

Hawkstone Mining Limited

ACN 008 720 223

PROSPECTUS

This Prospectus is being issued for:

- the offer of 100 Shares at an issue price of \$0.006 per Share (**Share Offer**); and
- the offer of 166,666,667 unquoted Placement Options, being free attaching Options to be issued under the Placement to Placement Participants subject to shareholder approval (**Placement Offer**),

(together the **Offers**).

This Prospectus has been prepared primarily for the purpose of facilitating the secondary trading of the Vendor Consideration Shares, Service Provider Shares and Placement Shares and Placement Options and the Shares to be issued upon the exercise of the Placement Options.

The Share Offer and Placement Offer close at 5.00pm (AWST) on 20 April 2020.*

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

AN INVESTMENT IN THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS SHOULD BE CONSIDERED OF A SPECULATIVE NATURE.

*The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date.

Important Information

This Prospectus is dated 20 February 2020 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus). The Company will apply for Official Quotation by ASX of the Shares offered by this Prospectus. The Company will not apply for Official Quotation by ASX of the Placement Options offered by this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company, Ground Floor, 24 Outram Street, West Perth, Western Australia during normal business hours. The Prospectus will also be made available in electronic form. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 1.18).

The Share Offer is only available to those who are personally invited to accept the Share Offer and the Placement Offer is only available to Placement Participants.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offers contemplated by this Prospectus are only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Applications for Securities will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus. No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in an Offer. This does not take into account the investment objectives, financial or taxation, or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 3.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to the time in Perth, Western Australia, Australia unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

Corporate Directory

Directors

Mr Barnaby Egerton-Warburton:
Non-Executive Chairman

Mr Paul Lloyd:
Managing Director

Mr Shaun Hardcastle:
Non-Executive Director

Ms Oonagh Malone:
Non-Executive Director

Company Secretary

Ms Oonagh Malone

Registered and Principal Office

Ground Floor
24 Outram Street
WEST PERTH WA 6005

Phone: +61 8 6143 6705

Website: www.hawkstonemining.com.au

ASX Code: HWK

Share Registry*

Automatic Registry Services
Level 5
126 Phillip Street
Sydney NSW 2000

Tel (within Aust): 1300 288 664

Tel (outside Aust): (02) 9698 5414

Auditor*

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Solicitors

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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Proposed Timetable for Offers

Event	Date*
Lodgement of Prospectus with ASIC and ASX	20 February 2020
Opening Date of Offers	20 February 2020
Issue of Tranche 1 Placement Shares and Vendor Consideration Shares	20 February 2020
General Meeting	17 April 2020
Issue of Tranche 2 Placement Shares and Service Provider Shares	17 April 2020
Closing Date of Offers	20 April 2020
Issue of Shares under the Share Offer and Placement Options under Placement Offer	20 April 2020
Anticipated date of Official Quotation of the Shares under the Share Offer	21 April 2020

* These dates are indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

Investment Overview

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Securities.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and for options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	Section 4.3
<p>Risk factors</p> <p>Potential investors should be aware that subscribing for Securities involves a number of risks.</p> <p>The key risk factors of which investors should be aware are set out in Section 3, including (but not limited to) risks in respect of:</p> <p>(a) Exploration and development risks</p> <p>Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Company's projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.</p> <p>The exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.</p> <p>The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its projects.</p> <p>(b) Operating risk</p> <p>The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment,</p>	Section 3

Key Information	Further Information
<p>mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.</p> <p>(c) Future capital requirements</p> <p>The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Placement will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Placement, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.</p> <p>The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.</p>	
<p>Offers</p> <p>This Prospectus is for an offer of 100 Shares to selected investors at an issue price of \$0.006 each to raise \$0.60 (before costs).</p> <p>This Prospectus is also for an offer of 166,666,667 free attaching unquoted Options in respect of the Placement Shares.</p> <p>Other share issues and purpose of the Prospectus</p> <p>On 3 February 2020, the Company announced a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of approximately \$1,000,000 (before costs) through the issue of approximately 166,666,667 Shares at an issue price of \$0.006 per Share together with, subject to prior Shareholder approval, the grant of one (1) free attaching unquoted option for every one (1) Placement Share issued, exercisable at \$0.012 each and expiring 3 years from the date of issue.</p> <p>The Company also announced that it intends to issue the Vendor Consideration Shares and Service Provider Shares (subject to Shareholder approval).</p> <p>This Prospectus has been prepared primarily to remove any trading restrictions on the Vendor Consideration Shares, Service Provider Shares, Placement Shares and Placement Options and the Shares to be issued upon the exercise of the Placement Options.</p>	Section 1.1-1.5
Effect of the Offer	Sections 1.20, 2.1 and 2.2

