



ASX Release

15 June, 2017

HENGDA FINANCIAL SETTLEMENT

Hexagon Resources Limited (ASX: HXG) is pleased to announce that the Company has reached a financial settlement which effectively resolves outstanding issues arising from a terminated merger proposal.

In June 2015, the former management of Hexagon entered into a Framework Agreement for a proposed merger with China Sciences Hengda Graphite Co (“Hengda”) and Mr Wang Fengjun, General Manager and major shareholder of Hengda, and consequently paid a US\$2 million deposit (“Hengda Deposit”).

Hexagon subsequently terminated its contractual arrangements relating to the proposed merger with Hengda, and the Company’s current management has been actively exploring legal and commercial avenues through which to recover the Hengda Deposit, resulting in this settlement.

In its annual accounts, the Company has fully provisioned for the non-recovery of the Hengda Deposit and carries the asset at zero value.

Hexagon is very pleased to be able to advise that this matter has been brought to a close via the sale of the Hengda Debt at a discounted value under a confidential financial settlement. The initial payment has been received into Hexagon’s solicitor’s trust account pending release on completion of certain procedural matters.

Hexagon has no further involvement or claims in respect of the Hengda Debt, other than a small residual payment due in three months.

The full benefit of the cash received will be reflected in the next set of quarterly accounts.

Management considers that the combination of its current cash (\$2.0 million as at 31 March, 2017), the monies received from the Hengda settlement and the marketable securities that the company has from the sale of its Korean assets earlier in the year, put it in a strong liquidity position to step-up the feasibility study process and continue strategic offtake and financing initiatives.

Managing Director Mike Rosenstreich commented: “We are very grateful to our Chairman Charles Whitfield for leading this settlement process and to have brought this matter to a positive conclusion. This chapter of the company’s history can now be brought to a close, with the added benefit of providing an important cash contribution to our project development plans.”



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