

ASX ANNOUNCEMENT

17 APRIL 2019

MARCH 2019 QUARTERLY ACTIVITIES & CASH FLOW REPORT

1. HIGHLIGHTS

Upstream – McIntosh Joint Venture Project (51% Mineral Resources Ltd 49% Hexagon):

- **Revised McIntosh Mineral Resource Estimate completed**
 - ✓ Combined resources total 23.8 million tonnes grading 4.5% TGC with 81% classified as Indicated.
 - ✓ 42% increase in material classified as Indicated and an overall 12% increase in contained graphite
- **Drilling Results**
 - ✓ 10,672.9 metres comprising 87 drill holes completed at Emperor and Wahoo deposits and the Mahi Mahi and Threadfin exploration targets
 - ✓ Notable mineralised intercepts included:
 - Emperor*
 - 8 metres at 9.1% TGC from 140 metres down hole (ERD021)
 - 18 metres at 7.3% TGC from 113 metres down hole (ERD020)
 - 53 metres at 6.2% TGC from 138 metres down hole (ERD016)
 - Wahoo*
 - 6 metres at 6.6% TGC from 69 metres down hole (WRC009)
 - 6 metres at 6.4% TGC from 50 metres down hole (WDD023)

Downstream – McIntosh flake graphite concentrate processing (100% Hexagon):

- Downstream testwork on a diverse range of premium end-use applications well advanced with final results and reporting due in Q2, 2019.
- Scoping Study on Downstream business case due for release in April 2019.

Corporate

- New USA initiative to widen Hexagon's graphite marketing reach and possibly diversify its upstream sources into the USA.
- Closing quarterly cash position of \$4.9 million and no debt.

2. COMMENTARY

Hexagon considers that the revised resource estimate has significantly improved the confidence of the total resource within the McIntosh project whilst achieving a 12% increase in the quantity of



contained graphite and maintaining the grade. This update will feed into the feasibility study currently being undertaken by Mineral Resources Limited (**MinRes**).

Hexagon's Managing Director, Mike Rosenstreich commented "Hexagon's position is to bring McIntosh into production as quickly as possible, subject to a positive Feasibility Study. Following that, we will systematically carry out heritage clearance to prioritise further targets for drill testing to verify the project life potential as highlighted by the Exploration Target estimate."

The McIntosh Joint Venture's (**MJV**) other important focus is updating key technical parameters such as the flake size distribution for each of the Mineral Resources. Hexagon has been working with a flake size assessment based on examination of drill core and a 2016 graphite concentrate sample from Emperor. As more sample material has become available, more effort is being directed at characterising the flake size distribution for each deposit, which is an important technical and economic parameter of the project.

Hexagon's expenditure is predominantly directed at its downstream business development and providing support as required for the MJV activities.

The Company is also increasing its presence in the USA, leveraging off existing important technical relationships to build its marketing presence there and in Europe ahead of McIntosh material becoming available and potentially to diversify its source material, with new graphite project opportunities in a very favourable end-user environment. New associations with US Critical Minerals LLC, Charge Minerals LLC and the engagement of several well credentialed US-based executives aims to create a "lead-in" for McIntosh products and could include utilising US-sourced graphite, from Charge Minerals' projects, to fast-track product qualification and the establishment of a Hexagon graphite brand. This initiative complements and enhances the Company's existing strong network into Japan, South Korea, Taiwan and China.

3. McINTOSH FLAKE GRAPHITE PROJECT – UPSTREAM PROJECT

The McIntosh flake graphite project is a Joint Venture between Hexagon and MinRes, with MinRes earning a 51% interest in the project through exploration and development.

3.1 Revised Mineral Resource Estimate

MinRes completed a revised Mineral Resource estimate for the McIntosh project during the quarter which is reported in Table 1.

