



## ASX ANNOUNCEMENT

28 April 2016

### QUARTERLY ACTIVITIES REPORT

### PERIOD ENDING 31 MARCH 2016

#### HIGHLIGHTS:

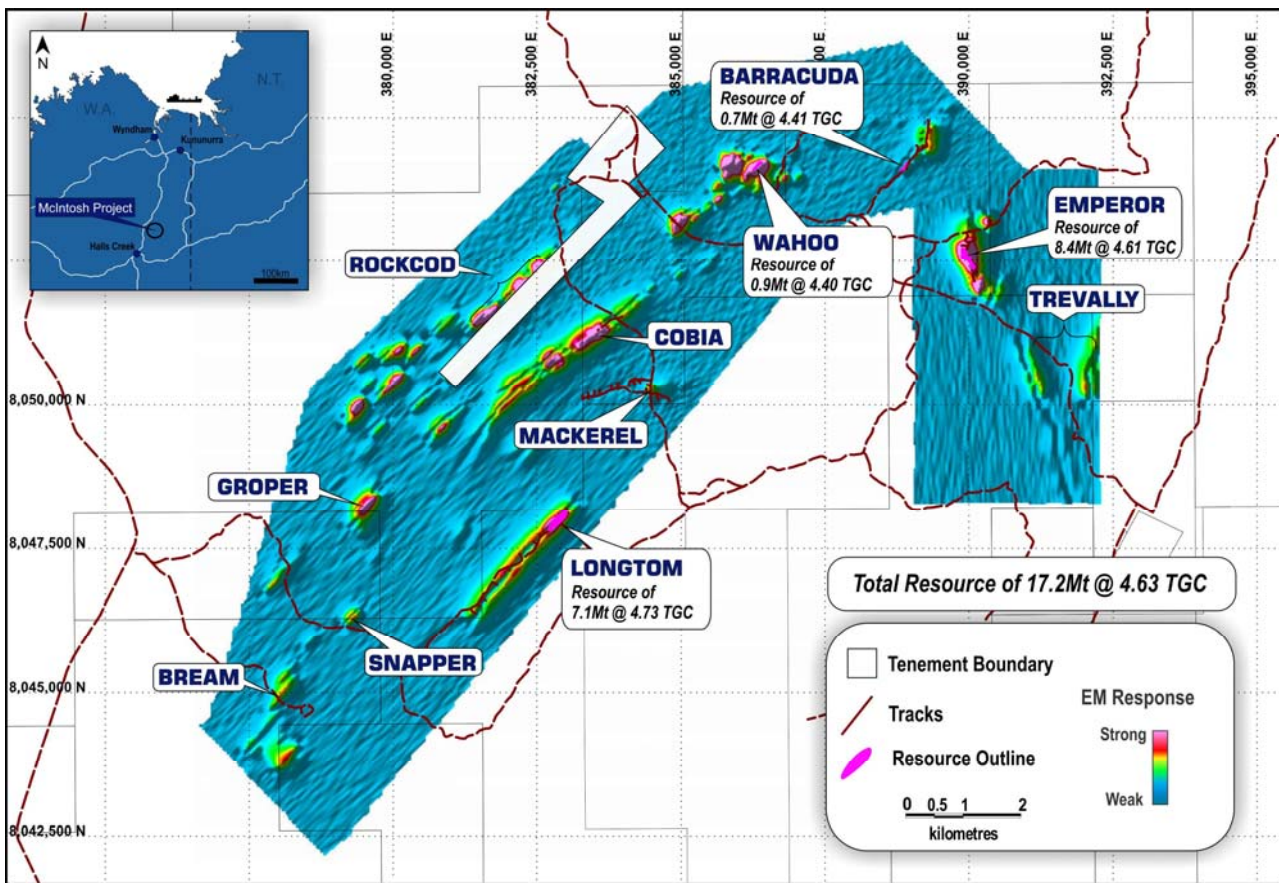
#### McIntosh Flake Graphite Project:

- Commencement of pre-feasibility study (PFS) at the McIntosh Project
- Ultra-high purity of +99% TC from simple flotation
- JORC Resource Estimate for McIntosh of 17.2Mt @ 4.63% TGC for 797,200 tonnes of contained graphite
- Largest JORC Compliant Flake Graphite Resource in Australia
- Less than 15% of the strike length potential at McIntosh has been drilled to date
- Huge upside exists to significantly expand the resource base further
- Discussions with potential offtake partners ongoing
- Further petrological studies and flotation test work highlight excellent quality of the McIntosh flake
- Work has commenced on a 3-dimensional geo-metallurgical model
- Flake graphite characterisation and graphene test work ongoing at the University of Adelaide

#### Corporate

- Successful placement of 16,662,500 ordinary shares at \$0.08 each and 8,331,250 free unlisted options with new and existing institutional funds, and sophisticated / professional investors to raise a total of \$1.333 million

**MCINTOSH FLAKE GRAPHITE PROJECT**



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

The global Mineral Resource Estimate (MRE) for the McIntosh Flake Graphite Project comprises 17.2 million tonnes at an average grade of 4.63% TGC in compliance with the 2012 JORC code (see Table 1 and Figure 1). A total of 7.8 million tonnes at 4.55% TGC, being 45% of the total McIntosh resource, is within the indicated category.