Key Information	Further Information																														
<p>The Share Offer will result in the issued capital of the Company increasing by 100 Shares.</p> <p>The Placement Offer will result in the Company's Options increasing by 166,666,667 Options.</p> <p>The Company also proposes to issue Tranche 1 Placement Shares, Vendor Consideration Shares and Securities the subject of shareholder approval at the General Meeting. The effect of these issues as well as the Offers on the capital structure of the Company is shown below:</p>																															
<table><tr><th></th><th>Shares</th><th>Options</th></tr><tr><td>Balance at the date of this Prospectus</td><td>815,317,995</td><td>135,250,000¹</td></tr><tr><td>Tranche 1 Placement Shares</td><td>136,665,319</td><td>-</td></tr><tr><td>Placement Options to be issued under the Placement Offer subject to approval at the General Meeting</td><td>-</td><td>166,666,667 ²</td></tr><tr><td>Tranche 2 Placement Shares subject to approval at the General Meeting</td><td>30,001,348</td><td>-</td></tr><tr><td>Securities to be issued to service providers subject to approval at the General Meeting</td><td>15,114,428</td><td>-</td></tr><tr><td>Options to be issued to existing and proposed Directors subject to approval at the General Meeting</td><td>-</td><td>82,500,000³</td></tr><tr><td>Vendor Consideration Shares</td><td>66,974,252</td><td>-</td></tr><tr><td>To be issued under the Share Offer</td><td>100</td><td>-</td></tr><tr><td>TOTAL⁴</td><td>1,064,073,442</td><td>384,416,667</td></tr></table>		Shares	Options	Balance at the date of this Prospectus	815,317,995	135,250,000 ¹	Tranche 1 Placement Shares	136,665,319	-	Placement Options to be issued under the Placement Offer subject to approval at the General Meeting	-	166,666,667 ²	Tranche 2 Placement Shares subject to approval at the General Meeting	30,001,348	-	Securities to be issued to service providers subject to approval at the General Meeting	15,114,428	-	Options to be issued to existing and proposed Directors subject to approval at the General Meeting	-	82,500,000 ³	Vendor Consideration Shares	66,974,252	-	To be issued under the Share Offer	100	-	TOTAL⁴	1,064,073,442	384,416,667	
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TOTAL⁴	1,064,073,442	384,416,667																													
<p>Notes:</p> <p>1. Existing unquoted Options being:</p> <p>(a) 6,000,000 exercisable at \$0.048 each on or before 21 December 2020;</p> <p>(b) 22,250,000 exercisable at \$0.06 each expiring 30 December 2021;</p> <p>(c) 12,500,000 exercisable at \$0.07 each expiring on 30 December 2021;</p> <p>(d) 47,250,000 exercisable at \$0.04 each on or before 7 September 2022; and</p> <p>(e) 47,250,000 exercisable at \$0.05 each on or before 7 September 2022.</p> <p>2. Options to be issued on the terms set out in Section 4.2.</p> <p>3. Proposed unquoted Options (subject to shareholder approval) exercisable at \$0.012 each subject to vesting conditions and expiring three years from date of issue.</p> <p>4. Assumes no further Securities are issued by the Company and no Options are converted to Shares.</p>																															
<p>It is not expected that the Offers will have any effect on the control of the Company.</p>																															

Key Information	Further Information
<p>The Share Offer will result in a receipt of a total funds of \$0.60. No funds will be raised from the Placement Offer as the Placement Options are free attaching to the Placement Shares.</p> <p>After paying the expenses of the Offers of approximately \$15,550, there will be no proceeds from the Offers. The expenses of the Offers (exceeding \$0.60) will be met from the Company's existing cash reserves. The Offers will have an effect on the Company's financial position of reducing the cash balance by -\$0.60, being receipt of funds of \$0.60, less expenses of the Offers of \$15,550.</p>	

Key Information	Further Information																		
<p>Directors' interests in Securities</p> <p>The relevant interests of each of the current and proposed Directors in Securities as at the date of this Prospectus is set out below.</p> <table><tr><th>Director</th><th>Shares</th><th>Unquoted Options</th></tr><tr><td>Barnaby Egerton-Warburton</td><td>4,570,000¹</td><td>34,250,000²</td></tr><tr><td>Paul Lloyd</td><td>26,682,689³</td><td>65,000,000⁶</td></tr><tr><td>Shaun Hardcastle</td><td>Nil</td><td>4,000,000⁴</td></tr><tr><td>Oonagh Malone</td><td>Nil</td><td>4,000,000⁵</td></tr><tr><td>Greg Smith (proposed Director)</td><td>18,500,000⁷</td><td>25,000,000⁸</td></tr></table> <p>Notes:</p> <p>1. 600,000 ordinary fully paid shares held indirectly through Whistler Street Pty Ltd <Warburton Discretionary A/C> and 3,970,000 ordinary shares held indirectly through Whistler Street Pty Ltd <E-W Superannuation Fund A/C>.</p> <p>2. 7,750,000 unquoted options exercisable at \$0.06 and expiring 30/12/21; 4,000,000 unquoted options exercisable at \$0.07 and expiring 30/12/21 held by BXW Ventures Pty Ltd; 22,500,000 unquoted options (subject to shareholder approval) exercisable at \$0.012 each subject to vesting conditions and expiring three years from date of issue.</p> <p>3. 26,682,689 Shares held indirectly through Coral Brook Pty Ltd ATF the Lloyd Superannuation Fund of which Paul Lloyd is the sole director and shareholder.</p> <p>4. 2,000,000 unquoted options exercisable at \$0.048 each on or before 21 December 2020 held by CYM Holdings Pty Ltd <GCM A/C>, 1,000,000 unquoted options exercisable at \$0.04 each on or before 7 September 2022 held by Rod Dog Pty Ltd and 1,000,000 unquoted options exercisable at \$0.05 each on or before 7 September 2022 held by Rod Dog Pty Ltd.</p> <p>5. 2,000,000 unquoted options exercisable at \$0.048 each on or before 21 December 2020; 1,000,000 unquoted options exercisable at \$0.04 each on or before 7 September 2022 and 1,000,000 unquoted options exercisable at \$0.05 each on or before 7 September 2022. All options are held directly by Oonagh Malone.</p> <p>6. 15,000,000 unquoted options exercisable at \$0.04 each and expiring on 7 September 2022; 15,000,000 unquoted options exercisable at \$0.05 each and expiring on 7 September 2022; 35,000,000 unquoted options (subject to shareholder approval) exercisable at \$0.012 each subject to vesting conditions and expiring three years from date of issue.</p> <p>7. 18,500,000 Shares held indirectly through Razorback Ridge Investments Pty Ltd ATF Greg Smith Super Fund of which Greg Smith is the sole director and shareholder.</p> <p>8. 25,000,000 unquoted options (subject to shareholder approval) exercisable at \$0.012 each subject to vesting conditions and expiring three years from date of issue.</p>	Director	Shares	Unquoted Options	Barnaby Egerton-Warburton	4,570,000 ¹	34,250,000 ²	Paul Lloyd	26,682,689 ³	65,000,000 ⁶	Shaun Hardcastle	Nil	4,000,000 ⁴	Oonagh Malone	Nil	4,000,000 ⁵	Greg Smith (proposed Director)	18,500,000 ⁷	25,000,000 ⁸	<p>Section 4.9(b)</p>
Director	Shares	Unquoted Options																	
Barnaby Egerton-Warburton	4,570,000 ¹	34,250,000 ²																	
Paul Lloyd	26,682,689 ³	65,000,000 ⁶																	
Shaun Hardcastle	Nil	4,000,000 ⁴																	
Oonagh Malone	Nil	4,000,000 ⁵																	
Greg Smith (proposed Director)	18,500,000 ⁷	25,000,000 ⁸																	
<p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p>	<p>Important Information and Section 3</p>																		

