

**HAWKSTONE MINING LIMITED
ACN 008 720 223**

NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at the offices of the Company, at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 7 June 2018 at 10.00 am (WST).

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 6143 6705.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

HAWKSTONE MINING LIMITED

ACN 008 720 223

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Hawkstone Mining Limited (**Company**) will be held at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 7 June 2018 at 10.00 am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Tuesday, 5 June 2018 at 10.00 am (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 - Approval to change in scale of activities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change in the scale of the Company's activities resulting from the Acquisition and the Capital Raising, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Approval to issue Consideration Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed and Completion occurring, pursuant to and in accordance with Listing Rule 7.1 and for

all other purposes, Shareholders approve the issue of up to 250,000,000 Consideration Shares at a deemed issue price of \$0.02 per Share to the Vendors (or their nominees) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by the Vendors (or their nominees) and a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Consideration Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 - Ratification of Prior Issues

To consider, and if thought fit, to pass with or without amendment, as a **separate ordinary resolution** the following:

"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:

- (a) *12,500,000 Placement Shares at \$0.02 each under Listing Rule 7.1; and*
- (b) *12,500,000 Option Fee Shares at a deemed issue price of \$0.02 each under Listing Rule 7.1;*

each on the terms and conditions in the Explanatory Memorandum".

Voting Exclusion

The Company will disregard any votes cast in favour of each Resolution by or on behalf of a person who participated in each issue and their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Resolution 4 - Approval to issue Capital Raising Shares

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

"That, subject to each of the other Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders

approve the issue of up to 137,500,000 Capital Raising Shares at \$0.02 each on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Capital Raising Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 - Approval to issue Advisor Securities

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of:

- (a) *up to 30,000,000 Advisor Options; and*
- (b) *up to 9,000,000 Advisor Shares,*

to Longreach Capital (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by Longreach Capital (and its nominees) and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Advisor Securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 - Approval of issue of Director Options

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That, subject to each of the other Acquisition Resolutions being passed and Completion occurring, for the purposes of sections 195(4) and 208 of the

Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the issue of Options to Directors (or their nominees) as follows:

- (a) *up to 30,000,000 Options to Mr Klaus Eckhof;*
- (b) *up to 30,000,000 Options to Mr Paul Lloyd;*
- (c) *up to 2,000,000 Options to Ms Oonagh Malone;*
- (d) *up to 2,000,000 Options to Mr Shaun Hardcastle; and*
- (e) *up to 500,000 Options to Mr Richard Pearce.*

(together, the Director Options) on the terms and conditions set out in the Explanatory Memorandum and Schedule 3."

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by any Directors who are eligible to participate in the Plan and their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Please note: If the Chair is a person referred to in the section 224 of the Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on this Resolution.

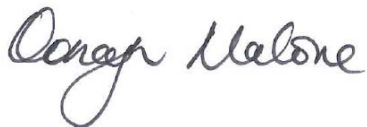
7. Resolution 7 - Election of Directors - Messrs Paul Lloyd and Klaus Eckhof

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That, subject each of the other Acquisition Resolutions being passed, for the purpose of clause 6.2 of the Constitution and for all other purposes:

- (a) *Mr Paul Lloyd, who is eligible and has consented to act, be appointed as a Director of the Company on and from Completion; and*
- (b) *Mr Klaus Eckhof, who is eligible and has consented to act, be appointed as a Director of the Company on and from Completion."*

BY ORDER OF THE BOARD



Oonagh Malone
Non-Executive Director and Company Secretary
Hawkstone Mining Limited
Dated: 7 May 2018

HAWKSTONE MINING LIMITED

A C N 0 0 8 7 2 0 2 2 3

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 7 June 2018, at 10.00 am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1	Introduction
Section 2	Action to be taken by Shareholders
Section 3	Conditional Acquisition Resolutions
Section 4	Background to the Acquisition of USA Lithium
Section 5	Risks associated with the Acquisition
Section 6	Resolution 1 - Approval to change in scale of activities
Section 7	Resolution 2 - Approval to issue Consideration Shares
Section 8	Resolution 3 - Ratification of Prior Issues
Section 9	Resolution 4 - Approval to issue Capital Raising Shares
Section 10	Resolution 5 - Approval to issue Advisor Securities
Section 11	Resolution 6 - Approval to issue Director Options
Section 12	Resolution 7 - Election of Directors - Messrs Lloyd and Eckhof
Schedule 1	Definitions
Schedule 2	Pro forma balance sheet
Schedule 3	Terms and conditions of Director Options and Advisor Options

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company's share registry in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

- (c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2.3 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

In accordance with sections 250BD and 250R of the Corporations Act, a vote on Resolution 6 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report the subject of the relevant Resolution; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 6 if the vote is not cast on behalf of a person who is excluded from voting on the relevant Resolution and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution, but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Conditional Acquisition Resolutions

The Acquisition Resolutions (Resolutions 1 - 7 (inclusive)) are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any of the Acquisition Resolutions are not approved at the Meeting, none of the Acquisition Resolutions will take effect and the Acquisition Agreement and other matters contemplated by the Acquisition Resolutions will not be completed.

4. Background to the Acquisition of USA Lithium Limited

4.1 General background

On 22 March 2018, the Company announced it had entered into an acquisition agreement (**Acquisition Agreement**) to acquire USA Lithium Limited (**USA Lithium**) which owns a 100% interest in the Big Sandy Lithium Clay project (**Big Sandy**) located in Arizona, USA and the Lordsburg Lithium Brine project (**Lordsburg**) located in New Mexico, USA (**Acquisition**).

A summary of the material terms of the Acquisition Agreement is set out in Section 4.3 below.

Pursuant to the terms of the Acquisition Agreement, USA Lithium shall become a wholly owned subsidiary of the Company. Section 4.2 details the operations of USA Lithium.

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition. Each of the Acquisition Resolutions are conditional upon the approval by Shareholders of each of the other Acquisition Resolutions. If any of the Acquisition Resolutions are not approved by Shareholders, all of the Acquisition Resolutions will fail and Completion will not occur.

Incoming directors Messrs Paul Lloyd and Klaus Eckhof are each a vendor and are related parties to the Company by reason only of the Acquisition. The remaining Vendors are not related parties of the Company.

Assuming Completion of the Acquisition and all the Capital Raising Shares are issued and none of the Company's Options are exercised, existing Shareholders, Vendors and investors under the Capital Raising will each have the following voting power in the Company:

Shareholder	Shares	Voting power (%)
Existing Company Shareholders ¹	276,127,995	40.1
Vendors ²	262,500,000	38.1
Investors under the Placement and Capital Raising	150,000,000	21.8
TOTAL	688,627,995³	100

Notes:

1. Assumes that none of the existing Shareholders participate in the Capital Raising and excludes the Placement Shares and the Option Fee Shares.
2. Includes the Consideration Shares and Option Fee Shares.
3. Does not include the potential issue of 9,000,000 Advisor Shares pursuant to Resolution 5(b) which may be issued if Longreach Capital elects to take its fees in Advisor Shares instead of cash.

