

Hawkstone Mining Limited  
ABN 15 008 720 223  
Interim Financial Report  
for the half-year ended 31 December 2020



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## Corporate directory

<b>Directors</b>	Mr Barnaby Egerton-Warburton Non-Executive Chairman
	Mr Paul Lloyd Managing Director
	Mr Greg Smith Non-Executive Director
<b>Company Secretary</b>	Ms Oonagh Malone
<b>Registered Office</b>	Ground Floor, 24 Outram Street West Perth WA 6005
<b>Share register</b>	Automic Registry Services Level 5, 126 Phillip Street Sydney, NSW, 2000 Tel: (02) 9698 5414
<b>Auditor</b>	HLB Mann Judd (WA Partnership) Level 4 130 Stirling Street Perth WA 6000
<b>Securities exchange listing</b>	Australian Securities Exchange Level 40, Central Park 152 – 158 St Georges Terrace Perth Western Australia 6000 Code: HWK

## Directors' report

The Directors present their interim financial report, together with the consolidated financial statements of Hawkstone Mining Limited ("the Company") and its controlled entities ("the Group"), for the half-year ended 31 December 2020.

### DIRECTORS

The following directors held office during and since the end of the half-year, unless otherwise stated:

- Mr Barnaby Egerton-Warburton
- Mr Paul Lloyd
- Mr Shaun Hardcastle (resigned 14 July 2020)
- Mr Greg Smith

### COMPANY SECRETARY

The Company Secretary is Ms Oonagh Malone, who was appointed on 23 February 2015.

### PRINCIPAL ACTIVITIES & REVIEW OF OPERATIONS

During the half-year, Hawkstone Mining continued exploration of its gold and lithium projects in the USA while it evaluated potential acquisitions of additional projects.

### EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 27 January 2021, the Company issued 30,368,629 shares on the exercise of options with an exercise price of \$0.02 each raising a total of \$607,373.

On 3 February 2021, the Company issued 46,398,848 shares on the exercise of options with an exercise price of \$0.02 each and 11,000,000 shares on the exercise of options with an exercise price of \$0.012 each raising a total of \$1,059,977.

On 10 February 2021, the Company issued 14,430,867 shares on the exercise of options with an exercise price of \$0.02 each raising a total of \$288,917.

On 23 February 2021, the Company issued 6,138,887 shares on the exercise of options with an exercise price of \$0.02 each and 8,500,000 shares on the exercise of options with an exercise price of \$0.012 each raising a total of \$224,778.

## Directors' report

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to be 'B. Egerton-Warburton', with a stylized flourish at the end.

**Mr Barnaby Egerton-Warburton**  
**Non-Executive Chairman**

Dated this 9<sup>th</sup> day of March 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Hawkstone Mining Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
9 March 2021



**L Di Giallonardo**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

		31 December 2020 \$	31 December 2019 \$
	Note		
Other income	2	24,532	2,818
Share-based payments expense	9	(118,148)	(5,218)
Corporate and regulatory expenses		(82,715)	(67,212)
Directors' fees		(166,937)	(172,973)
Exploration and evaluation expensed		(1,265,809)	(1,166,485)
Foreign exchange gain / (loss)		31,714	(8,297)
Gain on / (impairment of) financial asset	4	(12,206)	388
Exploration and evaluation expenditure expensed on acquisition of mineral exploration interests	14	(48,065)	-
Administrative expenses		(196,100)	(315,424)
<b>Loss before income tax expense</b>		<b>(1,833,734)</b>	<b>(1,732,403)</b>
Income tax expense		-	-
<b>Loss after income tax from continuing operations attributable to members of Hawkstone Mining Limited</b>		<b>(1,833,734)</b>	<b>(1,732,403)</b>
<b>Operations of disposal group (discontinued operation)</b>			
Exploration and evaluation expensed	12	(29,084)	(1,181)
<b>Loss from disposal group</b>		<b>(29,084)</b>	<b>(1,181)</b>
<b>Loss attributable to members of Hawkstone Mining Limited</b>		<b>(1,862,818)</b>	<b>(1,733,584)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign controlled entities, net of tax		(2,353)	2,976
<b>Total comprehensive loss for the period</b>		<b>(1,865,171)</b>	<b>(1,730,608)</b>
<b>Loss per share attributable to the ordinary equity holders of the company</b>			
Basic loss per share in cents	3	<b>(0.14)</b>	<b>(0.23)</b>
Diluted loss per share in cents	3	<b>(0.14)</b>	<b>(0.23)</b>
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic loss per share in cents	3	<b>(0.14)</b>	<b>(0.23)</b>
Diluted loss per share in cents	3	<b>(0.14)</b>	<b>(0.23)</b>

The accompanying notes form part of these financial statements.