With 797,200 tonnes of contained graphite, McIntosh is the largest flake graphite resource in Australia, combined with a highly desirable +99% flake graphite concentrate purity which can be achieved with a simple grind and flotation process.

**Table 1: McIntosh Flake Graphite Project Global Mineral Resource Estimate – 27 January 2016**

Deposit	JORC Classification	Material Type	Tonnes (Mt)	TGC (%)	Contained Graphite (Tonnes)
EMPEROR	<i>Indicated</i>	<i>Oxide</i>	-	-	-
		<i>Primary</i>	3.4	4.32	145,250
	<i>Inferred</i>	<i>Oxide</i>	-	-	-
		<i>Primary</i>	5.1	4.79	240,900
	<b>Indicated + Inferred</b>	<b>Oxide + Primary</b>	<b>8.4</b>	<b>4.61</b>	<b>386,150</b>
LONGTOM	<i>Indicated</i>	<i>Oxide</i>	-	-	-
		<i>Primary</i>	4.5	4.71	210,350
	<i>Inferred</i>	<i>Oxide</i>	0.5	4.51	24,350
		<i>Primary</i>	2.1	4.84	103,000
	<b>Indicated + Inferred</b>	<b>Oxide + Primary</b>	<b>7.1</b>	<b>4.73</b>	<b>337,700</b>
WAHOO	<i>Inferred</i>	<i>Oxide</i>	0.1	4.16	3,550
		<i>Primary</i>	0.8	4.43	37,000
	<b>Inferred</b>	<b>Oxide + Primary</b>	<b>0.9</b>	<b>4.40</b>	<b>40,550</b>
BARRACUDA	<i>Inferred</i>	<i>Oxide</i>	0.3	4.49	11,350
		<i>Primary</i>	0.5	4.37	21,450
	<b>Inferred</b>	<b>Oxide + Primary</b>	<b>0.7</b>	<b>4.41</b>	<b>32,800</b>
<b>Total Resource</b>	<b>Indicated + Inferred</b>	<b>Oxide + Primary</b>	<b>17.2</b>	<b>4.63</b>	<b>797,200</b>

Notes: 1. Longtom (Target 1) has a 2% TGC lower cut-off grade. Emperor (Target 6), Wahoo (Target 4) and Barracuda (Target 5) have a 3% TGC lower cut-off grade.  
2. Rounding may result in differences in total and average grades

**“A +99% C Con can be produced from the bulk McIntosh samples through a simple grind and float only” - Lin Zhou of ALS Global, Metallurgist PhD (MinPro), MChE, BChE, MAusIMM.**

For further information regarding ALS Global [www.alsglobal.com](http://www.alsglobal.com)

Commercial samples of the McIntosh ultra-high purity flake graphite concentrate have been produced by ALS global in Adelaide for end users to test in their specific applications. Discussions with potential off take partners is ongoing with the company focusing its efforts on the end-user groups in the li-ion battery market.

The natural flake graphite market is currently experiencing outstanding growth due to the increasing demand for lithium-ion batteries for use in electric vehicles and energy storage from renewable sources such as solar and wind.

Hexagon’s strategy is focussed on taking advantage of the continued growth in the sector by producing high purity flake graphite for use as anode material in these batteries.

A detailed test work program on the McIntosh flake graphite concentrate with Adelaide Research and Innovation Pty Ltd a wholly owned subsidiary of the University of Adelaide is ongoing. The test work program will include characterisation of the physical, electrical, structural and chemical composition using a number of specialist techniques and evaluate the extraction of graphene using 3 exfoliation methods with a series of characterisation techniques. It will also determine the quality and yield of the isolated graphene.

