

QUARTERLY UPDATE FOR THE PERIOD ENDING 30 SEPTEMBER 2019

HIGHLIGHTS

- Maiden Mineral Resource for Big Sandy Lithium Project with a Total Indicated and Inferred Resource of 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li, or 320,800 tonnes Lithium Carbonate Equivalent (LCE), reported above an 800 ppm Li cut-off.

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
Indicated	14.6	1,940	28,400	150,900
Inferred	17.9	1,780	31,900	169,900
Total	32.5	1,850	60,300	320,800

- Final results received during from Hawkstone's 37-hole Phase 2 diamond drill program at its Big Sandy Lithium Project, located in Arizona USA, further demonstrating a significant thickening of the depth and strike of lithium mineralisation.
- Additional exploration resulted in a 15% increase in the Exploration Target for the Big Sandy Lithium Project.

Hawkstone Mining Limited (**ASX:HWK**) ("**Hawkstone**" or the "**Company**") is pleased to provide an update on its activities for the period ending 30 September 2019.

Hawkstone Mining Managing Director, Paul Lloyd, commented: *"The September quarter was a significant period for Hawkstone, with the announcement of a Maiden Minerals Resource at the Big Sandy Lithium Project in Arizona, USA. Containing 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li or 320,800 tonnes Lithium Carbonate Equivalent (LCE), the project has the potential to be a world class resource with only 4% of the landholding at the Big Sandy Lithium project being used in the calculation of the Resource. We look forward to further developing the project over the coming period, with further drilling in Areas B & C planned for Q3-Q4 of the 2020 Financial Year. I would like to thank shareholders to date for their support as we further advance the Big Sandy Project."*

OPERATIONAL UPDATE

Maiden Mineral Resource

In September 2019, Hawkstone announced a Maiden Mineral Resource at the Big Sandy Lithium Project over Block A of the Northern Mineralised Zone ("Resource") at 32.5 Million tonnes grading 1,850 ppm Li containing 60,300 tonnes of lithium metal, which equals 320,800 tonnes Lithium Carbonate Equivalent ("LCE"). The Resource was estimated by Cube Consulting in accordance with the JORC Code (2012).

Table 1 – Big Sandy Project Mineral Resource Statement (above 800 ppm Li cut-off)

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
Indicated	14.6	1,940	28,400	150,900
Inferred	17.9	1,780	31,900	169,900
Total	32.5	1,850	60,300	320,800

Table 2 – Big Sandy Project Mineral Resource Statement (above 2,000 ppm Li cut-off)

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
Indicated	6.4	2,330	15,000	79,800
Inferred	6.3	2,390	15,000	79,800
Total	12.7	2,360	30,000	159,500

NB: Numbers may not add up due to rounding

This estimate included a higher-grade zone of 12.7 Mt grading 2,360 ppm Li above a cut-off of 2,000 ppm Li for 159,500 tonnes LCE, representing 49% of the total contained LCE. The estimate follows the successful completion of the Phase 2 diamond drilling program (37 HQ diamond holes totalling 2,881m), focused on Block A in the Northern Mineralised Zone.

Excellent potential exists to further expand the size of the Mineral Resource, with further drilling planned targeting Blocks B and C in the Northern Mineralised Zone which remains open to the north, south and west. The Company also appointed a Phoenix based engineer to commence an examination of the key development elements leading to the commencement of a pre-feasibility study.

Final High-Grade Results 37 Hole Diamond Drill Program at Big Sandy

During the reporting period, Hawkstone's announced the final high-grade results from the Company's 37-hole Phase 2 diamond drill program at its Big Sandy Lithium Project in Arizona, USA, which were incorporated into the Maiden Resource. The drilling program produced a peak Lithium value of a 4,380ppm Li, with best intercepts to date including:

- 54.0m @ 2,041 ppm Li from 10.0m to 64.0m
- 34.0m @ 1,941 ppm Li from 32.0m to 66.0m
- 36.0m @ 1,892 ppm Li from 31.0m to 67.0m
- 44.0m @ 2,040 ppm Li from 12.0m to 56.0m
- 52.0m @ 1,953 ppm Li from 11.0m to 63.0m
- 47.0m @ 2,130 ppm Li from 12.0m to 59.0m

As announced on 21 February 2019, the Company commenced a 37 hole diamond drill program for approximately 3,700 metres, with the aim of testing the lateral extents of mineralisation in the Northern Mineralised Zone, Block A. Drill targets were identified through the Company's 2018 maiden drill program and geological mapping, which successfully identified high grade results across the zone measuring 3,000m x 1,000m.

