

BIG SANDY LITHIUM - EXPLORATION UPDATE

HIGHLIGHTS

- **Environmental consultants ERM complete work at the Big Sandy Lithium project in Arizona USA, as Hawkstone progresses the approval process for the drilling of Blocks B and C.**
- **ERM is now in the process of compiling a report on the field work, that will be submitted to the BLM as part of the Plan of Exploration process.**
- **Managing Director, Paul Lloyd, and US General Manager, J.D. (Doug) Pitts, complete the first stage of community and stakeholder consultation for the Big Sandy lithium project.**
- **All stakeholder and community groups offered assistance and encouragement for the development of the Big Sandy project, and Hawkstone will continue engagement through regular meetings providing updates on the project.**

Hawkstone Mining Limited (ASX:HWK) (**Hawkstone, the Company**) is pleased to announce that the Phoenix, Arizona office of multinational environmental consultants, ERM, have completed field work consisting of cultural and biological surveys, constituting the environmental assessment of hole locations and access, for the proposed Phase 3 drill program of Blocks B & C at the Big Sandy Lithium Project.

The survey met US Bureau of Land Management (**BLM**), Arizona State Historic Preservation Office and Arizona State Museum (**ASM**) standards. ERM are now in the process of completing a report on the field work that will be submitted to the BLM as part of the Plan of Exploration process (Images 1 & 2).

The Phase 3 drill program covers Blocks B and C in the Northern Mineralised Zone (**NMZ**) and Southern Mineralised Zone (**SMZ**) 1, which is shown in the SMZ (Figures 1 & 2). Hawkstone is seeking approval to commence diamond drilling of these target areas on a 100m x 100m grid to convert the Exploration Targets to resources. The finalisation of this process should allow the Company to commence drilling in the first half of 2020.

Drilling completed in Phases 1 and 2 in Block A of the NMZ resulted in a conversion of a target ranging from **21.6Mt** to **36Mt**, with an estimated grade range of 1,000 - >2,000 ppm lithium, to Indicated and Inferred Resources totalling **32.5** Million tonnes grading **1,850 ppm** Li equating to **320,800 tonnes Lithium Carbonate Equivalent (LCE)**¹.

The Exploration Targets covered by Blocks B and C total between **109.8Mt** and **171.45Mt** with a grade range of 1,000 - >2,000 ppm lithium, while SMZ 1 covers a target of between **83.7Mt** and **167.4Mt** in a grade range of 1,000 - >1,500 ppm lithium. These blocks form a portion of a larger Exploration Target between **271.1Mt** and **483.15Mt** (Table 1)². 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.

¹ Announcement 26 Sept 2019, BIG SANDY LITHIUM PROJECT (ARIZONA, USA) MAIDEN MINERAL RESOURCE

² Announcement 7 Nov 2019, BIG SANDY LITHIUM - EXPLORATION TARGET UPDATE

Community and stakeholder consultation

Over the past two weeks, Hawkstone Managing Director, Paul Lloyd, and US General Manager, J.D. (Doug) Pitts, have engaged with and informed the following groups in relation to the development of the Big Sandy project:

- Elected US Congress and Senate representatives of the State of Arizona
- Elected representatives of the State of Arizona and their cabinets/staffs
- Representatives of Federal and State of Arizona project regulators
- Arizona Commerce Authority and other economic development stakeholders in the State of Arizona, that are considering economic development incentives for the Big Sandy project
- Economic development staff of Mohave County and Kingman Arizona, where project facilities will be located
- Potential investors and debt funders
- Big Sandy project infrastructure providers
- Metallurgical testing and pilot plant firms that are interested in participating in the upcoming pilot plant phase
- PFS/EPC candidate firms and other professional service providers
- Arizona Mining Association and its members including firms have an interest in being strategic partners in the project

All groups offered assistance and encouragement for the development of the Big Sandy project and Hawkstone will continue engagement through regular meetings providing updates on the project.

Hawkstone Mining Managing Director, Mr Paul Lloyd, commented:

“We are very pleased to see the completion of the field work by ERM bringing the Company another step closer in the process of obtaining the POE for Phase 3 drilling to commence. We have also commenced our community, partner and supplier engagement process, with stakeholders involved in the development of what they often termed a green, high tech project, with Hawkstone receiving extremely encouraging feedback from all parties. We look forward to developing the Big Sandy project for the creation of opportunities for the people of Arizona and delivering value for Hawkstone Shareholders.”



