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High Purity Flake Graphite for New Technologies

**ASX ANNOUNCEMENT** **8 February 2017**

# OUTSTANDING DRILLING INTERCEPTS TO UNDERPIN MCINTOSH RESOURCE UPGRADE

**All batches of reverse circulation and diamond core assay results have now been received for the 2016 resource drilling at McIntosh, significant results include:**

## *EMPEROR*

***T6GRC210*: 34 metres @ 4.7% TGC from 19m (including 9 metres @ 5.6% TGC from 20m & 14 metres @ 6.0% TGC from 39m)**
***T6GDD196*: 103 metres @ 3.6% TGC from 56m (including 56 metres @ 4.0% TGC from 75m, 8 metres @ 6.0% TGC from 123m & 19 metres @ 4.1% TGC from 139m)**
***T6GRD201*: 91 metres @ 3.3% TGC from 93m (including 23 metres @ 4.4% TGC from 101m & 8 metres @ 6.2% TGC from 102m)**
***T6GRC203*: 77 metres @ 5.0% TGC from 104m (including 71 metres @ 5.2% TGC from 104m)**
***T6GRC207*: 66 metres @ 4.6% TGC from 93m (including 25 metres @ 5.3% TGC from 69m & 32 metres @ 4.9% TGC from 101m)**
***T6GRD199*: 68 metres @ 4.4% TGC from 111m (including 8 metres @ 6.3% TGC from 117m & 14 metres)**
***T6GRD205*: 60 metres @ 4.6% TGC from 122m (including 19 metres @ 5.2% TGC from 143m)**
***T6GRC204*: 25 metres @ 4.0% TGC from 93m (including 14 metres @ 4.3% TGC from 101m)**

## *WAHOO*

***T4GRC224*: 20 metres @ 4.3% TGC from 13m, 5 metres @ 6.0% TGC from 16m, 17 metres @ 4.7% TGC (including 5 metres @ 6.0 TGC from 52m) and 15 metres @ 4.3% TGC from 62m (including 5 metres @ 5.3% TGC from 72m)**
***T4GRC233*: 16 metres @ 4.0% TGC from 18m, 7 metres @ 5.7% TGC from 25m, 7 metres @ 4.3% TGC from 41m, 8 metres @ 6.0% TGC from 65m (including 4 metres @ 7.3% TGC from 67m), 21 metres @ 3.5% TGC from 82m (including 4 metres @ 6.2% TGC from 99m) and 4 metres @ 4.3% TGC from 119m**
***T4GRC232*: 8 metres @ 5.0% TGC from 13m and 4 metres @ 6.0% TGC from 13m**

***T4GRC231*: 11 metres @ 4.0% TGC from 11m (including 7 metres @ 5.1% TGC from 14m), 20 metres @ 4.0% TGC from 32m (including 4 metres @ 5.0% TGC from 37m and 4 metres @ 5.2% TGC from 47m)**
***T4GRC238*: 16 metres @ 4.0% TGC from 62m (including 7 metres @ 5.7% TGC from 62m)**
***T4GRC225*: 12 metres @ 3.6% TGC from 8m (including 5 metres @ 5.0% TGC from 8m) and 4 metres @ 4.8% TGC from 39m, 3 metres @ 6.8% TGC from 42m and 4 metres @ 4.3% TGC from 59m**
***T4GRC215*: 14 metres @ 3.7% TGC from 40m and 4 metres @ 6.1% TGC from 40m**
***T4GRC216*: 8 metres @ 4.1% TGC from 39m and 4 metres @ 4.8% TGC from 39m**
***T4GRC219*: 8 metres @ 4.0% TGC from 25m**
***T4GRC220*: 6 metres @ 5.0% TGC from 23m and 4 metres @ 4.9% TGC from 38m**
***T4GRC240*: 7 metres @ 4.1% TGC from 76m (including 3 metres @ 4.7% TGC from 76m and 3 metres @ 4.4% TGC from 82m)**

***(see all 2016 drilling intercepts from McIntosh in Table 2)***

- **Updated JORC compliant resource estimates for Emperor and Wahoo due next week**
- **All deposits have a consistent quality of highly crystalline flake graphite at surface, with McIntosh to have numerous open pits operating simultaneously**
- **Interpretation of the XCite Electromagnetic survey expected to more than double the Exploration Target Estimate (ETE) for the McIntosh project**

## QUALITY OF THE MCINTOSH CONCENTRATE PROVEN BY THE FOLLOWING BULK SCALE METALLURGICAL RESULTS:

- ✓ ***Concentrate purity of +99%TC from flotation only***
- ✓ ***Reversible capacity of +370mAh/g across the entire flake size distribution***
- ✓ ***+90% Yield of Graphene, and via a 'Green Method' using Amino Acids***

## SUMMARY

Hexagon Resources Limited ("Hexagon") is pleased to announce the assay results from the 2016 drilling program at the Emperor and Wahoo prospects at its 100% owned McIntosh Flake Graphite Project in the East Kimberley, Western Australia. These thick flake graphite intercepts will add significant tonnage to the project, with work nearing completion on the updated JORC 2012 compliant resources.