Table 1: McIntosh Flake Graphite Project Mineral Resource as at March 2019 reported by deposit and above a 3% TGC cut-off grade

| Deposit | JORC Classification | Tonnes (Mt) | TGC % | Contained Graphite (Kt) |
|-----------|---------------------|-------------|-------------|-------------------------|
| Emperor | Indicated | 12.1 | 4.28 | 518 |
| | Inferred | 3.8 | 4.35 | 165 |
| | <i>Total</i> | <i>15.9</i> | <i>4.30</i> | <i>684</i> |
| Wahoo | Indicated | 1.3 | 3.97 | 51 |
| | Inferred | - | - | - |
| | <i>Total</i> | <i>1.3</i> | <i>3.97</i> | <i>51</i> |
| Longtom | Indicated | 5.1 | 4.93 | 253 |
| | Inferred | 0.8 | 5.25 | 40 |
| | <i>Total</i> | <i>5.9</i> | <i>4.97</i> | <i>293</i> |
| Barracuda | Indicated | 0.7 | 4.40 | 32 |
| | Inferred | - | - | - |



| | | | | |
|-------|-----------|------|------|-------|
| | Total | 0.7 | 4.40 | 32 |
| Total | Indicated | 19.2 | 4.44 | 854 |
| | Inferred | 4.6 | 4.50 | 206 |
| | Total | 23.8 | 4.45 | 1,060 |

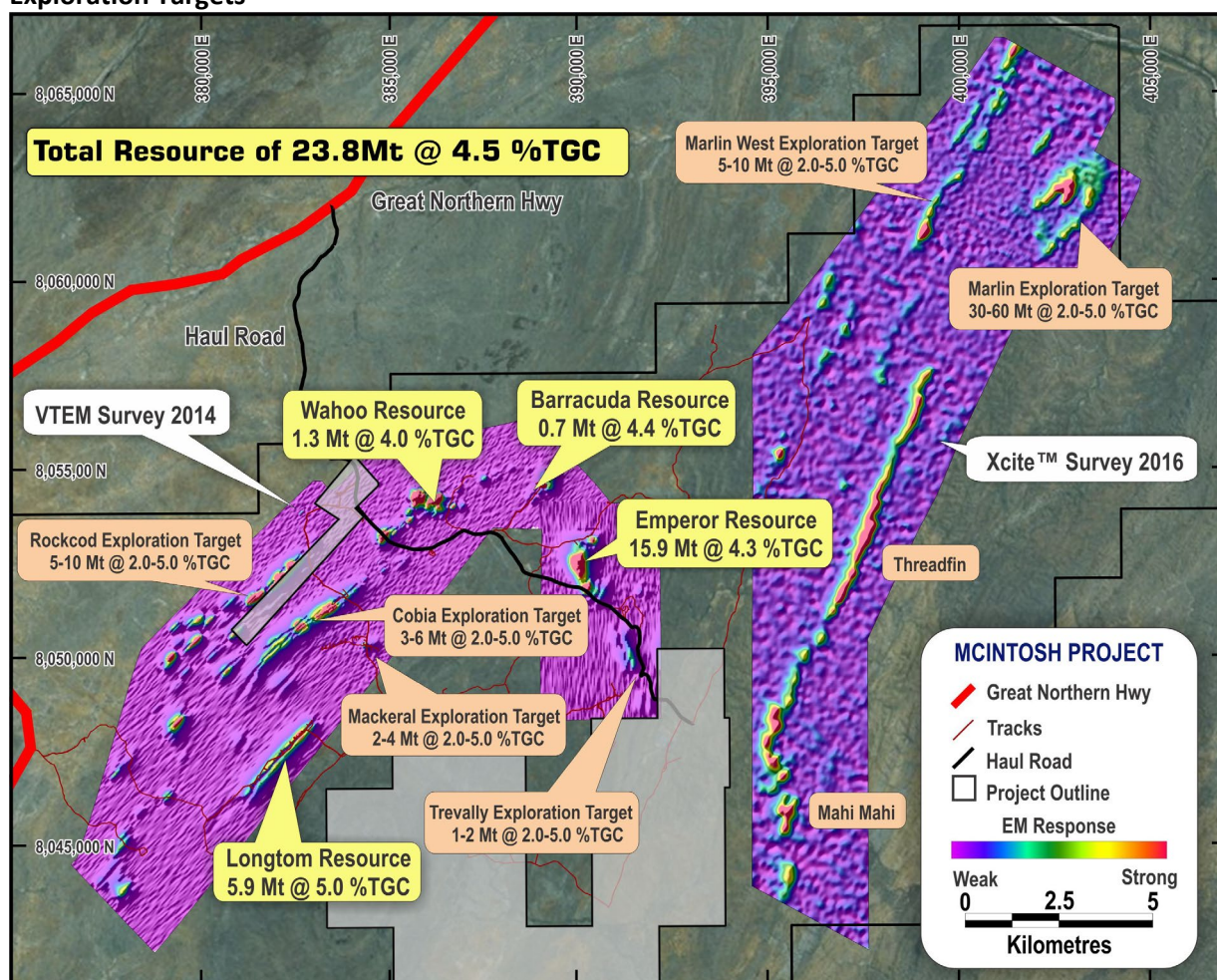
Note: Rounding may result in differences in totals for tonnage and grade

