HEXAGON
resources limited
High Purity Flake Graphite for New Technologies

**ASX ANNOUNCEMENT** **26 September, 2017**

# EXPLORATION UPDATE: POSITIVE INITIAL FINDINGS

## 1. Summary Comments

Hexagon Resources Limited (**Hexagon** or the **Company**) is pleased to provide an update on exploration completed during the current field season at its 100% owned McIntosh Flake Graphite Project located in northern Western Australia.

Exploration activities, focussed on advancing the feasibility study and continuing to assess and demonstrate the large scale potential of the Project area, consisted of:

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

***Highlights from the drilling program include*** wide, up to 15 metre (true width) intersections of graphitic bearing rocks along a continuous 1.8km strike length from the current Longtom resource. A very positive outcome from the rock chip program was the identification of outcropping graphitic schist at the Mahi Mahi and Threadfin prospects, which have now been confirmed as high priority areas. These lie in close proximity to the Copernicus nickel mine haul road.

***Hexagon's Managing Director, Mike Rosenstreich commented*** "Shane and his team have done an outstanding job executing a well targeted program to enable us to upgrade the resource size at Longtom and resource classification at Barracuda whilst also providing the necessary samples to carry out further metallurgical test work.

We need a lot of sample for those tests, which are progressing on two fronts; 1 the primary flotation flow sheet where we consider major improvements are possible to improve product quality and diversity and 2 – secondary downstream processing where we are about to embark on a very exciting test work program to follow-up on the initial encouraging battery test outcomes reported recently.

Coming back to the geology - I am really excited how *boots on the ground* have found outcropping graphitic schist indicating very shallow mineralisation and so close to the main haul road. This is great technical support to the previously announced global Exploration Target[1], which underpins our view of the large scale of the McIntosh Project.

1. *Please refer ASX Report 12 April 2017 for full details. Also please note - **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.*

## 2. Drill Program

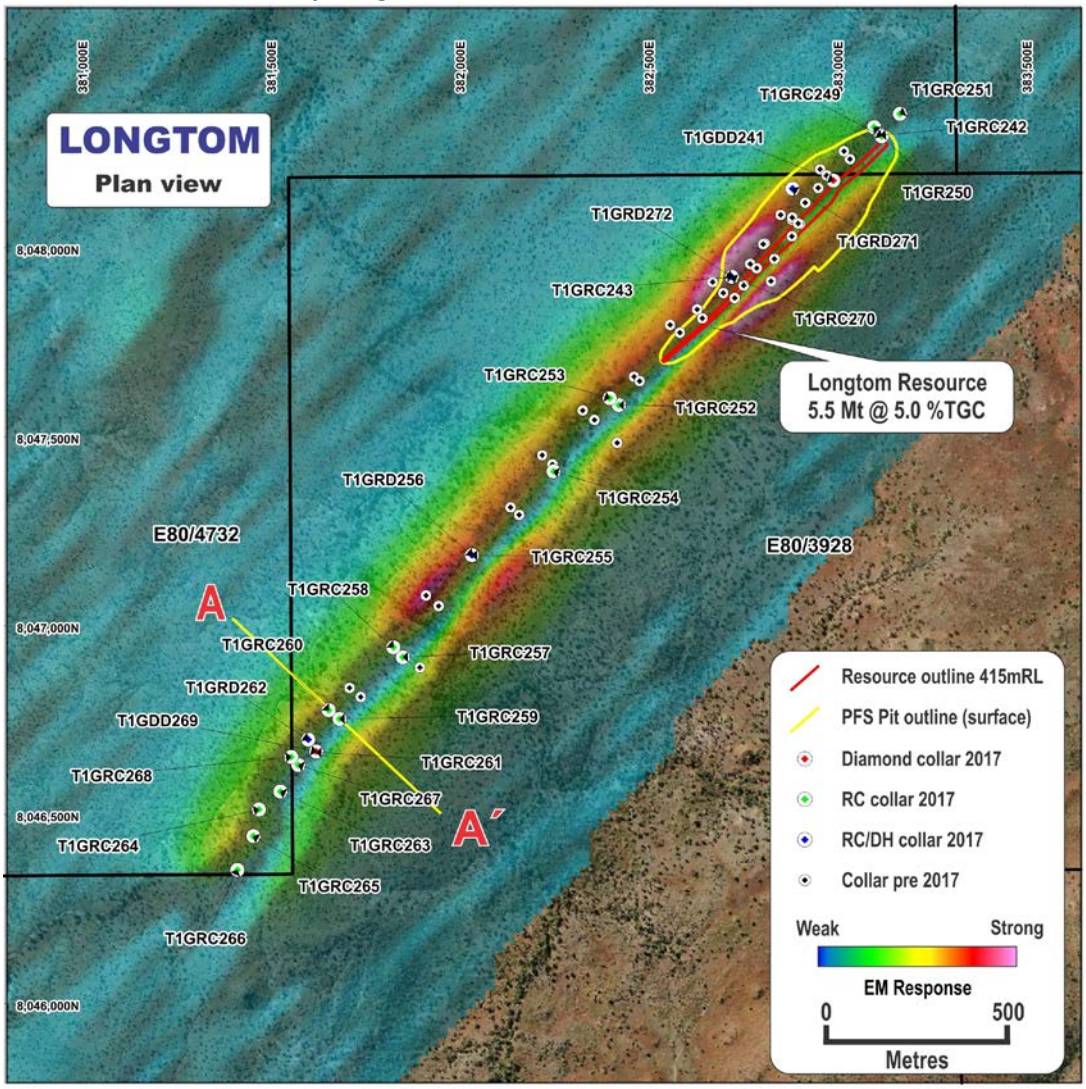
Drilling was completed using a multipurpose drill rig commencing in July and finishing in August, 2017. A total of 2,306.3 metres were drilled across the Longtom and Barracuda deposits consisting of 1,968 metres of reverse circulation (**RC**) and 368.3 metres diamond drill core (**DD**) as summarised in Table 1.