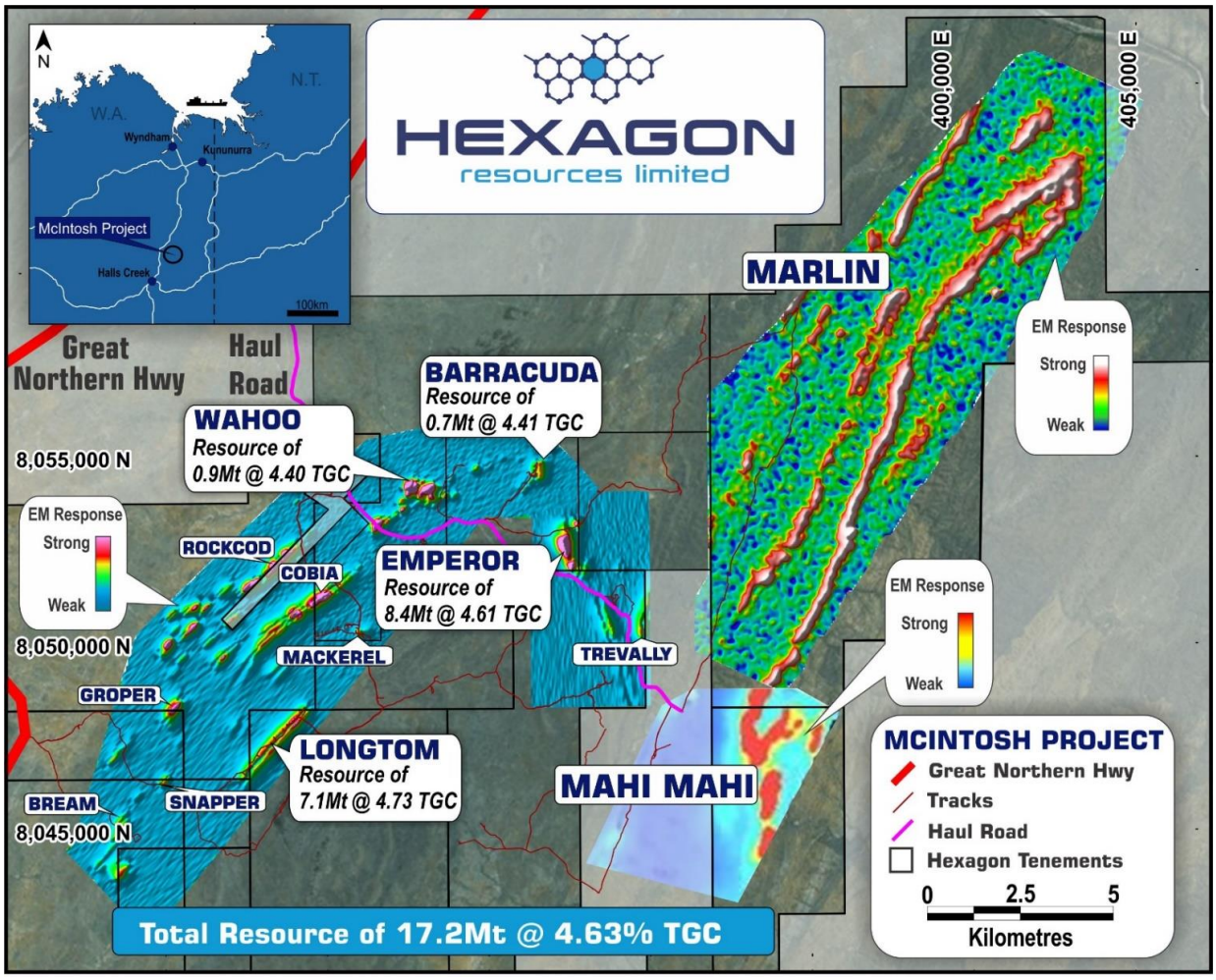


**Figure 1: McIntosh Flake Graphite Project, East Kimberley, Western Australia**

***"The 2016 resource definition drilling results have confirmed thick intersections of flake graphite at McIntosh. These results will feed into a reserve base to support an initial 10 year mine life and together with the 2016 XCite electromagnetic survey results, expected to more than double the Exploration Target Estimate for the project, confirm McIntosh as a globally significant flake graphite project"*** commented Hexagon's CEO / Head of Operations, Tony Cormack.

Updated JORC compliant resources for Emperor and Wahoo will form the majority of resource / reserve base for the PFS calculations. These broad intercepts highlight the huge size potential of the McIntosh project, and along with the recent bulk scale metallurgical results, demonstrate the quality and purity of the flake graphite.