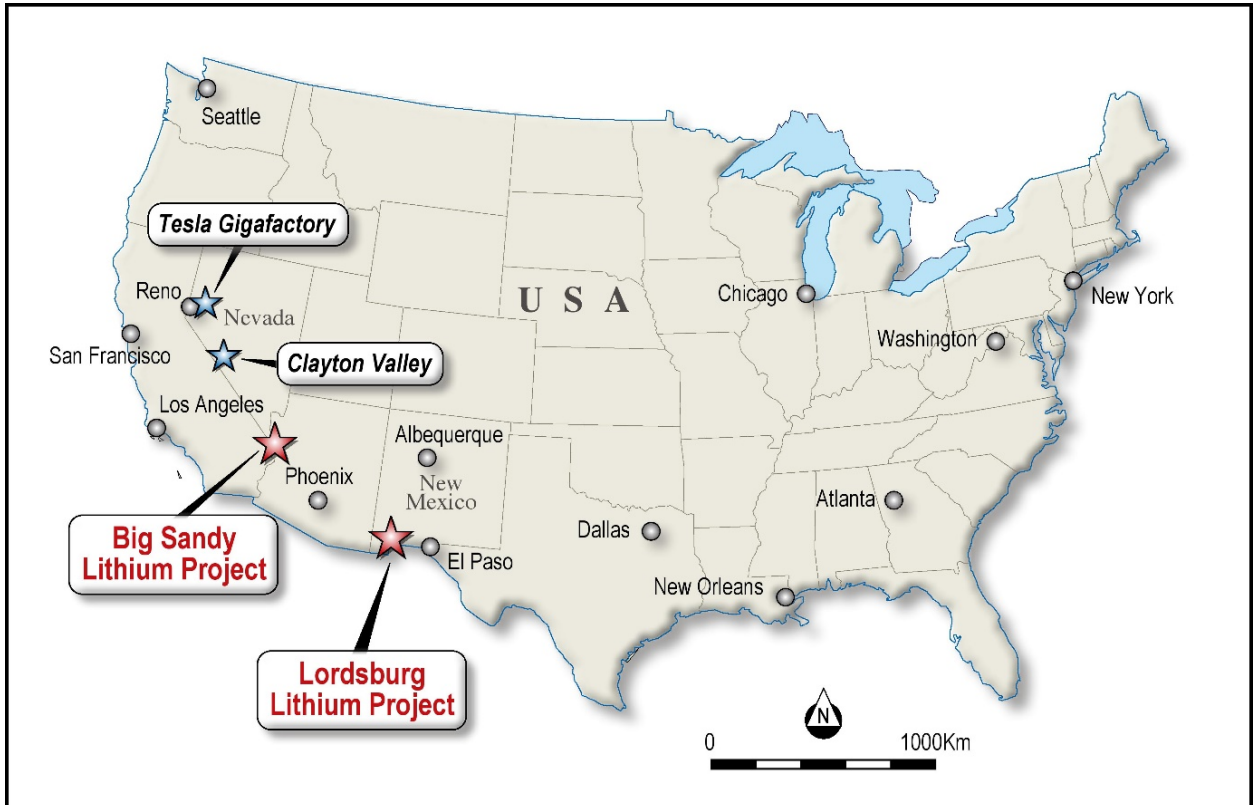
No individual Vendor will hold voting power in the Company of 5% or above post Acquisition.

Other information considered material to the Shareholders' decision on whether to pass the Acquisition Resolutions is set out in this Explanatory Memorandum, and Shareholders are advised to read this information carefully.

4.2 Overview of USA Lithium

USA Lithium is an Australian incorporated unlisted public company and is the owner of the Big Sandy and Lordsburg lithium projects.

USA Lithium staked both projects with the Bureau of Land Management subsequently granting claims to USA-incorporated wholly owned subsidiaries of USA Lithium.



Big Sandy and Lordsburg Lithium Projects

(a) **Big Sandy Lithium Clay Project**

Big Sandy straddles Interstate 193 between Phoenix and Las Vegas and comprises 258 Bureau of Land Management (BLM) claims, covering approximately 20.9km².

Big Sandy is also of strategic relevance to the Tesla Gigafactory, located approximately 960km by sealed interstate highway to the north west. Tesla and their partners are committed to \$4-5 billion of investment in the Gigafactory until 2020.

Regional Geology

The project lies within the Big Sandy Valley, a broad alluvial region with the Big Sandy River in the centre. The basin margins are marked by the Hualapai Ranges to the west and the Aquarius Ranges to the east. These ranges comprise granite gneiss and volcanic rocks and form steep and well-defined mountains either side of the large low-lying river valley.

The valley itself comprises a thick sequence of Miocene age lacustrine and alluvial sediments. The Big Sandy Valley is a typical block faulted graben lying between the Hualapai Mountains and the Aquarius Mountains. An extensive Miocene basalt flow covers older rock to the south, southeast, and northeast of the project area but is not present within the project area. Very minor remnants of basalt crop out beneath the Big Sandy valley as flow volcanic rocks seen in the lowermost eastern parts of the wash central to the project area and in the south of the project area.

Local Geology

Big Sandy is characterised largely by flat-lying basin sediments comprising predominantly clays with analcime and potassic alteration zones. The green lacustrine lithium bearing clay horizon is traceable for over 11km north to south and extends at least 2km to the east as a flat sheet at or near surface. Faults underlying the lake may have served as channel ways for lithium-rich solutions to percolate into the lake basin and possibly alter and enrich the existing clays in lithium. Cofer Hot Springs is interpreted to lie on an East North East trending fault zone. Alternatively, the lithium may have been sourced from underlying/bounding acid volcanics and remobilised into the basin sequence. It's likely that both processes operated throughout the geological history of the area leading to the laterally extensive lithium mineralisation.

Lithium clay deposits, such as that found at Big Sandy, are generally large, flat lying, sedimentary deposits that have been enriched by the flow of lithium-rich solutions. Despite having a lower in-situ grade than their hard rock peers, clay style deposits are proving to be a low cost, economically viable source of lithium. Clay based deposits have favourable operating costs as they are characterised by the following:

- (i) traditional, large scale, open-pit mining methods;
- (ii) free-dig material with no drill and blast costs; and
- (iii) simple flow-sheet with little requirement for crushing and grinding.

The Company is excited by the recent sampling results at Big Sandy and looks forward to rapidly advancing the project with the help of its highly experienced board and management team.

Big Sandy - 2017 Exploration Results

Two phases of exploration were completed in 2017, with both providing highly encouraging results that has accelerated contact with the BLM office located in Kingman Arizona and the filing of a Letter of Intent to complete 17 diamond drill holes to an estimated 100m depth across the project area. Approval for this programme is pending.

The focus for this initial work programme was to identify the possible nature and extent of lithium within the clays, and to identify any horizons of elevated lithium that may become a potential resource subject to further exploration. To assist this mapping of the broad lithological units was considered a priority to assist in understanding the geometry and relationship of the various lake sediments.

A summary of the results from sampling programmes undertaken by US Lithium is set out in the Company's announcement dated 22 March 2018.

