

Corporate Presentation
26 November 2019

Next-Generation Energy Materials Start Here



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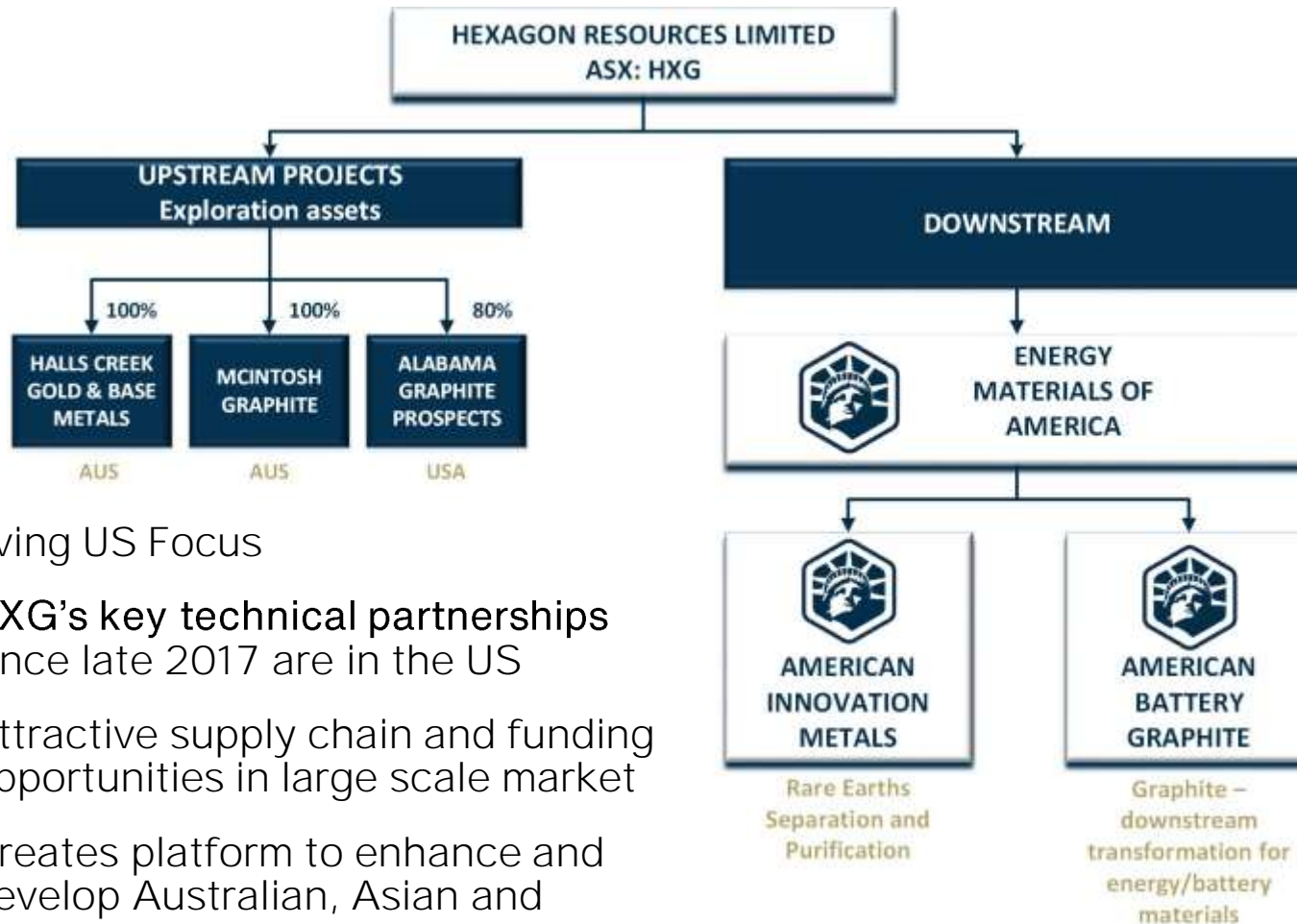
HXG's Business Strategy