**Table 1: Drill Hole Summary**

| Prospect | Hole Type | Number of Hole | Metres Drilled |
|---|---|---|---|
| Barracuda | DD | 2 | 102.4 |
| | RC | 3 | 228 |
| | **Total** | **5** | **330.4** |
| Longtom | DD | 2 | 101.2 |
| | RC | 21 | 1418 |
| | RCD | 4 | 456.7 |
| | **Total** | **27** | **1975.9** |
| **Total** | | **32** | **2306.3** |

RCD – Combination of RC precollar and diamond tail.

**Figure 1. Longtom collar plan showing current resource and optimised pit outline underlain by late time channel VTEM survey image.**



Confined to heritage cleared areas, a modest drill program was designed to test along strike of the Longtom resource and provide suitable material for metallurgical test work to be carried out at both the Longtom and Barracuda deposits.

The majority of the drilling was completed at Longtom along strike from the current resource, which equates to approximately 30% of identified prospective strike length (Figure 1) based on existing drilling and modelled EM responses from a VTEM survey flown by Hexagon in late 2014. Graphite bearing rocks were intersected at Longtom with projected true widths of 5 to 15 metres (Figure 2) along a continuous graphitic horizon with a strike length of approximately 1,800 metres south west of the current resource.

Drilling was completed on a spacing of 80 metres along and 40 metres across strike, so as to provide the necessary data coverage to support resource calculations based on existing knowledge should the returned results warrant. A total of 265.9 metres of $HQ_3$ core was drilled to provide material for metallurgical test work, in compliance with JORC Clause 49 and QAQC coverage.

A small programme of five holes for 330.4m consisting of 102.4m diamond and 228m RC was drilled at Barracuda. This programme focused on the existing inferred resource (Figure 4) to provide additional information; data density, QAQC and metallurgical, to support a potential upgrade in resource classification. Graphite bearing horizons were intersected where expected.

All RC samples have been submitted for analysis, whilst the core is still being processed.

