

QUARTERLY UPDATE FOR THE PERIOD ENDING 31 DECEMBER 2019

HIGHLIGHTS

- Hawkstone announced a 23% increase in its exploration target for Blocks C and D in the Northern Mineralised Zone on its Big Sandy Project Sedimentary Lithium Project in Arizona, USA, representing an overall increase of 5% to the total Exploration Target.

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

- Extensive engagement with Lithium Industry participants and consultants in regards to the development of the Big Sandy project focusing on the processing route and the evaluation of the many infrastructure options available in Arizona, USA.
- Environmental consultants, ERM-West Inc. (ERM) have completed site surveys on the areas defined under the Plan of Exploration (POE) lodged with the BLM.

Hawkstone Mining Limited (**ASX:HWK**) ("**Hawkstone**" or the "**Company**") is pleased to provide an update on its activities for the period ending 31 December 2019.

Hawkstone Mining Managing Director, Paul Lloyd, commented: "The December quarter was a consolidation period for Hawkstone, following the announcement of a Maiden Mineral Resource at the Big Sandy Lithium Project in Arizona, USA, during the September quarter. During the period the excellent exploration potential of the project was further highlighted with the increase in the Exploration Target, most significantly in Block C of the NMZ that flanks the Maiden Resource and is one of the next drill targets. The ongoing work by ERM will facilitate the planned drilling.

I spent considerable time in the USA during the December quarter and I was very encouraged by the recognition by lithium industry players of the Big Sandy Sedimentary Lithium Project. Discussions in regards to the utilisation of the significant infrastructure available to us in Arizona were extremely positive and creates a very positive outlook for the future development of the Big Sandy Project. We remain 100% committed to the Big Sandy Project and look forward to a change in market sentiment towards lithium.

I would like to thank shareholders to date for their support as we further advance the Big Sandy Project."

OPERATIONAL UPDATE

Exploration Target

In November 2019, geological mapping and sampling in Blocks C and D in the Northern Mineralised Zone (NMZ) identified the potential for between **66Mt and 116.55Mt at 1,000 to >2,000ppm Li**, an increase of 23% from the previous estimate¹. Additional potential was identified Block D, increasing the target to 39.6Mt from 27Mt for the Lower range, and to 69.3Mt from 45Mt for the Upper range. A redefinition of the northern boundary of Block C, where it meets the Indicated and Inferred Resources totalling 32.5Mt @ 1,850ppm for 320,800 tonnes lithium carbonate equivalent (LCE)² (Previous Target Block A), has resulted in changes to the interpreted potential thickness of the mineralisation reflecting information gained from drilling in Block A. The Lower Exploration Target for Block C remains unchanged at 27Mt, whilst the Upper Target has increased from 45Mt to 47.25Mt.

