

ASX Announcement

13 July 2018

HXG and MRL commence McIntosh Definitive Feasibility Study

Highlights

- **McIntosh Joint Venture manager, Mineral Resources Limited approves initial budget for Feasibility Study work comprising a comprehensive drilling program of c.12,000 metres.**
- **Drilling will test new targets in the east, support a planned resource upgrade as well as generate core samples for metallurgical test work.**
- **A Feasibility Study is expected to be completed by October 2019 to allow a decision to mine by Joint Venture partners**

Mineral Resources Limited (**ASX: MIN, MinRes**) and Hexagon Resources Limited (**ASX: HXG or Hexagon**) are pleased to announce the joint venture has commenced a Feasibility Study (**FS**) for the McIntosh flake graphite project located in the East Kimberley region of Western Australia.

Commencement of the FS follows Hexagon shareholder approval of the proposed Joint Venture (JV) on 14 May, 2018 which enables MinRes to earn a 51% share of the McIntosh Project (Hexagon retaining 49%) by managing and effectively funding all of the development costs of the project to commercial production.

The Joint Venture partners expect the formal suite of documents required under the Heads of Agreement to be executed by the end of August 2018 and the FS to be completed by October 2019 to enable a decision to mine, as per the time line in the Heads of Agreement signed by both companies on 27 March, 2018.

MinRes, as joint venture manager, has approved an initial budget to allow for a comprehensive drilling program of c.12,000 metres to commence in early August 2018 as the first “on-ground” work for the FS. The drilling program is expected to be completed by October 2018.

The aim of the drilling program is to test the resource potential of new targets east of the known resource, confirm and upgrade existing targets and resources and generate approximately 17 tonnes of core samples for metallurgical test work.

Key near-term objectives of the Joint Venture include:

- Upgrading the existing Mineral Resource base currently comprising 21.3 million tonnes grading 4.5% TGC (as reported by HXG in April, 2017);
- Advancing negotiations with the Malarngowem Native Title claimant group to enable heritage clearance of new targets and potential operational areas, and granting of current Mining Lease applications;
- Detailed metallurgical test work to enhance and optimise the process flow sheet for the project to ensure maximum possible preservation of flake size and high graphite recoveries whilst also maintaining high concentrate grades; and
- Develop a “McIntosh” brand to allow marketing of graphite concentrates planned to be produced at McIntosh.

The Joint Venture partners are working together to maintain the project development momentum while project management transitions to MinRes. Hexagon employees have been closely involved in the current planning program and will likely remain involved in key technical areas such as geology, resource delineation and field logistics as well as ongoing participation in the Native Title negotiations. The joint venture partners will maintain a strong technical collaboration on all aspects of the project development to ensure a “best for project” outcome in a timely manner.

The Joint Venture Partners look forward to keeping their respective shareholders and the McIntosh Project stakeholders updated on future developments of the project.

For further information, please contact:

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COMPETENT PERSONS' ATTRIBUTIONS

Exploration Results and Mineral Resource Estimates

The information within this report that relates to exploration results, Exploration Target estimates, geological data and Mineral Resources at the McIntosh 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