Key Information	Further Information
<p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 3.</p>	

1. Details of the Offers

1.1 Placement

On 3 February 2020, the Company announced a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of approximately \$1,000,000 (before costs) through the issue of approximately 166,666,667 Shares at an issue price of \$0.006 per Share (**Placement Shares**) together with, subject to prior Shareholder approval, the grant of one (1) free attaching quoted option for every one (1) Placement Share issued, exercisable at \$0.012 each and expiring 3 years from the date of issue (**Placement Options**) (**Placement**).

The Company will issue 136,665,319 Shares under the first tranche of the Placement on 20 February 2020 to raise approximately \$820,000 (before costs) using the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A (**Tranche 1 Placement Shares**).

Subject to shareholder approval at the General Meeting, the Company intends to issue up to 30,001,348 Shares under the second tranche of the Placement to raise approximately \$180,000 (before costs) (**Tranche 2 Placement Shares**).

On 3 February 2020, the Company announced that had entered into a binding agreement (**Acquisition Agreement**) to acquire 100% of the Lone Pine Project (**Project**) in Idaho, USA, subject to completion of satisfactory due diligence (**Acquisition**) from Inception Mining Inc. (**Vendor**). On 17 February 2020, the Company announced the extension of the due diligence period to 22 February 2020.

Funds raised under the Placement will be used to fund all cash payments required to be paid to the Vendor pursuant to the Acquisition (as set below), the costs of the Acquisition and an initial drill program for the Project.

As announced, the consideration to be paid by the Company to the Vendor is:

- (a) US\$35,000 non-refundable deposit on execution of the Acquisition Agreement;
- (b) by 28 February 2020 (as extended):
 - (i) US\$250,000; and
 - (ii) 66,974,252 Shares, calculated by dividing the Australian dollar equivalent of US\$225,000 by a deemed issue price of A\$0.005 per share (**Vendor Consideration Shares**).

The Company also intends to issue 15,114,428 Shares to service providers (or their nominees) at a deemed issue price of A\$0.006 per Share, as consideration for due diligence services provided to the Company in relation to the Acquisition, subject to Shareholder approval (**Service Provider Shares**).

1.2 Share Offer

The Company is offering, pursuant to this Prospectus, 100 Shares at an issue price of \$0.006 each to raise \$0.60 (before costs) (**Share Offer**).

The Share Offer will only be extended to specific parties unrelated to the Company, having a registered address in Australia, on invitation of the Directors (**Invited Participant**). An Application Form will only be provided by the Company to these parties, together with a copy of this Prospectus.

The Shares issued under the Share Offer will be issued under the Company's existing placement capacity under Listing Rule 7.1. The Company will raise \$0.60 under the Share Offer (before costs). The total estimated expenses of the Offers of \$15,550 will be paid by the Company from its cash reserves.

Shares issued under the Share Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing Shares on issue. Refer to Section 4.1 for a summary of the rights and liabilities attaching to the Shares under the Offers.

1.3 Purpose of the Share Offer

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

The Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5) within 5 days of the date of issue of the securities. The Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides another exemption from the general requirement under section 707(3) where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the Company that are in the same class of securities as the relevant securities.

Accordingly, the purpose of this Prospectus includes to:

- (a) make the Share Offer; and

- (b) ensure that any on-sale of Shares issued by the Company prior to the Closing Date does not breach section 707(3) of the Corporations Act, including the on-sale of the Vendor Consideration Shares, Service Provider Shares and Placement Shares.