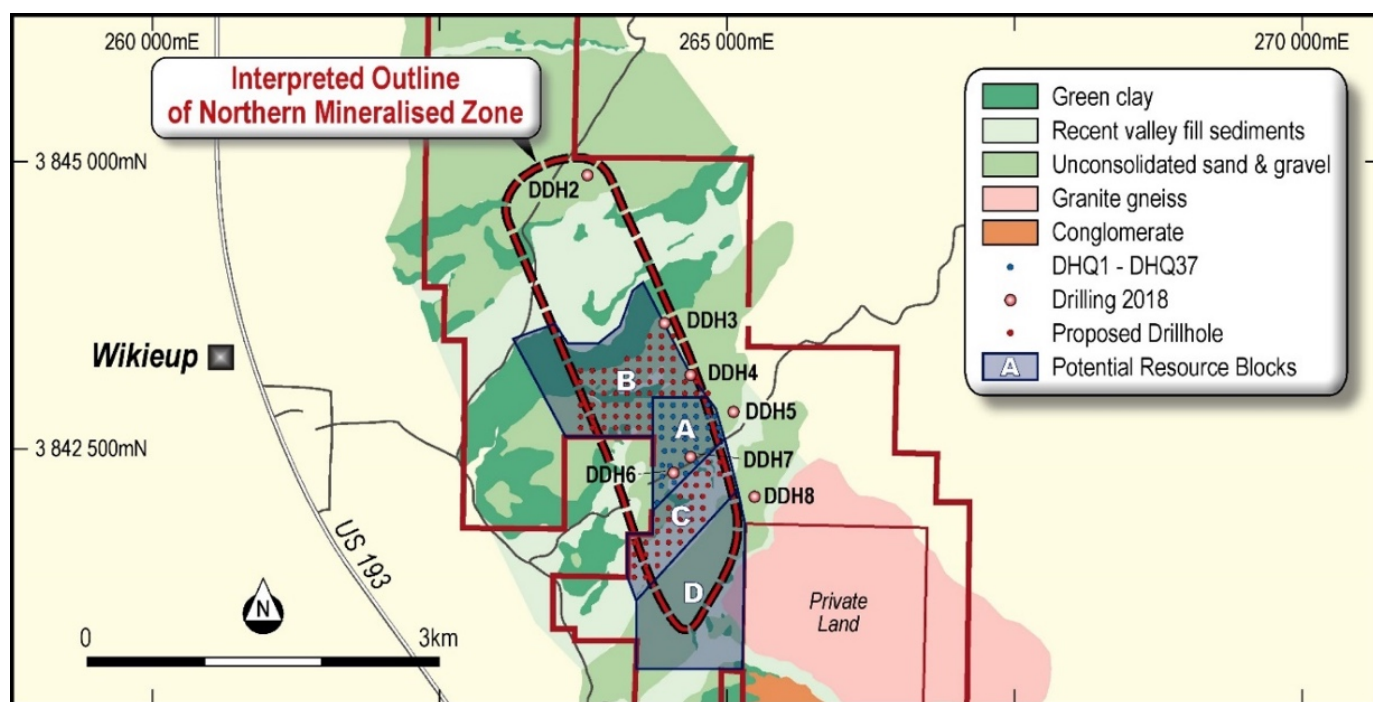


Figure 1 – Northern Mineralised Zone, Geology, Blocks and Drilling

This results in an overall increase of 5% in the total estimate for the Exploration Target at the Big Sandy Project from **258.5Mt to 456.6Mt at 1,000 - >2,000ppm Li** to between **271.1Mt to 483.15Mt at 1,000 - >2,000ppm Li** as summarised below in Table 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.

¹ Announcement 26 August 2019, BIG SANDY LITHIUM EXPLORATION TARGET INCREASED BY 15%

² Announcement 26 September 2019, BIG SANDY LITHIUM PROJECT MAIDEN MINERAL RESOURCE

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
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				TOTALS	271,100,000	483,150,000

Cultural and Biological Surveys

Phoenix, Arizona based consulting group, 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 in Blocks B and C in the Northern Mineralised Zone and Block 1 in the Southern Mineralised Zone. The survey meets BLM, Arizona State Historic Preservation Office and Arizona State Museum (ASM) standards and ERM are currently in the process of completing a report on the field work that will be submitted to the BLM as part of the POE process.

Resources

As announced by Hawkstone in September 2019, a drill program in Block A of the Northern Mineralised Zone enabled estimation of a total Indicated and Inferred Mineral Resource by Cube Consulting in accordance with the guidelines set out by the JORC Code (2012)³. Cube Consulting estimated the total resources in 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”). This includes 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 (Table 2, Figure 1).

Table 2 – 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
<i>Including</i>	6.4	2,327	14,900	79,270
Inferred	17.9	1,780	31,900	169,900
<i>Including</i>	6.3	2,391	15,063	80,182
Total	32.5	1,850	60,300	320,800

³ Announcement 26 September 2019, BIG SANDY LITHIUM PROJECT (ARIZONA, USA) MAIDEN MINERAL RESOURCE

CORPORATE UPDATE

On 9 October 2019, the Company announced a share issue for 125 million shares to the vendors of the Big Sandy and Lordsburg Lithium Projects as the second tranche of consideration payable for the acquisition as announced on 26 June 2018. The milestone for the second tranche payment was reached following the announcement of a minimum 30 million tonne Lithium Resource at Big Sandy on 26 September 2019.

During the December 2019 quarter, the Company directed considerable resources in the engagement of the lithium industry and Arizona-based infrastructure providers, post the announcement of the maiden resource at the Big Sandy Project from only 4% of the landholding. Those engagements, including those at State and Federal government level, were extremely positive and very encouraging for the future development of the Project.

The Company continues to progress the development of the Big Sandy Project and remains committed to the development of an economic acid processing route. The market sentiment for lithium has weakened considerably, however we remain confident that demand will grow significantly due to the electric vehicle revolution and power storage requirements of renewable energy.

The Company remains 100% committed to the Big Sandy Project but will continue to evaluate the acquisition of additional projects that will leverage off our contact base and experience in the USA and will grow shareholder wealth in the medium to long term.

FOR FURTHER INFORMATION PLEASE CONTACT:

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ABOUT HAWKSTONE

Hawkstone's 100% owned Big Sandy and Lordsburg Projects 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. 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 90m and a current Exploration Target of **271.1Mt - 483.1Mt at 1,000 - >2,000ppm Li**⁴. (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 destination⁵ with the Big Sandy Project located within an area that has recently been designated as an economic opportunity zone⁶, 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 Government⁷.

⁴ ASX Announcement - BIG SANDY PROJECT – LITHIUM EXPLORATION TARGET

⁵ Frasier Institute – 2018 Survey of Mining Companies <https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2018.pdf>

⁶ ARIZONA COMMERCE AUTHORITY - OPPORTUNITY ZONES <https://www.azcommerce.com/arizona-opportunity-zones/>

⁷ 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 A

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 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%

No tenements were acquired or disposed of during the quarter.

COMPETENT PERSONS' STATEMENTS

Information in this announcement which relates to the updated Exploration Target has been extracted from the Company's announcements released to ASX on 7 November 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.