This was reported by Hexagon to ASX 1st April (and re-submitted 5 April) 2019 in accordance with the JORC Code 2012 Edition. Hexagon confirms that it is not aware of any new information or data that materially affects the Mineral Resource information included in market announcement dated 5 April 2019 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The revised estimate saw McIntosh's contained graphite increase by 12% while material classified as Indicated (rather than Inferred) increased by 42%.

The McIntosh Flake Graphite Project combined Mineral Resource now totals 23.8 million tonnes grading 4.5 % Total Graphitic Carbon (TGC). The updated Mineral Resource estimate was undertaken by MinRes, the Manager of the MJV.

Figure 1: McIntosh Joint Venture project – General Location Plan Mineral Resources and Exploration Targets¹



1. **Cautionary Statement:** The potential quantity and grade of the combined Exploration Target also depicted in Figure 1 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. Refer section 3.2 below.



The revision was based on additional drilling results from:

- 2018 drilling comprising 10,683m of combined diamond core and reverse circulation drilling undertaken by MinRes at Emperor, Wahoo and Mahi Mahi; and
- 2017 drilling comprising 2,306m of combined diamond core and reverse circulation drilling undertaken by Hexagon at Barracuda and Longtom.

The location of Mineral Resources and targets is presented in Figure 1. Consistent with previous estimates a 3% TGC cut-off grade was utilised as summarised in Table 1.

This estimate represented an 11.7% increase in terms of tonnes and contained graphite and a 42% improvement in the proportion of material classified as Indicated from Inferred compared to the Mineral Resource estimate reported to ASX on 25 May 2017 as detailed in Table 2.

Table 2: Comparison to previous Mineral Resource estimate.

| Deposit | Resource Class | Change in tonnes | Change in TGC |
|--------------|----------------------|------------------|---------------|
| Emperor | Indicated & Inferred | 18.7% | -1.6% |
| Wahoo | Indicated & Inferred | -23.3% | -4.6% |
| Barracuda | Indicated & Inferred | -1.3% | -0.2% |
| Longtom | Indicated & Inferred | 7.3% | -0.8% |
| Total | | 11.7% | -0.8% |

More detail on the revised estimate is available in the ASX Announcement dated 5 April 2019.

3.2 Exploration Target Review

Hexagon updated its Exploration Target estimate for the McIntosh Flake Graphite Project to account for recent drilling results as summarised in Table 3.

Table 3. McIntosh Flake Graphite Project – Exploration Target Estimate.

| Prospect | Tonnage Range | | Grade Range |
|------------------------|---------------|------------|------------------|
| | Minimum | Maximum | (%TGC) |
| Emperor ¹ | 2 | 4 | 4.0 – 5.0 |
| Wahoo ¹ | 1 | 2 | 4.0 – 5.0 |
| Barracuda ¹ | 1 | 2 | 4.0 – 5.0 |
| Cobia | 3 | 6 | 2.0 – 5.0 |
| Marlin | 30 | 60 | 2.0 – 5.0 |
| Marlin West | 5 | 10 | 2.0 – 5.0 |
| Rockcod | 5 | 10 | 2.0 – 5.0 |
| Mackerel | 2 | 4 | 2.0 – 5.0 |
| Trevally | 1 | 2 | 2.0 – 5.0 |
| Total | 50 | 100 | 2.0 – 5.0 |

Note¹: This estimate is in addition to tonnes in the current defined Mineral Resources reported above.