Hexagon is building a highly profitable energy-materials business employing a fast-track to cash flow strategy, initially focused on graphite and rare-earth elements

- Supply-chain positioning – **identifying the ‘pinch-points’ and supply concentration risks**
- Short-term cash generation is a core focus
- Targeting, deep, high-growth, high-margin market sectors; EVs, renewable energy generation and storage
- **North America; the right place, at the right time for ‘energy materials’**

Building a business around ‘energy-materials’ - essential components of a renewable, mobile, high-**tech, electrified.....better world**

Hexagon Overview



Evolving US Focus

- HXG's key technical partnerships since late 2017 are in the US
- Attractive supply chain and funding opportunities in large scale market
- Creates platform to enhance and develop Australian, Asian and European interests

ASX Code	HXG
Shares on Issue	291.8M
Options & Performance Rights	25.7M
Share Price (25 Nov 2019)	A\$0.07
Market Capitalisation	A\$21M
Debt	nil
Cash (30 Sept 2019)	A\$3.1M

Strong Share Register

25% Institutional holders (with Tribeca Natural Resources Fund holding 12%),
Management 9%

Planned US listing

Planned listing on the OTC Markets'
OTCQB® Venture Market

Common Downstream Demand Drivers



Defence & Aerospace



Renewable Energy



Electronics



Fluid-Cracking Catalysts



Electric Transportation

Rare Earth Elements (REE) & Graphite - Clear overlap

- REEs are critical, non-substitutable inputs required in countless high-tech, green-energy, transportation and defence applications
- REE permanent magnets are the most significant and lucrative demand driver for the REE



Electric Transportation



Stationary Storage



Primary Batteries



Industrial & Energy



Defence & Aerospace

- Natural graphite based materials are essential inputs for the high-growth energy storage sector

Supply Chain Issues

China controls:

- 85% of global REE production
- 100% of global graphite battery anode production

This is a non-sustainable, concentrated market structure threatening critical supply chains

*A rare-earth processing plant pollutes the air and produces hazardous waste in Baotou, Inner Mongolia, China
Illegal and undocumented REE mining and production in China is a serious, ongoing issue*

Opportunities for HXG *Rare Earths*



Praseodymium (Pr) metal

Rare-Earth Elements

- REEs comprise a relatively abundant group of 17 elements, including the 15 lanthanide elements on the periodic table, plus two other related elements, scandium and yttrium
- The unique magnetic, electric, optical, and chemical properties of REEs have made them an integral part of modern life
- REEs are divided into light REEs (LREEs) and heavy REEs (HREEs), with HREEs being more valuable, but LREEs being used in greater quantities
- Nd, Pr, Tb and Dy are the key ingredients of permanent rare-earth magnets – vital for electric motors and generators

LREEs	<div>21 Sc Scandium 44.955908</div>	<div>57 La Lanthanum 138.90547</div>	<div>58 Ce Cerium 140.116</div>	<div>59 Pr Praseodymium 140.90766</div>	<div>60 Nd Neodymium 144.242</div>	<div>62 Sm Samarium 150.36</div>	<div>63 Eu Europium 151.964</div>	<div>64 Gd Gadolinium 157.25</div>
HREEs	<div>39 Y Yttrium 88.90584</div>	<div>65 Tb Terbium 158.92535</div>	<div>66 Dy Dysprosium 162.500</div>	<div>67 Ho Holmium 164.93033</div>	<div>68 Er Erbium 167.259</div>	<div>69 Tm Thulium 168.93422</div>	<div>70 Yb Ytterbium 173.045</div>	<div>71 Lu Lutetium 174.9668</div>

REO Indicative Pricing*
Nd₂O₃ \$42/kg
Pr₆O₁₁ \$51/kg
Tb₄O₇ \$492/kg
Dy₂O₃ \$221/kg

* Indicative prices in US\$, source: BAI INFO November 2019

REE Downstream Constraints

UPSTREAM

REE Mining/
Concentration

There is no shortage of REE upstream projects outside of China, with ~800 known deposits world-wide

DOWNSTREAM

REE
Separation

REE separation is the supply-chain constraint.