Further drilling is planned at Big Sandy during Q3 and Q4 of FY2020.

Big Sandy Lithium Exploration Target Increased by 15%

During the reporting period, Hawkstone Mining announced that additional exploration has resulted in a 15% increase in the size of the Exploration Target for its Big Sandy sedimentary lithium project. Geological mapping and surface sampling in the southern portion of the project have better defined the extent of mineralised sedimentary material in a previously underexplored area. The announcement closely followed the completion of a Phase 2, 37-hole diamond drill program in the Northern Mineralised Zone, Block A. The drill program successfully intersected high-grade lithium mineralisation in all holes enabling an estimate by Cube Consulting of the Company's Maiden Mineral Resource announced in September 2019.

In addition to the exploration previously completed on the Big Sandy Lithium Project, recent geological mapping and sampling in the southern claim area has resulted in the identification of the potential for between 38Mt and 75Mt at 1,000 to 1,500ppm Li (SMZ Block 2) in an area lying to the NE of the previously identified potential in the Southern Mineralised Zone (SMZ Block 1), for an increase of 15% in the total estimation of an Exploration Target for the Big Sandy Project from 242.1Mt to 417.6Mt at 1,000 - >2,000ppm Li to between 280.1Mt to 492.6Mt at 1,000 - >2,000ppm Li as summarised below in Table 3. Note that the potential quantity and grade of the Exploration Target is conceptual in nature.

Table 3 – Summary of Exploration Target Ranges at varying thicknesses

Zone	Resource Block	Grade Range Li ppm	Thickness Lower (m)	Thickness Upper (m)	Lower (tonnes)	Upper (tonnes)
North	A	1,000 - > 2,000	30	50	21,600,000	36,000,000
North	B	1,000 - > 2,000	40	60	82,800,000	124,200,000
North	C	1,000 - > 2,000	15	25	27,000,000	45,000,000
North	D	1,000 - > 2,000	30	50	27,000,000	45,000,000
South	SMZ 1	1,000 - > 1,500	30	60	83,700,000	167,400,000
South	SMZ 2	1,000 - > 1,500	30	60	38,000,000	75,000,000
					280,100,000	492,600,000

In September 2019, the Company announced the conversion of the exploration target across Block A of the Northern Mineralised Zone into its maiden Resource as set out above.

CORPORATE UPDATE


Change of Director's Interest Notices

During the quarter, the Company received and released Change of Director's Interest Notices from Hawkstone Non-Executive Chairman, Barnaby Egerton-Warburton, for total of 2,090,000 HWK shares purchased through on market trades for a total consideration of \$29,095.

NEXT STEPS

As detailed in the Company’s recent Investor Presentation, the next steps for Hawkstone Mining over the 2020 Financial Year are as follows:

ACCELERATING THE BIG SANDY LITHIUM PROJECT
PHASE 2 DRILLING COMPLETE – NEXT STEPS FOR FY2020



NEWS FLOW CATALYSTS

	Q2	Q3	Q4
JORC Estimated Resource			
Further strengthen Board			
U.S. investor roadshow			
Additional groundwork			
Appoint engineers to build pilot plant & design flow sheet			
Commence PFS			
Drilling Areas B & C			

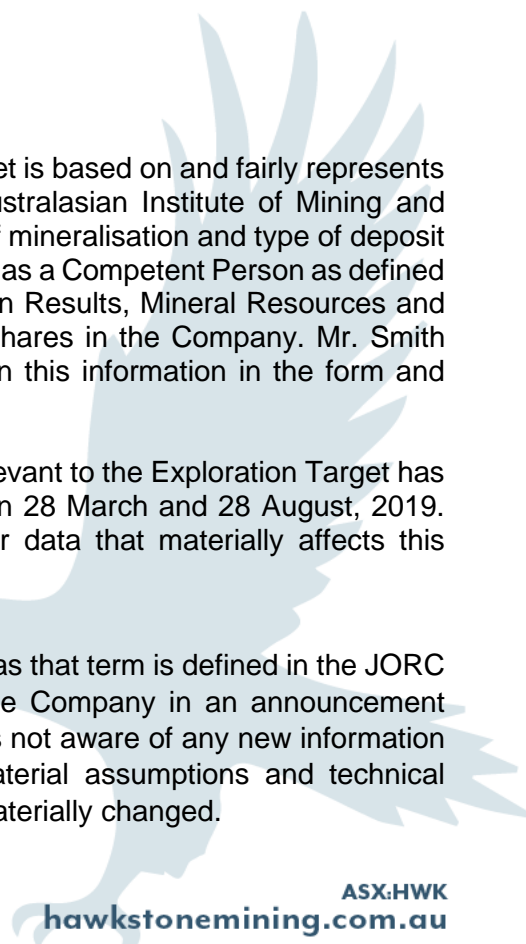
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COMPETENT PERSONS’ STATEMENTS

