

ASX ANNOUNCEMENT

8 October 2018

**Positive Early Drilling Outcomes - McIntosh JV Update**

**Highlights**

- 90 metres of shallow graphite mineralisation intersected at the new Mahi Mahi target.
- 20 metres of shallow graphite mineralisation intersected at the new Threadfin target.
- Drilling at the Emperor Mineral Resource indicates mineralisation occurs at shallower levels than previously interpreted – highlighting potential for improved open pit mining economics.
- Drill program is on track for completion at the end of October, 2018.
- Finalisation of the Joint Venture agreement between Mineral Resources and Hexagon in progress to replace the current binding Heads of Agreement.



*Hexagon management group visiting the Mahi Mahi target drill site; (from left) Michael Chan, Mike Rosenstreich, Chris Handley (Principal Geologist - MinRes), Garry Plowright and Lianne Grove.*



## Background

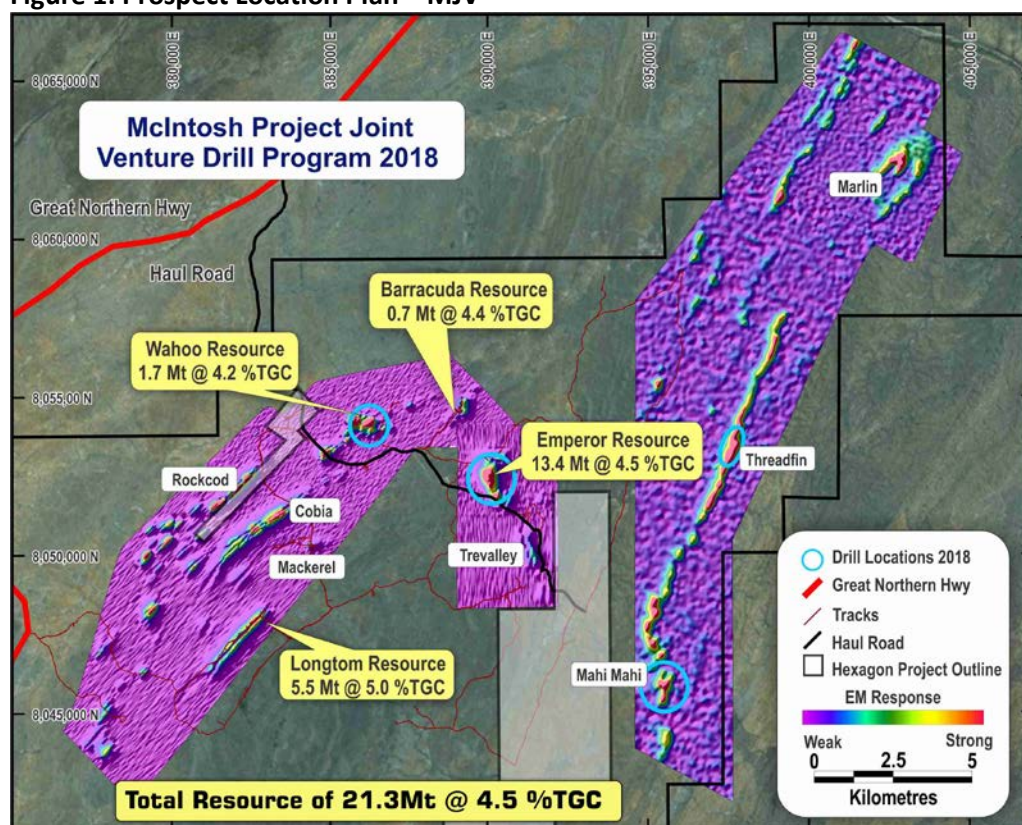
Hexagon Resources (ASX:HXG), **Hexagon** or the **Company**) is pleased to provide an update on activities at its McIntosh Joint Venture (**MJV**) project, located in northern Western Australia. Mineral Resources Limited (ASX:MIN, **MinRes**) has the right to earn a 51% interest in the McIntosh tenements, by funding all feasibility and development activities through to Commercial Production. MinRes is managing the current program and subject to a positive feasibility study would manage the MJV operations under a separate Mine Services Agreement.

## MJV Site Activities

A major drilling program is currently underway at the McIntosh Project designed to generate metallurgical samples, underpin a resources upgrade and test several undrilled target zones.