Extraction and Processing

USA Lithium is working with Membrane Development Specialists LLC (MDS) to investigate the amenability of Big Sandy's sediments to lithium extraction using new membrane processes. The preliminary findings show that the test materials were amenable to an acid leach, ultrafiltration, nanofiltration and reverse osmosis process to separate the lithium from the test material and remove a large portion of the magnesium and calcium with no rejection of lithium.

Further work with MDS is planned to determine the appropriate processing solution to optimise the extractability of lithium from the clays.

(b) Lordsburg Lithium Brine Project

Lordsburg comprises 355 BLM claims covering 28.7km². Lordsburg is located in the southwest corner of the state of New Mexico and is easily accessed along the I10 Interstate between Tucson (Arizona) and La Cruces (New Mexico) close to the New Mexico, Arizona border. Rail lines pass to the north of the Claim Block and through the lake system to the south.

The Lordsburg Playa system is approximately 15km to the southwest of the town of Lordsburg and lies at an elevation of 1,200m above mean sea level.

General Geology

Lordsburg project sits within the playa lake system at the northernmost end of the Animas Valley, southwest New Mexico. The basin is an elongated feature bounded to the west by the Peloncillo mountains and to the east by the Pyramid mountains. The basin comprises clays, silts and sands, similar to the lithological sequence in the Clayton Valley. Further there is anecdotal evidence that highly saline fluids were intersected in a historical stock water well located in the basin.

The playa is within the main depression of the Animas Valley and is coincident with a broad gravity low suggesting a major basin may be

present. Surrounded by tertiary volcanic rocks the valley mimics the Clayton Valley setting.

A historic US Geologic Survey map from 1954 shows a windmill that is labelled as a "salt well" in the gravity low that is associated with the playa system. The well head was located, and sampling was attempted, but it is blocked at 100 feet. The existence of the well is interpreted as evidence that the subsurface aquifer beneath the playa is salty (brine) and hence the total lack of water wells or any agricultural development near the playa.

Previous Sampling

Surface sampling has been completed in the claim block. It demonstrated the presence of highly anomalous Li values. Further details are provided in the Company's announcement to ASX dated 22 March 2018.

(c) **Initial Work Planned**

Big Sandy Project

Subject to completion, the Company's plan is re-analyse the historical data, geological mapping and auger drill results to optimise the exploration programme planned by USA Lithium.

Following this initial program, the Company's intention is to move quickly to undertake detailed drilling within the main target area and commence initial metallurgical test-work, with the objective of progressing to resource definition and project scoping study as soon as possible thereafter.

Lordsburg Lithium Project

As with the Big Sandy Project the Company will review the exploration and data compiled to date. It will then undertake drill planning leading to drill testing of the lake system for the presence of Lithium bearing brines.

4.3 **Key terms of the Acquisition Agreement**

- (a) The Company (**Buyer**) is granted an option to acquire 100% of the shares (**Company Shares**) of USA Lithium held by the vendors. USA Lithium owns 100% of the shares in US Lithium Pty Ltd (ACN 611 629 728) (**US Lithium**) and New Mexico Lithium Pty Ltd (ACN 621 475 438) (**New Mexico Lithium**).
- (b) US Lithium owns the 258 BLM claims comprising the Big Sandy Lithium Project and New Mexico Lithium owns the 355 BLM claims comprising the Lordsburg Lithium Project (together **Projects**).
- (c) Pursuant to the terms of the Acquisition Agreement, USA Lithium and a majority of its shareholders (representing approximately 75% of USA Lithium shareholders) (**Majority Vendors**) granted the Buyer an exclusive 14-day option (**Option**) to conduct due diligence on USA Lithium, US Lithium and New Mexico Lithium and the Projects for the purpose of determining whether to purchase 100% of the Company Shares (free from encumbrances) (**Acquisition**). The Option was exercised on 10 April 2018.
- (d) The consideration for the Option was a non-refundable payment totalling \$250,000 and was satisfied by the issue of 12,500,000 Shares in the capital of the Buyer at a deemed issue price of \$0.02 per share on 10 April 2018

(**Option Fee Shares**). The Option Fee Shares were issued to parties who assisted with the facilitation of the transaction.

- (e) Upon successful completion of due diligence by the Buyer and USA Lithium (complete), exercise of the Option (complete), and satisfaction of the conditions set out in Section 4.3(h) below, the Buyer will issue \$5,000,000 worth of fully paid ordinary shares in the capital of the Buyer (equating to 250,000,000 shares at a deemed issue price of \$0.02 per share) (**Consideration Shares**) to acquire all the issued capital in USA Lithium.
- (f) At Completion, the Company shall repay existing loans in USA Lithium up to a maximum of \$150,000, such loan funds which were used for expenditure already incurred by USA Lithium on the Projects prior to the date of the Acquisition Agreement, including due diligence costs during the period between the date of the Acquisition Agreement and Completion, subject to the provision of evidence of such expenditure for review and approval to the Buyer's satisfaction (acting reasonably).
- (g) From the date of execution of the Acquisition Agreement up until Completion, the Buyer has agreed to fund and/or reimburse USA Lithium in connection with reasonable expenditure incurred and necessary to maintain the claims which comprise the Projects, up to a maximum of \$100,000.
- (h) The Acquisition Agreement contains the following conditions precedent:
 - (i) **Capital Raising**: Completion of a capital raising by the Company to raise up to \$3,000,000 (before costs) through a placement of shares at an issue price of \$0.02 per share, including the \$250,000 already raised on 10 April 2018;
 - (ii) **Shareholder Approvals**: the Company obtaining all necessary shareholder approvals, including approval pursuant to ASX Listing Rule 11.1.2;
 - (iii) **Regulatory Approvals**: the Company obtaining all necessary regulatory approvals;
 - (iv) **Minority Vendors**: minority vendors executing binding sale agreements;
 - (v) **Other**: any such other conditions that are necessary in order for the matters contemplated by the Acquisition Agreement to be properly completed.

4.4 Board changes

Subject to shareholder approval, Mr Paul Lloyd will be joining the Company as Executive Chairman and Mr Klaus Eckhof as a Non-Executive Director.

As part of the transaction and subject to shareholder approval, the Company will issue two separate tranches of 30,000,000 unlisted options each (60,000,000 in total) to incoming directors Messrs Lloyd and Eckhof (**Director/Executive Options**). A further 30,000,000 unlisted options on the same terms as the Director/Executive Options will be issued to Mr Greg Smith (incoming Chief Technical Officer) (or his nominee). These will be issued pursuant to the Company's employee option plan and do not required prior Shareholder approval.

The Director/Executive Options are to be issued equally to each of Messrs Eckhof, Lloyd and Smith (or their nominees) on the following terms.

- (a) Tranche 1 - 15,000,000 unlisted options exercisable at \$0.04 per option and expiring 4 years from the date of issue; and
- (b) Tranche 2 - 15,000,000 unlisted options exercisable at \$0.05 per option and expiring 4 years from the date of issue.

Mr Shaun Hardcastle and Ms Oonagh Malone will remain on the board with Mr Richard Pearce resigning at Completion (subject to receipt of shareholder approval for the Acquisition).