## Condensed consolidated statement of financial position as at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,226,936	230,752
Trade and other receivables		47,404	10,855
Prepayments		32,139	14,432
<b>TOTAL CURRENT ASSETS</b>		<b>3,306,479</b>	<b>256,039</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4	373,401	356,771
<b>TOTAL NON-CURRENT ASSETS</b>		<b>373,401</b>	<b>356,771</b>
<b>TOTAL ASSETS</b>		<b>3,679,880</b>	<b>612,810</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		78,739	399,753
Provisions		-	14,513
<b>TOTAL CURRENT LIABILITIES</b>		<b>78,739</b>	<b>414,266</b>
<b>TOTAL LIABILITIES</b>		<b>78,739</b>	<b>414,266</b>
<b>NET ASSETS</b>		<b>3,601,141</b>	<b>198,544</b>
<b>EQUITY</b>			
Contributed equity	5	76,893,619	71,841,949
Reserves		4,417,339	4,203,594
Accumulated losses		(77,709,817)	(75,846,999)
<b>TOTAL EQUITY</b>		<b>3,601,141</b>	<b>198,544</b>

The accompanying notes form part of these financial statements.



## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2020

	Issued shares	Share based payment reserve	Foreign translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2020</b>	<b>71,841,949</b>	<b>6,383,622</b>	<b>(2,180,028)</b>	<b>(75,846,999)</b>	<b>198,544</b>
<b>Comprehensive Loss</b>					
Loss for period	-	-	-	(1,862,818)	(1,862,818)
Other comprehensive income for the period, net of tax	-	-	(2,353)	-	(2,353)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(2,353)</b>	<b>(1,862,818)</b>	<b>(1,865,171)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Shares issued during the period	5,370,001	-	-	-	5,370,001
Share issue costs	(318,331)	-	-	-	(318,331)
Share-based payments	-	216,098	-	-	216,098
<b>At 31 December 2020</b>	<b>76,893,619</b>	<b>6,599,720</b>	<b>(2,182,381)</b>	<b>(77,709,817)</b>	<b>3,601,141</b>

The accompanying notes form part of these financial statements.

## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2020

	Issued shares	Unissued shares	Share based payment reserve	Foreign translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2019</b>	<b>67,000,549</b>	3,625,000	<b>6,213,662</b>	<b>(2,202,182)</b>	<b>(72,356,809)</b>	<b>2,280,220</b>
<b>Comprehensive Loss</b>						
Loss for period	-	-	-	-	(1,733,584)	(1,733,584)
Other comprehensive income for the period, net of tax	-	-	-	2,976	-	2,976
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,976</b>	<b>(1,733,584)</b>	<b>(1,730,608)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>						
Shares issued during the period	3,625,000	(3,625,000)	-	-	-	-
Share issue costs	(126,356)	-	-	-	-	(126,356)
Share based payments	-	-	115,798	-	-	115,798
<b>At 31 December 2019</b>	<b>70,499,193</b>	<b>-</b>	<b>6,329,460</b>	<b>(2,199,206)</b>	<b>(74,090,393)</b>	<b>539,054</b>

The accompanying notes form part of these financial statements.

## Condensed consolidated statement of cash flows for the half-year ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(2,175,874)	(1,650,905)
Interest received	269	2,818
Grant income	24,263	-
<b>Net cash used in operating activities</b>	<b>(2,151,342)</b>	<b>(1,648,087)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of share issues	5,370,001	-
Cost of share issues	(220,381)	(15,775)
<b>Net cash provided by / (used in) financing activities</b>	<b>5,149,620</b>	<b>(15,775)</b>
Net increase / (decrease) in cash and cash equivalents	<b>2,998,278</b>	<b>(1,663,862)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>230,752</b>	<b>2,024,216</b>
Effects of exchange rate changes on cash and cash equivalents	(2,094)	27
<b>Cash and cash equivalents at the end of the period</b>	<b>3,226,936</b>	<b>360,381</b>

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 “Interim Financial Reporting”, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards.

The interim financial report covers Hawkstone Mining Limited (“the Company”) and controlled entities (“the Group”). The Company is limited by shares, and incorporated and domiciled in Australia.

The interim financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian Dollars. The interim financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The interim report does not include full disclosures of the type normally included in an annual financial report.