As at the 3 October a total 40 drill holes have been completed, comprising 4,888 metres of reverse circulation (RC) and 1,751.1 metres of diamond drill (DD) core over the existing Emperor deposit and the previously untested Mahi Mahi and Threadfin targets; refer Figure 1, Prospect Location Plan.

**Figure 1: Prospect Location Plan – MJV**



The program is due for completion at the end of October, 2018 and all assay results are pending.

Summary interim observations include:

### a. Mahi Mahi Target

First drilling at the Mahi Mahi target has intersected thick, up to 90 metre zone of graphite mineralisation almost from surface as shown in Figure 2. The graphite mineralisation dips 10 to 30 degrees west and plunges gently south. It has been intersected on 4 drill sections extending over 300 metres along strike and remains open to the south and down dip.

To date, 16 drill holes were completed for a total of 2,058 metres with two diamond drill holes still planned. Drill hole collar locations plotted onto the electro-magnetic (EM) anomaly are presented in Figure 3.

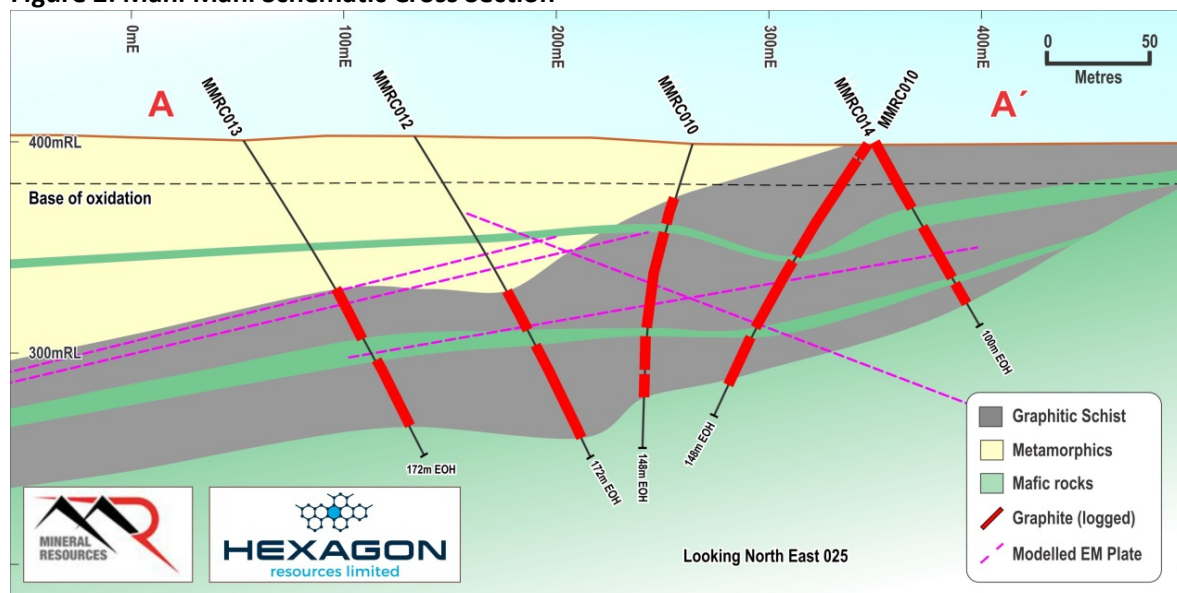




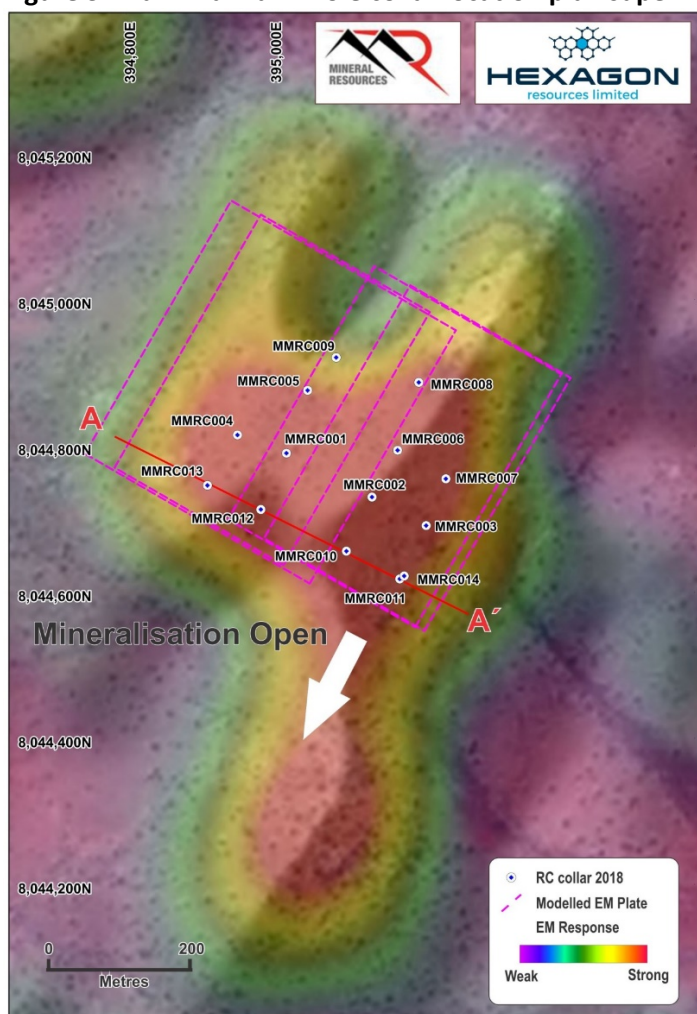
## b. Thread Fin Target

First drilling at the Threadfin target has intersected up to 20 metres of graphite mineralisation in the first hole, subsequent holes have intersected thinner bands of graphite. The program consisted of 10 holes for a total of 810 metres.