Subject to shareholder approval, the Company will also issue two tranches of 2,250,000 unlisted options each, to be split amongst the existing Hawkstone directors (or their nominees) (**Existing Director Options**):

- (a) Tranche 1 - 2,250,000 unlisted options exercisable at \$0.04 per option and expiring 4 years from the date of issue; and
- (b) Tranche 2 - 2,250,000 unlisted options exercisable at \$0.05 per option and expiring 4 years from the date of issue.

Mr Paul Jurman will be appointed joint company secretary.

4.5 Capital raising

In order to fund the Acquisition due diligence and the Company's immediate working capital requirements, the Company raised \$250,000 from sophisticated investors via the issue of 12,500,000 shares at an issue price of 2 cents per share (**Placement**). The Company issued these shares under its existing placement capacity in accordance with Listing Rule 7.1 on 10 April 2018.

Subject to shareholder approval and as a condition of the Acquisition, the Company intends to complete a further placement to professional and sophisticated investors of 137,500,000 shares at an issue price of 2 cents per share, to raise up to \$2,750,000 (**Capital Raising**).

Longreach Capital is acting as Lead Manager of the Placement and Capital Raising.

As part of the transaction and subject to shareholder approval, the Company will issue two separate tranches of unlisted options to Longreach Capital (or its nominee) (**Advisor Options**) on the following terms:

- (a) Tranche 1 - 15,000,000 unlisted options at an issue price of \$0.0001 each, exercisable at \$0.04 per option, expiring 4 years from the date of issue, at an issue price of \$0.0001 each; and
- (b) Tranche 2 - 15,000,000 unlisted options at an issue price of \$0.0001 each, exercisable at \$0.05 per option, expiring 4 years from the date of issue, at an issue price of \$0.0001 each.

Longreach Capital will be paid a standard fee of 6% for all funds raised under the Placement and Capital Raising and may elect to take this fee in Company shares at a deemed issued price of \$0.02 per Share. As a result, the Company is seeking Shareholder approval for the issue of up to 9,000,000 Shares to Longreach Capital (**Advisor Shares**) pursuant to Resolution 5.

4.6 Pro forma balance sheet

An unaudited pro forma statement of financial position of the Company as at 31 December 2017 based on the reviewed half year accounts of the Company is set out in Schedule 2.

4.7 Effect on capital structure

The pro forma capital structure of the Company following completion of the Acquisition, Placement and Capital Raising is set out below:

Particulars	Currently on Issue	Acquisition Agreement	Placement and Capital Raising	Proforma at Completion
Ordinary Shares	276,127,995	262,500,000	150,000,000 ¹	688,627,995 ³
Options (unquoted)	6,000,000	124,500,000 ²	-	130,500,000

Notes:

1. Total capital raising of \$3,000,000 at \$0.02 per Share.
2. Director/Executive Options, Existing Director Options and Advisor Options: 62.25M Tranche 1 options with an exercise price of \$0.04 expiring 4 years from the date of issue, plus 62.25M Tranche 2 options with an exercise price of \$0.05 expiring 4 years from the date of issue.
3. Does not include the potential issue of 9,000,000 Advisor Shares pursuant to Resolution 5(b) which may be issued if Longreach Capital elects to take its fees in Advisor Shares instead of cash.

4.8 Proposed budget

The Company intends to use the funds raised under the Placement and Capital Raising, together with the Company's existing cash reserves post-Acquisition as follows:

Allocation of funds ¹	Amount \$	%
Exploration and development costs - Big Sandy	1,000,000	33%
Exploration and development costs - Lordsburg	500,000	17%
Exploration and development costs - Kangwane	200,000	7%
Costs associated with the Acquisition and Capital Raising fees	100,000	3%
Administration and working capital	1,200,000	40%
Total	\$3,000,000	100

The above table is a statement of current intentions as at the date of this Notice. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The use of further equity funding or Share placements will be considered by the Board where it is appropriate to accelerate a specific business objective or project.

4.9 Anticipated timetable for the key business the subject of the Acquisition Resolutions

Event	Indicative Timing
Despatch of this Notice of Meeting to Shareholders	8 May 2018
Shareholder Meeting ASX notified whether Shareholders' approval has been granted for the Resolutions	7 June 2018
Completion of Capital Raising and the Acquisition	11 June 2018

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates in accordance with the Listing Rules.

4.10 Composition of Board of Directors and Management team

The Board currently comprises:

- (a) Mr Richard Pearce - Non-executive Director;
- (b) Ms Oonagh Malone - Non-executive Director; and
- (c) Mr Shaun Hardcastle - Non-executive Director.

Subject to Completion of the Acquisition, Mr Richard Pearce will resign and be replaced with USA Lithium nominee Directors. Ms Oonagh Malone and Mr Shaun Hardcastle will remain on the Board as Non-executive Directors following Completion.

The Company will appoint the following persons as directors at Completion, subject to prior shareholder approval:

- (a) Mr Paul Lloyd - Executive Chairman; and
- (b) Mr Klaus Eckhof - Non-Executive Director.

In addition, Mr Greg Smith will join the Company as its Chief Technical Officer.

Set out below is background information in relation to the skills and experience of the proposed incoming Directors and Chief Technical Officer.

(a) Mr Paul Lloyd

Paul Lloyd is a Chartered Accountant with over 30 years commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa. Paul has been responsible for a

number of IPO's, RTO's, project acquisitions and capital raisings for ASX listed public companies.

Pursuant to the Acquisition Agreement, Mr Lloyd will enter into an Executive Chairman agreement with the Company which provides for a base salary of \$200,000 per annum.

(b) **Mr Klaus Eckhof**

Mr Eckhof has more than 20 years of experience identifying, exploring and developing mineral deposits around the world. Mr Eckhof worked for Mount Edon Gold Mines Ltd before it was acquired by Canadian mining company, Teck. In 1994, he founded Spinifex Gold Ltd and Lafayette Mining Ltd, both of which successfully delineated gold and base metal deposits. In 2003, Mr Eckhof founded Moto Goldmines which acquired the Moto Gold Project in the Democratic Republic of Congo. Mr Eckhof is currently a director of Amani Gold Ltd, Carnavale Resources Ltd and Executive Chairman of AVZ Minerals Ltd and Non-Executive Chairman of Okapi Resources Ltd.

Pursuant to the Acquisition Agreement, Mr Eckhof will enter into a Non-executive director agreement with the Company which provides for director fees of \$36,000 per annum.

(c) **Mr Greg Smith**

Mr Smith holds a Bachelor of Science degree in Geology from Dalhousie University, Nova Scotia, Canada.

Mr Smith commenced his career in 1975 and has worked over a wide cross section of minerals and countries including in Canada, Australia and Africa. Greg was the exploration manager for Moto Gold Mines Ltd, responsible for the discovery of 22.5 million ounces of gold in the Democratic Republic of Congo. He has also held the position of Managing Director of ASX listed Elemental Minerals Limited and Lindian Resources Limited. Greg has a proven track record of identifying substantial company making mineral projects and developing those projects, resulting in major value creation for shareholders.

