

HAWKSTONE MINING LIMITED

ACN 008 720 223

PROSPECTUS

This Prospectus is being issued for offers of:

- (a) 100 Shares at an issue price of \$0.012 per Share (**Cleansing Offer**);
- (b) 194,444,445 Placement Options, being Options to be issued free attaching to Shares issued under the Placement to Placement Participants subject to Shareholder approval (**Placement Offer**); and
- (c) 15,000,000 Broker Options to PAC Partners Securities Pty Ltd (or its nominees) subject to Shareholder approval (**Broker Offer**),

(together the **Offers**).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered under this Prospectus should be considered speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Paul Lloyd
(Managing Director)

Mr Barnaby Egerton-Warburton
(Non-Executive Chairman)

Mr Greg Smith
(Non-Executive Director)

Company Secretary

Oonagh Malone

Registered Office

Ground Floor
24 Outram Street
WEST PERTH WA 6005

Telephone: + 61 8 6143 6705

Email: info@hawkstonemining.com.au

Website:

www.hawkstonemining.com.au

Auditor*

HLB Mann Judd (WA Partnership)
Level 4
130 Stirling Street
PERTH WA 6000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

Share Registry*

Automic Registry Services
Level 5
126 Phillip Street
SYDNEY NSW 2000

Telephone:
1300 288 664 (Australia)
(02) 9698 5414 (International)

Legal Advisers

Steinepreis Paganin
Lawyers and Consultants
Level 4
The Read Buildings
16 Milligan Street
PERTH WA 6000

2. TIMETABLE AND IMPORTANT NOTES

2.1 Timetable

| Action | Date |
|---|-------------------------------|
| Lodgement of Prospectus with the ASIC and ASX | 5 November 2020 |
| Lodgement of Appendix 3B with ASX | 5 November 2020 |
| Opening Date | 5 November 2020 |
| Expected date of Official Quotation of the Shares | 6 November 2020 |
| Annual General Meeting | 2 December 2020 |
| Issue of Placement Options and Broker Options | 2 December 2020 |
| Closing Date* | 5:00pm WST on 2 December 2020 |

* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

2.2 Important Notes

This Prospectus is dated 5 November 2020 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offers are only available to those who are personally invited to accept the Offers. Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and for options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at <http://hawkstonemining.com.au/>. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.4 Risk Factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

2.5 Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.6 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

2.7 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offers described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offers. You should rely only on information in this Prospectus.

3. DETAILS OF THE OFFERS

3.1 The Offers

This Prospectus is for offers of:

- (a) 100 Shares to selected investors at an issue price of \$0.012 per Share to raise \$1.20 (before costs);
- (b) 194,444,445 Placement Options, being Options to be issued to Placement Participants subject to Shareholder approval; and
- (c) 15,000,000 Broker Options to PAC Partners (or its nominees) subject to Shareholder approval.

The Offers will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus. A summary of the rights and liabilities attaching to the Shares is set out in Section 5.1.

The Placement Options and Broker Options offered under this Prospectus will be issued with the terms and conditions set out in Section 5.2.

3.2 Objective of the Cleansing Offer

The Company is seeking to raise only a nominal amount of \$1.20 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The Cleansing Offer will only be extended to specific parties unrelated to the Company, having a registered address in Australia, on invitation of the Directors (**Invited Participant**). An Application Form will only be provided by the Company to these parties, together with a copy of this Prospectus.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.3 Objective of the Placement Offer and Broker Offer

On 30 October 2020, the Company announced a placement to sophisticated and professional investors to raise a total of approximately \$3,500,000 (before costs) (**Placement**) through the issue of approximately 291,666,667 Shares at an issue price of \$0.012 per Share (**Placement Shares**) together with, subject to prior Shareholder approval, the grant of two (2) free attaching unquoted Options for every three (3) Placement Shares issued, exercisable at \$0.02 each and expiring 2 years from the date of issue (**Placement Options**).

Funds raised under the Placement will be used towards exploration at the Company's USA assets including the continued exploration at the Long Pine Gold Project in Idaho USA with following up drilling planned for 2021, drilling at the Western Desert and the Devil's Canyon projects to commence in March/April 2021, metallurgical studies for the Big Sandy Lithium Project in Arizona, and for general working capital.

