,590	(784,479)
Balance at 31 December 2017	51,152,064	1,459,742	(41,697,698)	10,914,108
Balance at 1 July 2018	58,817,934	1,970,448	(43,233,910)	17,554,472
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Share based payments	-	223,431	-	223,431
Transfer between reserves		(16,454)	16,454	-
Total	-	206,977	16,454	223,431
Comprehensive income				
Profit (loss) after income tax	-	-	(997,209)	(997,209)
Gain on revaluation of equity investments at FVOCI	-	3,561	-	3,561
Total comprehensive income	-	3,561	(997,209)	(993,648)
Balance at 31 December 2018	58,817,934	2,180,986	(44,214,665)	16,784,255

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018

	Note	Half-Year Ended 31 December 2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(980,450)	(688,249)
Interest received		14,116	2,875
Net cash used in operating activities		(966,334)	(685,374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of investment		-	1,241,793
Proceeds sale of plant and equipment		2,500	-
Payments for exploration and evaluation		(632,671)	(1,379,936)
Government grants in relation to exploration assets		-	59,376
Net cash used in investing activities		(630,170)	(78,767)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		-	20,000
Share issue costs		-	-
Net cash provided by financing activities		-	20,000
Net decrease in cash and cash equivalents		(1,596,505)	(744,141)
Cash and cash equivalents at the beginning of the half-year		7,361,880	1,856,812
Net foreign exchange differences		39,285	(10,429)
Cash and cash equivalents at the end of the half-year		5,804,661	1,102,242

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hexagon Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2018 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2018.

This consolidated interim financial report was approved by the Board of Directors on 13 March 2019.

Going Concern

As at 31 December 2018 the Consolidated Entity had cash reserves of $5,804,661, net current assets of $5,798,487 and net assets of $16,784,255 (a loss after tax for the period ended 31 December 2018 of $997,209 and cash outflows from operations of $966,334). The company has not generated revenues from operations.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons as there is sufficient cash available for the Consolidated Entity to continue operating for the next twelve months.

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2018.

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect classification and measurement of the results or financial position of the Consolidated Entity except for adoption of AASB 9 Financial Instruments (AASB 9) on the Consolidated Entity's available-for-sales investment. At the date of adoption, AASB 9 requires all equity investments to be measured at fair value. The default approach is for all changes in fair value to be recognised in profit or loss. However, for equity investments that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination, the Consolidated Entity can make an irrevocable election at initial recognition to classify the instruments as at fair value through other comprehensive income (FVOCI), with all subsequent changes in fair value being recognised in other comprehensive income (OCI). The Consolidated Entity has made this election. The impact of this adoption of AASB 9 is a reclassification of available-for-sales investment to equity instrument at FVOCI and available-for-sales reserve to FVOCI reserve at 1 July 2018. Comparative figures are not restated. Under this new FVOCI category, fair value changes are recognised in OCI while dividends are recognised in profit or loss (unless they clearly represent a recovery of part of the cost of the investment). In particular, under the new category, on disposal of the investment the cumulative change in fair value is not recycled to profit or loss.

Fair Values

The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value due to their short term nature. No financial assets or liabilities are readily traded on organised markets in standardised form.

	Half-year 2018 $	30 June 2018 $

NOTE 2 EQUITY INVESTMENTS AT FVOCI/AVAILABLE-FOR-SALE FINANCIAL ASSET

	Half-year 2018 $	30 June 2018 $
Investment Battery Minerals Resources Limited (unlisted)	71,102	67,540
	71,102	67,540

The investment is reclassified from available-for-sale financial asset to equity investments at fair value through other comprehensive income upon adoption of AASB 9.

NOTE 3 EXPLORATION EXPENDITURE

	Half-year 2018 $	30 June 2018 $
Exploration expenditure capitalised		
Balance at the beginning of the period	10,443,220	8,568,394
Capitalised Expenditure during the period	591,732	2,236,170
Asset disposed of	-	(9,297)
Research and development grants relating to exploration expenditure	-	(352,047)
	11,034,952	10,443,220

Recovery of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective area of interest.