China which controls 85% of REO supply – creating a supply-chain vulnerability

REE Metal &
Alloy Making

REE
Magnets &
Components

REE
separation
capacity is
needed to
support and
grow the REE
downstream

Huge opportunity for HXG

- Current REO production - ~160k tpa
- Growth forecasts of 2-3x increase by 2025
- Investing in critical supply chain 'pinch-point', REE separation
- HXG revenue targets linked to CapEx and OpEx savings of an enhanced REE separation process offered to customers

REE Constraint is in the Downstream

REE separation to produce REOs – is the key technical challenge

- Solvent extraction (SX) is the dominant, industry-standard commercial processing method for 95% of REE separation
- China dominates downstream REE separation, producing ~85% of global REO output
- Highly capital-intensive due to technical challenges of REE separation and the hundreds of mixer-settler stages required for conventional SX



A complex industrial pilot plant for REE separation. It features multiple vertical blue cylindrical columns connected by a network of yellow and blue hoses. Various valves, gauges, and control units are visible throughout the system.

The solution: RapidSX™ REE technology, now ready for commercialisation

The RapidSX™ REE separation Pilot Plant in Mississauga, Ontario, Canada

Photo: G&W, 2019

RapidSX™ Rare-Earth Separation

RapidSX™

Innovation Metals Corp (IMC)

- Private Canadian company, founded to develop cost-effective separation processes for critical minerals (*REEs, Lithium, Cobalt, Nickel*)
- World-renowned technical research and development expertise; partners and clients include public/private companies and government agencies



RapidSX™ - proven technology

- IMC successfully developed and piloted the RapidSX™ approach — a *proven, enhanced* SX technology offering major REE separation efficiencies, with significantly *reduced CAPEX & OPEX*
- The RapidSX™ technology was piloted with *US\$1.8M funding* from the *US DoD*, via the *US Army Research Laboratory*
- Successful piloting of RapidSX™ REE separation for demonstrated *highly efficient* and *cost-effective* production of REOs
- RapidSX™ Pilot Plant demonstrated a production capacity of *1 – 2 tonnes of REOs per month* (*depending on the REE feed*)

RapidSX™ vs Conventional SX

RapidSX™		Conventional Solvent Extraction
Performance & Efficiency		
Commercial Purity	Yes	Yes
REE Recovery Rates	High	High
Processing Time	Rapid	Slow
Time to Equilibrium	Days	Several Weeks
CAPEX		
Equipment Cost	Low	High
Separation Staging	90% Reduction	Very High
OPEX		
Metal Inventory/WIP	Low	High
Organic Volumes	Low	High
Labour	Low	High
Power Consumption	Low	High

Increased Separation Kinetics

Faster metals separation

Low CAPEX

Considerably reduced footprint

Low OPEX

Significantly reduced separation times

*<\$2/kg for LREOs and <\$12/kg for HREOs**

Agnostic on feedstock type

Robust process capable of taking LREE-rich, HREE-rich and even blends of mixed REE feedstocks

Commercially Available

All construction materials, equipment and chemistry are readily available with no 'black-box' technology

Scalable & Modular

Process lines are modular and scalable

** From Pilot Testwork*



American Innovation Metals (AIM)

HEXAGON

100%



49%



51%



AIM will be a jointly owned entity to commercialise the RapidSX™ downstream REE separation technology

Hexagon has a binding Investment Agreement to acquire 49% of the RapidSX™ technology for REE separation through AIM

- Investment is US\$6.0M, comprising:
 - ✓ US\$2.0M to build out a Commercial Demonstration Plant (CDP) within 12 months
 - ✓ US\$4.0M deferred payments, payable through Hexagon's share of future AIM cash flows.
- Hexagon will contribute commercial and marketing skills, identify/secure feedstocks, generate RapidSX™ licencing opportunities, and sales/offtakes for REOs produced
- Transaction received overwhelming Hexagon shareholder support at AGM (22 Nov. 2019)