**Figure 2. Longtom cross-section with geology interpretation based on drill hole logging.**

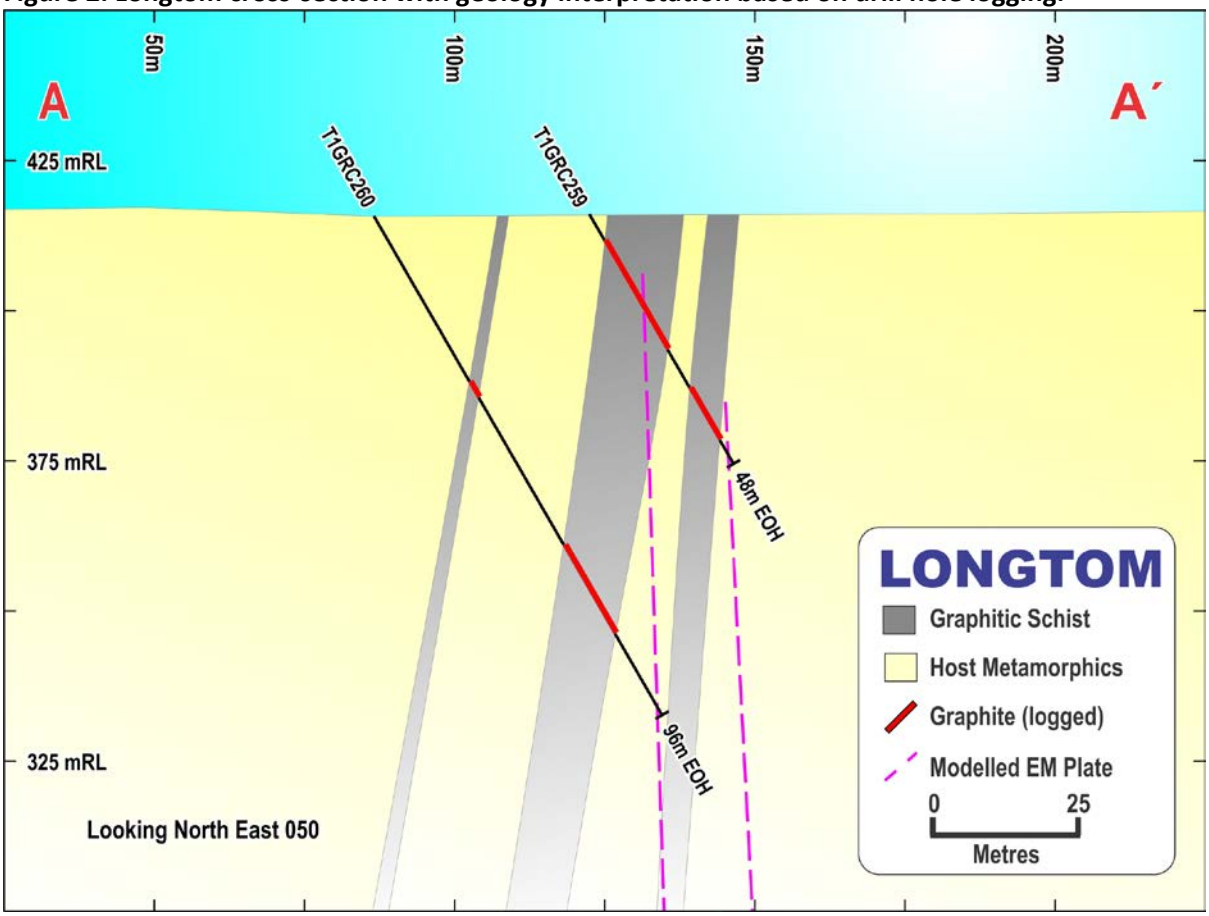
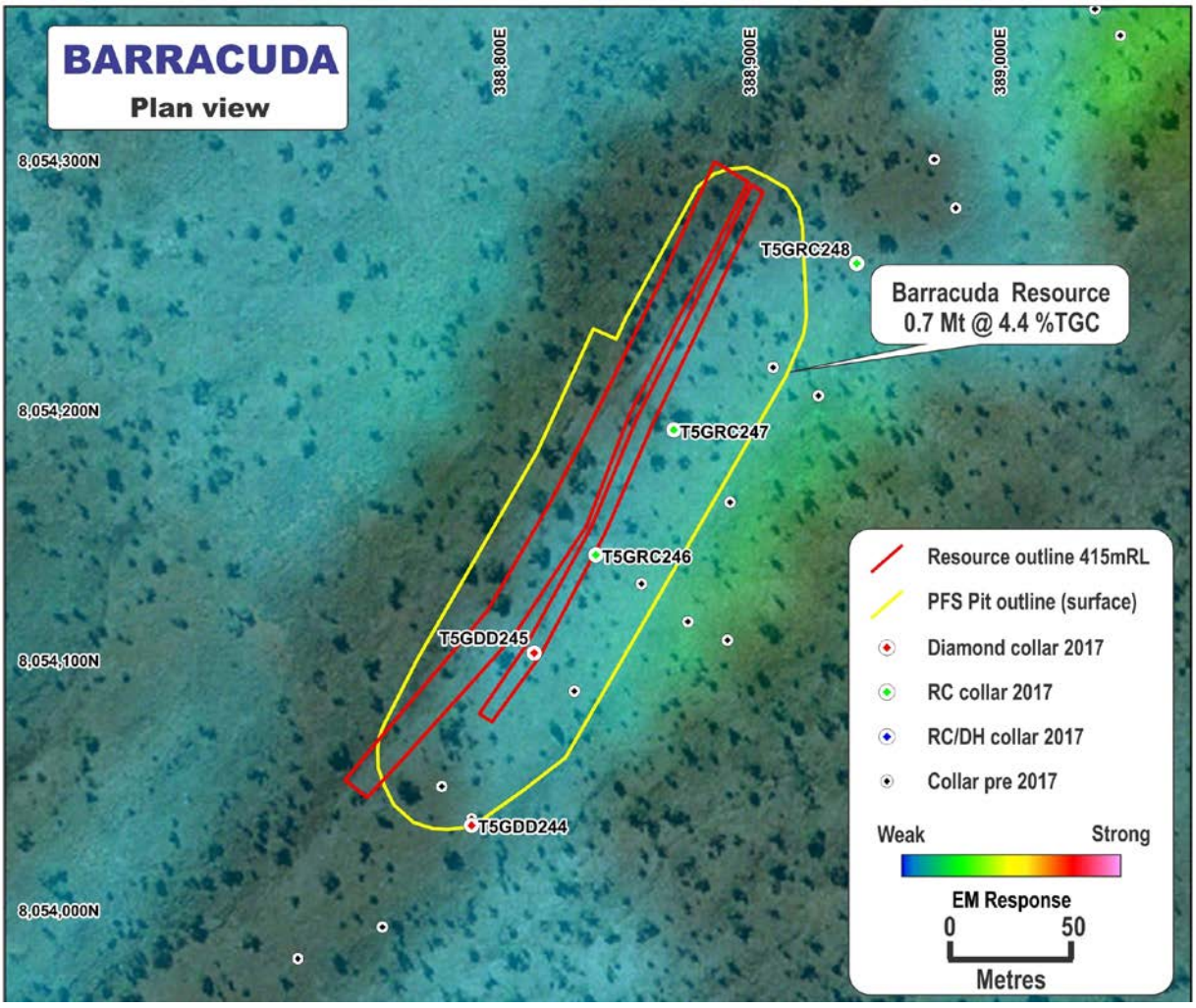