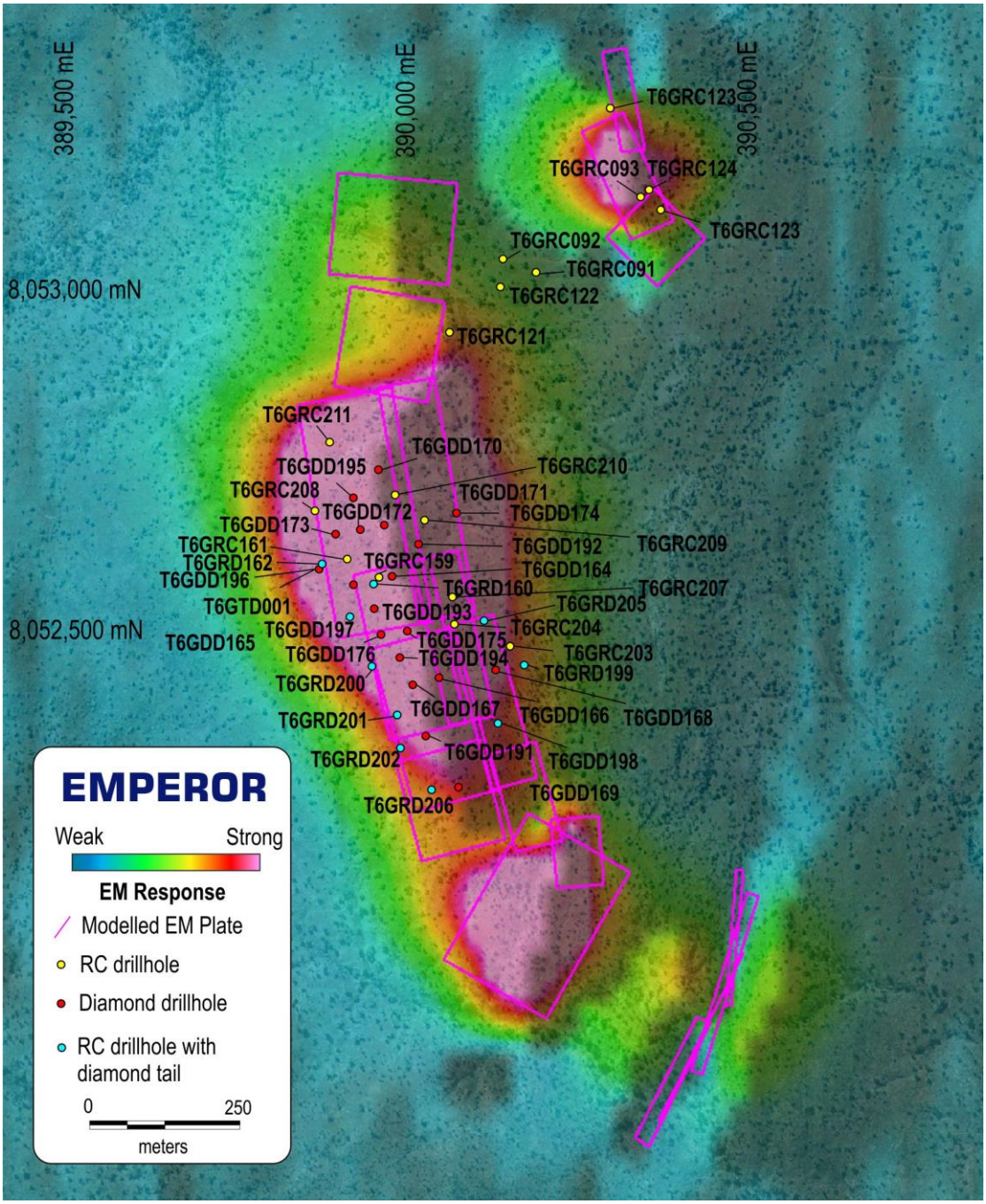


**Figure 2: Plan view of diamond drill hole collars at the Emperor prospect**

A total of 28 diamond and 25 RC drill holes have been completed at Emperor for a total of 7,497m (see Figure 2). Substantial widths of flake graphite mineralisation associated with a regional scale fold hinge (anticline – convex up) were confirmed (see Figure 3). Mineralisation still remains open in every direction as well as down dip.