AIM – Critical Supply Chain Position

REE Mining/
Concentration

↑ UPSTREAM

- REE Ores
- REE Mineral Concentrates
- Mixed REE Chemical Concentrates



REE
Separation

↓ DOWNSTREAM

- Separated REE Oxides (REOs)
- Separated REE Chemical Compounds



REE Metal &
Alloy Making

↓ DOWNSTREAM

- REE Metals
- REE Alloys



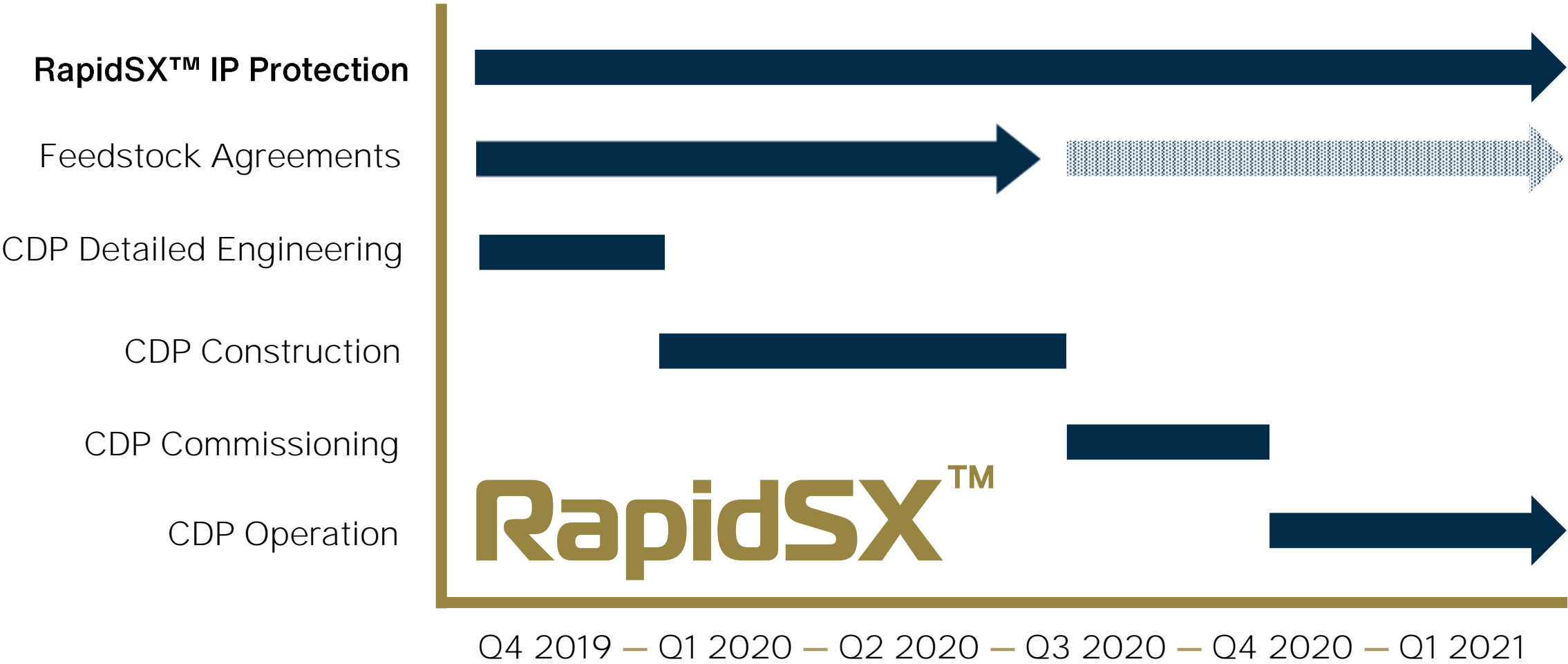
REE
Magnets &
Components

↓ DOWNSTREAM

- REE Permanent Magnets
- REE Components/Applications



RapidSX™ CDP Timeline



RapidSX™

AIM – Business Plan

RapidSX™ commercial opportunity:

- CapEx Savings – 70 to 90%
- OpEx advantages – in lowest quartile of separation costs across a range of feedstock types
 - ✓ LREE separation <\$2/kg*
 - ✓ HREE separation <\$12/kg*
- Enhanced REE recovery and REO purity

RapidSX™ commercialisation steps:

- CDP
 - ✓ planned capacity of 6,000–8,500 kg/mo REO (70–90 tpa)
 - ✓ Will provide clients operating data and samples for customer testing, at clients cost
- Conservative assumption of generating fees from executing RapidSX™ Technology Licencing Agreements
- Opportunity for AIM to build and operate its own plant to produce REOs for clients or sale



RapidSX™

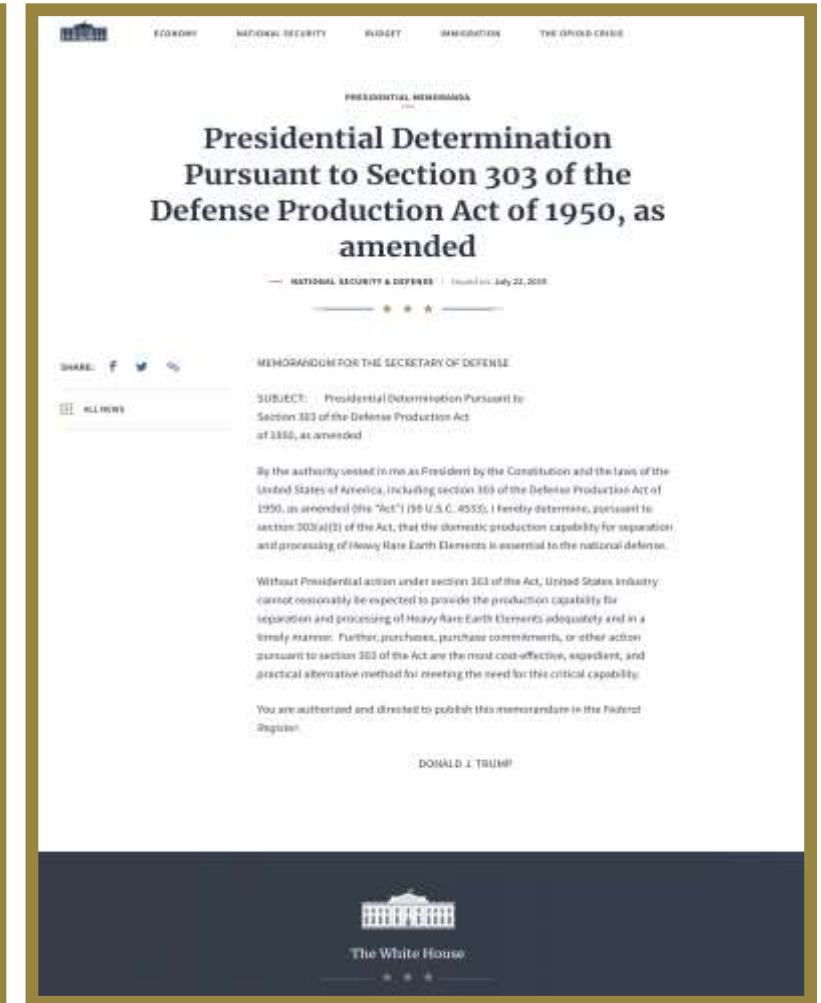
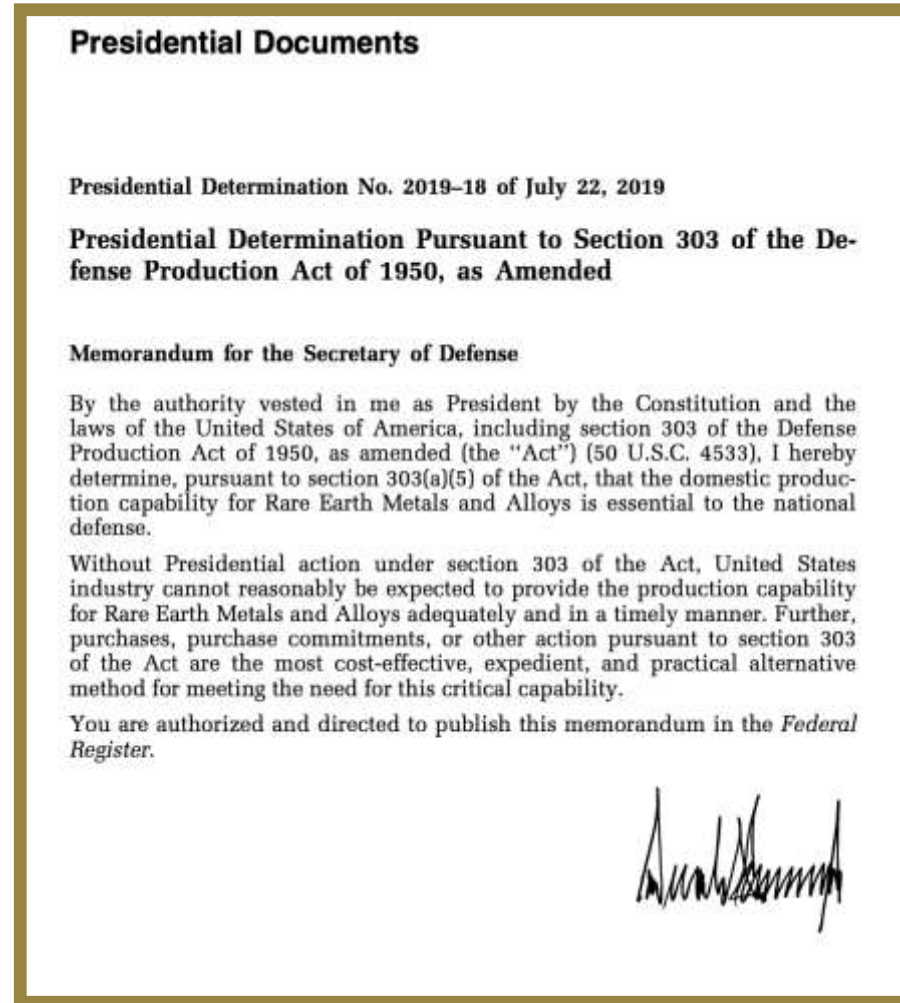
Revenue to AIM – through sharing the CapEx and OpEx savings with clients