The interim financial report, including comparatives, should be read in conjunction with the annual Financial Report of Hawkstone Mining Limited for the year ended 30 June 2020 and any public announcements made by the Company during the half year in accordance with the continuous disclosure obligations arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

#### Significant Accounting Policies

Other than as discussed below, the significant accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s annual financial report for the financial year ended 30 June 2020 and have been consistently applied by the entities in the Group. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### New and Amended Accounting policies adopted by the Group

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Group’s accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group. The Directors have determined that there is no material impact of these standards and interpretations.

## Notes to the financial statements

### 2 OTHER INCOME

	31 December 2020 \$	31 December 2019 \$
Interest received	269	2,818
Government grants	24,263	-
<b>Total revenue from ordinary activities</b>	<b>24,532</b>	<b>2,818</b>

### 3 LOSS PER SHARE

	31 December 2020 \$	31 December 2019 \$
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	1,293,602,443	746,703,865
Basic/diluted loss	(1,862,818)	(1,733,584)
Basic/diluted loss per share (cents)	(0.14)	(0.23)
Basic/diluted loss from continuing operations	(1,833,734)	(1,732,403)
Basic/diluted loss per share from continuing operations (cents)	(0.14)	(0.23)

The diluted loss per share is equal to the basic loss per share because there were no dilutive potential ordinary shares. Shares to be issued at period end are not included in the calculations as all conditions required for their issue were not satisfied before the end of the period. The contingent consideration shares are not included in the weighted average number of ordinary shares because all necessary conditions for their issue have not been satisfied.

## Notes to the financial statements

### 4 OTHER FINANCIAL ASSETS

	31 December 2020 \$	30 June 2020 \$
<b>NON CURRENT</b>		
Mining rehabilitation bond – South Africa	320,078	303,258
Mining rehabilitation bond – USA	33,323	33,513
Other financial asset	20,000	20,000
<b>Total</b>	<b>373,401</b>	<b>356,771</b>

In 2017, the Company paid a mining rehabilitation bond of \$570,933 (ZAR 5,574,974) to secure access to the Kangwane South Project. This has been revalued to \$497,016 at 31 December 2020 (30 June 2020: \$467,990) due to movements in the AUD:ZAR exchange rate, before a \$176,938 (30 June 2020: \$164,732) loss allowance is recognised against this asset based on the Directors' estimate of losses following consideration of unbiased probability-weighted amounts that are determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 5 CONTRIBUTED EQUITY

Contributed equity consisted of the following:

	31 December 2020 \$	30 June 2020 \$
Issued shares	76,893,619	71,841,949
<b>Total</b>	<b>76,893,619</b>	<b>71,841,979</b>

## Notes to the financial statements

### 5 CONTRIBUTED EQUITY (continued)

	Number of shares Half Year to 31/12/20	Number of shares Year to 30/06/20	Half-year to 31/12/20 \$	Year to 30/06/20 \$
<b>Opening balance - (fully paid ordinary shares)</b>	1,064,073,442	690,317,995	71,841,949	70,625,549
125,000,000 Deferred Consideration Shares relating to the acquisition of USA Lithium Limited valued at \$0.029 each	-	125,000,000	-	-
Partial consideration for Lone Pine acquisition	-	66,974,252	-	334,871
Capital raising of shares at an issue price of \$0.006 each	-	166,666,667	-	1,000,000
Shares issued in consideration for due diligence services valued at \$0.0005 per share	-	15,114,428	-	75,572
Shares issued under cleansing prospectus at \$0.006 per share	-	100	-	1
Exercise of options at \$0.012 each	155,833,333	-	1,870,000	-
Placement of shares at an issue price of \$0.012 each	291,666,667	-	3,500,000	-
Shares issued under cleansing prospectus at \$0.012 per share	100	-	1	-
Transaction costs of share issues	-	-	(318,331)	(194,044)
<b>Closing balance</b>	<b>1,511,573,542</b>	<b>1,064,073,442</b>	<b>76,893,619</b>	<b>71,841,949</b>

### 6 SEGMENT INFORMATION

During the half year, the Group's operations consisted of exploration for gold and lithium in USA, and corporate functions and South African exploration interests that were managed from Australia.

The Board is the chief operating decision maker. All amounts reported to the Board are determined in accordance with accounting policies that are consistent with financial reporting requirements. Intra-group loans are valued in Australian dollars with no interest charged. There are no intragroup eliminations because assets used across the Group and all trade payables are allocated to the Australian segment, with all assets, liabilities and transactions controlled from Australia.