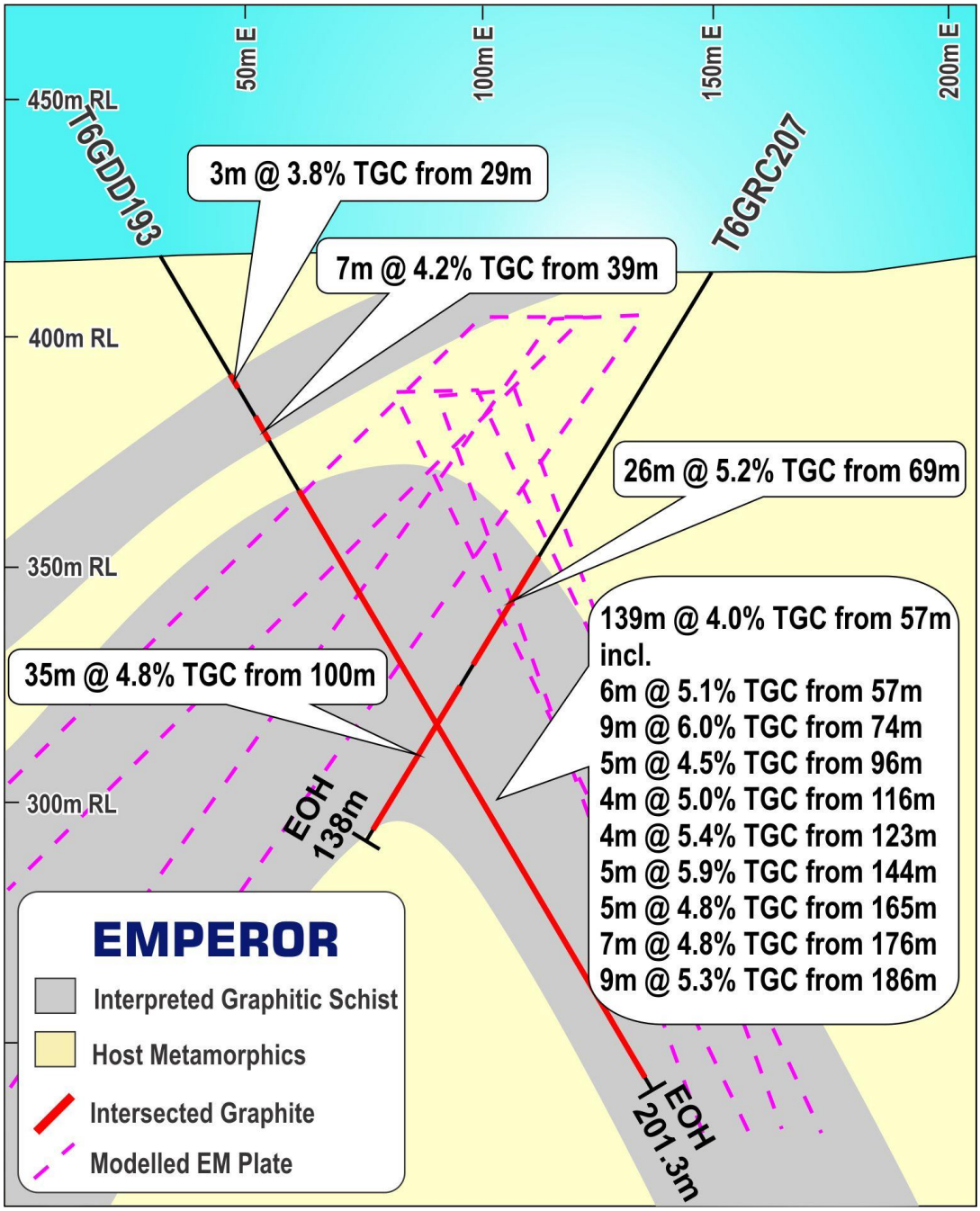


**Figure 3: Cross-section of drill holes T6GDD193 and T6GRC207 at the Emperor deposit**

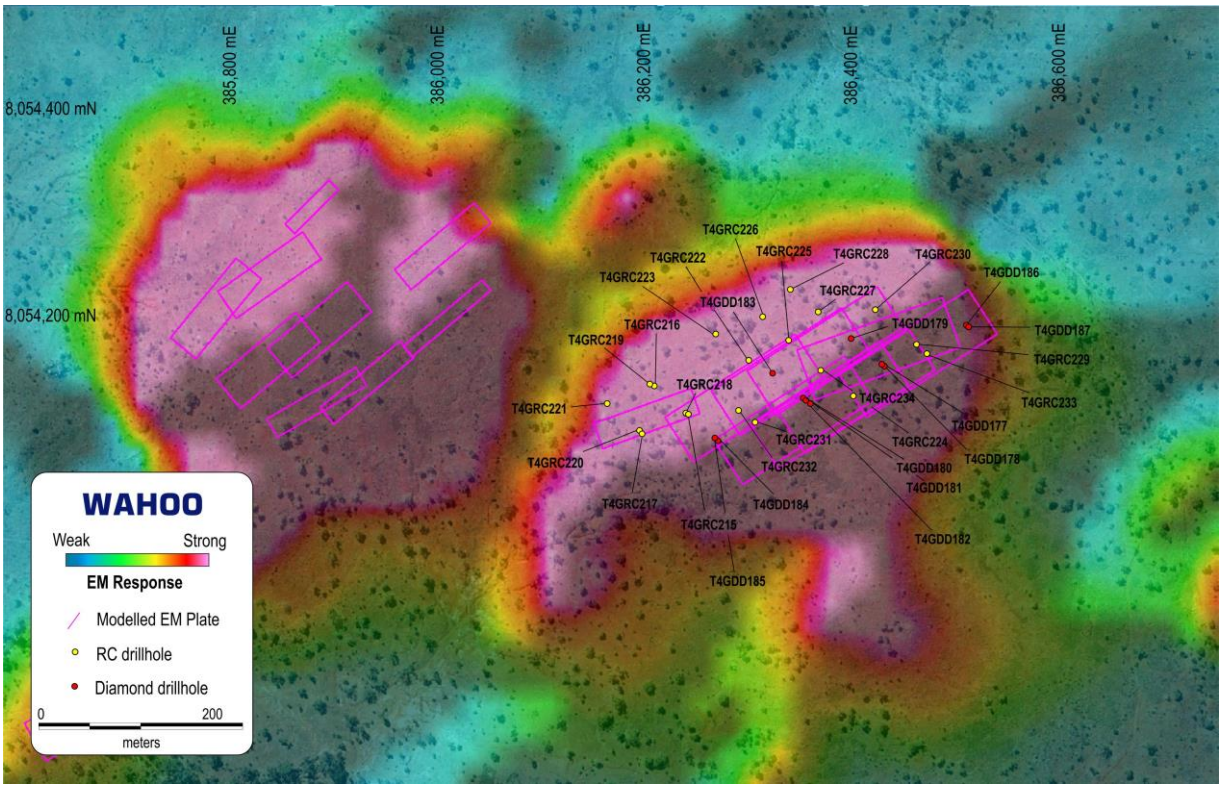


**Figure 4: Plan view of the Wahoo diamond collar locations**

A total of 11 diamond and 26 RC drill holes have been completed at Wahoo for a total of 3,281m (see Figure 4 and 5). Mineralisation at Wahoo is associated with a regional scale fold hinge (syncline – convex down) with flake graphite mineralisation remaining open in every direction along with a significant number of VTEM anomalies still to be drill tested at the Wahoo deposit.

The Wahoo prospect has graphite at surface making it well suited to an open pit operation with metallurgical test work demonstrating the high quality and purity of the flake graphite at the Wahoo deposit.

***"Having multiple open pit operations in such close proximity to the planned process plant location as well as being located right alongside an existing haul road making Wahoo a very strategic deposit. The flexibility of having multiple open pit operations in close proximity to each other, cannot be underestimated. We expect to report on the upgraded Emperor and Wahoo Mineral resources later this week"*** commented Hexagon's CEO / Head of Operations, Tony Cormack.