**Figure 3. Graphitic schist intersected in drill hole T1GRD262, which is located approximately 1,400 metres along strike from the edge of the current Longtom resource.**


**Figure 4. Barracuda collar plan showing current resource and optimised pit outline underlain by late time channel VTEM survey image.**



## 3. Eastern Prospects – Reconnaissance Rock Chip Programme

A first pass reconnaissance field visit was carried out across high priority targets; Mahi, Threadfin and Marlin, identified from the Xcite EM survey completed in 2016. Outcropping graphitic schist was identified coincident to modelled conductive plates where plates have been modelled to surface (Figure 5). For areas where the modelled plates don't reach the surface, i.e. southern plates of Mahi, strongly deformed metasediments with dip orientations indicating anticlinal structures compare favourably with Hexagon's geological interpretation. This interpretation relies on metasediments being subjected to high grade metamorphism and structural deformation to promote flake graphite mineralisation.

Selected rock chip samples have been submitted for multi-element assay and petrographic analysis.

**Figure 5. Rock chip locations underlain by EM image**

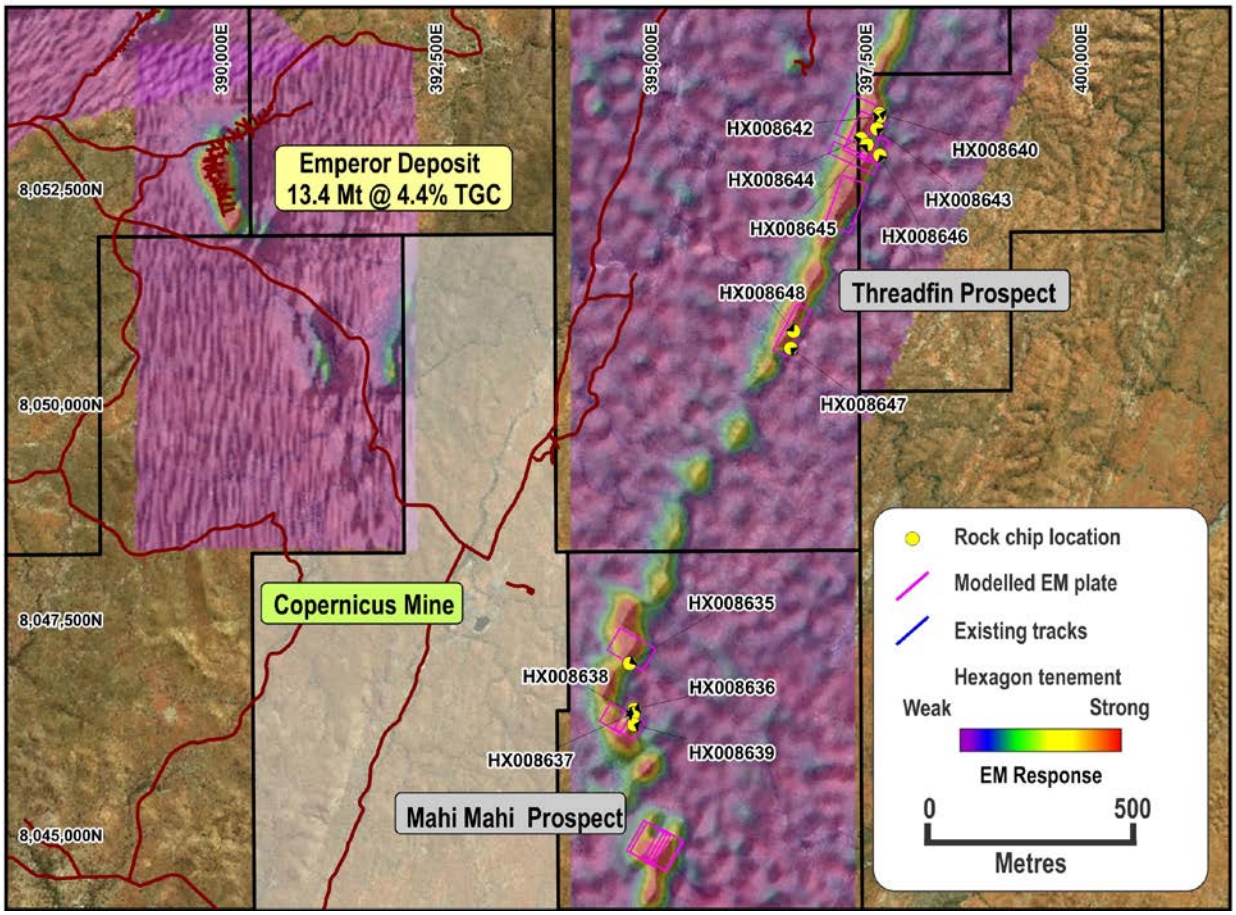


**Figure 6. A) Graphitic schist from Mahi Mahi, B) Graphitic Schist from Threadfin, and C) drainage cutting graphitic schist unit (approximately 15 metres wide) at Threadfin.**


## 4. Stakeholder Negotiations

Hexagon is continuing a constructive engagement with Native Title claimant groups as part of the negotiation process for the Mining Lease applications and heritage clearance process. Further meetings are planned in October to ensure the process maintains momentum and that Hexagon is able to gain access to identified high priority targets for drill testing in the next field season.

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### *About Graphite*

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

## About Hexagon Resources Ltd

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

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

A Prefeasibility Study was completed in May 2017 which confirmed the technical and financial viability of the McIntosh Project and provides a significant step to the commercialisation of the project. The McIntosh Project is located close to roads, infrastructure and a suitable port "facing" the expanding technology manufacturing markets in SE Asia. Located in the stable geopolitical environment of Australia and underpinned by large scale resource potential – this project offers customers long-term stable supply of essential raw materials in batteries and other high-tech applications.