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 as determined by JORC 2012



guidelines. The revised Exploration Target was reported by Hexagon to ASX on 1st April (and re-submitted 5 April) 2019 in accordance with the JORC Code 2012 Edition. Hexagon confirms that it is not aware of any new information that materially affects the Exploration Target included in that ASX announcement and that all material assumptions and technical parameters underpinning the Exploration Target continue to apply and have not materially changed.

Drilling at Mahi Mahi intersected significant widths of mineralisation as modelled in the original Exploration Target (see ASX announcement dated 12 April 2017 for modelling parameters), but the flake size endowment was found to be predominantly very fine (<75 microns). Taking this into account as well as other controls interpreted to be related to flake size such as the localised metamorphic grade, it was decided to review all the McIntosh Exploration Targets. Hexagon removed Mahi Mahi and Threadfin prospects from the Exploration Target and revised others such as Mackerel and Cobia. Marlin West was added on the basis of improved geological confidence, including petrological data from surface samples with flakes exceeding 500 microns in length observed.

Hexagon's review process generated nine targets for high-priority follow-up exploration as presented in Figure 1, with an estimated 1 to 5 million tonnes of contained graphitic carbon in addition to the 1.1 million tonnes already delineated in Indicated and Inferred Mineral Resources reported above. The updated Exploration Target highlights a potentially significant flake graphite endowment, reviewed rigorously with the benefit of new data and increased understanding of the geological controls for factors such as flake size.

3.3 Final Results of the 2018 Drilling Program

A program comprising 10,672.9 metres of drilling was completed at the MJV project tenements in late October, 2018. The program was managed and funded by MinRes as part of their MJV agreement undertakings. The complete schedule of results was reported by Hexagon to ASX on 27 February, 2019. Those results, summarised below provided new data supporting the revised Mineral Resource estimates reported above.

Drilling was undertaken:

- At two Mineral Resource areas; Emperor and Wahoo, to collect metallurgical samples and increase confidence in those resources; and
- To test two exploration prospects available for drilling; Mahi Mahi and Threadfin.

Details of the program are summarised in Table 4 and the location of the drilled prospects is presented in Figure 1. Notable mineralised intercepts included:

Emperor

- 8 metres at 9.1% TGC from 140 metres down hole (ERD021)
- 18 metres at 7.3% TGC from 113 metres down hole (ERD020)
- 53 metres at 6.2% TGC from 138 metres down hole (ERD016)

Wahoo

- 6 metres at 6.6% TGC from 69 metres down hole (WRC009)
- 6 metres at 6.4% TGC from 50 metres down hole (WDD023)

Drilling generated 12 tonnes of additional drill core sample for pilot scale test work to optimise the flow sheet and generate samples for marketing and downstream test work.



Table 4: Summary Statistic for August 2018 MJV Drilling Program.

| Drill Area | Reverse Circulation (RC) | RC Pre-Collar & Diamond Core Tail | | Diamond Core (DC) | Totals |
|------------------------------|--------------------------|-----------------------------------|--------|-------------------|---------|
| Mineral Resources | | | | | |
| Emperor | | | | | |
| Holes | 7 | 19 | | 1 | 27 |
| Metres | 661 | 1793.5 | 2110.4 | 114.9 | 4679.8 |
| Wahoo | | | | | |
| Holes | 19 | 1 | | 6 | 26 |
| Metres | 1443 | 40.6 | 40.8 | 423.3 | 1947.7 |
| Exploration Prospects | | | | | |
| Mahi Mahi | | | | | |
| Holes | 22 | 1 | | 1 | 24 |
| Metres | 2848 | 51 | 99.7 | 150.7 | 3149.4 |
| Threadfin | | | | | |
| Holes | 10 | 0 | | 0 | 10 |
| Metres | 896 | 0 | 0 | 0 | 896 |
| Totals | | | | | |
| Holes | 58 | 21 | | 8 | 87 |
| Metres | 5848 | 1885.1 | 2250.9 | 688.9 | 10672.9 |

3.4 Upstream Feasibility Study Work

MinRes and Hexagon are collaborating on a metallurgical test work program, which is underway. As more sample material has become available, more effort has been focussed on characterising the flake size distribution for each deposit.

Flake size distribution estimates by Hexagon are based on:

- Petrological flake size estimates based on 60 slides from Emperor; and
- A 2.8kg concentrate sample (HXGCon1) generated from a 200kg composite of drill core samples from Emperor.