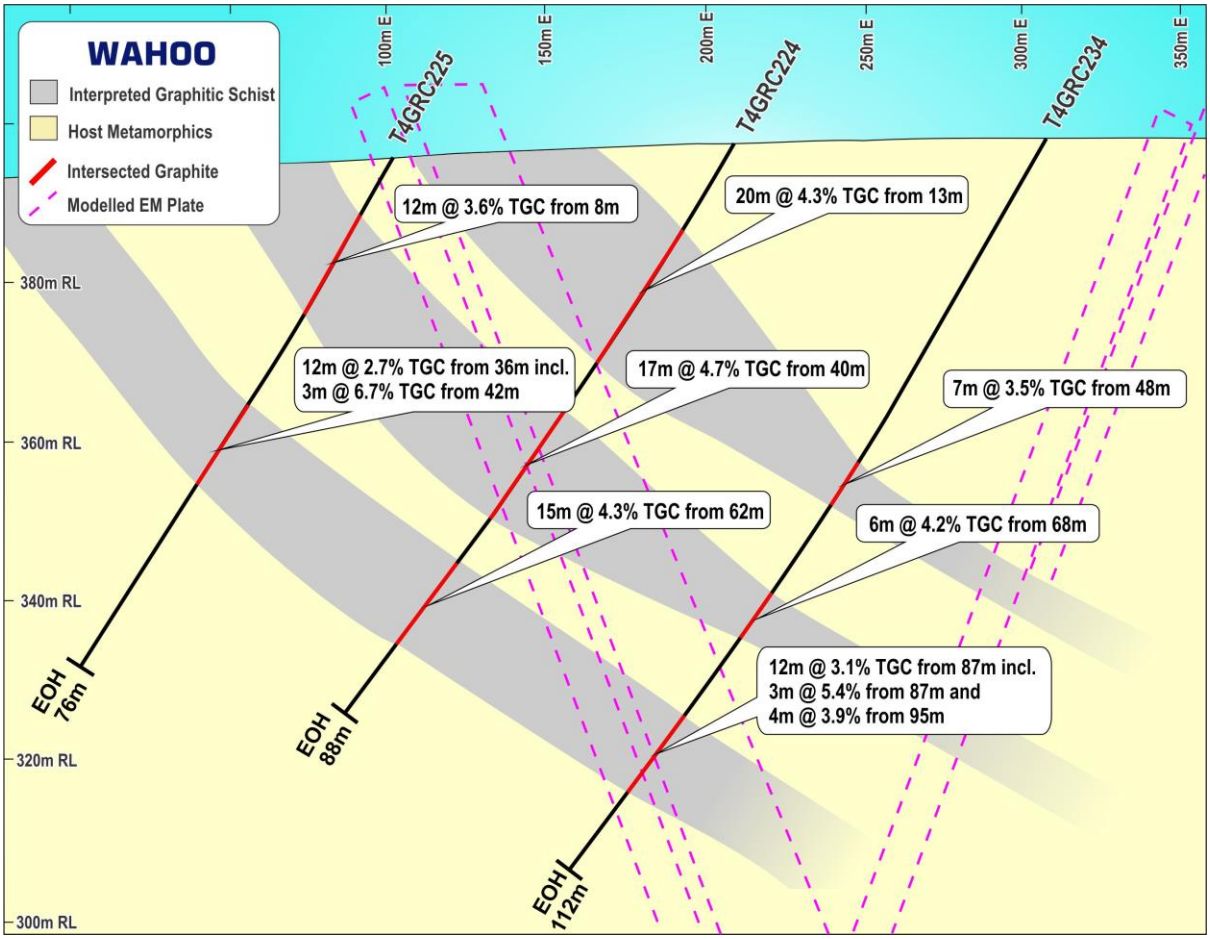


**Figure 5: Cross-section of diamond drill holes T4GDD177, T4GDD178 & T4GDD179**

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**Table 1: 2016 drill holes at McIntosh Project**

| Hole ID | Easting | Northing | R.L. (m) | Dip (°) | Azimuth (°) | Depth EOH (m) |
|---|---|---|---|---|---|---|
| T6GDD196 | 389860 | 8052611 | 404 | -60 | 77 | 167.8 |
| T6GDD197 | 389904 | 8052537 | 407 | -60 | 77 | 201.3 |
| T6GRD198 | 390119 | 8052377 | 414 | -75 | 257 | 198.6 |
| T6GRD199 | 390158 | 8052464 | 414 | -60 | 257 | 192.6 |
| T6GRD200 | 389934 | 8052464 | 407 | -60 | 77 | 192.6 |
| T6GRD201 | 389971 | 8052389 | 403 | -60 | 77 | 189.6 |
| T6GRD202 | 389979 | 8052343 | 403 | -60 | 77 | 183 |
| T6GRC203 | 390138 | 8052492 | 415 | -60 | 257 | 192 |
| T6GRC204 | 390057 | 8052523 | 411 | -60 | 257 | 138 |
| T6GRD205 | 390099 | 8052529 | 411 | -60 | 257 | 186 |
| T6GRD206 | 390023 | 8052281 | 402 | -60 | 77 | 159 |
| T6GRC207 | 390052 | 8052563 | 407 | -60 | 257 | 138 |
| T6GRC208 | 389852 | 8052692 | 403 | -60 | 77 | 152 |
| T6GRC209 | 390013 | 8052675 | 405 | -60 | 257 | 60 |
| T6GRC210 | 389967 | 8052713 | 398 | -60 | 257 | 60 |
| T6GRC211 | 389873 | 8052791 | 398 | -60 | 77 | 106 |
| T3GRC212 | 383422 | 8051219 | 404 | -60 | 317 | 84 |
| T3GRC213 | 383472 | 8051159 | 405 | -60 | 317 | 78 |
| T3GRC214 | 383355 | 8051170 | 403 | -60 | 317 | 82 |
| T4GRC215 | 386235 | 8054112 | 396 | -60 | 127 | 90 |
| T4GRC216 | 386202 | 8054138 | 396 | -60 | 127 | 60 |
| T4GRC217 | 386190 | 8054093 | 395 | -60 | 127 | 82 |
| T4GRC218 | 386234 | 8054112 | 396 | -60 | 307 | 90 |
| T4GRC219 | 386200 | 8054139 | 396 | -60 | 307 | 60 |
| T4GRC220 | 386188 | 8054095 | 395 | -60 | 307 | 90 |
| T4GRC221 | 386157 | 8054121 | 397 | -60 | 307 | 58 |
| T4GRC222 | 386293 | 8054162 | 393 | -60 | 307 | 74 |
| T4GRC223 | 386262 | 8054188 | 395 | -60 | 307 | 60 |
| T4GRC224 | 386365 | 8054154 | 397 | -60 | 307 | 88 |

| Hole ID | Easting | Northing | R.L. (m) | Dip (°) | Azimuth (°) | Depth EOH (m) |
|---|---|---|---|---|---|---|
| T4GRC225 | 386333 | 8054183 | 395 | -60 | 307 | 76 |
| T4GRC226 | 386308 | 8054205 | 393 | -60 | 307 | 28 |
| T4GRC227 | 386362 | 8054209 | 394 | -60 | 307 | 54 |
| T4GRC228 | 386334 | 8054231 | 393 | -60 | 307 | 22 |
| T4GRC229 | 386457 | 8054178 | 399 | -60 | 307 | 124 |
| T4GRC230 | 386417 | 8054212 | 397 | -60 | 307 | 100 |
| T4GRC231 | 386300 | 8054104 | 396 | -75 | 307 | 77 |
| T4GRC232 | 386284 | 8054115 | 396 | -60 | 307 | 55 |
| T4GRC233 | 386466 | 8054170 | 399 | -75 | 307 | 149 |
| T4GRC234 | 386395 | 8054128 | 398 | -60 | 307 | 112 |
| T4GRC235 | 384959 | 8053173 | 398 | -60 | 307 | 100 |
| T4GRC236 | 384929 | 8053197 | 397 | -60 | 307 | 70 |
| T4GRC237 | 385010 | 8053272 | 396 | -60 | 307 | 46 |
| T4GRC238 | 385035 | 8053251 | 395 | -60 | 307 | 94 |
| T4GRC239 | 384892 | 8053151 | 398 | -60 | 307 | 64 |
| T4GRC240 | 384916 | 8053131 | 398 | -60 | 307 | 100 |
| | | | | | **Total (m):** | **4,784** |