Pursuant to the Acquisition Agreement, Mr Smith will enter into an employment or consultancy agreement with the Company which provides for a base salary of \$180,000 per annum. Mr Smith will also receive 15 million tranche 1 and 15 million tranche 2 unquoted options on the same terms as those being issued to Messrs Lloyd and Eckhof.

4.11 Advantages of the proposals in the Acquisition Resolutions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's determination on how to vote on the Acquisition Resolutions:

- (a) Shareholders will be further exposed to the resource industry, with a direct interest in lithium exploration assets;
- (b) the risk profile of the Company will be diversified (as the Company's existing asset is located in one jurisdiction, South Africa, and it's existing focus is on anthracite exploration and development);

- (c) the Company will receive a cash injection via the Placement and Capital Raising;
- (d) the nominated directors of USA Lithium bring additional experience and knowledge to the Board;
- (e) the Company's ability to raise additional funds may increase; and
- (f) USA Lithium is being acquired for no significant initial cash outlay by the Company.

4.12 Disadvantages of the proposals in the Acquisition Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's determination on how to vote on the Acquisition Resolutions:

- (a) dilution of existing Shareholders' interests;
- (b) the Vendors (approximately 41 in total) will gain a significant level of control of the Company; and
- (c) the change of operations as a resolution of the Acquisition may not suit the risk profile of Shareholders.

4.13 Taxation

The Acquisition may give rise to income tax implications for the Company and Shareholders.

Existing Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal taxation position and neither the Company, nor any existing Director or advisor to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Acquisition or the Resolutions.

4.14 Plans for the Company if the Acquisition Resolutions are not passed or if the Acquisition does not proceed

If the Acquisition Resolutions are not passed or if the Acquisition is otherwise not completed, the Company will continue exploration at the Kangwane South anthracite project in South Africa and will continue to seek and review complementary resource acquisitions across all industries to diversify the Company's existing risk profile.

4.15 Directors' interests in the Acquisition Agreement

None of the Company's existing Directors have any interest in the Acquisition pursuant to the Acquisition Agreement, other than those disclosed elsewhere in this Notice.

5. Risks associated with the Acquisition

This Section identifies the major areas of risk associated with the Acquisition, but should not be taken as an exhaustive list of the risk factors to which the Company and its Security holders are exposed. References to the Company in this Section 5 include USA Lithium post Completion.

5.1 Risks relating to the change in nature and/or scale of activities

(a) Dilution risk

Prior to the Acquisition being announced the Company had 276,127,995 Shares and 6,000,000 Options on issue.

On issue of the Consideration Shares and the subscription of Shares under the Placement and Capital Raising (assuming maximum subscription under the Capital Raising and no convertible Securities are exercised or converted), the existing pre-Acquisition Shareholders will retain approximately 40.1% of the issued capital of the Company, the Vendors (or their nominees) will hold 38.1%, and the investors under the Placement and Capital Raising will hold 21.8% of the issued capital of the Company.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.

(b) Contractual and Completion risk

Pursuant to the Acquisition Agreement, the Company has agreed to acquire USA Lithium subject to the fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisition may be deferred or not occur.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(c) Integration risk of the Acquisition

The operating results of the Company will depend on the success of management in integrating the acquisition of USA Lithium. There is no guarantee that the Company will be able to integrate this new acquisition into the Company successfully, or that any economic benefits will be able to be realised from the integration. There is a risk that the Company's future profitability and prospects could be adversely impacted if successful integration is not achieved in an orderly and timely fashion.

5.2 Specific risks to the Company's operations and the mining industry

There are a number of specific risks involved for the Company, and consequently its security holders, in the acquisition of USA Lithium, including risks specific to the business and assets of USA Lithium, which include the following non-exhaustive list.

(a) Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Big Sandy and Lordsburg projects or its existing Kangwane South anthracite project are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Capital Raising should be adequate to fund its business development

activities, exploration program and other Company objectives in the short term as stated in this Notice.

In order to successfully develop its projects and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Capital Raising. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or offer price under the Capital Raising) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(b) Operational risks

The operations of the Company may be affected by various factors, including:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve predicted grades in exploration and mining;
- (iii) operational and technical difficulties encountered in mining;
- (iv) insufficient or unreliable infrastructure, such as power, water and transport;
- (v) difficulties in commissioning and operating plant and equipment;
- (vi) mechanical failure or plant breakdown;
- (vii) unanticipated metallurgical problems which may affect extraction costs; and
- (viii) adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

(c) Exploration success

Mineral exploration and project development are high risk undertakings. There can be no assurance that further exploration on the Company's

(including USA Lithium's) projects will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. Until the Company is able to realise value from its mineral projects, it is likely to incur ongoing operating losses.

(d) Drilling and exploration programs

There are operational risks associated with the Company's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at the Company's mineral projects may be affected by a range of factors, including (but not limited to): geological and ground access conditions; unanticipated operational and technical difficulties encountered in sampling and drilling activities; adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour; mechanical failure of operating plant and equipment; prevention of access by reason of political or civil unrest, outbreak of hostilities, outbreak of disease or inability to obtain regulatory consents or approvals; terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes; and risks of default or non-performance by third parties providing essential services. No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of the Company's mineral projects.

(e) Environmental

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. 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 mine 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.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

(f) Tenure, access and grant of applications

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements and/or applications for tenements will be approved.

With respect to the Big Sandy and Lordsburg projects, the Company considers the likelihood of tenure forfeiture to be low given the regulations governing exploration in the USA and the ongoing expenditure budgeted for by the Company in accordance with those regulations. However, the consequence of forfeiture or involuntary surrender of granted tenements for reasons beyond the control of the Company could be significant.

(g) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

5.3 Market risks

(a) Regulatory risks

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

5.4 General risks

(a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential research and development programmes, as well as on their ability to fund those activities.

(b) 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, epidemics or quarantine restrictions.

(c) Insurance risks

The Company intends to insure its operations and those of USA Lithium (as required) in accordance with industry practice. However, in certain circumstances, such 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 effected.

(d) **Litigation risks**

The Company is exposed to possible litigation risks. Further, the Company or USA Lithium 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. Neither the Company nor USA Lithium are currently engaged in any litigation.

(e) **Market conditions**

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:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to security holders arising from the transactions the subject of this Notice or otherwise.

6. Resolution 1 - Approval to change in scale of activities

6.1 General

Resolution 1 seeks the approval of Shareholders for a change in the scale of the Company's activities via the Acquisition.

A detailed description of the Acquisition is outlined in Section 4.1 above.

Resolution 1 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions and Completion occurring.

Resolution 1 is an ordinary Resolution.

6.2 Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and/or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and

- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has advised that it requires the Company to obtain the approval of its Shareholders for the proposed change of activities pursuant to Listing Rule 11.1.2 but will not require re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under Listing Rule 11.1.2.

Details of the assets to be acquired by the Company and the proposed changes to the structure and operations of the Company are provided throughout this Explanatory Memorandum.

6.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

The Chair intends to exercise all available proxies in favour of Resolution 1.

7. Resolution 2 - Approval to issue Consideration Shares

7.1 General

Resolution 2 seeks Shareholder approval under Listing Rule 7.1 for the issue to the Vendors (or their respective nominees) of 250,000,000 Consideration Shares as consideration for the acquisition of the Vendors' interests in USA Lithium.

The Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Resolution 2 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions and Completion occurring.

Resolution 2 is an ordinary Resolution.

Refer to Section 4.1 for further details regarding the background to Resolution 2.

7.2 Application of Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval.

7.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) the maximum number of Consideration Shares to be issued to the Vendors at Completion is 250,000,000.
- (b) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver

or modification of the Listing Rules) and it is intended that issue of all the Consideration Shares will occur on the same date;

- (c) the Consideration Shares will be issued for nil cash consideration in satisfaction of the acquisition of all USA Lithium Shares;
- (d) the Consideration Shares will be issued to the Vendors (or their respective nominees). All of the Vendors are unrelated parties other than entities associated with proposed incoming directors Messrs Paul Lloyd and Klaus Eckhof, who are each a related party of the Company by reason only of the Acquisition;
- (e) the Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the proposed issue as the Consideration Shares; and
- (g) a voting exclusion statement is included in the Notice.

7.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 2.

The Chair intends to exercise all available proxies in favour of Resolution 2.

8. Resolution 3 - Ratification of prior issues

8.1 Background

On 10 April 2018, the Company issued:

- (a) 12,500,000 Shares (**Placement Shares**) at an issue price of \$0.02 each to sophisticated and professional investors (**Placement Participants**); and
- (b) the Option Fee Shares.

Resolutions 3(a) and 3(b) seek the ratification of Shareholders pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

The Board recommends that Shareholders vote in favour of Resolutions 3(a) and 3(b).

Resolution 3(a) and 3(b) are each an ordinary resolution.

The Chair intends to exercise all available proxies in favour of each of the resolutions which form part of Resolution 3.

8.2 Listing Rules 7.1 and 7.1A

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of

its issued capital. The Company obtained this approval at its annual general meeting held on 30 November 2017.

8.3 Listing Rule 7.4

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A, as applicable.

The effect of Resolution 3 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and the additional 10% annual placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

8.4 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares and Option Fee Shares:

- (a) a total of:
 - (i) 12,500,000 Placement Shares; and
 - (ii) 12,500,000 Option Fee Shares,were issued on 10 April 2018 within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval;
- (b) the Placement Shares were issued at \$0.02 per Share;
- (c) the Option Fee Shares were issued at a deemed issue price of \$0.02 per Share;
- (d) the Placement Shares and Option Fee Shares were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (e) the Placement Shares were issued to the Placement Participants, none of whom is a related party of the Company;
- (f) the Option Fee Shares were issued to parties who assisted with facilitating the transaction;
- (g) the proceeds from the issue of the Placement Shares will be directed towards the Acquisition due diligence and the Company's immediate working capital requirements;
- (h) no funds were raised from the issue of the Option Fee Shares; and
- (i) a voting exclusion statement is included in the Notice.

9. Resolution 4 - Approval to issue Capital Raising Shares

9.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 137,500,000 Capital Raising Shares at an issue price of \$0.02 each to raise up to \$2,750,000 (before costs) under the Capital Raising.

Resolution 4 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions and Completion occurring.

Resolution 4 is an ordinary Resolution.

9.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 7.2 above.

The effect of Resolution 4 will be to allow the Company to issue the Capital Raising Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

9.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued as Capital Raising Shares is 137,500,000;
- (b) the Capital Raising Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the issue price of the Capital Raising Shares will be \$0.02 per Share;
- (d) the Capital Raising Shares are proposed to be issued by way of a placement to sophisticated and professional investors none of whom will be related parties to the Company;
- (e) the Capital Raising Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company's intended use of the funds raised from the issue of the Capital Raising Shares is set out in Section 4.8 above;
- (g) it is intended that the Capital Raising Shares will be issued on the same date, being the date of Completion; and
- (h) a voting exclusion statement is included in the Notice.

9.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

The Chair intends to exercise all available proxies in favour of Resolution 4.

10. Resolution 5 - Approval to issue Advisor Securities

10.1 General

Resolution 5 seeks Shareholder approval for the issue of up to 30,000,000 Advisor Options and 9,000,000 Advisor Shares to Longreach Capital (or its nominees) on Completion as part consideration for services provided to the Company by Longreach Capital in connection with the Capital Raising and Acquisition.

A summary of Listing Rule 7.1 is set out in Section 7.2 above.

The effect of Resolution 5 will be to allow the Company to issue the Advisor Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 5 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions.

Resolution 5 is an ordinary Resolution.

10.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Advisor Securities the subject of Resolution 5:

- (a) the maximum number of Advisor Options to be issued is 30,000,000 and the maximum number of Advisor Shares to be issued is 9,000,000. The Advisor Shares will only be issued if Longreach Capital elects to be paid part its fee in Advisor Shares (see Section 4.5);
- (b) the Advisor Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of all of the Advisor Securities will occur on the same date;
- (c) the Advisor Shares will be issued for nil cash consideration as part consideration for services provided to the Company by Longreach Capital in connection with the Capital Raising and Acquisition;
- (d) the Advisor Options will be issued for nominal cash consideration of \$0.0001 per Advisor Option;
- (e) the Advisor Securities will be issued to Longreach Capital (or its nominees), who are not related parties of the Company;
- (f) the Advisor Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the terms and conditions of the Advisor Options are set out in Schedule 3;
- (h) no funds will be raised from the proposed issue of the Advisor Securities; and
- (i) a voting exclusion statement is included in the Notice.

10.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

The Chair intends to exercise all available proxies in favour of Resolution 5.

11. Resolution 6 - Approval of issue of Director Options

11.1 General

The Company is proposing to issue a total of 64,500,000 Director Options under the Plan in the amounts and to the existing and proposed Directors (or their nominees) as follows:

Director	Director Options	
Paul Lloyd	15,000,000	15,000,000
Klaus Eckhof	15,000,000	15,000,000
Oonagh Malone	1,000,000	1,000,000
Shaun Hardcastle	1,000,000	1,000,000
Richard Pearce	250,000	250,000
TOTAL	32,250,000	32,250,000

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to achieve growth of the Share price and in the creation of Shareholder value. In addition, the Board also believes that incentivising with Director Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Director Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

Resolution 6 seeks Shareholder approval for the issue of the Director Options under the Plan to the Directors (or their nominees). Shareholder approval is required under Listing Rule 10.14 where an entity issues, or agrees to issue, securities to a director (or associate of a director) under an employee incentive scheme.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rules 7.1 or 10.11 is not required.

11.2 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit and Mr Lloyd, Mr Eckhof, Ms Malone, Mr Hardcastle and Mr Pearce are related parties of the Company by virtue of being Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Options to Mr Lloyd and Mr Eckhof because the proposed grant of the Director Options was negotiated as part of the Acquisition Agreement on arm's length terms.

The Directors (other than Director Ms Oonagh Malone who has a material personal interest in Resolution 6(c)) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Options to Ms Malone because the grant of the Director Options is considered reasonable remuneration given the Company's circumstances.

The Directors (other than Director Mr Shaun Hardcastle who has a material personal interest in Resolution 6(d)) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Options to Mr Hardcastle because the grant of the Director Options is considered reasonable remuneration given the Company's circumstances.