Note - the other available concentrate was overground, targeting a minus 100# (<150 micron) feedstock for BAM production.

The petrological data represents what is available in the rock and hence is important for resource modelling and estimating the in-situ ore value. The concentrate data, generated by lab-scale batch tests, represents what might be achieved through a process plant. The majority of Hexagon's flotation test work (i.e. before mid-2017) focussed on a high-grade, finer flake sized concentrate as specified for lithium-ion BAM feedstock. There was a high level of energy input into the various grinding components of that flow sheet generating a Fine-Medium flake size dominated concentrate. With the new understanding of McIntosh's natural, larger flake size endowment, and consistent with the Company's objective of targeting a more diverse concentrate product mix, the current metallurgical test work is focused on lower energy, gentle grinding to achieve coarse flake preservation.

Recent drilling generated more sample material for more definitive test work and MinRes is undertaking a similar dual "from the rock" and "from the plant" test work approach, with:

- A new petrological technique being employed to re-estimate the insitu flake endowment;
- Supplemented with MLA (Mineral Liberation Analysis) tests from drill core samples; and
- A series of sighter tests involving one Rougher one Cleaner flotation stage at different P80 grind sizes to assess the optimum grade/recovery and flake size preservation in the



final concentrates. This work is in progress and will form part of the final flow sheet design and project evaluation.

4. DOWNSTREAM GRAPHITE PROCESSING

Hexagon is pursuing a downstream processing strategy due to the high-quality of its McIntosh Project “source” graphite as it considers that there is significant potential to capture extra value.

4.1 Downstream Testwork

A major downstream testwork program is well advanced and due for completion next quarter. The work is designed to demonstrate the suitability of the McIntosh flake graphite for a diverse range of premium end use applications, including:

- a. Expandable graphite precursor for high end Conductivity Enhancement Materials (CEM) and “nuclear” quality foils and seals;
- b. Industrial applications comprising finished products including, CEM additive for UHP electrodes, synthetic diamond precursor, speciality lubricants and ultra-fine materials utilised in a range of applications including mould release and forging lubricant, obscuration materials and other speciality ultra-fine materials; and
- c. Battery materials including various d50 sizes of uncoated purified spherical graphite for battery anode materials (BAM) in rechargeable lithium-ion batteries and several grades of ultra-fine CEM and coating materials in battery applications.

The outcomes of this work are important inputs into the marketing and product pricing strategy and the assumptions that will flow through to the Scoping study. Final reports and results are imminent.

4.2 Scoping Study

GR Engineering is undertaking a scoping study to provide a preliminary commercial assessment of the downstream business case to assist in “mapping out the detailed course” to advance the feasibility study. A pilot scale thermal purification facility is already under construction in the USA by NAMLab¹ (Hexagon’s US-based research partner) and is planned to be available to Hexagon to advance its process optimisation and downstream Feasibility Study. The pilot plant is also being deployed in the production of marketing samples for pre-qualification prior to larger scale commercial qualification of certain products

The study is expected to be completed in April 2019.

4.2 US Initiatives

Hexagon regards the US as a major potential market for its downstream products as well as a possible site for its downstream processing facility.

There is increasing concern in the US on the sourcing of critical minerals as exemplified by the “Presidential Executive Order on a Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals” (20 December 2017). Graphite is listed as a critical mineral and this creates opportunities for US-based downstream processing of either MJV or potentially US sourced graphite concentrates.

The Company is leveraging off existing relationships such as its close technical partnership with US-based NAMLab to create a “graphite presence” in the US as a lead-in for its McIntosh sourced materials. To this end it has recently:

¹ Hexagon has a confidentiality obligation not to disclose the identity of the organisation referred to as NAMLab. It is a well credentialed, ISO accredited test work and speciality graphite processing facility based in the USA.



- ✓ Collaborated with US Critical Minerals LLC (USCM) whose principals are well-connected, experienced graphite development, battery materials and marketing executives to develop new graphite marketing opportunities for MJV sourced material;
- ✓ Taken an 80% equity position in private US Company, Charge Minerals (USCM 15%, others 5%) to evaluate new US graphite projects controlled by Charge which are specifically suited to certain end-markets and treatment techniques and which could be fast-tracked through qualification and into positive cash flow; and
- ✓ Engaged two well qualified, North American-based executives to identify and advance new graphite market opportunities in USA, Asia and Europe.