**Table 2: 2016 significant drilling intercepts from the McIntosh Project**

| Hole ID | Depth (From) | Depth (To) | Intersection (m) | Grade (%TGC) |
|---|---|---|---|---|
| T3GRC212 | 14 | 18 | 4 | 2.47 |
| | 25 | 28 | 3 | 3 |
| | 42 | 44 | 2 | 3.15 |
| | 54 | 58 | 4 | 2.27 |
| | 74 | 77 | 3 | 2.49 |
| T3GRC214 | 63 | 68 | 5 | 2.23 |
| T4GRC215 | 38 | 57 | 19 | 3.32 |
| T4GRC216 | 29 | 33 | 4 | 3.46 |
| | 39 | 47 | 8 | 4.09 |

| Hole ID | Depth (From) | Depth (To) | Intersection (m) | Grade (%TGC) |
|---|---|---|---|---|
| T4GRC217 | 8 | 11 | 3 | 3.19 |
| | 15 | 19 | 4 | 2.78 |
| | 49 | 54 | 5 | 3.41 |
| T4GRC218 | 31 | 35 | 4 | 3.1 |
| | 39 | 43 | 4 | 4.8 |
| | 59 | 67 | 8 | 3.58 |
| T4GRC219 | 24 | 30 | 6 | 4.6 |
| | 43 | 46 | 3 | 3.12 |
| T4GRC220 | 23 | 29 | 6 | 5 |
| | 38 | 42 | 4 | 4.92 |
| T4GRC221 | 20 | 23 | 3 | 3.27 |
| T4GRC223 | 0 | 3 | 3 | 5.69 |
| T4GRC224 | 13 | 33 | 20 | 4.26 |
| | 40 | 57 | 17 | 4.73 |
| | 62 | 77 | 15 | 4.26 |
| T4GRC225 | 8 | 20 | 12 | 3.59 |
| | 42 | 45 | 3 | 6.75 |
| | 59 | 63 | 4 | 4.32 |
| T4GRC227 | 15 | 20 | 5 | 4.42 |
| T4GRC229 | 23 | 30 | 7 | 3.21 |
| | 37 | 41 | 4 | 3.72 |
| | 57 | 65 | 8 | 2.89 |
| | 78 | 86 | 8 | 6.06 |
| | 90 | 96 | 6 | 4.33 |
| | 108 | 113 | 5 | 3.87 |
| T4GRC230 | 18 | 22 | 4 | 4.58 |
| | 27 | 36 | 9 | 3.33 |
| T4GRC231 | 11 | 22 | 11 | 3.99 |
| | 32 | 52 | 20 | 3.96 |
| T4GRC232 | 13 | 21 | 8 | 4.96 |
| T4GRC233 | 16 | 34 | 18 | 3.73 |
| | 37 | 47 | 10 | 3.63 |
| | 65 | 73 | 8 | 5.98 |
| | 82 | 103 | 21 | 3.49 |
| | 119 | 123 | 4 | 4.31 |
| T4GRC234 | 48 | 55 | 7 | 3.47 |
| | 68 | 74 | 6 | 4.23 |
| | 87 | 90 | 3 | 5.4 |
| | 95 | 99 | 4 | 3.9 |
| T4GRC238 | 62 | 79 | 17 | 3.92 |
| T4GRC239 | 26 | 29 | 3 | 3.47 |
| T4GRC240 | 76 | 79 | 3 | 4.66 |
| | 82 | 85 | 3 | 4.36 |

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| Hole ID | Depth (From) | Depth (To) | Intersection (m) | Grade (%TGC) |
|---|---|---|---|---|
| T6GDD164 | 43 | 47 | 4 | 2.75 |
| T6GDD168 | 94 | 96 | 2 | 3.31 |
| T6GDD169 | 108 | 124 | 16 | 2.41 |
| T6GDD191 | 135 | 145 | 10 | 3.02 |
| | 147.3 | 159.5 | 12.2 | 3.72 |
| T6GDD196 | 56 | 120 | 64 | 3.52 |
| | 123 | 131 | 8 | 6.1 |
| | 139 | 158 | 19 | 4.08 |
| T6GDD197 | 48 | 60 | 12 | 3.3 |
| T6GRC203 | 104 | 109 | 5 | 3.75 |
| | 121 | 192 | 71 | 5.2 |
| T6GRC204 | 10 | 14 | 4 | 6.14 |
| | 93 | 122 | 29 | 3.84 |
| T6GRC207 | 69 | 95 | 26 | 5.23 |
| | 100 | 135 | 35 | 4.77 |
| T6GRC208 | 48 | 50 | 2 | 2.88 |
| | 57 | 60 | 3 | 2.42 |
| | 63 | 74 | 11 | 3.46 |
| | 77 | 82 | 5 | 3.65 |
| | 90 | 120 | 30 | 3.75 |
| | 125 | 152 | 27 | 3.28 |
| T6GRC210 | 19 | 30 | 11 | 5.21 |
| | 35 | 46 | 11 | 5.68 |
| | 47 | 58 | 11 | 3.98 |
| T6GRD198 | 30 | 37 | 7 | 3.07 |
| | 41 | 45 | 4 | 3.04 |
| | 112 | 120 | 8 | 3.46 |
| | 121 | 126 | 5 | 4.03 |
| | 129 | 155 | 26 | 3.17 |
| | 181 | 184 | 3 | 2.13 |
| T6GRD199 | 109 | 142 | 33 | 4.19 |
| | 144 | 189 | 45 | 4.33 |
| T6GRD200 | 87 | 105 | 18 | 2.49 |
| | 108 | 123 | 15 | 3.72 |
| | 142.25 | 162.7 | 20.45 | 4.46 |
| T6GRD201 | 86 | 89 | 3 | 2.84 |
| | 93 | 111 | 18 | 4.48 |
| | 114 | 126.45 | 12.45 | 3.82 |
| | 136 | 160 | 24 | 3.47 |
| | 166 | 183 | 17 | 3.67 |
| T6GRD202 | 111 | 113 | 2 | 5.1 |
| | 116 | 124 | 8 | 3.6 |
| | 128 | 142 | 14 | 4.4 |
| | 145 | 169 | 24 | 4.25 |
| T6GRD205 | 122 | 182 | 60 | 4.59 |
| T6GRD206 | 98 | 102 | 4 | 2.34 |
| | 120.45 | 134 | 13.55 | 4.12 |
| | 142 | 146 | 4 | 3.87 |