**Competent Person**

The information within this report that relates to exploration results, Exploration Target Estimates, geological data and Mineral Resources at the McIntosh Project is based on information compiled by Mr Shane Tomlinson and Mr Mike Rosenstreich who are both employees of the Company. Mr Rosenstreich is a Fellow of The Australasian Institute of Mining and Metallurgy and Mr Tomlinson is a Member of the Australian Institute of Geoscientists. They both, individually have sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and they consent to the inclusion of this information in the form and context in which it appears in this report.

## Appendix 1. JORC Table 1

| Section 1 Sampling techniques and Data | | |
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| **Criteria** | **JORC Code Explanation** | **Commentary** |
| ***Sampling techniques*** | • *Nature and quality of sampling*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* | **1. Reverse Circulation**<br>• RC drilling used high pressure air and a riffle splitter to collect samples.<br>• Samples were collected at one-metre intervals.<br>• All graphitic intervals were submitted for analyses.<br>• Duplicate and standards were included and sent for analysis with samples. Sampling was guided by Hexagon's protocols and QA/QC procedures.<br>• Samples were sent to the ALS laboratory in Perth for assay preparation and then sent to ALS in Brisbane for Total Graphitic Carbon (TGC) analysis.<br>• All samples were pulverised to better than 85% passing 75µm with a 10g aliquot taken for assay.<br>• RC drilling samples of 3 to 5kg weight were shipped to the laboratory in plastic bags; samples were pulverised and milled for assay.<br>**2. Diamond Drilling**<br>• Drill samples in this program were collected based on geology at 1m intervals.<br>• Core samples were quarter split HQ3 core. Core was cut using a diamond bladed saw and sent to the ALS laboratory in Perth for assay preparation and then to ALS in Brisbane for Total Graphitic Carbon (TGC) analysis.<br>• All samples were pulverised to better than 85% passing 75µm with a 10g aliquot taken for assay.<br>• Duplicate samples, CRM standards and blank material (brickies sand) were used during the drill programs. Sampling was guided by Hexagon's protocols and QA/QC procedures.<br>**3. Rock Chip Sampling**<br>• Samples were collected from surface from outcrop and float in drainage systems.<br>• Samples were collected based on visual inspection of rock for the presence of graphite.<br>• Sample locations were based on EM anomalism represented by modelled plates of the strongest responses, which indicate potential orientation extent of graphite bearing units . |