1.4 Placement Offer

The Placement Offer is for the issue of 166,666,667 free attaching unquoted Options in respect of the Placement Shares (ie. Placement Options). All Placement Options will be issued on or around 20 April 2020, subject to Shareholder approval being obtained at the general meeting to be held on 17 April 2020 (**General Meeting**). The Placement Options are exercisable at \$0.012 each and expire 3 years from the date of issue. If Shareholder approval is not obtained for the grant of the Placement Options, then the Company will not proceed with the Placement Offer. However, Placement Participants will still have received their Tranche 1 Placement Shares.

No funds will be raised as a result of the issue of the Placement Options. If all Placement Options are exercised, the Company will receive approximately \$2,000,000. Exercise of the Placement Options is at the discretion of the holder.

The Placement Options will be issued on the terms set out in Section 4.2.

All of the Shares issued upon the future exercise of the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 4.1 for further information regarding the rights and liabilities attaching to Shares.

1.5 Conditional offer - Placement Offer

At the General Meeting, the Company will seek Shareholder approval, for among other things, the issue of the Placement Options. If such Shareholder approval is not obtained, the Company will not proceed with the Placement Offer.

1.6 Purpose of the Placement Offer

The purpose of the Placement Offer under this Prospectus is to:

- (a) ensure that the on-sale of the Placement Options does not breach section 707(3) of the Corporations Act; and
- (b) ensure that the on-sale of the underlying Shares to be issued upon the exercise of the Placement Options is in accordance with ASIC Corporations Instrument 2016/80.

1.7 Opening and Closing Dates

The Closing Date for the Offers is 20 April 2020 (**Closing Date**). The Company reserves the right, subject to the Corporations Act and the Listing Rules to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

1.8 Withdrawal of Offers

The Company reserves the right not to proceed with the Offers at any time before the issue of the Securities. If the Offers do not proceed, the Company will return all Application Monies, without interest, as soon as practical after giving notice of its withdrawal.

1.9 Minimum subscription

There is no minimum subscription for the Offers.

1.10 Application Forms

The Share Offer is being extended to investors who are invited by the Company to subscribe for Shares and is not open to the general public. The Company may determine in its discretion whether to accept any or all Applications.

The Placement Offer is being extended to Placement Participants only.

Applications must be made using the Application Form attached to this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which Applications to accept.

Completed Application Forms must be received by the Company prior to the Closing Date. Application Forms should be delivered to the Company in accordance with the instructions on the Application Form.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the Securities under the Offers.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

1.11 Issue Date and dispatch

All Shares to be issued under the Share Offer and the Placement Options to be issued under the Placement Offer will be issued on the date specified in the proposed timetable in this Prospectus (subject to Shareholder approval being obtained at the General Meeting for the issue of the Placement Options).

Shareholder statements will be dispatched at the end of the calendar month following the issue of the Securities under the Offers.

1.12 Application Monies held on trust

All Application Monies received for the Shares under the Share Offer will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.13 ASX quotation

Application has been or will be made for the Official Quotation of the Shares offered by this Prospectus. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

The Company will not apply for Official Quotation by ASX of the Placement Options offered by this Prospectus.

1.14 CHESS

The Company participates in the Clearing House Electronic Sub-Register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Shares and Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares and Options, including a notice to exercise the Options.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Company's share registry and will contain the number of Shares and Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.15 Residents outside Australia

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities under the Offers.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.16 Risk factors

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 3.

1.17 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.18 Major activities and financial information

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2019, can be found in the Company's Annual Report announced on ASX on 27 September 2019 and, for the half-year ended 31 December 2018, the Half Year Accounts announced on ASX on 15 March 2019. The Company's continuous disclosure notices (i.e. ASX announcements) since 27 September 2019 are listed in Section 4.3. Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.19 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's holding of Securities in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application (as applicable).

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.20 Effect of the Offers on control of the Company

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offers.

1.21 Enquiries concerning Prospectus

For enquiries concerning the Application Forms and the Prospectus and for general Shareholder enquiries, please contact the Company Secretary on +61 (08) 6143 6705.

2. Effect of the Offers

2.1 Capital structure on completion of the Offers

As at the date of this Prospectus, the Company has on issue 815,317,995 Shares and 135,250,000 unquoted Options.

The Company proposes to issue the Tranche 1 Placement Shares on 20 February 2020.

The Company also proposes to issue Vendor Consideration Shares to the Vendor for the Acquisition on or around 21 February 2020. At the General Meeting, the Company will also seek approval for the issue of:

- (a) the Tranche 2 Placement Shares;
- (b) Shares as consideration to service providers who assisted with the Acquisition (ie. Service Provider Shares);
- (c) unquoted Options to existing and proposed Directors; and
- (d) Placement Options under the Placement (being the total Placement Options to be issued under tranche 1 and tranche 2 of the Placement).