## Notes to the financial statements

### 6 SEGMENT INFORMATION (continued)

#### (i) Segment performance

	Australia Half-year ended 31 December		United States Half-year ended 31 December		Consolidated Half-year ended 31 December	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Interest income	269	2,818	-	-	269	2,818
Grant income	24,263	-	-	-	24,263	-
<b>Total income</b>	<b>24,532</b>	<b>2,818</b>	<b>-</b>	<b>-</b>	<b>24,532</b>	<b>2,818</b>
<b>Segment result:</b>						
<b>Loss after income tax</b>	<b>(536,542)</b>	<b>(585,901)</b>	<b>(1,326,276)</b>	<b>(1,147,683)</b>	<b>(1,862,818)</b>	<b>(1,733,584)</b>

#### (ii) Segment financial position

	Australia		United States		Consolidated	
	As at 31 Dec 2020	As at 30 June 2020	As at 31 Dec 2020	As at 30 June 2020	As at 31 Dec 2020	As at 30 June 2020
	\$	\$	\$	\$	\$	\$
Segment assets	3,669,122	584,276	10,758	28,534	3,679,880	612,810
Segment liabilities	(78,739)	(414,266)	-	-	(78,739)	(414,266)
<b>Segment net assets</b>	<b>3,590,383</b>	<b>170,010</b>	<b>10,758</b>	<b>28,534</b>	<b>3,601,141</b>	<b>198,544</b>



## Notes to the financial statements

### 7 FINANCIAL INSTRUMENTS

#### Fair Values

The Group has a number of financial instruments which are not measured at fair value on a recurring basis. The fair value of financial assets and financial liabilities approximate their carrying amounts.

### 8 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 27 January 2021, the Company issued 30,368,629 shares on the exercise of options with an exercise price of \$0.02 each raising a total of \$607,373.

On 3 February 2021, the Company issued 46,398,848 shares on the exercise of options with an exercise price of \$0.02 each and 11,000,000 shares on the exercise of options with an exercise price of \$0.012 each raising a total of \$1,059,977.

On 10 February 2021, the Company issued 14,430,867 shares on the exercise of options with an exercise price of \$0.02 each raising a total of \$288,917.

On 23 February 2021, the Company issued 6,138,887 shares on the exercise of options with an exercise price of \$0.02 each and 8,500,000 shares on the exercise of options with an exercise price of \$0.012 each raising a total of \$224,778.

### 9 SHARE BASED PAYMENTS

The following share based payment transactions occurred or were recognised during the half year:

- 5,000,000 \$0.04 share options expiring 07/09/2022 were issued to consultants in August 2020. These options were valued at \$65,900 and were fully expensed.
- 15,000,000 \$0.02 Lead manager options expiring 02/12/2022 with a total value of \$97,950 were recognised during the half year as a capital raising cost and issued in December 2020. These were valued based on a measurement date of 3 December 2020, being the date the options were issued.

No options were issued to directors or other related parties during the half year.

All share options issued during the half year vested immediately. During the half year, there was an amount of \$52,248 expensed relating to 32,500,000 director options issued in a prior period that are being expensed over their vesting period. This resulted in a total amount of \$118,148 (2019: \$5,218) being recognised as a share based payment expense and \$97,950 (2019: \$110,580) being recognised as a capital raising cost.

## Notes to the financial statements

### 9 SHARE BASED PAYMENTS (CONTINUED)

Fair values of share options issued are determined using the Black-Scholes model based on information available as at the measurement date, considering the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. Parameters for all share options issued during the period were:

	Director options	Consultant options	Lead Manager options
<b>Measurement date</b>	20/04/2020	24/08/2020	03/12/2020
<b>Issue date</b>	29/04/2020	24/08/2020	03/12/2020
<b>Expiry date</b>	29/04/2023	07/09/2022	02/12/2020
<b>Dividend yield</b>	-	-	-
<b>Expected volatility</b>	162%	162%	162%
<b>Risk-free interest rate</b>	0.27%	0.10%	0.10%
<b>Expected life of options (years)</b>	3.02	2.04	2.00
<b>Underlying share price</b>	\$0.005	\$0.02	\$0.01
<b>Option exercise price</b>	\$0.012	\$0.04	\$0.02
<b>Value per option</b>	\$0.00380	\$0.01318	\$0.00653
<b>Number of options issued</b>	82,500,000	5,000,000	15,000,000
<b>Value of options</b>	\$313,500	\$65,900	\$97,950
<b>Amount expensed during prior year</b>	\$20,162	-	-
<b>Amount expensed during half year</b>	\$52,248	\$65,900	-
<b>Capital raising cost recognised during half year</b>	-	-	\$97,950

### 10 RELATED PARTY TRANSACTIONS AND BALANCES

Mr Hardcastle is a related party of Bellanhouse. Bellanhouse was paid legal fees of \$Nil for the half-year (half-year ended 31 December 2019: \$13,007). Mr Lloyd is a related party of Coral Brook Pty Ltd. Coral Brook Pty Ltd was reimbursed administration fees of \$19,027 for the half-year (half-year ended 31 December 2019: \$6,300).