**Figure 2: Mahi Mahi Schematic Cross Section**



**Figure 3: Mahi Mahi drill hole collar location plan superimposed on airborne EM data.**



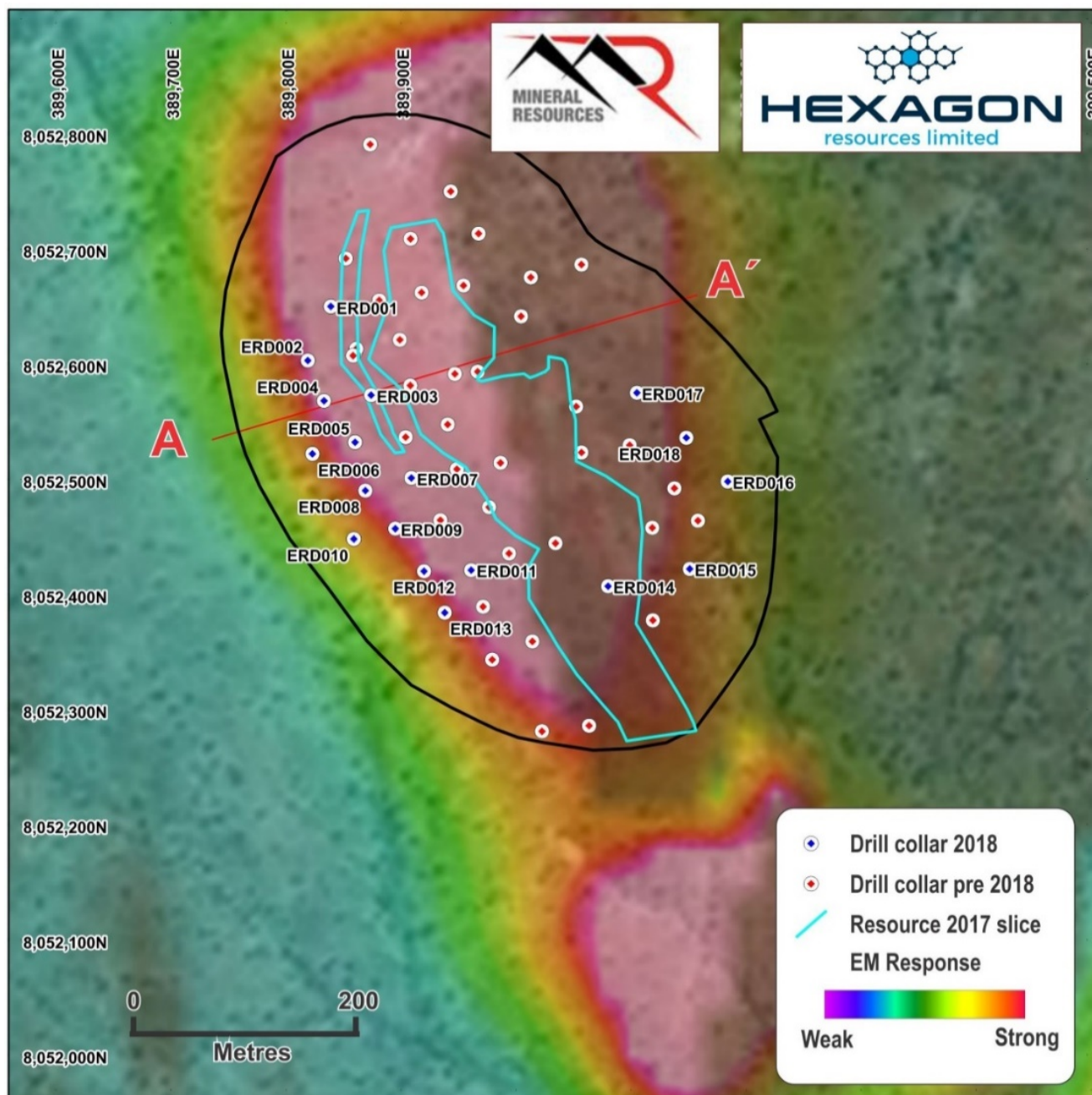


### c. Emperor Deposit

Drilling designed to infill the existing Mineral Resource<sup>1</sup> estimated for the Emperor deposit and generate additional metallurgical samples is in progress with 12 diamond drill holes of a 20 hole program completed as presented in Figures 4 and 5.

