JUMBO FLAKE RECORDED IN THIN SECTION AND COMMENCEMENT OF THE Xcite™ ELECTROMAGNETIC SURVEY AT THE MARLIN & MAHI MAHI PROSPECTS

The Board of Hexagon Resources Limited (ASX: HXG, “Hexagon” or “Company”) is pleased to report impressive thin section results from its 100% owned McIntosh project located in the East Kimberley region of Western Australia. Thin section analysis was completed on rock chip samples collected from surface at the Marlin and Mahi Mahi prospects.

**Highlights:**

- Graphite flakes with long dimensions frequently exceeding 500μm occurring singly and in bunches, with good orientation
- Thin section analysis from rock chip samples taken from the Marlin and Mahi Mahi prospects indicate flake graphite concentrations around 5 to 10%, being consistent with the other JORC resources already defined at McIntosh
- Xcite™ electromagnetic survey to commence over Marlin and Mahi Mahi aimed at doubling the exploration target estimate for the McIntosh project
- Resource infill drilling at Emperor in preparation for mine operations is now complete, extensional and resource infill drilling continuing at Wahoo
- First pass drilling of the large scale Marlin and Mahi Mahi prospects planned for Q2 CY17 aimed at significantly increasing the global resource at McIntosh

Hexagon’s CEO/Head of Operations, Tony Cormack commented, "The Marlin and Mahi Mahi prospects, like all deposits at McIntosh, have flake graphite at surface and have the potential to add significant tonnage to the global resource. The thin section results clearly display the high quality of the flake graphite at the Marlin and Mahi Mahi prospects and they also confirm a quality consistent with that of the existing deposits at McIntosh. The value of flying an electromagnetic survey to successfully target our drilling has been demonstrated previously at McIntosh, we look forward to the higher definition results from the Xcite™ system over our exciting Marlin and Mahi Mahi prospects"
Figure 1 shows a thin section photomicrograph taken from a surface sample at the Marlin prospect, the graphite demonstrates good flake size which is important for easy liberation during processing and is also highly crystalline, allowing for ultra-high purity concentrates to be produced. The flake graphite is extremely well formed and contains no, to very little interstitial deleterious material, and it is for all these reasons that ultra-high purity flake graphite concentrates of +99% TC can be achieved, using a simple process, with no acids.

Ultra-high purity flake graphite from McIntosh is ideal feedstock for spherical graphite for use in the anodes of lithium-ion batteries. McIntosh flake graphite concentrates can be successfully purified to battery grade using a thermal process, also without the use of any toxic acids, making the McIntosh product a highly attractive material for battery producers.
Figure 2 shows the location of the Marlin and Mahi Mahi prospects in relation to the existing deposits at Emperor, Wahoo, Barracuda and Longtom. Further resource infill and extensional drilling along with first pass drilling of new anomalies has been ongoing at McIntosh. Drilling is currently being focussed on infill at the Wahoo deposit. The 2016 field season is expected to be completed in the next week to 10 days with results expected to flow in the coming weeks.

All HQ diamond core has been geotechnically logged to record geological structures for pit wall design for conversion to reserves. The infill drilling, primarily focussed at the Emperor deposit, has confirmed the robustness and consistency of the mineral resources at McIntosh.
KEY FEATURES OF THE Xcite™ SYSTEM

- Logistically superior in setup (2 hours for a complete installation) and shipping making Xcite™ a cost effective system
- Innovative patented loop design
- Exceptional signal/noise
- Programmable waveform with fast turn-off time
- Mobilisation costs are reduced due to the compact size of the system
- Excellent depth of investigation
- High performance in both early and late time
- All raw, streaming data is recorded.
- Time gates are selected post flight, thereby ensuring that the system data presentations can be tailored for all target or application requirements
- The shock absorbing qualities of the frame results in a perfectly damped platform producing quiet data.
- Low survey height of both transmitter and receiver results in a significant improvement in all data
Further information:

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Competent Persons Statement
The information in this report relating to Exploration Target Estimates, Exploration Results, Geological Data and Mineral Resources 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.

Forward Looking Statement
The information in this report may contain forward-looking statements regarding the potential of the Company’s revenues, projects, interests and the development potential of the Company’s business. Any statement describing a goal, expectation, intention or belief of the Company is a forward-looking statement and should be considered an at-risk statement. Given these risks, readers are cautioned not to rely on forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements due to many important factors, risks and uncertainties including, without limitation, risk associated with product sales, development and manufacture, risks inherent in the business, future capital needs, general economic uncertainty and other risks detailed from time to time in the Company’s announcements to the ASX.