US Defense Production Act, Title III

The five Presidential Determinations proclaimed **domestic REE processing capabilities** are essential to national defence and addressed:

- HREE Separation *
- LREE Separation *
- REE Metals & Alloys
- NdFeB Magnets
- SmCo Magnets

* *The RapidSX™ technology is a proven, low-cost solution to both HREE & LREE separation*



Opportunities for HXG *Graphite*

SEM cross-section image of HXG's Performance+ natural-graphite performance-enhancement additive shown in an extruded synthetic graphite electrode (comprised of 2.5% Performance+ and 97.5% synthetic graphite)

Image: HXG, 2019

The background of the slide is a grayscale scanning electron micrograph (SEM) showing a dense, intricate network of elongated, needle-like or fibrous structures. These structures are interconnected, creating a complex, porous-looking mesh. The lighting highlights the three-dimensional nature of the fibers, with some appearing sharp and others more blurred due to depth of field.

HXG's Downstream Graphite Transformation Technical Accomplishments

HXG's value is in its demonstrated ability to transform graphite into specialty downstream products

SEM cross-section image of one of HXG's extruded synthetic graphite electrodes produced for testing the Company's natural-graphite antioxidant conductivity-enhancement additive

Image: HXG, 2019

Battery-Grade Purification

Produced **$\geq 99.99\%$ C purified natural**-flake graphite concentrate via thermal purification

- *Purified natural-flake graphite concentrate to **$\geq 99.99\%$ C***

All specialty battery-graphite applications (anode and cathode) require a finished graphite product with a net purity of **$\geq 99.95\%$ C**