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| | | • Sample locations are irregular based on the limited outcropping graphitic bearing rocks. |
| ***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).* | **1. Reverse Circulation**<br>• RC drill holes (total of 1,646m from 24 holes) – completed with a face sampling hammer and collected through a riffle splitter. Sample recovery was estimated at a percentage of the expected sample, sample state recorded (dry, moist or wet), samples tested with 10:1 HCl acid for carbonates and graphite surface float.<br>• RC drilling was completed by Seismic drilling using an LMP2000 drill rig.<br>**2. Diamond Drilling**<br>• Diamond drill holes (total of 203.6m for 4 holes) were drilled by Seismic Drilling using an LMP2000 drill rig and collected $HQ_3$ core using a 1.5-3m core barrel (depending on ground conditions).<br>• 4 holes with RC pre-collars and $HQ_3$ diamond tails for a total of 456.7m were drilled. |
| **Drill sample recovery** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *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.* | **1. RC Drilling**<br>• A face sampling hammer was used to reduce contamination.<br>• 1m drill chip samples, weighing approximately 2kg were collected throughout the drill programme in sequentially numbered bags.<br>• Split samples were recovered from a cyclone and rig-mounted cone splitter.<br>• The sample recovery and physical state of the sample was recorded for every sample.<br>• Every interval drilled is represented in an industry standard chip tray that provides a check for sample continuity down hole.<br>**2. Diamond drilling**<br>• Core recoveries were measured for each run between core blocks and measurements recorded. Core was photographed and logged for RQD and geology. |
| **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.*<br>• *Whether logging is qualitative or quantitative in* | • All RC and diamond drilling was logged for geology in the field by qualified geologists. Lithological and mineralogical data was recorded for all drill holes using a coding system developed specifically for the Project. 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 |

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| | *nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | sample recovery. The oxidation zone is also recorded.<br>• Geological logging is qualitative in nature.<br>• Diamond drilling logging also recorded recovery, structure and geotechnical data.<br>• Diamond core was orientated using the Reflex orientation tool where possible.<br>• Core was photographed both dry and wet. |
| **Sub-sample techniques and sample preparation** | • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • **RC Drilling**<br>• All samples were marked with a unique sequential sample number.<br>• RC drilling samples were bagged at the drill site in calico bags with a second outer plastic bag to prevent loss of fines. The sample sizes are considered to be appropriate to the grain size of the material being sampled.<br>• 1m RC drilling samples were submitted to ALS 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 in storage.<br>• For RC samples, standards and field duplicates were inserted at an approximate rate of 1 in every 20 samples collected.<br>**Sample preparation:**<br>• Coarse crush using a jaw crushed to better than 70% passing 6mm.<br>• For samples exceeding 3kg received mass, riffle split using a Jones Riffle Splitter 50:50<br>• Pulverise up to 3kg of coarse crushed material to better than 85% passing 75µm particle size<br>• Small aliquot (~10g) taken for assay.<br>• **Diamond Drilling**<br>• Diamond drill core was cut into half core and one half sawn into quarter core using diamond blade core-saw. Quarter core was used for samples. Samples were sent to ALS in Perth for processing and to ALS in Brisbane for analysis.<br>**Sample preparation:**<br>• Coarse crush using a jaw crushed to better than 70% passing 6mm.<br>• For samples exceeding 3kg received mass, riffle split using a Jones Riffle Splitter 50:50<br>• Pulverise up to 3kg of coarse crushed material to better than 85% passing 75µm particle size |

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| | | • Small aliquot (~10g) taken for assay.<br>• **Rock Chips**<br>• Coarse crush using a jaw crushed to better than 70% passing 6mm.<br>• For samples exceeding 3kg received mass, riffle split using a Jones Riffle Splitter 50:50<br>• Pulverise up to 3kg of coarse crushed material to better than 85% passing 75µm particle size<br>• Small aliquot (~10g) taken for assay.<br><br>• Sampling procedures and sample preparation represent industry good practice: |
| **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.*<br>• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | • The assaying and laboratory procedures used are appropriate for the material tested.<br>• Sampling was guided by Hexagon's protocols and QA/QC procedures.<br>• For RC samples, standards and field duplicates were inserted at an approximate rate of 1 in every 20 samples collected.<br>• Field duplicates were taken from the coarse reject from processed diamond core samples at a rate of 4 every 100 samples, standards at a rate of 4 every 100 samples and blanks at 2 every 100 samples. |
| **Verification of sampling and assaying** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Assay results are pending. QA/QC analysis and checks will be completed once results are received.<br>• There were no site visits by an independent company to validate significant intersections during the 2017 drill programme at the McIntosh Project.<br>• 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. |
| **Location of Data points** | • *Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • All 2017 drill hole collars were surveyed by a contract surveyor (MNG survey) from Broome using a Differential GPS (DGPS)<br>• Downhole surveys completed for all holes where possible using a gyro by ABIM solutions.<br>• The map projection used is the Australia Geodetic MGA 94 Zone 52. |