The Placement Offer is for the issue of 194,444,445 unquoted Placement Options, being free attaching Options to be issued under the Placement to Placement Participants subject to Shareholder approval. All Placement Options will be issued on or around 2 December 2020, subject to Shareholder approval being obtained at the Company's annual general meeting to be held on 2 December 2020 (**Annual General Meeting**).

If Shareholder approval is not obtained for the grant of the Placement Options, then the Company will not proceed with the Placement Offer.

On 25 October 2020, the Company entered into a lead manager mandate with PAC Partners Securities Pty Ltd. (ACN 623 653 912) (**PAC Partners**), pursuant to which the Company engaged PAC Partners to act as lead manager to the Placement (**Lead Manager Mandate**). Pursuant to the Lead Manager Mandate, the Company agreed to issue to PAC Partners the Broker Options as partial consideration for the provision of the brokerage services provided by PAC Partners to the Company in connection with the Placement.

In addition to the Broker Options, under the Lead Manager Mandate, the Company agreed to pay PAC Partners (or its nominees) a management fee of 2% (plus GST) of the gross proceeds of the Placement and a selling fee of 4% (plus GST) of the gross proceeds of the Placement, the latter of which excludes gross proceeds of firm allocations procured from the Company's network of individual investors.

The Broker Offer is for the issue of 15,000,000 unquoted Options (**Broker Options**), to PAC Partners (or its nominees) subject to Shareholder approval. All Broker Options will be issued on or around 2 December 2020, subject to Shareholder approval being obtained at the Annual General Meeting.

If Shareholder approval is not obtained for the grant of the Broker Options, then the Company will not be able to proceed with the Broker Offer.

No funds will be raised as a result of the issue of the Placement Options or the Broker Options. If all Placement Options and Broker Options are exercised, the Company will receive approximately \$4,188,889. Exercise of the Placement Options and the Broker Options is at the discretion of the holder.

The Placement Options and the Broker Options will be issued on the terms set out in Section 5.2.

All of the Shares issued upon the future exercise of the Placement Options and the Broker Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 5.1 for further information regarding the rights and liabilities attaching to Shares.

3.4 Application Forms

The Cleansing Offer is being extended to investors who are invited by the Company to subscribe for Shares and is not open to the general public. The Company may determine in its discretion whether to accept any or all Applications.

The Placement Offer is being extended to Placement Participants only.

The Broker Offer is being extended to PAC Partners (or its nominees) only.

Applications must be made using the Application Form attached to this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which Applications to accept.

Completed Application Forms must be received by the Company prior to the Closing Date. Application Forms should be delivered to the Company in accordance with the instructions on the Application Form.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the Securities under the Offers.

3.5 Minimum subscription

There is no minimum subscription for the Offers.

3.6 Issue of Securities

All Shares to be issued under the Cleansing Offer, the Placement Options to be issued under the Placement Offer and the Broker Options to be issued under the Broker Offer will be issued on the date specified in the proposed timetable in this Prospectus (subject to Shareholder approval being obtained at the Annual General Meeting for the issue of the Placement Options and the Broker Options).

Shareholder statements will be dispatched at the end of the calendar month following the issue of the Securities under the Offers.

3.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

The Company will not apply for Official Quotation by ASX of the Placement Options or Broker Options offered by this Prospectus.

3.8 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

The Offers do not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.9 Enquiries

Any questions concerning the Offers should be directed to Oonagh Malone, Company Secretary, on +61 8 6143 6705.

4. PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose of the Offers

The purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

The purpose of the Placement Offer and the Broker Offer is to:

- (a) ensure that the on-sale of the Placement Options and Broker Options do not breach section 707(3) of the Corporations Act; and
- (b) ensure that the on-sale of the underlying Shares to be issued upon the exercise of the Placement Options and the Broker Options is in accordance with ASIC Corporations Instrument 2016/80.

4.2 Effect of the Offers on capital structure

The effect of the Offers on the Company's capital structure is set out below.

| Shares ¹ | Number |
|--|----------------------|
| Shares currently on issue | 1,219,906,775 |
| Placement Shares to be issued under the Placement Offer ² | 291,666,667 |
| Shares offered under the Cleansing Offer ³ | 100 |
| Total Shares on issue on completion of the Offers³ | 1,511,573,542 |

Notes:

- 1. The rights and liabilities attaching to the Shares are summarised in Section 5.1.
- 2. Refer to the Company's ASX announcement dated 30 October 2020.
- 3. This assumes the Cleansing Offer is fully subscribed and no Options are exercised.