Hexagon regards marketing as a key success factor, and these initiatives are intended to complement its already strong relationships with intermediate and end-users in Japan, South Korea, Taiwan and China. Hexagon is engaged with several trading and end-user groups, which includes entities across the battery and industrial applications discussing opportunities for both sales agreements as well as technical collaborations to develop facilities and market acceptance for some of the proposed product lines.

A strong marketing team is being formed spanning Asia, USA and Europe as a platform to scale-up its graphite marketing activities as increased volumes of concentrate and downstream product samples become available from the MJV and potentially, more quickly, from US projects to assist in establishing the “Hexagon Graphite” brand.

5. DISCOVERY

The Company’s focus is to commercialise its existing McIntosh Project which is the subject of the joint venture with MinRes as reported in Section 3 above. Charge Minerals is a new investment with an early stage graphite project in the USA.

Hexagon also owns 100% of the Halls Creek project; 750km² of tenements prospective for gold and base metal massive sulphide deposits which it regards as a non-core asset.

5.1 Charge Minerals

Charge Minerals has a 100% interest in the Ceylon Graphite Project comprising 200ha on the southern portion of the Alabama Graphite Belt, Alabama, USA. The Project covers the historical Ceylon Graphite Mine which produced graphite concentrates through several production phases between 1900 and 1949.

Hexagon acquired an 80% interest in Charge from USCM for US\$50,000 and has agreed to fund all exploration and development work by way of shareholder loans up to first production. Charge has secured both long-term Mineral Lease and Surface Use Agreements with the holders of the relevant mineral rights. There are no expenditure commitments and Charge has a Right of First Refusal over any graphite, lithium, cobalt, tantalum, tin or nickel assets owned or acquired by USCM.

The concept behind this investment is to evaluate the commercialisation of the project through testing market acceptance by pilot-scale production of graphite concentrate and semi-finished graphite products from bulk samples to distribute to potential end-users. Hexagon was specifically looking for the type of graphite suitable for specific end-users in the USA and where mineralisation is outcropping and large bulk samples can be readily collected via excavator rather than drilling. This is a means to potentially fast-track the qualification process to expedite the feasibility process and possible commercial development.

Compilation of historical data, geological mapping and surface sampling work is currently underway on the project to delineate mineralised zones ready for bulk sampling program. Further information will be provided as this work advances.