Applications: serves as the precursor for all high-value downstream graphite products

SEM image of HXG's 99.9999% C purified natural-flake graphite concentrate

Image: HXG, 2019

Li-ion Coated Anode Graphite

Manufactured Li-ion battery anode graphite materials

- *Purified natural-flake graphite concentrate to $\geq 99.99\%$ C*
- *Milled (sized)*
- *Spheroidised (shaped; high yield)*
- *Surface-treated (coated)*
- *Produced D_{50} sizes ranging from 7 to 25 microns*
- *Tested performance in Li-ion cells*

Application: Li-ion batteries

SEM image of HXG's coated anode graphite for Li-ion batteries

Image: HXG, 2019

Conductivity-Enhancement Graphite

Manufactured battery cathode conductivity-enhancement graphite (CEG) materials

- *Purified natural-flake graphite concentrate to $\geq 99.99\%$ C*
- *Milled (sized)*
- *Produced expandable graphite (graphite intercalation)*
- *Produced expanded graphite (thermal shock)*
- *Milled expanded graphite into high-performance CEG*
- *Tested performance of both standard and premium CEG products*

Applications: all major commercial battery-cathodes chemistries
(Li-ion, primary lithium, alkaline, and lead-acid batteries)

SEM image of HXG's cathode conductivity-enhancement graphite

Image: HXG, 2019

Antioxidant Conductivity Enhancement Additive

Manufactured natural-flake graphite antioxidant conductivity-enhancement additive – **'Performance+' for synthetic graphite electrodes**

- *High-performance purified natural-flake graphite antioxidant additive to increase electrical and thermal performance, while extending life in synthetic graphite electrodes*
- *Tested performance in graphite electrodes*

Application: graphite electrodes for electric-arc furnace (EAF) steel making

SEM cross-section image of HXG's Performance+ natural-graphite performance-enhancement additive shown in an extruded synthetic graphite electrode (comprised of 2.5% Performance+ and 97.5% synthetic graphite)

The fine, ultra-thin sheets are synthetic graphite particles. The significantly larger flake (centre) is HXG's Performance+ natural-flake graphite additive

Image: HXG, 2019

Downstream Scoping Study outcomes

Study findings underscore potential high margins and identify the challenges



Financial Highlights		
	Geraldton (Australia)	Chelan County (USA)
Pre-tax NPV (10% discount)	A\$0.88 to A\$1.20 Billion	A\$0.92 to A\$1.24 Billion
Post-tax NPV (10% discount)	A\$594 to A\$804 Million	A\$708 to A\$958 Million
Pre-tax Internal Rate of Return	40% to 61%	40% to 58%
Post-tax Internal Rate Return	32% to 48%	35% to 49%
Operating Margin (EBITDA)	51%	54%
Payback period from FID (post-tax)	4 years	4 years
Payback period from full commercial production (post-tax)	2 years	2 years
Operating Cost Product (life of project)	A\$2,618 / Tonne	A\$2,248 / Tonne
Feedstock Price	A\$2,089 / Tonne	
Weighted Ave Basket Price of Products	A\$8,487 / Tonne	
Start-Up Capital Phase 1	A\$23 Million	A\$27 Million
Start-Up Capital Phase 2	A\$118 Million	A\$135 Million
Start-Up Capital Phase 3 (fully funded from operations)	A\$139 Million	A\$153 Million

*refer ASX Report "Positive Scoping Study for Advanced Graphite Processing" 17 May 2019

- A standalone business sourcing feedstock from third parties or possibly from McIntosh / Ceylon
- Positives - Impressive investment criteria - for preferred USA location:
 - ✓ High margins – 54%
 - ✓ Post tax NPV₁₀ – A\$708 to A\$958 million
 - ✓ Post tax IRR – 35 to 49%
 - ✓ Financial Model uses conservative price assumptions
- Challenges – start-up capital requirements
- Solution – updated downstream strategy; *as follows*