Assuming that:

- (a) all Tranche 1 Placement Shares and Vendor Consideration Shares are issued;
- (b) Shareholders approve the issues of securities at the General Meeting and the Company issue those approved Securities; and
- (c) all Securities are subscribed for under the Offers,

then the capital structure of the Company will be as follows:

	Shares	Options
Balance at the date of this Prospectus	815,317,995	135,250,000 ¹
Tranche 1 Placement Shares	136,665,319	-
Placement Options to be issued under the Placement Offer subject to approval at the General Meeting	-	166,666,667 ²
Tranche 2 Placement Shares subject to approval at the General Meeting	30,001,348	-
Securities to be issued to service providers subject to approval at the General Meeting	15,114,428	-
Options to be issued to existing and proposed Directors subject to approval at the General Meeting	-	82,500,000 ³
Vendor Consideration Shares	66,974,252	-
To be issued under the Share Offer	100	-
TOTAL⁴	1,064,073,442	384,416,667

Notes:

- Existing unquoted Options being:
 - 6,000,000 exercisable at \$0.048 each on or before 21 December 2020;
 - 22,250,000 exercisable at \$0.06 each expiring 30 December 2021;
 - 12,500,000 exercisable at \$0.07 each expiring on 30 December 2021;
 - 47,250,000 exercisable at \$0.04 each on or before 7 September 2022; and
 - 47,250,000 exercisable at \$0.05 each on or before 7 September 2022.
- Options to be issued on the terms set out in Section 4.2.
- Proposed unquoted Options to be issued (subject to shareholder approval) at \$0.012 each subject to vesting conditions and expiring three years from date of issue.
- Assumes no further Securities are issued by the Company and no Options are converted to Shares.

2.2 Financial effect of the Offers

The Share Offer will result in a receipt of a total funds of \$0.60. No funds will be raised from the Placement Offer as the Placement Options are free attaching to the Placement Shares.

After paying the expenses of the Offers of approximately \$15,550, there will be no proceeds from the Offers. The expenses of the Offers (exceeding \$0.60) will be met from the Company's existing cash reserves. The Offers will have an effect on the Company's

financial position of reducing the cash balance by \$0.60, being receipt of funds of \$0.60 under the Share Offer, less expenses of the Offers of \$15,550.

Please refer to Section 4.12 for further details on the estimated expenses of the Offers.

3. Risk Factors

The Securities offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Investors should consider whether the Securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offers.

The principal risks include, but are not limited to, the following:

3.1 Company and industry risks

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

(a) Exploration and development risks

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Company's projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its projects.

(b) Operating risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems

which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) Future capital requirements

The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Placement will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Placement, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(d) Government actions and political risk

The impact of actions by governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

The Company's assets are located in the USA and South Africa. The Directors believe that the Government of the USA and South Africa supports the development of natural resources by foreign investors. However, there is no assurance that future political and economic conditions in the USA or South Africa will not result in the Government of USA or South Africa adapting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the Company's ability to develop its projects.

(e) International operations

Any potential future USA and South African operations of the Company are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;

- (ii) potential difficulties in protecting rights and interests in assets;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

The Company's future operations may be impacted by currency fluctuations, political reforms, changes in government policies and procedures, civil unrest, social and religious conflict and deteriorating economic conditions. The likelihood of any of these changes and their possible effects, if any, cannot be determined by the Company with any clarity at the present time, but they may include disruption, increases costs and, in some cases, total inability to establish or to continue to operate mining exploration or development activities.

(f) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(g) **Labour risk**

The Company's operations may be adversely affected by labour disputes or changes in USA or South African labour laws.

Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the prospecting rights and any future mining and exploration activities undertaken by the Company.

(h) **The Acquisition**

There is a risk that the condition precedent, being the completion of due diligence activities to the satisfaction of the Company, for completion of the acquisition of the Lone Pine Gold Project will not be fulfilled and, in turn, that completion will not occur. See Section 1.1 for further details regarding the Acquisition.

(i) **Other projects and acquisitions**

The Company may actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of additional projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

(j) **Environmental risks**

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 field 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. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Changes in community attitudes on matters such as environment issues may also bring about reviews and possible changes in government policies. There is a risk that such changes may affect the Company's plans or its rights and obligations in respect of the tenements, including preventing or delaying certain operations by the Company. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(k) **Licences, permits and approvals**

The tenements are governed by the respective USA and South African legislation and are evidenced by the granting of licenses or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in its tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Company holds all material authorisations required to undertake its exploration programs. However, many of the mineral rights and interests to be held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.

(l) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(m) **Commodity Prices and currency price risk**

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Fluctuations in the price of gold and other minerals may have an impact on the economic viability of the Company's projects.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

3.2 **General risks**

(a) **Economic risks**

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for

minerals, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

(b) **Market conditions**

The market price of the Company's Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Further, 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: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment; the demand for, and supply of, capital; and terrorism or other hostilities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Liquidity Risk**

The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

(d) **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.

(e) **Government and legal risk**

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(f) **Litigation risk**

The Company is exposed to possible litigation risks including, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company 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. The Company is not currently engaged in any litigation.

(g) **Insurance risk**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's 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. Insurance against all risks associated with mining exploration.

3.3 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

4. **Additional information**

4.1 **Rights and liabilities attaching to Shares**

A summary of the rights attaching to Shares in the Company is provided below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and where entitled, vote at general meetings of the

Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to the Constitution, the Corporations and to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll:
 - (A) each Shareholder present in person has one vote for each fully paid share held by the Shareholder;
 - (B) each person present as proxy, attorney or representative of a Shareholder has one vote for each fully paid share held by the Shareholder that the person represents; and
 - (C) each Shareholder who has duly lodged a valid direct vote in respect of the relevant resolution has one vote for each fully paid Share held by the Shareholder.