The Directors (other than Director Mr Richard Pearce who has a material personal interest in Resolution 6(e)) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Options to Mr Pearce because the grant of the Director Options is considered reasonable remuneration given the Company's circumstances.

11.3 Specific information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Director Options to the Directors:

- (a) the Directors or proposed Directors are Paul Lloyd, Klaus Eckhof, Oonagh Malone, Shaun Hardcastle and Richard Pearce;
- (b) the maximum number of Director Options to be issued to the Directors (or their nominees) is 64,500,000 as set out in Section 11.1 above;
- (c) the Director Options are being issued to the Directors under the Plan for nil cash consideration and otherwise on the terms and conditions set out in Schedule 3;
- (d) Ms Oonagh Malone, Mr Shaun Hardcastle and Mr Richard Pearce each received 2,000,000 Options for nil cash consideration since the Plan was approved by Shareholders at the annual general meeting of the Company held on 30 November 2017;
- (e) all Directors are entitled to participate in the Plan;
- (f) no loans will be made in relation to, and no funds will be raised from, the issue or exercise of the Director Options;
- (g) the Director Options will be issued to the Directors no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Options will be issued on one date; and

(h) a voting exclusion statement is included in the Notice.

11.4 Additional information

Each of the Resolutions which form part of this Resolution 6 is a separate ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolutions 6(a), (b) (c), (d), and (e).

Resolution 6 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions and Completion occurring.

12. Resolution 7 - Election of Directors - Messrs Paul Lloyd and Klaus Eckhof

12.1 General

Clause 6.2(c) of the Company's Constitution allows the Company to elect a person or persons as a Director by resolution passed in general meeting.

Clause 6.2(g) of the Company's Constitution provides that a person other than a Director retiring by rotation is not eligible for election as a Director at a general meeting unless the person, or some Shareholder intending to propose his or her nomination has, at least 30 business days before the meeting left at the registered office of the Company a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office or the intention of the Shareholder to propose the person.

Notice of every candidature for election as a Director shall be given to each Shareholder as part of the notice of meeting at which the election is to take place.

Pursuant to the Acquisition Agreement, at Completion it is proposed that Mr Lloyd and Mr Eckhof each be appointed as a Director.

Resolution 7 seeks approval for the election of Mr Lloyd as a Director on and from Completion if each of the other Acquisition Resolutions are approved by Shareholders. He will be appointed as Executive Chairman.

Resolution 7 seeks approval for the election of Mr Eckhof as a Director on and from Completion if each of the other Acquisition Resolutions are approved by Shareholders. He will be appointed as a Non-Executive Director.

Please refer Section 4.10 for information on the qualifications, skills and experience of Mr Lloyd and Mr Eckhof.

Resolution 7 is an Acquisition Resolution and subject to Shareholders passing each of the Acquisition Resolutions and Completion occurring.

Resolution 7 is an ordinary resolution.

12.2 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 7.

The Chair intends to exercise all available proxies in favour of Resolution 7.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

2012 JORC Code means the 2012 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Acquisition means the acquisition by the Company of USA Lithium in accordance with the Acquisition Agreement.

Acquisition Agreement means the agreement described in Section 4.3.

Acquisition Resolutions means Resolutions 1 to 7 (inclusive).

Advisor Options means the 30,000,000 Options proposed to be issued to Longreach Capital (or its nominees) and which are the subject of Resolution 5(a).

Advisor Securities means the Advisor Shares and Advisor Options.

Advisor Shares means up to 9,000,000 Shares to be issued to Longreach Capital (or its nominees) and which are the subject of Resolution 5(b).

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Big Sandy means the 258 claims comprising the Big Sandy Lithium Clay project.

Board means the board of Directors of the Company.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia.

Buyer means the Company.

Capital Raising means the offer of up to 137,500,000 Shares with an issue price of \$0.02 per share to raise up to a total of \$2,750,000 as detailed in Section 4.4.

Capital Raising Shares means the Shares proposed to be issued under the Capital Raising.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Hawkstone Mining Limited ACN 008 720 223.

Completion means completion of the Acquisition in accordance with the Acquisition Agreement.

Consideration Shares means the 250,000,000 Shares proposed to be issued to the Vendors (or their nominees) as consideration for the Acquisition and which are the subject of Resolution 2.

Constitution means the constitution of the Company as at the date of the Meeting.

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

Director means a director of the Company.

Director/Executive Options means the Options to be issued to the proposed Directors and Executive and have the terms and conditions set out in Schedule 3.

Director Options means the 64,500,000 Options to be issued to current and proposed Directors the subject of Resolution 6 and have the terms and conditions set out in Schedule 3.

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Executive means Mr Greg Smith.

Existing Director Options means the 4,500,000 Options to be issued to the current Directors and have the terms and conditions set out in Schedule 3.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Lead Manager means Longreach Capital.

Listing Rules means the listing rules of ASX.

Longreach Capital means Longreach Capital Pty Ltd ACN 618 027 651.

Lordsburg means the 355 BLM claims comprising the Lordsburg Lithium Brine project.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Majority Vendors means approximately 75% of the USA Lithium shareholders, being those that are party to the Acquisition Agreement.

Meeting has the meaning given in the introductory paragraph of the Notice.

New Mexico Lithium means New Mexico Lithium Pty Ltd (ACN 621 475 438).

Notice means this notice of general meeting.

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

Option Fee Shares has the meaning ascribed in Section 4.3(d).

Plan means the Hawkstone Mining Limited Employee Securities Incentive Plan.

Projects means the Big Sandy and Lordsburg projects together.

Proxy Form means the proxy form attached to the Notice.

Relevant Interest has the meaning given in section 608 of the Corporations Act.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means all Equity Securities of the Company, including Shares and Options.

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

Shareholder means a holder of a Share.

US Lithium means US Lithium Pty Ltd (ACN 611 629 728).

USA Lithium means USA Lithium Limited.

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

Vendors means all the shareholders of USA Lithium.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 - Pro forma Balance Sheet

	NOTES	Reviewed 31/12/2017 \$	Acquisition of USA Lithium \$	Other adjustments \$	PRO FORMA \$
Current Assets					
Cash and cash equivalents	2	262,967	(250,000)	2,964,619	2,977,586
Trade and other receivables		28,843	-	-	28,843
Total Current Assets		291,810	(250,000)	2,964,619	3,006,429
Non Current Assets					
Non current financial assets		578,137	-	-	578,137
Deferred exploration, evaluation and development expenditure	3	536,480	-	-	536,480
Total Non Current Assets		1,114,617	-	-	1,114,617
TOTAL ASSETS		1,406,427	(250,000)	2,964,619	4,121,046
Current Liabilities					
Trade and other payables		11,520	-	-	11,520
Total Current Liabilities		11,520	-	-	11,520
TOTAL LIABILITIES		11,520	-	-	11,520
NET ASSETS (LIABILITIES)		1,394,907	(250,000)	2,964,619	4,109,526
Equity					
Issued capital	4	57,933,709	5,000,000	3,211,619	66,145,328
Reserves	5	1,861,483	-	3,418,148	5,279,631
Accumulated losses	6	(58,400,285)	(5,250,000)	(3,665,148)	(67,315,433)
TOTAL EQUITY		1,394,907	(250,000)	2,964,619	4,109,526