***Further information:***

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**Competent Persons Statement**

*The information in this report relating to Exploration, Drilling, Assay Results and Geological Data at the McIntosh Project is based on information previously compiled and / or reviewed by Mr. Tony Cormack, Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Hexagon Resources Limited. Mr. Cormack has sufficient experience which is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cormack consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

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## APPENDIX 1

## JORC Table 1 Assessment

## Table 1 (Section 1) – Sampling Techniques and Data

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Sampling techniques*** | *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*<br><br>*Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* | Sampling methods- Reverse Circulation (RC) drilling used high pressure air and a sophisticated cyclone with a cone splitter. Sampling was taken as continuous one metre intervals.<br><br>Diamond drill (DD) core was generally sampled at one metre intervals. Where geology indicated an obvious change, sampling was undertaken so that the one metre samples could be composited.<br><br>Duplicate samples were taken during RC drilling.<br><br>RC drilling samples of 3 to 5 kg weight were shipped to the laboratory in plastic bags; samples were pulverized and milled for assay.<br><br>Diamond core was marked up and cut into half and quarter core using a large diamond bladed saw. |
| | *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information* | Industry standard RC and DD methods were used. It is noted that although RC drilling may yield samples sufficient to estimate graphite content (total graphitic carbon, or "TGC"), RC samples are generally considered insufficient to estimate graphite flake size and purity.<br><br>Diamond core drilling is recommended to twin selected RC holes so as to verify TGC, flake size and purity or liberation characteristics. |
| ***Drilling techniques*** | *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).* | RC drilling (5 ½" hammer) along with NQ and HQ diamond core accounts for the drilling in the McIntosh database. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Drill sample recovery*** | *Method of recording and assessing core and chip sample recoveries and results assessed.* | RC split samples were recovered from a cyclone and rig-mounted cone splitter. The sample recovery and physical state were recorded. Sample recovery of the diamond core is recorded on core blocks after each run and recorded in the logging. |
| | *Measures taken to maximise sample recovery and ensure representative nature of the samples.* | A face sampling hammer is used to reduce contamination at the face. Diamond drilling samples are half and quarter cored, with core sawn using a diamond blade core-saw. |
| | *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | RC samples in one pair of twin holes are noted to report lower graphite content than DD core at Longtom, therefore it is suggested that RC samples are biased due to loss of fine material. HQ diamond core drilling has been utilised at Targets Wahoo, Barracuda and Emperor. |
| ***Logging*** | *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* | All RC chips and diamond core were geologically logged in the field by qualified geologists. Lithological and mineralogical data is recorded for all drill holes using a coding system developed specifically for the Project. Diamond core is geotechnically logged.<br><br>Primary and secondary lithologies are recorded in addition to texture, structure, colour, grain size, alteration type and intensity, estimates of mineral quantities, graphite intensity and sample recovery. The oxidation zone is also recorded and a general lithological description is made of the interval. Logging is qualitative in nature. |
| | *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* | Geological logging is qualitative in nature. |
| | *The total length and percentage of the relevant intersections logged.* | The vast majority of intersections have been geologically logged. |
| ***Sub-sampling techniques and sample preparation*** | *If core, whether cut or sawn and whether quarter, half or all core taken.* | Diamond drilling samples are half (metallurgical testing) and quarter core (assaying), with core sawn using a diamond blade core-saw. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* | 1m samples from the RC drilling were submitted to either Actlabs or ALS Laboratories in Perth. The samples were riffle split on a 50:50 basis, with one split pulverised and analysed for Total Graphitic Carbon (TGC), Total Carbon (TC) and Total Sulphur (TS) using a Leco Furnace, and the other split held as in storage. |
| | *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* | Sample preparation techniques represent industry good practice |
| | *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* | Sampling procedures represent industry good practice. |
| | *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling* | Duplicate assay results exhibit good correlation with the original assays and no consistent bias is evident.<br>Limited twin hole drilling has indicated negative bias in the RC graphite results compared to core samples. Diamond core drilling has been engaged. |
| | *Whether sample sizes are appropriate to the grain size of the material being sampled* | The sample sizes are considered to be appropriate to the grain size of the material being sampled. |
| ***Quality of assay data and laboratory tests*** | *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* | The assaying and laboratory procedures used are appropriate for the material tested. |
| | *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* | VTEM geophysical work was carried out by Geotech Limited with the data validated and processed by reputable consultants. |
| | *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | The RC and DD samples that were submitted by Hexagon to the laboratory include a duplicate, washed sand blank and certified standard at approximately every 20th sample submitted. The duplicate and standard samples were statistically analysed as part of the QAQC process and the data and was found to be satisfactory. |
| ***Verification of sampling and assaying*** | *The verification of significant intersections by either independent or alternative company personnel.* | CSA verified several graphite intersections in core and RC chip samples from Longtom, Barracuda and Emperor during a visit to Hexagon's Joondalup warehouse during January 2015. Samples from Wahoo, |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | Barracuda and Emperor were submitted to a petrographic laboratory for mineralogical examination and estimation of flake size and liberation characteristics.<br><br>An independent geological consultant has verified the graphite intersections in core samples from Wahoo, Barracuda and Emperor. |
| | *The use of twinned holes.* | Twinned RC and DD core holes were completed on Exploration Mackerel and Cobia. An initial comparison of RC and DD twins suggests that the RC method may be under-reporting Total Graphitic Carbon and that this needs addressing in future exploration. |
| | *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* | The Hexagon database is hosted in a SQL backend database, ensuring that data is validated as it is captured and exports are produced regularly. Assay results are merged into the database from the lab certificates limiting transcription or mapping errors from occurring. |
| | *Discuss any adjustment to assay data.* | Verification was based on use of duplicates, standards and blanks used. No adjustments to assay data has been made. |
| ***Location of data points*** | *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* | Drill hole collars were surveyed by a registered surveyor from Kununurra using a differential GPS and ground station. Preliminary RC collars were located by handheld Garmin 62S and Garmin 76c Global Positioning System ("GPS") units with a typical ±5 metres accuracy. |
| | *Specification of the grid system used.* | The map projection used is the Australian Geodetic MGA 94 Zone 52. |
| | *Quality and adequacy of topographic control.* | Adequate for purposes of Exploration Target estimation |
| ***Data spacing and distribution*** | *Data spacing for reporting of Exploration Results.* | RC drill holes at Mackerel, Cobia, Barracuda and Emperor are spaced on traverses of 40 to 250 m apart. Diamond drill holes at Targets Wahoo, Barracuda and Emperor are spaced on 40 to 80m traverses. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* | Not applicable |
| | *Whether sample compositing has been applied.* | Not applicable |
| ***Orientation of data in relation to geological structure*** | *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* | RC drill holes were drilled at near perpendicular to the strike of the graphitic schist horizons. Diamond drill core has been oriented using a Reflex ACE tool (Act II), with α and β angles measured and positioned using a Kenometer. |
| | *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | The relationship between the drilling orientation and the orientation of key mineralised structures is not considered to have introduced a sampling bias. |
| ***Sample security*** | *The measures taken to ensure sample security.* | RC samples were collected from the cone splitter, DD samples were cut using a diamond blade core saw; samples were then placed in calico bags and then placed in self-sealing plastic bags prior to being put into bulka bags. The bulka bags were then transported by road to the laboratory in Perth. The samples were processed and the pulps despatched to Actlabs in Canada or ALS in Brisbane/Adelaide. In this announcement the samples were taken in personal luggage on a commercial plane to Perth. The sample security is considered to be adequate |
| ***Audits or reviews*** | *The results of any audits or reviews of sampling techniques and data.* | Sampling techniques and data have been handled by an independent data management consultancy in Perth, WA. |