HXG Updated Downstream Strategy

HXG's competitive advantages



*Workers assembling a Tesla Model 3 battery pack at the Tesla Gigafactory 1 in Nevada – the largest Li-ion battery-cell factory in the world
Photo: Las Vegas Review Journal, 2019*

HXG Updated Downstream Strategy

HXG's 'Go-to-Market' US downstream

business strategy is based on extensive input and guidance from battery-industry leaders

- Driven by major end users
- Not reliant on upstream development activities
- Underpinned by positive downstream scoping study (May 2019)
- HXG has gained an intimate knowledge of major potential **customers' immediate and future needs** (*this knowledge and insight is the foundation of the Company's downstream business strategy*)
- With this deep understanding, HXG can better serve the wants and needs of potential customers and, in turn, build long-term trusted business relationships



Li-ion battery anode manufacturing at CATL in China. Led by its American CTO Robert Galyen, CATL has become the world's second largest Li-ion battery manufacturer in less than 10 years
Photo: CATL, 2018

Battery Customer Requirements

Source
Optionality

Customers require products derived from several different upstream commercial graphite-concentrate producers

Product
Optionality

Customers require a suite of natural, synthetic and blended specialty graphite products

Familiarity
& Safety

Customers require specialty graphite products manufactured by current industry-accepted technologies

Testing Data

Customers require extensive materials and commercial performance testing, utilising standard industry formulations

Performance,
Consistency
& Scalability

Customers require consistent, high-performance, Made-in-USA products with capacity to scale production

Responding to Current Market Needs

Ready to address customers today - 2 year time line

HXG's unique, go-to-market strategy is based on commercially available feedstocks, transformed utilising only proven commercial technologies already approved and understood by end users to sell into markets as quickly as possible

Ready to address customers tomorrow – 5 year time line

HXG's downstream is underpinned by ongoing commercial development with leading next-generation technologies such as low-temperature chemical and electrothermal fluidised-bed furnace purification testwork (*i.e. partnering on alternative purification technologies with industry leaders*) to maintain and/or increase market share if/when new transformation technologies are adopted by end users

Made-in-USA

Products provide customers a potential competitive advantage
(*US content must be disclosed by automobile manufacturers per the US Federal Trade Commission's American Automobile Labeling Act*)



Made-in-USA
Premium Energy Materials



DOWNSTREAM RARE-EARTH ELEMENTS

- Proven RapidSX™ REE separation & purification technology
- “Best-in-class” cost and performance efficiencies
- Successfully piloted; produced commercial-grade REOs with 99.5-99.97% purities
- US\$1.8M initial development funded by US Department of Defense’s Army Research Laboratory

RapidSX™

DOWNSTREAM GRAPHITE

Battery Graphite

- Comprehensive, go-to-market ‘Made-in-USA’ battery-graphite materials business, driven by leading ends users (*natural-flake, synthetic and blended battery-graphite products*)
- Suite of Tier-1 performance anode & cathode battery materials
- Utilising commercially available feedstocks, transformed via proven commercial technologies already approved/understood by end users
- Not reliant on upstream development activities

Energy & Industrial Graphite

- Diverse suite of specialised products

HXG Near-term milestones

RARE EARTHS

1. Exercise Option to acquire 49% of AIM
2. Secure agreements for REE concentrate feedstocks and licencing agreements (in progress)
3. Meet US Govt requests for funding proposals – to gain potential funding support for US facility
4. Commence construction of the CDP - *first commercialisation step of RapidSX*
5. CDP – demonstrate self-funding aspects; through clients meeting operating costs and subject to testwork, start of licence fees receipts

GRAPHITE

1. Assess opportunities to fast-track graphite business in North America e.g. strategic partner
2. Engage short-listed technical partners for characterisation, anode coating and cell testing – ongoing test outcomes (valuable IP)
3. Site selection and offtake agreements for the Go-to-Market plan

CORPORATE

1. Research Report from Independent Investment Research - early December
2. Increase US/European investor base; OTCQB listing/ Newswire service and local IR support

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Next-Generation Energy Materials Start Here

Neodymium (Nd) metal

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