Preliminary observations of the new drill core intercepts suggest that the graphite mineralisation is occurring at a shallower level than previously interpreted which if confirmed would lead to more favourable open pit mining economics. In all other respects the new drilling is confirming or enhancing HXG's previous geological interpretations.

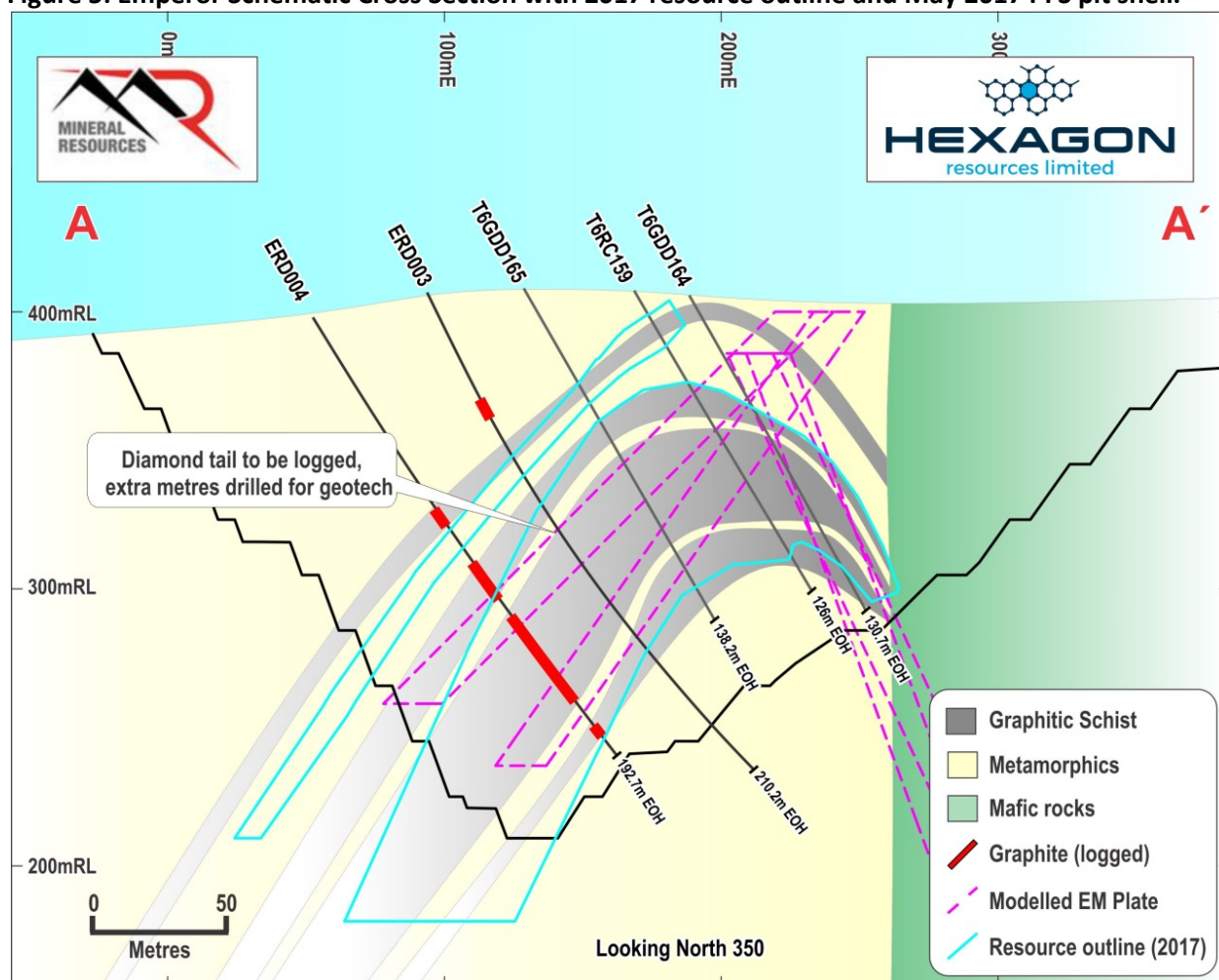
**Figure 4: Emperor drill hole collar location plan superimposed on airborne EM data with and May 2017 PFS pit shell outline.**