A Shareholder is not entitled to vote at a general meeting in respect of Shares which are the subject of a current restriction agreement for so long as any breach of that agreement by that Shareholder subsists.

In respect of partly paid shares, Shareholders will have a fraction of the vote as calculated in accordance with the Constitution.

(c) Dividend rights

Subject to the Corporations Act, the Constitution and the terms of issue or rights of any shares with special rights to dividends, the Board may determine or declare that a dividend is payable and may fix the amount and time for payment.

The Board may resolve to pay a dividend in cash or satisfy it by distribution of specific assets (including shares, debentures or other securities of the Company or any other body corporate or trust).

Interest is not payable by the Company on a dividend.

The Directors may determine for any dividend which it is proposed to pay on any Shares of the Company that holders of the Shares may elect to forego the right to share in the proposed dividend or part of such proposed dividend and to receive instead an issue of Shares credited as fully paid on such terms as the Directors think fit.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company subject to the Corporations Act, the Listing Rules and any special rights conferred on the holders of any Shares or class of Shares.

(g) **Variation of rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Restricted Securities**

A holder of restricted securities must not dispose of, or agree or offer to dispose of, restricted securities during the escrow period applicable to those restricted securities except as permitted by the Listing Rules or ASX.

If the restricted securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities.

A holder of restricted securities will not be entitled to participate in any return of capital on those restricted securities during the escrow period applicable to those restricted securities except as permitted by the Listing Rules or ASX.

If a holder of restricted securities breaches a restriction deed or a provision of the Constitution restricting a disposal of those restricted securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those restricted securities for so long as the breach continues.

4.2 Rights and liabilities attaching to Placement Options

The Placement Options will be issued on the following terms:

(a) **Entitlement**

Each Placement Option entitles the holder to subscribe for one Share upon exercise of the Placement Option.

(b) **Exercise Price**

Subject to Section 4.2(j), the exercise price for each Placement Option is \$0.012 (**Exercise Price**).

(c) **Expiry Date**

Each Placement Option will expire at 5.00pm (AWST) on the date 3 years from the date of issue (**Expiry Date**). A Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

Subject to Section 4.2(b), the Placement Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Placement 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 Placement Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **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 Placement Option being exercised in cleared funds (**Exercise Date**).

(g) **Quotation**

The Company will not apply for quotation of the Placement Options on ASX.

(h) **Issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Placement Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Placement Options.

If a notice delivered under Section 4.2(h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, or the Company is unable to lodge such a notice, 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, and the Placement Option holder agrees to the Company's share registry placing a holding lock on any Shares issued on exercise of the Placement Options until such a prospectus has been lodged.

(i) **Shares issued on exercise**

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

(j) **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 Placement Options, all rights of the Placement Option holder will be varied in accordance with the Listing Rules.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Placement Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options without exercising the Placement Options. However, the Company will give the holders of Placement Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue in accordance with the Listing Rules.

(l) **Change in exercise price**

There will be no change to the exercise price of the Placement Options or the number of Shares over which the Placement 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).

(m) **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):

- (i) the number of Shares which must be issued on the exercise of a Placement Option will be increased by the number of Shares which the holder would have received if the holder of the Placement Options had exercised the Placement Option before the record date for the bonus issue; and

- (ii) no change will be made to the Placement Option exercise price.

(n) **Transferability**

The Placement Options are freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under Australian securities laws.

4.3 **Company is a disclosing entity**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. The Applicant should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (i) it is subject to regular reporting and disclosure obligations;

- (ii) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (iii) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (A) the annual financial report most recently lodged by the Company with ASIC;
 - (B) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC; and
 - (C) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours, free of charge.

The continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Financial Report lodged with ASX on 27 September 2019, until the date of this Prospectus, are:

Date lodged	Subject of Announcement
17 February 2020	Lone Pine Gold Project Update
11 February	THR: Sale of Interest in Hawkstone Mining
10 February 2020	Issue of Unquoted Options
3 February 2020	Proposed Issue of Securities - HWK
3 February 2020	Proposed Issue of Securities - HWK
3 February 2020	Acquisition of Historical High-Grade Lone Pine Gold Project
3 February 2020	Reinstatement to Official Quotation
3 February 2020	Response to Price Query
3 February 2020	Quarterly Cashflow Report
3 February 2020	Quarterly Activities Report

Date lodged	Subject of Announcement
31 January 2020	Request for Extension of Voluntary Suspension
24 January 2020	Request for Extension of Voluntary Suspension
17 January 2020	Suspension from Official Quotation
15 January 2020	Trading Halt
29 November 2019	Constitution
29 November 2019	Results of Meeting
12 November 2019	Big Sandy Lithium - Exploration Update
7 November 2019	Big Sandy Lithium Project Exploration Target Update
31 October 2019	Quarterly Activities Report
31 October 2019	Quarterly Cashflow Report
30 October 2019	Notice of Annual General Meeting/Proxy Form
17 October 2019	Investor presentation 121 Mining Investment Conference
16 October 2019	Change of Director's Interest Notice
14 October 2019	THR: Receipt of Additional Hawkstone Vendor Shares
9 October 2019	Vendor Second Tranche Share Issue, 3B and Cleansing Notice
30 September 2019	THR: Hawkstone Maiden Mineral Resource Estimate
27 September 2019	Appendix 4G
27 September 2019	Annual Report to shareholder

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.13.