The information in this announcement that relates to the Exploration Target is based on and fairly represents information compiled by Gregory L Smith who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Smith is a consultant to the Company and holds shares in the Company. Mr. Smith consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Information in this announcement which relates to Exploration Results relevant to the Exploration Target has been extracted from the Company’s announcements released to ASX on 28 March and 28 August, 2019. The Company confirms that it is not aware of any new information or data that materially affects this information.

The information in this announcement that relates to Mineral Resources (as that term is defined in the JORC Code) in respect to the Big Sandy Lithium Project was reported by the Company in an announcement released to ASX on 26 September 2019. The Company confirms that it is not aware of any new information or data that materially affects the resource estimate, and that all material assumptions and technical parameters underpinning that estimate continue to apply and have not materially changed.



FOR FURTHER INFORMATION PLEASE CONTACT:

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ABOUT HAWKSTONE

Hawkstone's 100% owned Big Sandy and Lordsburg Projects (Figure 1) are located within the United States **Battery Corridor**, which includes Tesla Motors (NASDAQ:TSLA) Gigafactory 1, a lithium-ion battery and electric vehicle subassembly factory near Reno, Nevada.

The Company's flagship Big Sandy project is located 2.5 hours' drive northwest of the state capital Phoenix, with access to world-class infrastructure including rail, road and grid power. The project is connected through the Interstate Highway System (I40) and cross-country Route 66, which both pass through the town of Kingman, 87km northeast of Big Sandy.

In September 2019, the Company announced a Maiden Mineral Resource Northern in the Northern Mineralised Zone at 32.5 Million tonnes grading 1,850 ppm Li containing 60,300 tonnes of lithium metal, which equals 320,800 tonnes Lithium Carbonate Equivalent ("LCE"), which was estimated by Cube Consulting in accordance with the guidelines set out by the JORC Code (2012). The estimate also included a higher-grade zone of 12.7 Mt grading 2,360 ppm Li above a cut-off of 2,000 ppm Li for 159,500 tonnes LCE, representing 49% of the total contained LCE.

Kingman is located on the Southern Transcon route of the BNSF Railway, the main transcontinental route between Los Angeles and Chicago.

Big Sandy's 25.2km² project area contains an 11km-long lithium horizon with simple geology, lithium mineralisation from surface to a depth of 90m and a current Exploration Target of **280.1Mt - 492.0Mt at 1,000 - >2,000ppm Li**¹. (Note that the potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain whether future exploration will result in the definition of a mineral resource).

Arizona is a top 10 global mining investment destination² with the Big Sandy Project located within an area that has recently been designated as an economic opportunity zone³, allowing companies to access tax concessions from state and federal authorities. Big Sandy's prospectivity is also bolstered by the recent designation of lithium by the US Commerce Department as a mineral deemed critical to U.S. national security and the economy by the US Federal Government⁴.

¹ ASX Announcement - BIG SANDY PROJECT – LITHIUM EXPLORATION TARGET

<https://www.asx.com.au/asxpdf/20190328/pdf/443tym6c5wl88s.pdf>

² Frasier Institute – 2018 Survey of Mining Companies

<https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2018.pdf>

³ ARIZONA COMMERCE AUTHORITY - OPPORTUNITY ZONES

<https://www.azcommerce.com/arizona-opportunity-zones/>

⁴ Interior's U.S. Geological Survey - list of critical minerals

<https://www.usgs.gov/news/interior-releases-2018-s-final-list-35-minerals-deemed-critical-us-national-security-and>

Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 September 2019.

Project	Claim Number	Location	Interest
Big Sandy	WIK-001 to WIK-112	Arizona, USA	100%
Big Sandy	BSL-001 to BSL-146	Arizona, USA	100%
Lordsburg	LLP-49 to LLP-72	New Mexico, USA	100%
Lordsburg	LLP-81 to LLP-120	New Mexico, USA	100%
Lordsburg	LLP-129 to LLP-354	New Mexico, USA	100%
Kangwane South	N/A	Mpumulanga Province, South Africa	70%

The Company advises that claims LLP-001 to LLP-048, LLP-73 to LLP-80, LLP-12 to LLP 128 at the Lordsburg Project were relinquished during the quarter.

No tenements were acquired during the quarter.