<sup>1</sup> Refer ASX Report on Mineral Resources dated 25 May, 2017 for full details.



**Figure 5: Emperor Schematic Cross Section with 2017 resource outline and May 2017 PFS pit shell.**



## Joint Venture Agreements

The MJV activities are currently being conducted under the terms of the binding Heads of Agreement (HoA) executed on 27 March 2018. Hexagon and MinRes had planned to have the formal documentation completed in July, 2018. However, this has been delayed due to other higher priority matters in both companies. Both parties have been “relaxed” about this given the clear and binding obligations set-out in the HoA, however it is planned to have the joint venture documentation completed by the end of October, 2018.

## Commentary

Hexagon Managing Director Mike Rosenstreich said, “The preliminary technical results all appear to be positive, and we are delighted to have now verified the potential at Mahi Mahi with shallow, thick, continuous zones of graphite mineralisation and the shallower zones at Emperor will benefit the economics of any open pit mining. We are also getting some early encouraging results at the other new target zone, Threadfin.”

“Now that we are generating drill core again, Hexagon’s technical team is working with MinRes on planning the up-coming metallurgical test work to finalise an optimised concentrate flow sheet. This is critical for the feasibility study and for developing market opportunities for the graphite concentrate.”

“Our attention will also now focus on the finalisation and execution of the joint venture agreement with MinRes.” he added.





## **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. Mr. Rosenstreich is a fulltime employee of the Company and is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Tomlinson was a fulltime employee of the Company until 10 August, 2018 and is currently a Consulting Geologist for Mineral Resources, working on the McIntosh project. He 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.

### **For further information please contact:**

#### **Mike Rosenstreich**

*Managing Director*

Hexagon Resources Limited

[MikeR@hexagonresources.com](mailto:MikeR@hexagonresources.com)

+ 61 8 6244 0349

#### **Karen Oswald**

*Investors/Media*

NWR Communications

[karen@nwrcommunications.com.au](mailto:karen@nwrcommunications.com.au)

+ 61 423 602 353



## Appendix 1: JORC Table

Section 1 Sampling techniques and Data		
Criteria	JORC Code Explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> </ul>	<p><b>1. Reverse Circulation</b></p> <ul style="list-style-type: none"> <li>RC drilling used high pressure air and a cone splitter to collect samples.</li> <li>Samples were collected at one-metre intervals.</li> <li>All graphitic intervals are to be submitted for analyses.</li> <li>Duplicate and standards were included and sent for analysis with samples. Sampling was guided by Hexagon's protocols and QA/QC procedures.</li> <li>Samples to be sent to the ALS laboratory in Perth for assay preparation and then sent to ALS in Brisbane for Total Graphitic Carbon (TGC) analysis.</li> <li>All samples were pulverised to better than 85% passing 75µm with a 10g aliquot taken for assay.</li> <li>RC drilling samples of 3 to 5kg weight were shipped to the laboratory in plastic bags; samples were pulverised and milled for assay.</li> </ul> <p><b>2. Diamond Drilling</b></p> <ul style="list-style-type: none"> <li>Core is currently being logged before sent to Perth for cutting and sampling,</li> </ul>
<b>Drilling Techniques</b>	<ul style="list-style-type: none"> <li>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).</li> </ul>	<p><b>1. Reverse Circulation</b></p> <ul style="list-style-type: none"> <li>RC drill holes (total of 1,646m from 24 holes) – completed with a face sampling hammer and collected through a cone 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.</li> <li>RC drilling was completed by Mount Magnet drilling using an Hydco 1300 drill rig.</li> </ul> <p><b>2. Diamond Drilling</b></p> <ul style="list-style-type: none"> <li>Diamond drill holes are as tails from RC precollars by Mount Magnet Drilling using an Hydco 650 drill rig and collected HQ<sub>3</sub> core using a 1.5-3m core barrel (depending on ground conditions).</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> </ul>	<p><b>1. RC Drilling</b></p> <ul style="list-style-type: none"> <li>A face sampling hammer was used to reduce contamination.</li> <li>1m drill chip samples, weighing approximately 2kg were collected throughout the drill programme in sequentially numbered bags.</li> <li>Split samples were recovered from a cyclone and rig-mounted cone splitter.</li> </ul>