| Options | Number |
|---|------------|
| Unquoted Options exercisable at \$0.048 each, on or before 21 December 2020 | 6,000,000 |
| Unquoted Options exercisable at \$0.06 each, on or before 30 December 2021 | 22,250,000 |
| Unquoted Options exercisable at \$0.07 each, on or before 30 December 2021 | 12,500,000 |
| Unquoted Options exercisable at \$0.04 each, on or before 7 September 2022 | 47,250,000 |
| Unquoted Options exercisable at \$0.05 each, on or before 7 September 2022 | 52,250,000 |
| Unquoted Options exercisable at \$0.012 each, on or before 29 April 2023 | 20,833,334 |
| Unquoted Options exercisable at \$0.012 each on or before 29 April 2023 and vesting on ASX announcement of JORC compliant inferred resource | 41,250,000 |
| Unquoted Options exercisable at \$0.012 each on or before 29 April 2023 and vesting on ASX announcement of JORC | 41,250,000 |

| Options | Number |
|---|--------------------|
| compliant inferred resource | |
| Unquoted Placement Options offered under Placement Offer ¹ | 194,444,445 |
| Unquoted Broker Options offered under Broker Offer ² | 15,000,000 |
| Total Options on issue on completion of the Offers | 453,027,779 |

Notes:

1. The rights and liabilities attaching to the Placement Options are summarised in Section 5.2. This issue of the Placement Options is subject to receipt of Shareholder approval at the Annual General Meeting.
2. The rights and liabilities attaching to the Broker Options are summarised in Section 5.2. This issue of the Broker Options is subject to receipt of Shareholder approval at the Annual General Meeting.

4.3 Financial effect of the Offers

The Cleansing Offer will result in a receipt of a total funds of \$1.20. No funds will be raised from the Placement Offer as the Placement Options are free attaching to the Placement Shares. No funds will be raised from the Broker Offer as the Broker Options are being issued as partial consideration for the provision of broking services provided by PAC Partners to the Company in relation to the Placement.

After paying the expenses of the Offers of approximately \$13,128, there will be no proceeds from the Offers. The expenses of the Offers (exceeding \$1.20) will be met from the Company's existing cash reserves. The Offers will have an effect on the Company's financial position of reducing the cash balance by \$1.20, being receipt of funds of \$1.20 under the Cleansing Offer, less expenses of the Offers of \$13,128.

Please refer to Section 7.8 for further details on the estimated expenses of the Offers.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and where entitled, vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to the Constitution, the Corporations and to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll:
 - (A) each Shareholder present in person has one vote for each fully paid share held by the Shareholder;
 - (B) each person present as proxy, attorney or representative of a Shareholder has one vote for each fully paid share held by the Shareholder that the person represents; and
 - (C) each Shareholder who has duly lodged a valid direct vote in respect of the relevant resolution has one vote for each fully paid Share held by the Shareholder.

A Shareholder is not entitled to vote at a general meeting in respect of Shares which are the subject of a current restriction agreement for so long as any breach of that agreement by that Shareholder subsists.

In respect of partly paid shares, Shareholders will have a fraction of the vote as calculated in accordance with the Constitution.

(c) **Dividend rights**

Subject to the Corporations Act, the Constitution and the terms of issue or rights of any shares with special rights to dividends, the Board may determine or declare that a dividend is payable and may fix the amount and time for payment.

The Board may resolve to pay a dividend in cash or satisfy it by distribution of specific assets (including shares, debentures or other securities of the Company or any other body corporate or trust).

Interest is not payable by the Company on a dividend.

The Directors may determine for any dividend which it is proposed to pay on any Shares of the Company that holders of the Shares may elect to forego the right to share in the proposed dividend or part of such proposed dividend and to receive instead an issue of Shares credited as fully paid on such terms as the Directors think fit.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company subject to the Corporations Act, the Listing Rules and any special rights conferred on the holders of any Shares or class of Shares.

(g) **Variation of rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Restricted Securities**

A holder of restricted securities must not dispose of, or agree or offer to dispose of, restricted securities during the escrow period applicable to those restricted securities except as permitted by the Listing Rules or ASX.

If the restricted securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities.

A holder of restricted securities will not be entitled to participate in any return of capital on those restricted securities during the escrow period applicable to those restricted securities except as permitted by the Listing Rules or ASX.

If a holder of restricted securities breaches a restriction deed or a provision of the Constitution restricting a disposal of those restricted securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those restricted securities for so long as the breach continues.