4.4 Information excluded from continuous disclosure notices

The Company actively pursues and assesses potential acquisition opportunities in the resources sector. The Company is currently in confidential and incomplete negotiations to acquire further prospective gold and/or copper tenements in the USA. Any acquisition that may arise pursuant to these negotiations is not expected to materially increase the Company's net assets or capital expenditure requirements.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

4.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in offering and issuing the Shares under this Prospectus.

4.6 Market price of Shares

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest:	\$0.009 on 13 November 2019
Lowest:	\$0.005 on 9 January 2020, 10 January 2020, 13 January 2020, 5 February 2020, 10 February 2020, 13 February 2020 and 17 to 19 February 2020

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.005 per Share on 19 February 2020.

4.7 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.8 Substantial Shareholders

Currently, there is one substantial shareholder with a holding greater than 5%, Paranoid Enterprises Pty Ltd with 41,076,924 Shares and a voting power of 5.04%. Assuming the completion of the issue of the Placement Shares and Vendor Consideration Shares and assuming that the Offers are fully subscribed and all resolutions are passed at the General Meeting and those Securities are issued in full, there will be no substantial holders.

4.9 Interests of Directors

(a) **Information disclosed in this Prospectus**

Other than as set out in this Prospectus, no Director holds or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offers.

(b) **Security holdings**

The relevant interests of each of the current and proposed Directors in Securities as at the date of this Prospectus is set out below.

Director	Shares	Unquoted Options
Barnaby Egerton-Warburton	4,570,000 ¹	34,250,000 ²
Paul Lloyd	26,682,689 ³	65,000,000 ⁶
Shaun Hardcastle	Nil	4,000,000 ⁴
Oonagh Malone	Nil	4,000,000 ⁵
Greg Smith (proposed Director)	18,500,000 ⁷	25,000,000 ⁸

Notes:

1. 600,000 ordinary fully paid shares held indirectly through Whistler Street Pty Ltd <Warburton Discretionary A/C> and 3,970,000 ordinary shares held indirectly through Whistler Street Pty Ltd <E-W Superannuation Fund A/C>.
2. 7,750,000 unquoted options exercisable at \$0.06 and expiring 30/12/21 and 4,000,000 unquoted options exercisable at \$0.07 and expiring 30/12/21 held by BXW Ventures Pty Ltd; 22,500,000 unquoted options (subject to shareholder approval) exercisable at \$0.012 each subject to vesting conditions and expiring three years from date of issue.

3. 26,682,689 Shares held indirectly through Coral Brook Pty Ltd ATF the Lloyd Superannuation Fund of which Paul Lloyd is the sole director and shareholder.
4. 2,000,000 unquoted options exercisable at \$0.048 each on or before 21 December 2020 held by CYM Holdings Pty Ltd <GCM A/C>, 1,000,000 unquoted options exercisable at \$0.04 each on or before 7 September 2022 held by Rod Dog Pty Ltd and 1,000,000 unquoted options exercisable at \$0.05 each on or before 7 September 2022 held by Rod Dog Pty Ltd
5. 2,000,000 unquoted options exercisable at \$0.048 each on or before 21 December 2020; 1,000,000 unquoted options exercisable at \$0.04 each on or before 7 September 2022 and 1,000,000 unquoted options exercisable at \$0.05 each on or before 7 September 2022. All options are held directly by Oonagh Malone.
6. 15,000,000 unquoted options exercisable at \$0.04 each and expiring on 7 September 2022 and 15,000,000 unquoted options exercisable at \$0.05 each and expiring on 7 September 2022. 35,000,000 unquoted options (subject to shareholder approval) exercisable at \$0.012 each subject to vesting conditions and expiring three years from date of issue.
7. 18,500,000 Shares held indirectly through Razorback Ridge Investments Pty Ltd ATF Greg Smith Super Fund of which Greg Smith is the sole director and shareholder.
8. 25,000,000 unquoted options (subject to shareholder approval) exercisable at \$0.012 each subject to vesting conditions and expiring three years from date of issue.

(c) **Remuneration**

The Directors are to be remunerated for their services in accordance with the Constitution.

The Constitution provides that the amount of the remuneration of the Non-Executive Directors is a yearly sum not exceeding the aggregate sum from time to time determined by the Company in general meeting, or until so determined, as the Directors resolve. The current maximum aggregate remuneration is set at \$250,000 per annum. The amount of the remuneration of the Directors is to be divided among them in the proportion and manner they agree or, in default of agreement, among them equally. The remuneration is to be provided wholly in cash unless the Directors, with the agreement of the Director concerned, determine that part is to be satisfied in the form of non-cash benefits, including the issue or purchase of Shares in the Company or the grant of options or rights to subscribe for such Shares (subject to the receipt of any prior Shareholder approvals required under the Corporations Act and Listing Rules).

The remuneration of a Managing Director or an Executive Director may be fixed by the Directors and may be by way of salary or commission or participation in profits or by all or any of these models, but may not be by a commission on or percentage of operating revenue.

If a Director at the request of the Directors performs additional or special duties for the Company, the Company may remunerate that Director as determined by the Directors and that remuneration may be in addition to or in substitution for that Director's remuneration.