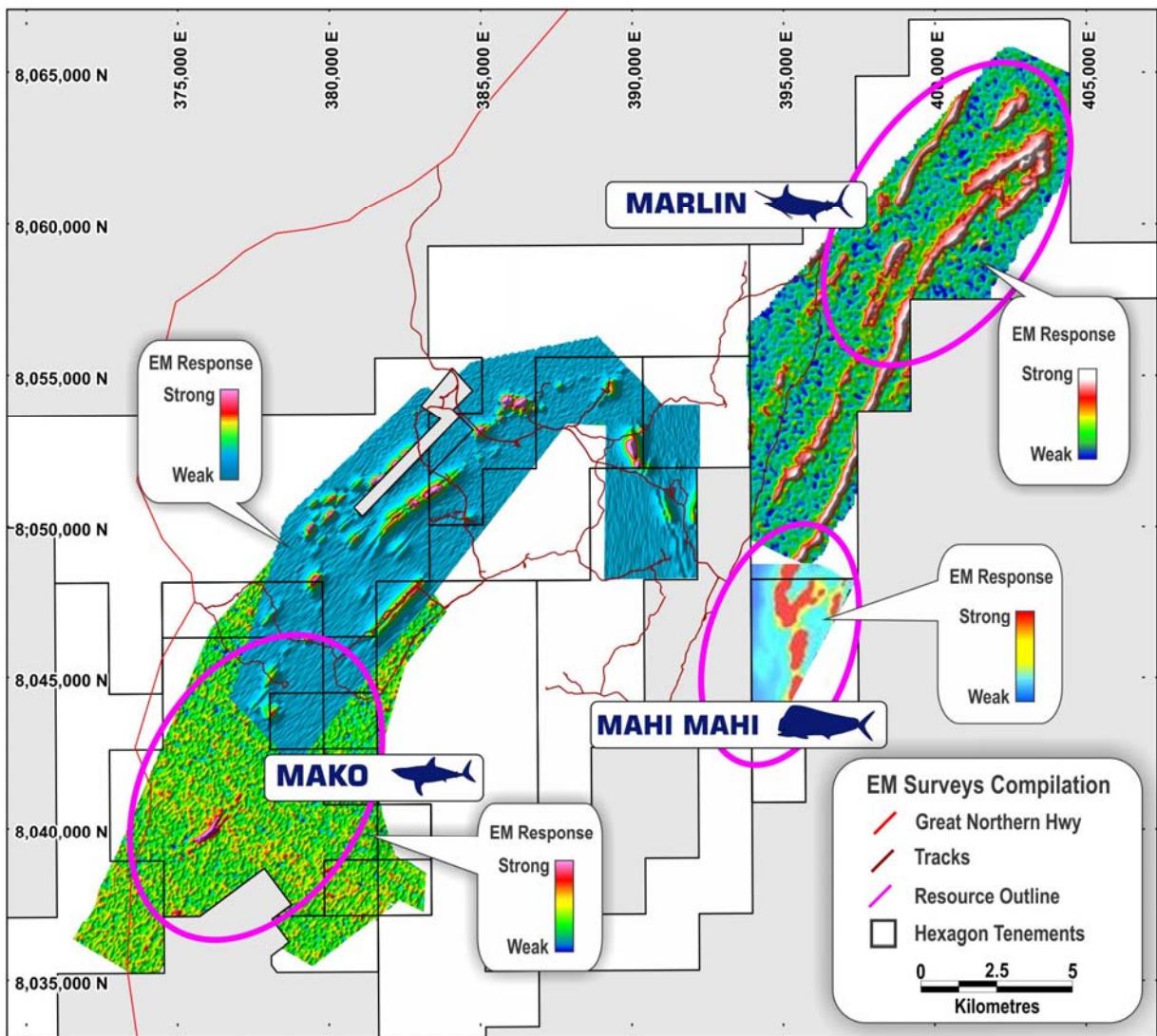


Figure 2: Growth potential of the Greater McIntosh Tenement Package



## HEXAGON TENEMENT HOLDINGS - AUSTRALIA

Project	Tenement	Type	Number	Ownership Status	Acquired/Disposed
McIntosh, WA	Melon Patch	E	E80/3864	100% Hexagon	
	McIntosh Hills	E	E80/3928	100% Hexagon	
	Melon North	E	E80/3906	100% Hexagon	
	Melon South	E	E80/3907	100% Hexagon	
	Black Granite	E	E80/4396	100% Hexagon	
	White Rock South	EL	E80/4688	100% Hexagon	
	Panton West	EL	E80/4734	100% Hexagon	
	Black Rock Creek	EL	E80/4739	100% Hexagon	
	Togo	EL	E80/4732	100% Hexagon	
	Edle Creek	EL	E80/4825	100% Hexagon	
	Alice Downs	EL	E80/4842	100% Hexagon	
	White Rock	EL	E80/4841	100% Hexagon	
	Carolyn Hills South	P	P80/1821	100% Hexagon	
	Panton North	E	E80/4733	100% Hexagon	
	Mabel Hill	ELA	E80/4879	100% Hexagon	
	Wills Creek	ELA	E80/4931	100% Hexagon	
Mabel, WA	Mabel Downs	E	E80/4385	100% Hexagon	
	Spring Creek	E	E80/4797	100% Hexagon	
	Six Mile Bore	E	E80/4814	100% Hexagon	
Halls Creek, WA	Golden Crown South	E	E80/4794	100% Hexagon	
	Highway	E	E80/4793	100% Hexagon	
	Granite	E	E80/4795	100% Hexagon	
	Granite	P	P80/1816	100% Hexagon	
	Granite	P	P80/1817	100% Hexagon	
	Granite	P	P80/1815	100% Hexagon	
	Granite	P	P80/1818	100% Hexagon	
	Granite	P	P80/1414	100% Hexagon	
	Granite	P	P80/1799	100% Hexagon	
	Granite	P	P80/1801	100% Hexagon	
	Granite	P	P80/1800	100% Hexagon	
Valla, NSW	Valla	EL	EL6702	100% Hexagon	



## GEUMAM FLAKE GRAPHITE PROJECT

During the half Hexagon Resource did not complete any field work, or advance any studies or test work on its South Korean Projects. The company is investigating its options and is in discussions with a number of parties in relation to its South Korean assets.

## HEXAGON TENEMENT HOLDINGS - SOUTH KOREA

### Geumam Flake Graphite Project

Tenement Number	Registration Number	Area (ha)	Registered Holder	Grant Date	Expiry Date
Dangjin 54-4	200432	44	Won Kwang Mines Inc	30 July 2014	31 July 2021
Dangjin 56-3	200433	68	Won Kwang Mines Inc	30 July 2014	31 July 2021
Dangjin 66-1	200434	68	Won Kwang Mines Inc	30 July 2014	31 July 2021
Dangjin 55-3	80077	68	Won Kwang Mines Inc	7 February 2012	6 February 2032
Dangjin 65-1	80014	68	Won Kwang Mines Inc	8 December 2011	7 December 2031
Dangjin 65-2	78355	68	Won Kwang Mines Inc	17 December 2009	16 December 2029
Dangjin-54-2	200258	135	Won Kwang Mines Inc	23 May 2013	22 May 2020
Dangjin-55-4	200259	64	Won Kwang Mines Inc	23 May 2013	22 May 2020