5.2 Rights and liabilities attaching to Placement Options and Broker Options

The Options will be issued on the following terms:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to Section 5.2(i), the exercise price for each Option is \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (AWST) on the date 2 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

Subject to section 5.2(b), the Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under Section 5.2(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, or the Company is unable to lodge such a notice, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors, and the Option holder agrees to the Company's share registry placing a holding lock on any Shares issued on exercise of the Options until such a prospectus has been lodged.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue in accordance with the Listing Rules.

(k) **Change in exercise price**

There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).

(l) **Adjustment for bonus issues**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Option exercise price.

(m) **Transferability**

The Options are not transferable, except with the prior written approval of the Company.

6. RISK FACTORS

6.1 Introduction

The Securities offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Investors should consider whether the Securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offers.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company and industry specific risks

(a) Exploration and development risks

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Company's projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its projects.

(b) Operating risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) **Future capital requirements**

The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Placement will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Placement, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(d) **Government actions and political risk**

The impact of actions by governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

The Company's assets are located in the USA and South Africa. The Directors believe that the Government of the USA and South Africa supports the development of natural resources by foreign investors. However, there is no assurance that future political and economic conditions in the USA or South Africa will not result in the Government of USA or South Africa adapting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the Company's ability to develop its projects.

(e) **International operations**

Any potential future USA and South African operations of the Company are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting rights and interests in assets;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

The Company's future operations may be impacted by currency fluctuations, political reforms, changes in government policies and procedures, civil unrest, social and religious conflict and deteriorating

economic conditions. The likelihood of any of these changes and their possible effects, if any, cannot be determined by the Company with any clarity at the present time, but they may include disruption, increases costs and, in some cases, total inability to establish or to continue to operate mining exploration or development activities.

(f) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(g) **Coronavirus (COVID-19)**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The COVID-19 pandemic has given rise to issues, delays or restrictions in relation to the Company's ability to freely move people to and from exploration projects and may cause delays or cost increases. The effects of COVID -19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. If any of these impacts appear material prior to close of the Offers, the Company will notify investors under a supplementary prospectus.

(h) **Labour risk**

The Company's operations may be adversely affected by labour disputes or changes in USA or South African labour laws.

Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the prospecting rights and any future mining and exploration activities undertaken by the Company.

(i) **Other projects and acquisitions**

The Company may actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of additional projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

(j) **Environmental risks**

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Changes in community attitudes on matters such as environment issues may also bring about reviews and possible changes in government policies. There is a risk that such changes may affect the Company's plans or its rights and obligations in respect of the tenements, including preventing or delaying certain operations by the Company. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(k) **Licences, permits and approvals**

The tenements are governed by the respective USA and South African legislation and are evidenced by the granting of licenses or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest

in its tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Company holds all material authorisations required to undertake its exploration programs. However, many of the mineral rights and interests held or to be held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or an inability to obtain, required authorisations may significantly impact on the Company's operations.

(l) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(m) **Commodity Prices and currency price risk**

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Fluctuations in the price of gold and other minerals may have an impact on the economic viability of the Company's projects.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company is and will be taken into account in Australian currency. Accordingly, the Company is exposed to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

6.3 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for minerals, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also

exposes potential income of the Company to commodity price and exchange rate risks.

(b) **Market conditions**

The market price of the Company's Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and in particular, in resource exploration stocks. Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment; the demand for, and supply of, capital; and terrorism or other hostilities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes.

(d) **Government and legal risk**

Changes in government, monetary policies, taxation and other laws may have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(e) **Litigation risk**

The Company is exposed to possible litigation risks including, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(f) **Insurance risk**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by

insurance could have a material adverse effect on the business, financial condition and results of the Company.

6.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

| Date | Description of Announcement |
|-------------------|--|
| 5 November 2020 | Investor Webinar |
| 3 November 2020 | Letter to Shareholders regarding Notice of AGM |
| 3 November 2020 | Notice of Annual General Meeting/Proxy Form |
| 30 October 2020 | Proposed Issue of Securities |
| 30 October 2020 | Proposed Issue of Securities |
| 30 October 2020 | Hawkstone raises \$3.5 million in Placement |
| 29 October 2020 | Quarterly Cashflow Report |
| 29 October 2020 | Quarterly Activities Report |
| 26 October 2020 | Trading Halt |
| 23 October 2020 | Target A1 Identified over 92.2 g/t Gold Rock Chip |
| 7 October 2020 | Acquisition of Carlin Trend Gold Project Clarification |
| 7 October 2020 | Acquisition of Carlin Trend Gold Project |
| 30 September 2020 | Appendix 4G |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website: www.hawkstonemining.com.