	<ul style="list-style-type: none"> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The sample recovery and physical state of the sample was recorded for every sample.</li> <li>• Every interval drilled is represented in an industry standard chip tray that provides a check for sample continuity down hole.</li> </ul> <p><b>2. Diamond drilling</b></p> <ul style="list-style-type: none"> <li>• Core recoveries were measured for each run between core blocks and measurements recorded. Core was photographed and logged for RQD and geology.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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 sample recovery. The oxidation zone is also recorded.</li> <li>• Geological logging is qualitative in nature.</li> <li>• Diamond drilling logging also recorded recovery, structure and geotechnical data.</li> <li>• Diamond core was orientated using the Reflex orientation tool where possible.</li> <li>• Core was photographed both dry and wet.</li> </ul>
<b>Sub-sample techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size</i></li> </ul>	<p><b>1. RC Drilling</b></p> <ul style="list-style-type: none"> <li>• All samples were marked with a unique sequential sample number.</li> <li>• 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.</li> <li>• 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.</li> <li>• For RC samples, standards and field duplicates were inserted at an approximate rate of 1 in every 20 samples collected.</li> </ul> <p><b>Sample preparation:</b></p> <ul style="list-style-type: none"> <li>• Coarse crush using a jaw crushed to better than 70% passing 6mm.</li> <li>• For samples exceeding 3kg received mass, riffle split using a Jones Riffle Splitter 50:50</li> <li>• Pulverise up to 3kg of coarse crushed material to better than 85% passing 75µm particle size</li> </ul>





	<p><i>of the material being sampled.</i></p>	<ul style="list-style-type: none"> <li>• Small aliquot (~10g) taken for assay.</li> </ul> <p><b>2. Diamond Drilling</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b>Sample preparation:</b></p> <ul style="list-style-type: none"> <li>• Coarse crush using a jaw crushed to better than 70% passing 6mm.</li> <li>• For samples exceeding 3kg received mass, riffle split using a Jones Riffle Splitter 50:50</li> <li>• Pulverise up to 3kg of coarse crushed material to better than 85% passing 75µm particle size</li> <li>• Small aliquot (~10g) taken for assay.</li> <li>• For samples exceeding 3kg received mass, riffle split using a Jones Riffle Splitter 50:50</li> <li>• Pulverise up to 3kg of coarse crushed material to better than 85% passing 75µm particle size</li> <li>• Small aliquot (~10g) taken for assay.</li> </ul> <p><b>3. Sampling procedures and sample preparation represent industry good practice:</b></p>
<p><b>Quality of assay data and laboratory tests</b></p>	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The assaying and laboratory procedures used are appropriate for the material tested.</li> <li>• Sampling was guided by Hexagon's protocols and QA/QC procedures.</li> <li>• For RC samples, standards and field duplicates were inserted at an approximate rate of 1 in every 20 samples collected.</li> <li>• 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.</li> </ul>
<p><b>Verification of sampling and assaying</b></p>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Assay results are pending. QA/QC analysis and checks will be completed once results are received.</li> <li>• There were no site visits by an independent company to validate significant intersections during the 2018 drill programme at the McIntosh Project.</li> <li>• 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</li> </ul>