### Taehwa Flake Graphite Project

Tenement Number	Registration Number	Area (ha)	Registered Holder	Grant Date	Expiration Date
Hongcheon 91-2	079948	68	Won Kwang Mines Inc	15 November 2011	14 November 2031

### Samcheok Flake Graphite Project

Tenement Number	Registration Number	Area (ha)	Registered Holder	Grant Date	Expiration Date
Samcheok 09-2	200216	68	Won Kwang Mines Inc	10 January 2013	9 January 2020



## **CORPORATE**

### **COMPANY RESEARCH REPORT COMPLETED BY BREAKAWAY RESEARCH**

Hexagon Resources Limited (ASX: HXG) is pleased to announce the release of a 'Company Update' Research Report commissioned by the company and completed by Breakaway Research.

A copy of the report is available on the Company's website via the following link:

<http://hexagonresources.com/category/research-reports/>

*Breakaway Research is an independent research company. It is a member of Breakaway Investment Group – an Australian financial services company that specialises in the resource sector providing funds management, equity research and corporate advisory services.*

### **SUCCESSFUL \$1.358 M CAPITAL RAISING**

On the 9<sup>th</sup> March 2016, Hexagon announced that it has closed a placement of 16,662,500 ordinary shares at \$0.08 each and 8,331,250 free unlisted options with new and existing institutional funds, and sophisticated / professional investors to raise a total of \$1.333 million. The options are exercisable at 12 cents each and expire on 30 September 2017. The company originally planned to place 12 million ordinary shares but after interest from some new clients the placement was increased to accommodate their initial entry onto the Hexagon register.

The funds raised from the placement will be used to fund final stage environmental and hydrogeological studies, further engineering and process design, commencement of a feasibility study for McIntosh plus ongoing working capital.

### **CHANGE OF PRINCIPLE PLACE OF BUSINESS**

On 4<sup>th</sup> January 2016, Hexagon Resources Limited changed the Company's Principal Place of Business and Operations Office to Unit 4, 20 Peel Road, O'Connor WA 6163.

The Company's Registered Office and postal address will remain unchanged.



***Further information:***

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**Competent Persons Statement**

*The information in this report relating Exploration Target Estimates, 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.*