7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

| | Price | Date |
|---------|---------|-----------------|
| Highest | \$0.024 | 26 August 2020 |
| Lowest | \$0.011 | 3 November 2020 |
| Last | \$0.012 | 4 November 2020 |

7.4 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|---|------------|------|
| Mr Danny Allen Pavlovich <The Pavlovich Family A/C> | 66,666,666 | 5.46 |

There will be no change to the substantial holder on completion of the Offers.

7.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

| Director | Shares | Options |
|---------------------------|-------------------------|-------------------------|
| Paul Lloyd | 26,682,689 ¹ | 65,000,000 ² |
| Barnaby Egerton-Warburton | 4,570,000 ³ | 34,250,000 ⁴ |
| Greg Smith | 19,500,000 ⁵ | 55,000,000 ⁶ |

Notes:

1. Shares held indirectly through Coral Brook Pty Ltd ATF The Lloyd Superannuation Fund, of which Paul Lloyd is the sole director and shareholder.

2. Comprising:
 - (a) 30,000,000 Options held directly exercisable on or before 7 September 2022, of which 15,000,000 are exercisable at \$0.04 and 15,000,000 are exercisable at \$0.05 each; and
 - (b) 35,000,000 Options held indirectly through Coral Brook Pty Ltd ATF The Lloyd Superannuation Fund, exercisable at \$0.012 each on or before 29 April 2020 (of which 17,500,000 are exercisable at \$0.012 each, and 17,500,000 are exercisable at \$0.012 each).
3. Comprising:
 - (a) 30,000,000 Options held directly exercisable on or before 7 September 2022, of which 15,000,000 are exercisable at \$0.04 and 15,000,000 are exercisable at \$0.05 each; and
 - (b) 35,000,000 Options held indirectly through Coral Brook Pty Ltd ATF The Lloyd Superannuation Fund, exercisable at \$0.012 each on or before 29 April 2020 (of which 17,500,000 are exercisable at \$0.012 each, and 17,500,000 are exercisable at \$0.012 each).
4. Comprising:
 - (a) 7,750,000 unquoted Options exercisable at \$0.06 and expiring 30/12/21;
 - (b) 4,000,000 unquoted Options exercisable at \$0.07 and expiring 30/12/21;
 - (c) 11,250,000 unquoted Options exercisable at \$0.012 each on or before 29 April 2023 and vesting on the announcement by the Company to ASX of a JORC compliant inferred resource of 150,000 ounces or more of gold or gold equivalent from either the Lone Pine Project, Idaho, USA or the Western Desert Project, Utah, USA; and
 - (d) 11,250,000 unquoted Options exercisable at \$0.012 each on or before 29 April 2023 and vesting on the announcement by the Company to ASX of a JORC compliant inferred resource of 250,000 ounces or more of gold or gold equivalent from either the Lone Pine Project, Idaho, USA or the Western Desert Project, Utah, USA.
5. Comprising 1,000,000 shares held directly and 18,500,000 shares held indirectly through Razorback Ridge Investments Pty Ltd <Greg Smith Super Fund A/C>, of which Mr Smith is a director and beneficiary.
6. Held directly as follows:
 - (a) 15,000,000 unquoted Options exercisable at \$0.04 each and expiring 7 September 2022;
 - (b) 15,000,000 unquoted Options exercisable at \$0.05 each and expiring 7 September 2022
 - (c) 12,500,000 unquoted Options exercisable at \$0.012 each on or before 29 April 2023 and vesting on the announcement by the Company to ASX of a JORC compliant inferred resource of 150,000 ounces or more of gold or gold equivalent from either the Lone Pine Project, Idaho, USA or the Western Desert Project, Utah, USA; and
 - (d) 12,500,000 unquoted Options exercisable at \$0.012 each on or before 29 April 2023 and vesting on the announcement by the Company to ASX of a JORC compliant inferred resource of 250,000 ounces or more of gold or gold equivalent from either the Lone Pine Project, Idaho, USA or the Western Desert Project, Utah, USA.

Remuneration

The Directors are to be remunerated for their services in accordance with the Constitution.