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| **Data spacing and distribution** | • *Data spacing for reporting of Exploration Results.*<br>• *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.*<br>• *Whether sample compositing has been applied.* | • Drill spacing on approximate grids of 40m x 80m through the Longtom deposit and 20m x 50m through the Barracuda deposit.<br>• Geological interpretation and mineralisation continuity analysis indicates that data spacing is sufficient for definition of a Mineral Resource. |
| **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.*<br>• *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.* | • At the Longtom deposit, holes generally drilled dipping at -60° perpendicular to the target graphitic schist unit at an orientation of 140º.<br>• Holes drilled at the Barracuda deposit were drilled -60º at an orientation of approximately 310º perpendicular to the graphitic schist unit being targeted.<br>• Where possible, diamond drill core was orientated using a Reflex ACE tool 9Act II), with α and β angles measured and positioned using a Kenometer.<br>• 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.* | • Unique sample number was retained during the whole process<br>• RC and diamond samples were placed into calico bags and then into self-sealing plastic bags prior to being put into bulka bags. The bulka bags were then transported by road. RC and diamond samples were sent to the ALS laboratory in Perth for preparations and to ALS in Brisbane for analysis.<br>• The sample security is adequate for purpose. |
| **Audits or reviews** | • *The results of any audits or reviews of sampling techniques and data.* | • Field data is managed by an independent data management consultancy Rock Solid Solutions.<br>• All data collected was subject to internal review<br>• Hexagon's existing resources have been externally audited by Optiro in May 2017 |

| Section 2 Reporting of Exploration Results | | |
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| **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, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *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.* | • Drilling at the Longtom deposit occurred on exploration leases E80/3928 and E80/4732. These tenements are held by McIntosh Resources Pty Ltd who is a wholly owned subsidiary of Hexagon Resources.<br>• Drilling at the Barracuda deposit occurred on exploration lease E80/3864. This tenement is held by McIntosh Resources Pty Ltd who is a wholly owned subsidiary of Hexagon Resources.<br>• Hexagon Resources is the manager of exploration on the McIntosh Project. |
| **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 Thundelarra 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 terrain of the Halls Creek Mobile Zone of Western Australia. The host stratigraphy is the Tickalara Metamorphic which extend for approximately 130 km along the western side of the major Halls Creek Fault. 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 potential graphite schist horizons based on GSWA mapping and EM anomalism over a strike length in excess of 15km within the project area, with potential for an additional 35km strike length of |

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| | | graphite bearing material from lower order EM anomalism. |
| **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 drillholes:*<br>  • *easting and northing of the drillhole collar*<br>  • *elevation or RL (elevation above sea level in metres) of the drillhole collar*<br>  • *dip and azimuth of the hole*<br>  • *down hole length and interception depth*<br>  • *hole length.* | • At Longtom a total of 27 holes were drilled; 2 diamond holes for 101.2m, 21 RC holes for 1418m and 4 holes with RC pre-collar and diamond tails for 456.7m.<br>• At Barracuda, a total of 5 holes were drilled; 2 diamond holes for 102.4m and 3 RC holes for 228m.<br>• Tabulated hole locations and details are reported in the body of the report. |
| **Data aggregation methods** | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* | • Data compiled in excel and validated in Datashed by an external data management consultancy.<br>• RC and diamond samples were all 1m in length.<br>• Metal equivalents are not reported as this is an industrial mineral project where the mineral properties define grade (e.g. flake size and purity). |
| **Relationship between mineralisation widths and intercept lengths** | • *If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect.* | • Mineralised widths at Longtom are estimated to be typically 25m, compared with 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. The graphitic schist horizon has been interpreted as a steeply dipping unity with thin bands of internal waste. Angled drill holes (generally 60º) have targeted the mineralised unit with the priority to intersect the graphitic schist unit. The interpreted EM data has also allowed for a good indication of unit thickness to be made and applied in areas where the information is not available.<br>• Mineralised widths at Barracuda are estimated to be typically between 5m and 20m, compared with 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. The graphitic schist horizon has been |

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| | | interpreted a sub vertical unit striking north, north-east. Angled drill holes (generally 60º) have targeted the mineralised unit with the priority to intersect perpendicular to the strike of the graphitic schist horizon. |
| **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 drillhole collar locations and appropriate sectional views.* | • Relevant diagrams have been included within the Mineral Resource report main body of text. |
| **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.* | • Exploration assay results are pending. |
| **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 survey over the McIntosh Flake Graphite Project covered a total of 642 line kilometres and identified a total of 12 high-priority anomalies. Five of these were previously identified by induced polarisation (IP) and historical electromagnetic (EM) techniques and confirmed to be flake graphite schist by geological field mapping, petrographic analysis, rock chip sampling and exploration drilling.<br>• VTEM geophysical work was carried out by Geotech Limited with the data validated and processed by Southern Geoscience Consultants (SGC). |
| **Further work** | • *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* | • Use drilling results to increase confidence in the existing resources and subsequently produce resource upgrades where applicable.<br>• Test EM anomalies along strike for graphite mineralisation potential.<br>• Additional dry density work on core to be carried out on mineralised and background domains.<br>• Program to assess moisture content of material. |