Images 1 & 2 – ERM Field Staff, Cultural and Biological Surveys, Big Sandy Lithium Project

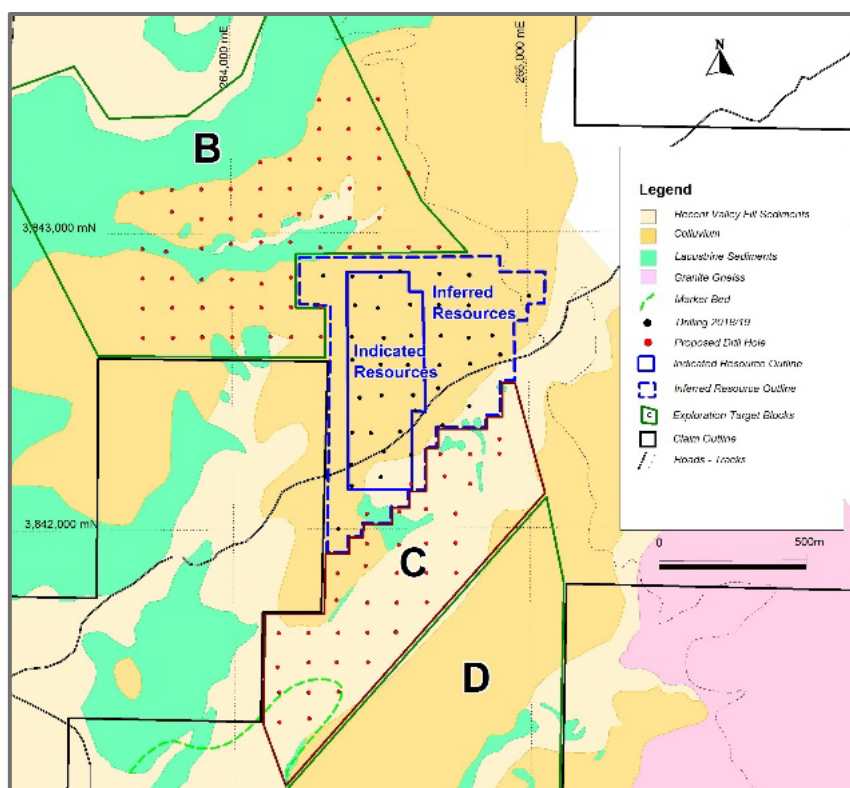


Figure 1 - Phase 3 Planned Drilling NMZ Blocks B & C

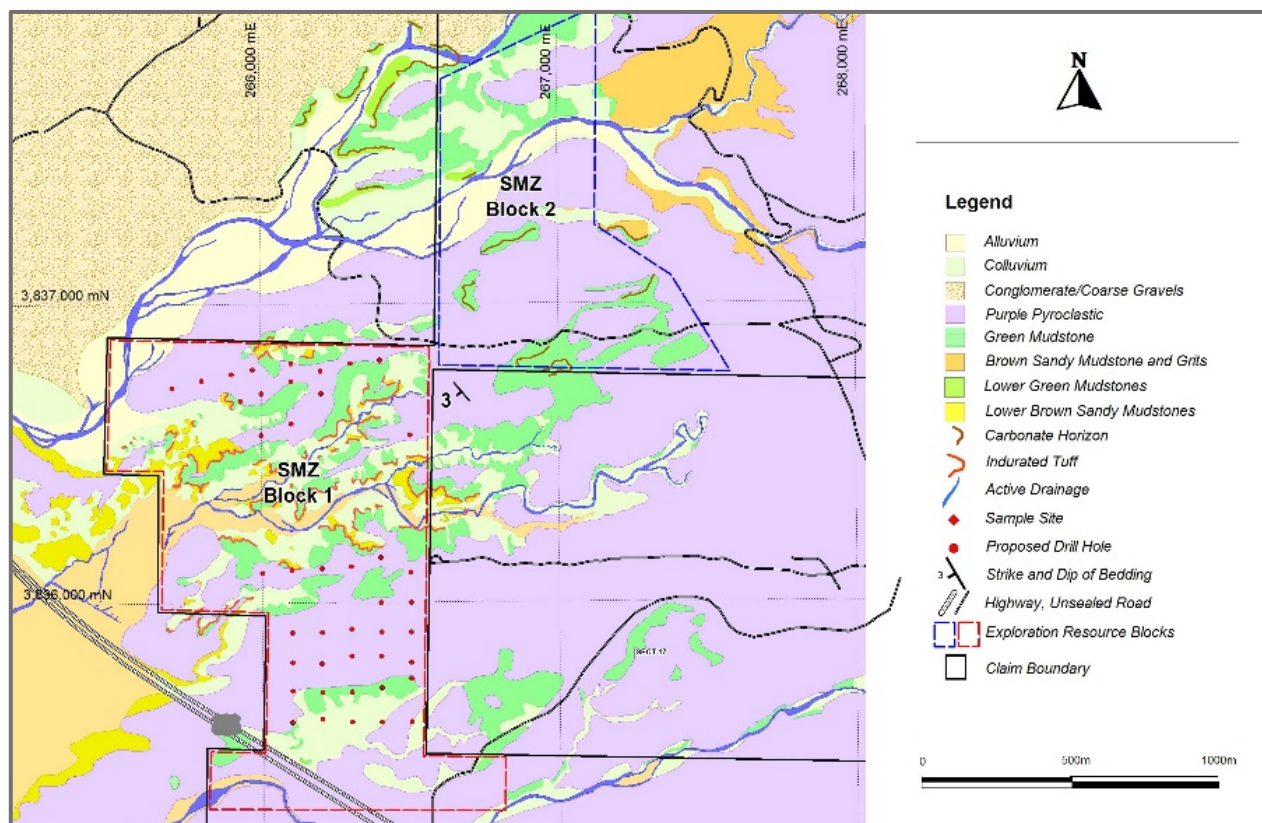


Figure 2 - Phase 3 Planned Drilling SMZ 1

Table 1 – Summary of Exploration Target Ranges at varying thicknesses

Zone	Resource Block	Grade Range Li ppm	Thickness Lower (m)	Thickness Upper (m)	Lower (Mt)	Upper (Mt)
North	B	1000 - >2,000	40	60	82,800,000	124,200,000
North	C	1000 - >2,000	20	35	27,000,000	47,250,000
North	D	1000 - >2,000	20	35	39,600,000	69,300,000
South	SMZ 1	1000 - >1,500	30	60	83,700,000	167,400,000
South	SMZ 2	1000 - >1,500	30	60	38,000,000	75,000,000
				TOTALS	271,100,000	483,150,000

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FOR FURTHER INFORMATION PLEASE CONTACT:

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ABOUT HAWKSTONE

Hawkstone's 100% owned Big Sandy and Lordsburg Projects (Figure 3) 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 some 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 by US 93 (soon to become the Interstate 11 Mexico-Canada link) which is immediately adjacent to the Big Sandy project to cross-country Interstate 40 and cross-country US Route 66, which both pass through the town of Kingman, a major supply hub in Northern Arizona, 87 km northeast of Big Sandy.

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

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.

Big Sandy's 25.2km² project area contains an 11km-long lithium horizon with simple geology, lithium mineralisation from surface to a depth of 110m and a current Exploration Target of **280.1Mt - 492.6Mt at 1,000 - >2,000ppm Li**³. (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 destination⁴ with the Big Sandy Project located within an area that has recently been designated as an economic opportunity zone⁵, 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 Government⁶.



Figure 3 - Location of Hawkstone's Big Sandy and Lordsburg Projects

³ ASX Announcement - BIG SANDY PROJECT – LITHIUM EXPLORATION TARGET

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

⁴ Frasier Institute – 2018 Survey of Mining Companies

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

⁵ ARIZONA COMMERCE AUTHORITY - OPPORTUNITY ZONES

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

⁶ 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>

COMPETENT PERSON'S STATEMENT

The information in this announcement that relates to exploration results and exploration targets for the Big Sandy Project is based on and fairly represents information compiled by Mr Gregory Smith, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 consults to the Company as its Chief Technical Officer and holds shares in the Company. Mr Smith consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