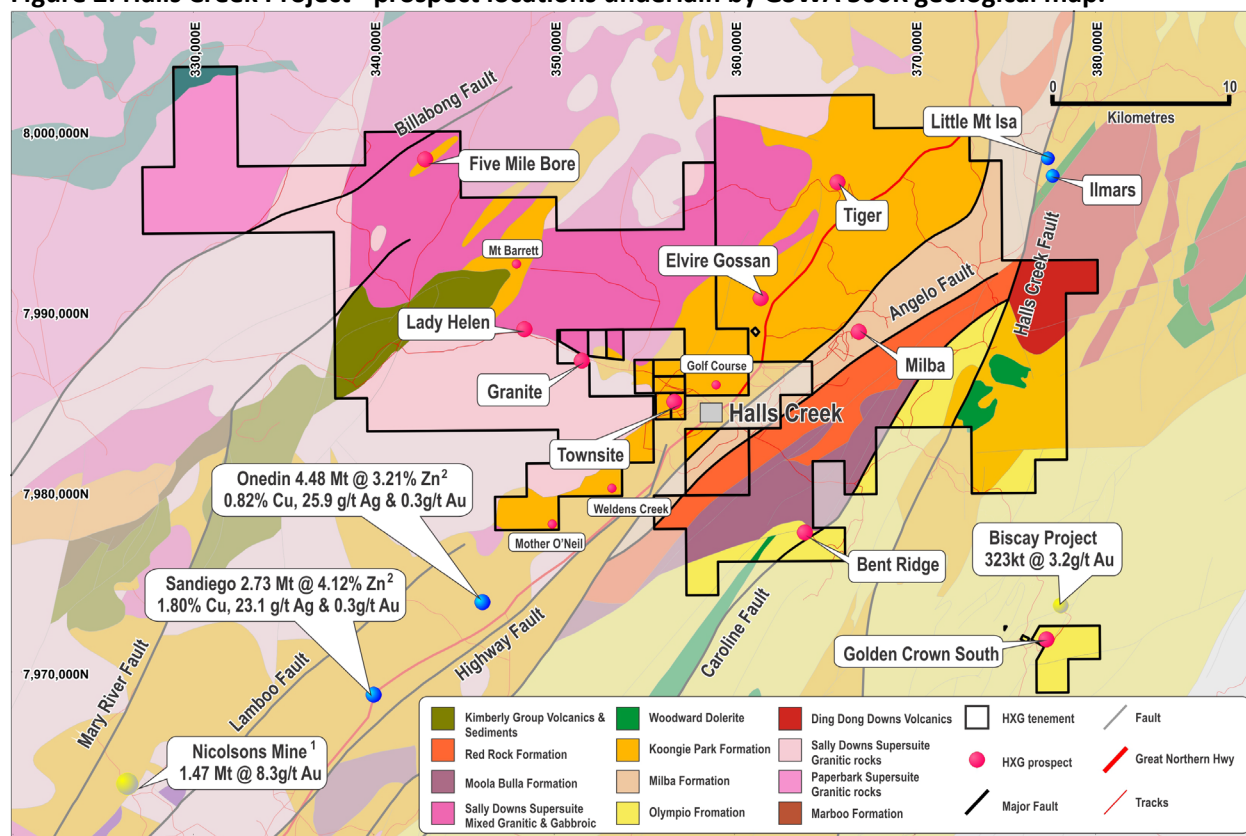


5.2 Halls Creek Project

Hexagon has recently completed significant compilation and target generation work on these tenements. On 1 April, 2019, it was advised by the respective Native Title claimant groups that subject to the usual heritage and monitoring safeguards, it is now permitted to access the ground to undertake low-impact exploration activity.

This has been planned for some time and includes a detailed airborne aeromagnetic program to provide improved and updated geological context to the various targets Hexagon has identified as shown in Figure 2. The Company is seeking to farm-out or divest the project and is in early stage discussions with several interested parties.

Figure 2: Halls Creek Project - prospect locations underlain by GSWA 500K geological map.



Resource numbers ¹ (Pantoro Ltd, 2018), ² (Anglo Australian Resources NL, 2018)

6. SUSTAINABILITY

6.1 Health and Safety

No injuries or major incidents were recorded for the quarter on any Hexagon managed programs.

7. CORPORATE

7.1 Financial Position

The Company finished the March 2019 quarter with \$4.87 million cash at bank, which includes US\$1.13 million.

Cash outflows: - a total of \$0.93 million, comprising mainly - \$0.53 million spent on exploration and development, \$0.33 million on administration and staff costs (which includes the financing, legal and offtake-related expenditures), as well as 0.07 million on a US investment (Charge Minerals).

Cash inflows: - there were no significant cash inflows during the quarter.



A Quarterly cash flow and forecast is summarised in the attached Appendix 5B.

The Company has no debt.

7.2 Capital Structure

During the quarter, the Company issued 1,600,000 incentive Performance Rights which convert into the equivalent number of shares subject to the employee achieving a series of performance hurdles.

Hexagon had on issue 291,783,397 fully paid ordinary shares, 24,397,500 million unlisted options and 4,600,000 employee incentive Performance Rights at the date of this report.

7.3 Investor Relations and Marketing

During the quarter, the Company presented at several industry events related to battery materials in Toronto and in Perth, as well as continued a series of investor briefings particularly focused on the European and US investment markets. These were excellent opportunities to showcase the Company's strategy to investors, analysts, downstream processing and peer companies.

8. COMPETENT PERSONS' ATTRIBUTIONS

8.1 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 and is subject to the individual consents and attributions provided in the original ASX reports referred to in the text of this report. Mr Rosenstreich is an employee of the Company and is a Fellow of The Australasian Institute of Mining and Metallurgy. He 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.

8.2 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 test work. Mr Michael Chan 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.