## Table 1 (Section 2) – Reporting of Exploration Results

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Mineral tenement and land tenure status*** | *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures,* | Hexagon Resources Limited holds (3) three MLA's, fourteen (14) granted ELs and one (1) Prospecting Licence within the |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* | McIntosh Project area in the East Kimberley, WA. All granted tenements are in good standing and there are no encumbrances, royalties or impediments except for E80/4733 that is subject to a mill gate net royalty of 1%. |
| | *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | There are no known impediments. |
| ***Exploration done by other parties*** | *Acknowledgment and appraisal of exploration by other parties.* | The East Kimberley has been largely explored for base metals and diamonds with no active previous exploration for graphite. Graphite had been noted by Gemutz during regional mapping in the Mabel Downs area for the BMR in 1967, by Rugless mapping and RAB drilling in the vicinity of Melon Patch bore, to the east of the Great Northern Highway in 1993 and has been located during nickel exploration by Australian Anglo American Ltd, Panoramic Resources Ltd and Thunderlarra Resources Ltd over the last 20 years. |
| ***Geology*** | *Deposit type, geological setting and style of mineralisation.* | The McIntosh Project graphite schist horizons occur in the high grade metamorphic terrain of the Halls Creek Mobile Zone of Western Australia.<br>The host stratigraphy is the Tickalara Metamorphics which extend for approximately 130 km along the western side of the major Halls Creek Fault.<br>The metamorphic rocks reach granulite metamorphic facies under conditions of high-temperature and high pressure although the metamorphic grade in the McIntosh Project area appears to be largely upper amphibolite facies with the presence of key minerals such as sillimanite and evidence of original cordierite.<br>Hexagon has identified graphite schist horizons and |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | accompanying aerial EM anomalies over a strike length in excess of 15 km within the granted tenements, with potential for another 35 km strike length of graphite schist in EL applications. The McIntosh target areas contain graphite and include seven (7) identified exploration target areas – Mackerel, Cobia, Wahoo, Barracuda, Emperor, Rockcod and Trevally. |
| ***Drill hole Information*** | *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole, down hole length and interception depth hole length.* | Reported in the body of the announcement. |
| | *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | Not relevant |
| ***Data aggregation methods*** | *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* | Based on a statistical analysis of drill data, lower cut-off grade of 1.9% total graphitic carbon was assumed for the Exploration Target estimates and the reported intercepts. |
| | *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* | RC samples were all 1m in length. Diamond core samples will vary between 1m and 2m samples. |
| | *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | Metal equivalents are not reported, as this is an industrial mineral project where the mineral properties define grade (e.g. flake size and purity). |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Relationship between mineralisation widths and intercept lengths*** | *These relationships are particularly important in the reporting of Exploration Results.* | Mineralised widths at Barracuda and Emperor are estimated to be typically between 5 and 70 metres and between 5 and 50 metres at Wahoo, compared with RC samples of 1m width. There is a very close relationship between the graphitic schist unit and Total Graphitic Carbon TGC% assays. The presence of graphitic schist is clearly evident in both the RC chips and diamond drill core so that the assay widths can be clearly related to the geological logs. |
| | *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* | RC and Diamond core drill holes were drilled at or near perpendicular to the strike of the graphitic schist horizons |
| | *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | Not relevant |
| ***Diagrams*** | *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | Sections illustrating representative graphite intersections at Wahoo, Barracuda and Emperor have been included in the report. |
| ***Balanced reporting*** | *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | Not relevant |
| ***Other substantive exploration data*** | *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | The September 2014 VTEM Supermax and 2016 XCite electromagnetic survey over the McIntosh Flake Graphite Project identified numerous high priority anomalies. Five of these were previously identified by induced polarisation (IP) and confirmed to be flake graphite schist by geological field mapping, petrographic analysis, rock chip sampling and exploration drilling. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Further work*** | *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* | Further RC and diamond core drilling is planned across the McIntosh project area, aimed at proving up further resource and reserves and to verify the electromagnetic anomalies identified in the 2016 XCite survey. The drilling chips and core are planned to be assayed for total graphitic carbon and have been examined petrographically to assess graphite flake characteristics. |