HAWKSTONE
MINING

Hawkstone Mining Limited
Annual Report

For the year ended 30 June 2020

ABN 15 008 720 223

ASX:HWK
hawkstonemining.com.au

Contents

Corporate Directory

Directors	Mr Barnaby Egerton-Warburton - Non-executive Chairman Mr Paul Lloyd - Managing Director Mr Greg Smith - Non-executive Director
Company Secretary	Ms Oonagh Malone
Registered Office	Ground Floor, 24 Outram Street West Perth WA 6005
Share Registry	Automic Registry Services Level 5, 126 Phillip Street Sydney NSW 2000 Tel: 02 9698 5414
Auditor	HLB Mann Judd (WA Partnership) Level 4 130 Stirling Street Perth WA 6000
Securities Exchange Listing	Australian Securities Exchange Level 40, Central Park 152 – 158 St Georges Terrace Perth WA 6000 Code: HWK

Review of Operations

The 2020 year has been one of very active exploration and project acquisition in the USA across Hawkstone's portfolio of lithium, gold and copper. The highlights of the year have been:

- The maiden JORC Resource at the Big Sandy Lithium Project in Arizona, USA;
- The acquisition of the Lone Pine Gold project in Idaho, USA;
- The commencement of the maiden drill program at the Lone Pine Gold Project very soon after acquisition; and
- The low cost acquisition of the Western Desert Gold and Copper Project in Utah.

All our projects will be explored in 2021 and we look forward to implementing our exploration program on all four projects.

Figure 1 – Location Plan of Hawkstone's Projects in USA.

BIG SANDY SEDIMENTARY LITHIUM PROJECT

Drilling on the Big Sandy Lithium Project, 37 HQ diamond holes totalling 2,881m, successfully delineated a JORC compliant Maiden Mineral Resource, with a Total Indicated and Inferred Resource of 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li, or 320,800 tonnes Lithium Carbonate Equivalent (LCE), reported above an 800 ppm Li cut-off (Figure 2).

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

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

This estimate included a higher-grade zone of 12.7 Mt grading 2,360 ppm Li above a cut-off of 2,000 ppm Li for 159,500 tonnes LCE, representing 49% of the total contained LCE.

Review of Operations

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

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

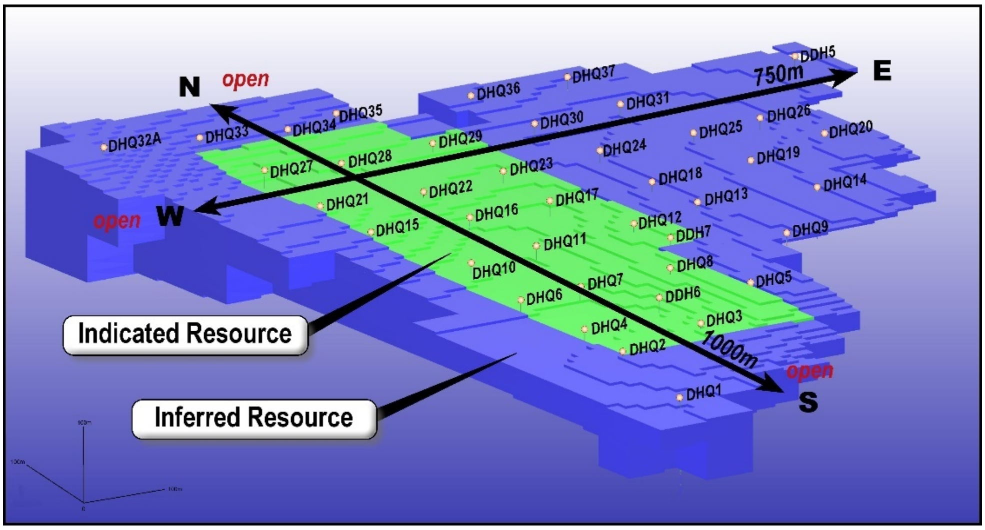

Figure 2 – Big Sandy, Drilling and Resource

The resource estimate completed by Cube Consulting for Block A in the Northern Mineralised Zone compares favourably with the exploration target that was estimated at between 21.6Mt and 36Mt ranging from 30m – 50m in thickness and grading 1,000 – 2,000 ppm Li. Excellent potential exists to further expand the size of the Mineral Resource, with further drilling planned targeting Blocks B and C, adjacent to Block A in the Northern Mineralised Zone.

The total exploration target for Northern and Southern Mineralised Zones is estimated at between 271Mt – 483Mt of sedimentary material grading between 1,000 and 2,000 ppm Li (Table 3). Note that the potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain whether future exploration will result in the definition of a mineral resource.