NOTE 4 SHARE CAPITAL

Ordinary Shares (Fully Paid)

	31 December 2018 Number	31 December 2017 Number	31 December 2018 $	31 December 2017 $
At the beginning of the half-year	291,783,397	246,366,747	58,817,934	51,132,064
Issue of shares (1)	-	1,570,000	-	-
Exercise of Options (2)	-	250,000	-	20,000
Share issue expenses	-	-	-	-
At reporting date	291,783,397	248,186,747	58,817,934	51,324,764

(1) 2017: 1,570,000 ordinary fully paid shares were issued at $0.11 per share under an employee incentive loan scheme in October 2017. The shares are funded through a limited recourse loan which expires 10 years from the grant date. Refer Note 12.
Since issue 540,000 of those shares did not vest, or the limited recourse loans were not repaid by employees on leaving the company. These shares were assigned to treasury and are to be either sold on market or used for future employee incentive schemes. 500,000 of those shares remain subject to vesting conditions, none of which have been met as at 31 December 2018.
500,000 of those shares issued in October 2017 were not subject to vesting conditions and fully vested at issue.
(2) 2017: 250,000 ordinary fully paid shares were issued on the exercise of options at $0.08.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	31 December 2018 $	31 December 2017 $
NOTE 5 RESERVES		
Share Option reserve	2,119,884	1,405,680
Available-for-sale reserve	-	54,062
FVOCI reserve	61,102	-
	2,180,986	1,459,742
Share Option reserve movements during the period		
Opening balance at 1 July	1,912,908	1,255,400
Share based payment expenses	223,431	150,279
Transfer to accumulated losses	(16,454)	-
Closing balance	2,119,885	1,405,679

Share option reserve
The Share Option reserve represents the value of options issued to employees, directors and service providers.

FVOCI reserve/Available-for-sale reserve movements during the period		
Opening balance	-	1,100,052
Transferred from available-for-sale reserve	57,540	-
Gain on the revaluation of FVOCI reserve	3,561	-
Reversal revaluation reserve on sale	-	(1,045,049)
Loss on the revaluation of available-for-sale financial assets	-	(940)
Closing balance	61,102	54,063

FVOCI reserve/Available-for-sale reserve
The reserve is used to recognise increments and decrements in the fair value of equity investments at FVOCI, being the investment in Battery Minerals Resources Limited (unlisted). Refer Note 2.

Foreign currency translation reserve movements during the period		
Opening balance	-	(30,290)
Currency translation differences arising during the period	-	-
Disposal foreign controlled entities	-	30,290
Closing balance	-	-

Foreign currency translation reserve
The Foreign currency translation reserve is used to record exchange differences arising on the translation of foreign controlled entities. The reserve is transferred to profit and loss when the net investment is disposed of.

NOTE 6 SEGMENT REPORTING

Reportable Segments

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

For the purpose of segment reporting, the Consolidated Entity is deemed to have operated in one segment during the half-year, that being exploration and development of mineral assets within Australia.

For the half-year ended 31 December 2018 no revenue has been derived from external customers from the exploration for minerals segment.

NOTE 6 SEGMENT REPORTING (cont.)

Segment Results

31 December 2018	**Australia** $	**Consolidated** $
Segment result	(997,208)	(997,208)
Net Profit (Loss)	(997,208)	(997,208)
31 December 2018		
Assets:		
Segment assets	16,937,752	16,937,752
Consolidated Total Assets	16,937,752	16,937,752
Liabilities:		
Segment liabilities	153,497	153,497
Consolidated Total Liabilities	153,497	153,497

31 December 2017	**Australia** $	**Consolidated** $
Segment result	230,589	230,589
Net Profit (Loss)	230,589	230,589
30 June 2018		
Assets:		
Segment assets	17,902,640	17,902,640
Consolidated Total Assets	17,902,640	17,902,640
Liabilities:		
Segment liabilities	348,168	348,168
Consolidated Total Liabilities	348,168	348,168

NOTE 7 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Under the Joint Venture Agreement with Mineral Resources Limited (MRL), Hexagon is committed to repay its proportionate share (49%) of the costs actually incurred by MRL on capital expenditure items for the McIntosh Project, capped at $3.92 million. Such amounts will only be repaid from cash flow realised from the sale of graphite flake product from the McIntosh Project.

NOTE 8 COMMITMENTS FOR EXPENDITURE

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

NOTE 9 EVENTS AFTER REPORTING DATE

There were no significant events subsequent to 31 December 2018.

NOTE 10 SHARE BASED PAYMENTS

No new employee share loan scheme shares or share options scheme options were issued in the half-year to 31 December 2018. The expenses relate to vesting expenses of existing schemes.

DIRECTORS' DECLARATION

In the directors' opinion:

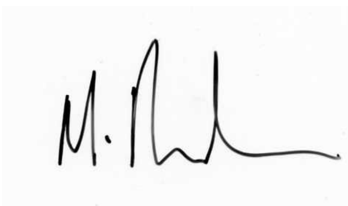
- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Michael Rosenstreich
Director
13 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hexagon Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Hexagon Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Australia Ltd

BDO

Jarrad Prue

Director

Perth, 13 March 2019