Notes:

1. The pro forma balance sheet is based on audit reviewed financial statements of the Group as at 31 December 2017. Adjustments are made to this to reflect the proposed acquisition of USA Lithium, other transactions proposed in this notice of meeting and the intended issue of 30,000,000 employee options.
2. This is based on:
 - (a) Reimbursement of \$100,000 of expenditure incurred by USA Lithium for maintenance of the Projects.
 - (b) Repayment of \$150,000 of previous loans to USA Lithium for funds used on the Projects.
 - (c) Previous receipt of \$250,000 for the 12,500,000 shares issued at \$0.02 per share on 10 April 2018 to fund working capital.
 - (d) Issue of 137,500,000 shares at \$0.02 per share to raise \$2,750,000.
 - (e) Payment of \$20,381 to ASX for listing of newly issued shares.
 - (f) Receipt of \$3,000 for the 30,000,000 Advisor Options to be issued at \$0.0001 per Advisor option.
 - (g) Payment of \$18,000 in GST on Advisor Shares.
3. The effective purchase consideration for the exploration interests proposed to be acquired is \$5,500,000. This is calculated by adding together the: \$250,000 value of the Option Fee Shares, the \$5,000,000 value of the Consideration Shares, \$100,000 for the expenditure reimbursement, and \$150,000 for the prior loan reimbursement.

The directors have chosen to fully expense this purchase consideration in accordance with the policy for mineral exploration expenditure.

4. This is based on:
 - (a) Issue of 12,500,000 shares at \$0.02 per share to raise \$250,000 on 10 April 2018.
 - (b) Issue of the 12,500,000 Option Fee Shares at a deemed value of \$0.02 per share for a total of \$250,000 on 10 April 2018.
 - (c) Issue of the 250,000,000 Consideration shares at a deemed value of \$0.02 per share for \$5,000,000.
 - (d) Issue of 137,500,000 shares at \$0.02 per share to raise \$2,750,000.
 - (e) Issue of the 9,000,000 Advisor Shares at a deemed value of \$0.02 per share for \$180,000.
 - (f) Recognition of the \$180,000 deemed value of the Advisor Shares as a capital raising cost.
 - (g) Payment of \$18,000 in GST on Advisor Shares, also recognised as a capital raising costs.
 - (h) Payment of \$20,381 to ASX for listing of newly issued shares.

5. This is based on:
 - (a) Issue of 32,250,000 Tranche A Director options and 32,250,000 Tranche B Director Options at a total value of \$1,770,848 to be recognised in the share based payment reserve.
 - (b) Issue of 15,000,000 Tranche A share options and 15,000,000 Tranche B share options to other employees at a total value of \$823,650 to be recognised in the share based payment reserve.
 - (c) Issue of 15,000,000 Tranche A Advisor Options and 15,000,000 Tranche B Advisor Options at a total value of \$823,650 to be recognised in the share based payment reserve.
 - (d) Valuation of all Tranche A options at \$0.02809 per option performed as at 9 April using the Black-Scholes model with an exercise price of 4c, a term of 4 years, the underlying share price at the valuation date of 3.9c, an annualised share price volatility of 104%, an interest rate of 2.26% and no discount to reflect other conditions.
 - (e) Valuation of all Tranche B options at \$0.02682 per option performed as at 9 April using the Black-Scholes model with an exercise price of 5c, a term of 4 years, the underlying share price at the valuation date of 3.9c, an annualised share price volatility of 104%, an interest rate of 2.26% and no discount to reflect other conditions.

6. This is based on:
 - (a) Immediate expensing of the 64,500,000 Director options at a total value of \$1,770,848 recognised in the share based payment reserve.
 - (b) Immediate expensing of the 30,000,000 share options for other employees at a total value of \$823,650 recognised in the share based payment reserve.
 - (c) Immediate expensing of the difference between the \$823,650 total value of the 30,000,000 Advisor Options recognised in the share based payment reserve, and the \$3,000 to be received for these options.
 - (d) Immediate expensing of the \$5,500,000 effective purchase consideration of the mineral exploration interests to be acquired.

Schedule 3 - Terms and conditions of the Director Options and Advisor Options

The Director Options and Advisor Options entitle the holder to subscribe for Shares on the following terms and conditions:

1. Entitlement

Each Director Option and Advisor Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price and Expiry Date

The exercise price and expiry date for the Options is as follows:

- (a) Tranche 1: an exercise price of \$0.04 per Option and expiring on a date that is 4 years from the date of issue.
- (b) Tranche 2: an exercise price of \$0.05 per Option and expiring on a date that is 4 years from the date of issue.

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

3. Exercise Period

Subject to paragraph 2, the Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

4. 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.

5. 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**).

6. Quotation

Unless determined otherwise by the Board in its absolute discretion, the Options will not be quoted on the ASX or any other recognised exchange.

7. Issue of Shares on exercise

Within 15 business days after the Exercise Date, the Company will:

- (a) 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;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, 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

- (c) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX or under the Plan, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph 7(a) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, 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.

8. Shares issued on exercise

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

9. 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.

10. 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.

11. 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).

12. 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):

- (a) the number of Shares which must be issued on the exercise of an 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
- (b) no change will be made to the Option exercise price.

13. Transferability

The Options are transferable with prior written consent of the Board.

HAWKSTONE MINING LIMITED

ACN: 008 720 223

REGISTERED OFFICE:

SUITE 23
513 HAY STREET
SUBIACO WA 6008

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«EFT_REFERENCE_NUMBER»



«Post_zone»
«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

Code: **HWK**

Holder Number: **«HOLDER_NUM**

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE»

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10.00am WST on Thursday, 7 June 2018 at Suite 23, 513 Hay Street, Subiaco, Western Australia and at any adjournment of that meeting. **IMPORTANT** for Resolutions 6(a) – 6(e): If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 6(a) – 6(e), even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel. The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*	RESOLUTION	For	Against	Abstain*
1. Approval to change in scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6b. Approval to issue Director Options to Mr Paul Lloyd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval to issue Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6c. Approval to issue Director Options to Ms Oonagh Malone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a. Ratification of Prior Issue of Placement Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6d. Approval to issue Director Options to Mr Shaun Hardcastle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b. Ratification of Prior Issue of Option Fee Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6e. Approval to issue Director Options to Mr Richard Pearce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval to issue Capital Raising Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7a. Election of Director - Mr Paul Lloyd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5a. Approval to issue Advisor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7b. Election of Director - Mr Klaus Eckhof	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5b. Approval to issue Advisor Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6a. Approval to issue Director Options to Mr Klaus Eckhof	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10.00am WST on Tuesday, 5 June 2018.

+ HWKPX1300518

1

1

HWK

HWKPX1300518

+



My/Our contact details in case of enquiries are:

Name:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number:

(

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

)

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 52 Collins Street West VIC 8007
Street Address	Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000
Telephone	1300 992 916
Facsimile	+61 8 9315 2233
Email	registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