		limiting transcription or mapping errors from occurring.
<b>Location of Data points</b>	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>• All 2018 drill hole collars to be surveyed by a contract surveyor (MNG survey) from Broome using a Differential GPS (DGPS)</li> <li>• Downhole surveys to be completed for all holes where possible using a gyro by ABIM solutions.</li> <li>• The map projection used is the Australia Geodetic MGA 94 Zone 52.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill spacing on approximate grids of 40m x 80m through the Longtom deposit and 20m x 50m through the Barracuda deposit.</li> <li>• Geological interpretation and mineralisation continuity analysis indicates that data spacing is sufficient for definition of a Mineral Resource.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• At the Emperor deposit and Mahi Mahi and Threadfin prospects, holes generally drilled dipping at -60° perpendicular to the target graphitic schist unit.</li> <li>• Where possible, diamond drill core was orientated using a Reflex ACE tool 9Act II), with <math>\alpha</math> and <math>\beta</math> angles measured and positioned using a Kenometer.</li> <li>• The relationship between the drilling orientation and the orientation of key mineralised structures is not considered to have introduced a sampling bias.</li> </ul>
<b>Sample Security</b>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Unique sample number are retained during the whole process</li> <li>• 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 are to be transported by road. RC and diamond samples are to be sent to the ALS laboratory in Perth for preparations and to ALS in Brisbane for analysis.</li> <li>• The sample security is adequate for purpose.</li> </ul>



<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Field data is managed by an independent data management consultancy Rock Solid Solutions.</li> <li>• All data collected was subject to internal review</li> <li>• Hexagon's existing resources have been externally audited by Optiro in May 2017</li> </ul>
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<b>Section 2 Reporting of Exploration Results</b>		
<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drilling at the Emperor deposit occurred on exploration leases E80/3864, Mahi Mahi lease E80/4825 and for Threadfin E80/4931. These tenements are held by McKintosh Resources Pty Ltd who is a wholly owned subsidiary of Hexagon Resources.</li> <li>• Mineral Resources Ltd are the managers of exploration on the McIntosh Project.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>





		<p>McIntosh Project area appears to be largely upper amphibolite facies with the presence of key minerals such as sillimanite and evidence of original cordierite.</p> <ul style="list-style-type: none"> <li>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 graphite bearing material from lower order EM anomalism.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drillhole collar</i></li> <li><i>elevation or RL (elevation above sea level in metres) of the drillhole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Drilling continues at Emperor to date 18 RC pre-collar for 1843m and diamond tails for 1430.8m.</li> <li>At Mahi Mahi, a total of 16 RC holes were drilled for 2058m.</li> <li>At Threadfin, a total of 10 RC holes were drilled for 810m.</li> <li>Tabulated hole locations and details are reported in the body of the report.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Data compiled in excel and validated in Datashed by an external data management consultancy.</li> <li>RC and diamond samples were all 1m in length.</li> <li>Metal equivalents are not reported as this is an industrial mineral project where the mineral properties define grade (e.g. flake size and purity).</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li><i>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect.</i></li> </ul>	<ul style="list-style-type: none"> <li>Mineralised widths at Emperor are estimated to be typically between 5m and 70m, compared with RC 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.</li> <li>The graphitic schist horizon has been interpreted as an anticlinal fold. Angled drill holes (generally 60o) have targeted</li> </ul>

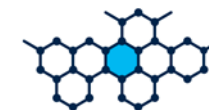


		<p>the mineralised unit with the priority to intersect the limbs perpendicular to the strike of the graphitic schist horizon, although in some areas this was not possible and holes were drilled down dip. However interpreted EM data and the width of intersections where holes were drilled perpendicular to the unit have allowed for a good indication of unit thickness to be made and applied in areas where the information is not available.</p> <ul style="list-style-type: none"> <li>Mineralised widths at Mahi Mahi are estimated to be typically between 5m and 90m, compared with samples of 1m width. Internal dilution is present in the thicker units. 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 having a dip to the west of 35 - 40° striking north, north-east. Angled drill holes (generally 60°) have targeted the mineralised unit with the priority to intersect perpendicular to the strike of the graphitic schist horizon.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Relevant diagrams have been included within the Mineral Resource report main body of text.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Exploration assay results are pending.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results;</i></li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>



	<p><i>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.</i></p>	<p>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.</p> <ul style="list-style-type: none"> <li>• Xcite EM survey was completed over the eastern tenements in 2016.</li> <li>• VTEM geophysical work was carried out by Geotech Limited with the data validated and processed by Southern Geoscience Consultants (SGC).</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> </ul>	<ul style="list-style-type: none"> <li>• Use drilling results to increase confidence in the existing resources and subsequently produce resource upgrades where applicable.</li> <li>• Further diamond core drilling has been recommended to twin and verify existing RC holes at Mahi Mahi. This core is planned to be assayed for TGC and examined petrographically to assess graphite flake characteristics.</li> <li>• Test EM anomalies along strike for graphite mineralisation potential.</li> <li>• Additional dry density work on core to be carried out on mineralised and background domains.</li> <li>• Program to assess moisture content of material.</li> </ul>





## Appendix 2: Drill Hole Locations

### Drill hole locations

Drill hole collar locations were marked out using a GPS and will be surveyed by differential GPS in coordinate system MGA 94 Zone 52.