The Constitution provides that the amount of the remuneration of the Non-Executive Directors is a yearly sum not exceeding the aggregate sum from time to time determined by the Company in general meeting, or until so determined, as the Directors resolve. The current maximum aggregate remuneration is set at \$250,000 per annum. The amount of the remuneration of the Directors is to be divided among them in the proportion and manner they agree or, in default of agreement, among them equally. The remuneration is to be provided wholly in cash unless the Directors, with the agreement of the Director concerned, determine that part is to be satisfied in the form of non-cash benefits, including

the issue or purchase of Shares in the Company or the grant of options or rights to subscribe for such Shares (subject to the receipt of any prior Shareholder approvals required under the Corporations Act and Listing Rules).

The remuneration of a Managing Director or an Executive Director may be fixed by the Directors and may be by way of salary or commission or participation in profits or by all or any of these models, but may not be by a commission on or percentage of operating revenue.

If a Director at the request of the Directors performs additional or special duties for the Company, the Company may remunerate that Director as determined by the Directors and that remuneration may be in addition to or in substitution for that Director's remuneration.

A Director is entitled to be reimbursed out of the funds of the Company for such reasonable travelling, accommodation and other expenses as the Directors may incur when travelling to or from meetings of the Directors or a committee or when otherwise engaged on the business of the Company.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director | 2020 (\$) | 2021 (\$) |
|---------------------------|----------------------|----------------------|
| Paul Lloyd | 233,450 ¹ | 219,000 ⁴ |
| Barnaby Egerton-Warburton | 65,498 ² | 65,700 ⁵ |
| Greg Smith | 127,185 ³ | 36,000 ⁶ |

Notes:

1. Comprising \$205,896 in salary, \$19,000 in post-employment benefits/superannuation and \$8,554 in share-based payments.
2. Comprising \$54,795 in salary, \$5,205 in post-employment benefits/superannuation and \$5,498 in share-based payments.
3. Comprising \$121,075 in salary (including \$109,905 of consulting fees for July 2019 to Feb 2020 (prior to becoming a director) and \$6,110 in share-based payments.
4. Comprising \$200,000 in salary and \$19,000 in post-employment benefits/superannuation.
5. Comprising \$60,000 in salary and \$5,700 in post-employment benefits/superannuation.
6. Comprising \$36,000 in director's fees.

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$7,500 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$5,000 (excluding GST and disbursements) for legal services provided to the Company.

7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.8 Estimated expenses of Offers

The total expenses of the Offers are estimated to be approximately \$13,128 as follows:

| Expense | (\$) |
|--|---------------|
| ASIC Fees | 3,206 |
| ASX Fees | 1,922 |
| Legal Fees | 7,500 |
| Miscellaneous, printing and other expenses | 500 |
| Total | 13,128 |

7.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on + 61 8 6143 6705 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

7.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder,

facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Paul Lloyd
Managing Director
For and on behalf of
HAWKSTONE MINING LIMITED

9. DEFINITIONS

\$ means Australian dollars.

Annual General Meeting has the meaning given to it in Section 3.3.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means, in respect of the:

- (a) Cleansing Offer, the application form provided by the Company with a copy of this Prospectus to Invited Participants to apply for Shares; and
- (b) Placement Offer, the acceptance form provided by the Company with a copy of this Prospectus to Placement Participants to accept their entitlement to the Placement Options.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Broker Offer has the meaning given to that term on the front page of this Prospectus.

Broker Option has the meaning given to that term in Section 3.3.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Cleansing Offer has the meaning given to that term on the front page of this Prospectus.

Closing Date means the date specified in the timetable in Section 2.1 (unless extended or brought forward).

Company means Hawkstone Mining Limited (ACN 008 720 223).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Invited Participant has the meaning given to it in Section 3.2.

Offers means the offers of Securities referred to in Section and **Offer** means either one of them.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 2.1 (unless varied).

Option means an option to acquire a Share.

PAC Partners means PAC Partners Securities Pty Ltd (ACN 623 653 912).

Placement has the meaning given to it in Section 3.3.

Placement Offer has the meaning given to that term on the front page of this Prospectus.

Placement Options has the meaning given to that term in Section 3.3.

Placement Participant means any person who participated in the Placement.

Placement Shares has the meaning given to that term in Section 3.3.

Prospectus means this prospectus.

Security means a Share or an Option.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Registry means Automic Registry Services

WST means western standard time as observed in Perth, Western Australia.