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Attachment 1: Hexagon Tenement Holdings as at 31 March, 2019

| Project | Type | Number | Ownership Status at end of Quarter | Tenement Status |
|-----------------|--------|----------|------------------------------------|-----------------|
| McIntosh, WA | E | E80/3864 | 49% of MJV* | Granted |
| | E | E80/3928 | 49% of MJV | Granted |
| | E | E80/3906 | 49% of MJV | Granted |
| | E | E80/3907 | 49% of MJV | Granted |
| | E | E80/4688 | 49% of MJV | Granted |
| | E | E80/4734 | 49% of MJV | Granted |
| | E | E80/4739 | 49% of MJV | Granted |
| | E | E80/4732 | 49% of MJV | Granted |
| | E | E80/4825 | 49% of MJV | Granted |
| | E | E80/4842 | 49% of MJV | Granted |
| | E | E80/4841 | 49% of MJV | Granted |
| | P | P80/1821 | 49% of MJV | Granted |
| | E | E80/4733 | 49% of MJV | Granted |
| | E | E80/4879 | 49% of MJV | Granted |
| | E | E80/4931 | 49% of MJV | Granted |
| | E | E80/5151 | 49% of MJV | Application |
| | E | E80/5157 | 49% of MJV | Application |
| | L | L80/0092 | 49% of MJV | Application |
| | M | M80/638 | 49% of MJV | Application |
| | M | M80/639 | 49% of MJV | Application |
| Halls Creek, WA | E | E80/4794 | 100% Hexagon | Granted |
| | E | E80/4793 | 100% Hexagon | Granted |
| | E | E80/4795 | 100% Hexagon | Granted |
| | E | E80/4858 | 100% Hexagon | Granted |
| | P | P80/1816 | 100% Hexagon | Granted |
| | P | P80/1817 | 100% Hexagon | Granted |
| | P | P80/1815 | 100% Hexagon | Granted |
| | P | P80/1818 | 100% Hexagon | Granted |
| | P | P80/1814 | 100% Hexagon | Granted |
| | P | P80/1799 | 100% Hexagon | Granted |
| | P | P80/1801 | 100% Hexagon | Granted |
| | P | P80/1800 | 100% Hexagon | Granted |
| Alabama, USA | MLAs** | | 80% Hexagon | Agreed |

* Interest in the McIntosh Joint Venture

** Mineral Lease Agreements with respective mineral rights holders

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

| | |
|----------------------------------|--|
| HEXAGON RESOURCES LIMITED | |
| ABN | Quarter ended ("current quarter") |
| 27 099 098 192 | 31 March 2019 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (291) | (746) |
| (b) development | (234) | (411) |
| (c) production | - | - |
| (d) staff costs | (84) | (413) |
| (e) administration and corporate costs | (246) | (898) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 3 | 17 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (852) | (2,451) |

| |
|--|
| |
|--|

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | (70) | (70) |
| (d) other non-current assets | - | - |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | 3 |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Net cash from / (used in) investing activities | (70) | (67) |

| | | |
|---|----------|----------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | - |

| | | |
|---|-------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 5,804 | 7,361 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (852) | (2,451) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (70) | (67) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | | |
| 4.5 | Effect of movement in exchange rates on cash held | (12) | 27 |
| 4.6 | Cash and cash equivalents at end of period | 4,870 | 4,870 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 1,516 | 5,757 |
| 5.2 | Call deposits | 3,354 | 47 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 4,870 | 5,804 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|----------------------------|
| 129 |
| - |

6.1: Includes payments to Managing Director.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| Current quarter \$A'000 |
|----------------------------|
| - |
| - |

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. | Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|--|---|--|
| | | | |
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |


| |
|--|
| |
|--|

| 9. | Estimated cash outflows for next quarter | \$A'000 |
|-----|---|----------------|
| 9.1 | Exploration and evaluation | 424 |
| 9.2 | Development | 743 |
| 9.3 | Production | |
| 9.4 | Staff costs | 131 |
| 9.5 | Administration and corporate costs | 232 |
| 9.6 | Other (provide details if material) | |
| 9.7 | Total estimated cash outflows | 1,530 |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|--|--|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | - | - | - | - |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | Ceylon Graphite Project – Alabama, USA | Indirect through US registered Charge Minerals LLC with Mineral Lease Agreements | nil | 80% (200ha) |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 16 April 2019

Print name: Michael Rosenstreich

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.