### Emperor Drilling

HoleID	Hole_Type	East	North	RL	Azi_GRD	Dip	RC Actual	DD Design	DD Actual	Depth Total Design	Depth Total Actual	Comments
ERD001	RD	389839	8052650	401.8	80	-60	72	130	135.7	200	207.7	
ERD002	RD	389819	8052603	398.7	80	-60	72	140	117.7	210	189.7	
ERD017	RD	390120	8052577	415.3	260	-60	78	120		220		
ERD003	RD	389873	8052574	404.5	80	-60	51	120	159.2	180	210.2	
ERD004	RD	389833	8052568	398.9	80	-60	90	120	102.7	210	192.7	
ERD018	RD	390138	8052536	417.1	260	-60	129	90		210		
ERD005	RD	389860	8052532	401.6	80	-60	78	140	134.2	220	212.2	
ERD006	RD	389823	8052522	398.6	80	-60	102	150	150.6	250	252.6	
ERD007	RD	389906	8052499	406.0	80	-60	83	90	133.8	200	216.8	
ERD016	RD	390177	8052499	416.2	260	-60	120	100	6.8	220	126.8	In progress
ERD008	RD	389869	8052490	402.0	80	-60	138	90	81.7	230	219.7	
ERD009	RD	389895	8052457	403.3	80	-60	132	100	99.6	230	231.6	
ERD010	RD	389859	8052448	401.1	80	-60	156	100	87.7	260	243.7	
ERD011	RD	389960	8052427	406.1	80	-60	110	80	79.7	190	189.7	
ERD015	RD	390168	8052424	409.6	260	-60	111	80	65.9	190	176.9	
ERD012	RD	389920	8052420	401.8	80	-60	132	80	75.5	220	207.5	
ERD014	RD	390076	8052406	414.7	80	-90	69	90		170		
ERD013	RD	389933	8052380	399.4	80	-60	120	100		220		



### Mahi Mahi Drilling

HoleID	HoleType	East	North	RL	Actual RC Depth	Dip	Az_GRD	Comments
MMRC011	RC	395171	8044622	400.1	148	-55	295	
MMRC010	RC	395098	8044655	401.3	148	-70	295	
MMRC012	RC	394989	8044706	403.3	172	-58	115	
MMRC013	RC	394917	8044740	403.7	172	-58	115	
MMRC003	RC	395205	8044694	400.1	150	-60	295	
MMRC002	RC	395132	8044728	401.3	130	-80	295	
MMRC001	RC	395023	8044779	403.5	154	-60	115	
MMRC004	RC	394951	8044812	403.7	196	-60	115	
MMRC007	RC	395238	8044767	400.5	130	-60	295	
MMRC006	RC	395166	8044800	401.7	130	-60	295	
MMRC005	RC	395057	8044851	403.7	100	-60	115	
MMRC008	RC	395200	8044873	401.3	88	-60	295	
MMRC009	RC	395091	8044924	404.0	94	-60	115	
MMRC014	RC	395173	8044622	400	100	-65	115	
MMRC015	RC	395214	8044697	400	88	-60	115	
MMRC016	RC	395244	8044763	400	58	-60	115	



### Threadfin Drilling

HoleID	HoleType	East	North	RL	Depth	Dip	Az_GRD	Comments
TFRC006	RC	397624	8052792	349.3	60	-60	115	
TFRC005	RC	397551	8052826	340.3	76	-60	115	
TFRC004	RC	397479	8052859	342.5	94	-60	115	
TFRC001	RC	397759	8053082	344.0	58	-60	115	
TFRC002	RC	397686	8053116	338.2	88	-60	115	
TFRC003	RC	397614	8053149	335.8	124	-60	115	
TFRC009	RC	397754	8053261	342.0	60	-60	115	
TFRC008	RC	397682	8053294	342.3	90	-60	115	
TFRC007	RC	397609	8053328	342.0	120	-60	115	
TFRC010	RC	397686.4	8053116	338.173	40	-90		