## Appendix 2. Drill hole Summary

| Hole ID | Hole Type | Easting (m) | Northing (m) | R.L. (m) | Dip (º) | Azimuth (º) | Depth EOH (m) |
|---|---|---|---|---|---|---|---|
| T1GDD241 | DD | 382991 | 8048178 | 420 | -60 | 140 | 57.2 |
| T1GDD269 | DD | 381623 | 8046667 | 416 | -60 | 140 | 44 |
| T1GRC242 | RC | 383117 | 8048298 | 420 | -60 | 140 | 22 |
| T1GRC243 | RC | 382724 | 8047922 | 422 | -60 | 140 | 12 |
| T1GRC249 | RC | 383119 | 8048295 | 420 | -60 | 140 | 75 |
| T1GRC250 | RC | 383099 | 8048319 | 419 | -60 | 140 | 73 |
| T1GRC251 | RC | 383168 | 8048354 | 421 | -60 | 140 | 83 |
| T1GRC252 | RC | 382424 | 8047584 | 415 | -60 | 140 | 45 |
| T1GRC253 | RC | 382400 | 8047602 | 413 | -60 | 140 | 80 |
| T1GRC254 | RC | 382251 | 8047408 | 415 | -60 | 140 | 57 |
| T1GRC255 | RC | 382035 | 8047186 | 418 | -60 | 140 | 65 |
| T1GRC257 | RC | 381852 | 8046916 | 417 | -60 | 140 | 36 |
| T1GRC258 | RC | 381827 | 8046943 | 414 | -60 | 140 | 87 |
| T1GRC259 | RC | 381684 | 8046753 | 416 | -60 | 140 | 48 |
| T1GRC260 | RC | 381656 | 8046776 | 416 | -60 | 140 | 96 |
| T1GRC261 | RC | 381623 | 8046665 | 416 | -60 | 140 | 42 |
| T1GRC263 | RC | 381528 | 8046561 | 416 | -60 | 140 | 78 |
| T1GRC264 | RC | 381471 | 8046513 | 417 | -50 | 140 | 90 |
| T1GRC265 | RC | 381456 | 8046442 | 418 | -60 | 140 | 78 |
| T1GRC266 | RC | 381414 | 8046353 | 416 | -60 | 140 | 66 |
| T1GRC267 | RC | 381576 | 8046631 | 417 | -60 | 140 | 69 |
| T1GRC268 | RC | 381557 | 8046652 | 417 | -60 | 140 | 108 |
| T1GRC270 | RC | 382722 | 8047922 | 422 | -60 | 140 | 108 |
| T1GRD256 | RCD | 382035 | 8047186 | 418 | -60 | 140 | 90 |
| T1GRD262 | RCD | 381602 | 8046698 | 416 | -60 | 140 | 79.5 |
| T1GRD271 | RCD | 382884 | 8048156 | 422 | -60 | 140 | 185.2 |
| T1GRD272 | RCD | 382723 | 8047923 | 422 | -60 | 140 | 102 |
| T5GDD244 | DD | 388790 | 8054033 | 396 | -60 | 310 | 72.5 |
| T5GDD245 | DD | 388815 | 8054102 | 393 | -60 | 310 | 29.9 |
| T5GRC246 | RC | 388839 | 8054141 | 392 | -60 | 310 | 66 |
| T5GRC247 | RC | 388870 | 8054191 | 391 | -60 | 310 | 66 |
| T5GRC248 | RC | 388944 | 8054258 | 394 | -60 | 300 | 96 |

*Drill hole collar locations have been surveyed by differential GPS in coordinate system MGA 94 Zone 52*

## Appendix 3. Rock Chip Locations

| Sample ID | East | North | RL | Description |
|---|---|---|---|---|
| HX008635 | 394777 | 8046961 | 388 | Graphitic schist, moderate graphite intensity. |
| HX008636 | 394834 | 8046431 | 394 | Graphitic schist, moderate graphite intensity. |
| HX008637 | 394823 | 8046382 | 395 | Graphitic schist, moderate graphite intensity |
| HX008638 | 394824 | 8046376 | 396 | Graphitic schist, strong graphite alteration. |
| HX008639 | 394829 | 8046250 | 399 | Graphitic schist, strong graphite alteration. |
| HX008640 | 397686 | 8053347 | 342 | Graphitic schist, moderate graphite alteration |
| HX008641 | | N/A | | QAQC sample |
| HX008642 | 397686 | 8053309 | 348 | Graphitic schist, strong graphite alteration. |
| HX008643 | 397654 | 8053170 | 341 | Graphitic schist, moderate graphite intensity |
| HX008644 | 397472 | 8053057 | 335 | Graphitic schist, strong graphite alteration. |
| HX008645 | 397543 | 8052986 | 335 | Graphitic schist, strong graphite alteration. |
| HX008646 | 397688 | 8052865 | 334 | Graphitic schist, strong graphite alteration. |
| HX008647 | 396653 | 8050621 | 342 | Schist with moderate graphite |
| HX008648 | 396687 | 8050819 | 340 | Schist with moderate graphite |

*Rock chip locations have been surveyed by handheld GPS in coordinate system MGA 94 Zone 52*