### 11 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As a condition for the execution of the Kangwane South mining right, an environmental bond of ZAR5,574,974 (\$320,078 at 31 December 2020 after loss allowance of \$176,938) was required by the South African Department of Mineral Resources prior to the commencement of mining activities on the tenement. This was paid on 17 February 2017 and is disclosed in note 4. However, no related liability is included in the Consolidated Statement of Financial Position. Following the cessation of active exploration activity on the project by the Group and the intended disposal, this contingent liability has been replaced by the loss allowance.

## Notes to the financial statements

### 12 DISPOSAL GROUP (DISCONTINUED OPERATION)

The Group is intending to discontinue the Kangwane South Project. This meets the definitions of a discontinued operation and a disposal group.

The following exploration expenditure for the Kangwane South Project has been attributed to this disposal group.

	31 December 2020 \$	31 December 2019 \$
<b>Operations of disposal group</b>		
Exploration and evaluation	(29,084)	(1,181)
<b>Loss from disposal group</b>	<b>(29,084)</b>	<b>(1,181)</b>

Although the mining rehabilitation bond of \$320,078 disclosed in note 4 is for the Kangwane South project, this has not been reclassified as relating to a disposal group both because this bond may be treated in a manner outside the scope of the definition of a disposal group, and because impairment considerations for this bond under AASB 9 Financial Instruments are clearer if this bond is disclosed separately. The bond has not been included as relating to the disposal group because it may be recovered in a separate transaction. There are no other assets or liabilities related to this asset that would form part of a disposal group because all administration functions are performed directly by the parent entity and no South African entity in the Group operates bank accounts or processes accounts payable.

A foreign currency translation reserve balance of \$2,210,379 relates to this disposal group (30 June 2020: \$2,210,379), but may only be reclassified to profit or loss on actual disposal.

### 13 CONTROLLED ENTITIES

During the half year, the following entities were incorporated:

	Percentage Interest	Country of incorporation
HWK Nevada Pty Ltd	100%	Australia
Hawkstone Nevada Inc	100%	United States

Other than as stated above, there have been no changes in controlled entities, their countries of operation or their functional currencies during the half year.

## Notes to the financial statements

### 14 ACQUISITION OF MINERAL EXPLORATION INTERESTS

During the half year, the Company incurred the following expenditures for acquisition of mineral exploration interests, that have been fully expensed in accordance with the Group's accounting policy:

	<b>31 December 2020 \$</b>
<b>Acquisition costs paid by the Company</b>	
USD18,000 cash consideration for the King Solomon Project	24,810
USD15,000 cash consideration for the Diamond Peak Project	20,567
Due diligence costs	2,688
<b>Total purchase consideration</b>	<b>48,065</b>

The following commitments are included in the terms of the agreement to acquire the Diamond Peak Project:

- The payment of USD15,000 per year on the anniversary date.
- The payment of 3% of the annual exploration and development work expenditures.
- On commencement of commercial production the 3% fee will convert to a 3% net smelter royalty.
- The Company has the option to purchase the 3% fee and royalty within 4 years from completion by the payment of USD3,000,000 in cash or shares as agreed between the parties.

## Directors' declaration

In accordance with a resolution of the Directors of Hawkstone Mining Limited, we state that:

- 1) In the opinion of the Directors:
  - a) the financial statements and supplementary notes, set out on pages 6 to 19, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and
    - (ii) complying with Accounting Standards AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*; and
  - b) there are reasonable grounds to believe that Hawkstone Mining Limited will be able to pay its debts as and when they become due and payable.
- 2) The Directors have been given the declarations required by section s.303(5) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors:



**Mr Barnaby Egerton-Warburton**  
**Non-Executive Chairman**  
Dated this 9<sup>th</sup> day of March 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Hawkstone Mining Limited

**Report on the Condensed Interim Financial Report***Conclusion*

We have reviewed the accompanying interim financial report of Hawkstone Mining Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Hawkstone Mining Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**9 March 2021**



**L Di Giallonardo**  
**Partner**

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au)

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