A Director is entitled to be reimbursed out of the funds of the Company for such reasonable travelling, accommodation and other expenses as the Directors may

incur when travelling to or from meetings of the Directors or a committee or when otherwise engaged on the business of the Company.

Directors received the following remuneration for the financial year ended 30 June 2019:

Director	Short-term Benefits Cash salary and fees (\$)	Post Employment Benefits Superannuation (\$)	Share based payment Options/Rights (\$)	Total (\$)
Barnaby Egerton-Warburton	6,922	658	80,505 ²	88,085
Paul Lloyd	170,925	15,419	701,400	887,744
Shaun Hardcastle	36,000	Nil	46,760	82,760
Oonagh Malone	42,000	Nil	46,760	88,760
Richard Pearce ¹	6,600	Nil	11,690	18,290

Notes:

1. Mr Pearce resigned as a Director on 7 September 2018.
2. This includes \$23,025 for options issued to Mr Egerton-Warburton for services performed in February 2019 before he was appointed on 16 May 2019.

Directors received the following remuneration for the financial year ended 30 June 2018:

Director	Short-term Benefits Cash salary and fees (\$)	Post Employment Benefits Superannuation (\$)	Share based payment Options/Rights (\$)	Total (\$)
Shaun Hardcastle	36,000	Nil	40,240	76,240
Oonagh Malone	36,000	Nil	40,240	76,240
Richard Pearce	36,000	Nil	40,240	76,240

4.10 Related party transactions

There are no related party transactions involved in the Offers.

4.11 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

HWL Ebsworth Lawyers will be paid approximately \$7,500 (plus GST) in fees for legal services in connection with the Offers.

4.12 Expenses of Offers

The estimated expenses of the Offers are as follows:

Estimated expense	\$
ASIC lodgment	3,206
ASX quotation fees	3,844
Legal and preparation expenses	7,500
Printing, mailing and other expenses	1,000
TOTAL	15,550

4.13 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, and any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) has not authorized or caused the issue of this Prospectus or the making of the Offers;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (c) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HWL Ebsworth Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus.

5. Directors' authorisation

The issue of this Prospectus has been authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'P Lloyd', is positioned above the printed name and title of the signatory.

Paul Lloyd
Managing Director
Hawkstone Mining Limited

Dated: 20 February 2020

6. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$	means Australian dollars.
Acquisition	has the meaning given to it in 1.1.
Acquisition Agreement	has the meaning given to it in Section 1.1.
Applicant	means a person who submits an Application Form.
Application	means a valid application for Securities made on an Application Form.
Application Form	means, in respect of the: <ul style="list-style-type: none">(a) Share Offer, the application form provided by the Company with a copy of this Prospectus to Invited Participants to apply for Shares; and(b) Placement Offer, the acceptance form provided by the Company with a copy of this Prospectus to Placement Participants to accept their entitlement to the Placement Options.
Application Monies	means the amount of money in dollars and cents payable for new Shares at \$0.006 per new Share pursuant to the Offers.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
AWST	means Australian Western Standard Time, being the time in Perth, Western Australia.
Board	means the Directors meeting as a board.
Business Day	means a day on which banks are open for business in Perth, Western Australia, other than a Saturday, Sunday or public holiday.
CHESS	means ASX Clearing House Electronic Subregistry System.
Closing Date	has the meaning given in Section 1.7.
Company	means Hawkstone Mining Limited (ACN 008 720 223).

Constitution	means the constitution of the Company as at the date of this Prospectus.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	mean the directors of the Company.
Eligible Applicant	means in respect of the: <ul style="list-style-type: none"> (a) Share Offer, an Invited Participant; and (b) Placement Offer, a Placement Participant.
Exercise Date	has the meaning given to it in Section 4.2(f).
Exercise Period	has the meaning given to it in Section 4.2(d).
Exercise Price	has the meaning given to it in Section 4.2(b).
Expiry Date	has the meaning given to it in Section 4.2(c).
General Meeting	has the meaning given to it in Section 1.4.
Invited Participant	has the meaning given to it in Section 1.2.
Issuer Sponsored	means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
Listing Rules	means the official listing rules of ASX and any other rules of ASX which are applicable while any Securities are admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Notice of Exercise	has the meaning given to it in Section 4.2(e).
Offers	means the Share Offer and/or the Placement Offer as applicable.
Official List	means the official list of ASX.
Official Quotation	means quotation of Securities on the Official List.
Option	means an option to acquire a Share.
Placement	has the meaning given to it in Section 1.1.
Placement Offer	means the offer of 166,666,667 Placement Options under this Prospectus.
Placement Participant	means any person who has participated in the Placement.

Placement Shares	has the meaning given to it in Section 1.1.
Project	has the meaning given to it in Section 1.1.
Prospectus	means this prospectus dated 13 February 2020.
Section	means a section of this Prospectus.
Securities	mean any securities including Shares or Options issued or granted by the Company.
Service Provider Shares	has the meaning given to it in Section 1.1.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of Shares.
Timetable	means the proposed timetable on page 5 of this Prospectus.
Tranche 1 Placement Shares	has the meaning given to it in Section 1.1.
Tranche 2 Placement Shares	has the meaning given to it in Section 1.1.
US\$	means US dollars.
Vendor	has the meaning given to it in Section 1.1.
Vendor Consideration Shares	has the meaning given to it in Section 1.1.