Table 3 – Big Sandy Project - Exploration Target

Zone	Resource Block	Grade Range Li ppm	m^2	Thickness Lower (m)	Thickness Upper (m)	SG	Lower (Mt)	Upper (Mt)
North	B	1000 - >2000	1,150,000	40	60	1.8	82,800,000	124,200,000
North	C	1000 - >2000	750,000	20	35	1.8	27,000,000	47,250,000
North	D	1000 - >2000	1,250,000	20	35	1.8	39,600,000	69,300,000
South	SMZ1	1000 - >1500	1,550,000	30	60	1.8	83,700,000	167,400,000
South	SMZ2	1000 - >1500	703,704	30	60	1.8	38,000,000	75,000,000
Total							**271,100,000**	**483,150,000**

Review of Operations

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

LONE PINE GOLD PROJECT

In early 2020, the Company acquired the Lone Pine Gold Project located approximately 10km west of Salmon, Idaho, USA. It originally consisted of 2 patented claims (16.77 ha) surrounded by a further 75 BLM lode claims that the Company expanded to 250 BLM claims covering approximately 20km^2 following the acquisition of the King Solomon Gold Mine (Figure 3).

The Lone Pine Gold Project contains one of the numerous precious metal occurrences related to the Trans-Challis Fault System including the Arnett Creek and Beartrack mines, 16km and 8km east respectively of the project. The gold mineralisation is hosted by a quartz veined zone in a northeast-trending steeply 80^o west dipping shear in a granite. The vein zone has been traced over a strike length of 500m. It has been traced down dip via adits for up to 150m and was estimated to contain a non JORC resource of 71,178 oz Au (Figures 3 & 4).

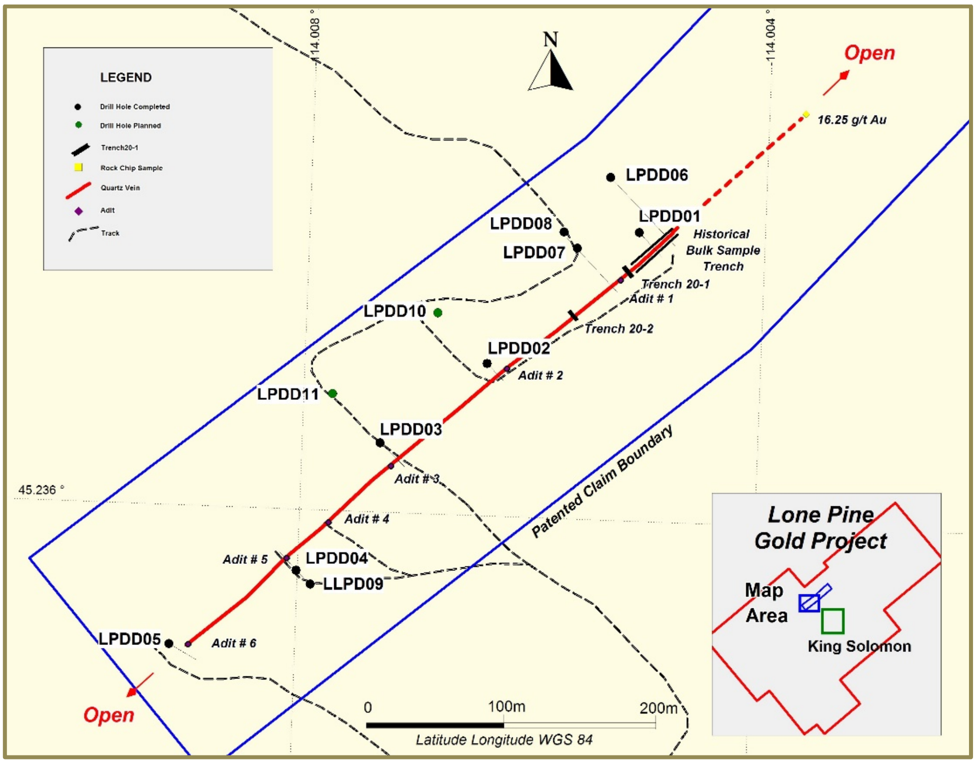

Figure 3 – Lone Pine Drill Hole Location

Diamond Drill – Trenching Program

Initial drilling at the Lone Pine Gold Project confirms the high grade and geological continuity of the quartz vein zone, that has been intersected in all holes:

- **17.02 g/t Au** over 1.22m including 65.6 g/t Au over 0.31m
- **19.6 g/t Au** over 0.45m
- **7.06 g/t Au** over 2.63 including 1.37m @ 13.23 g/t Au

Review of Operations

Shallow trenching returned high grades including:

- **9.38 g/t Au** over 1.83m
- **20.32 g/t Au** over 0.91m

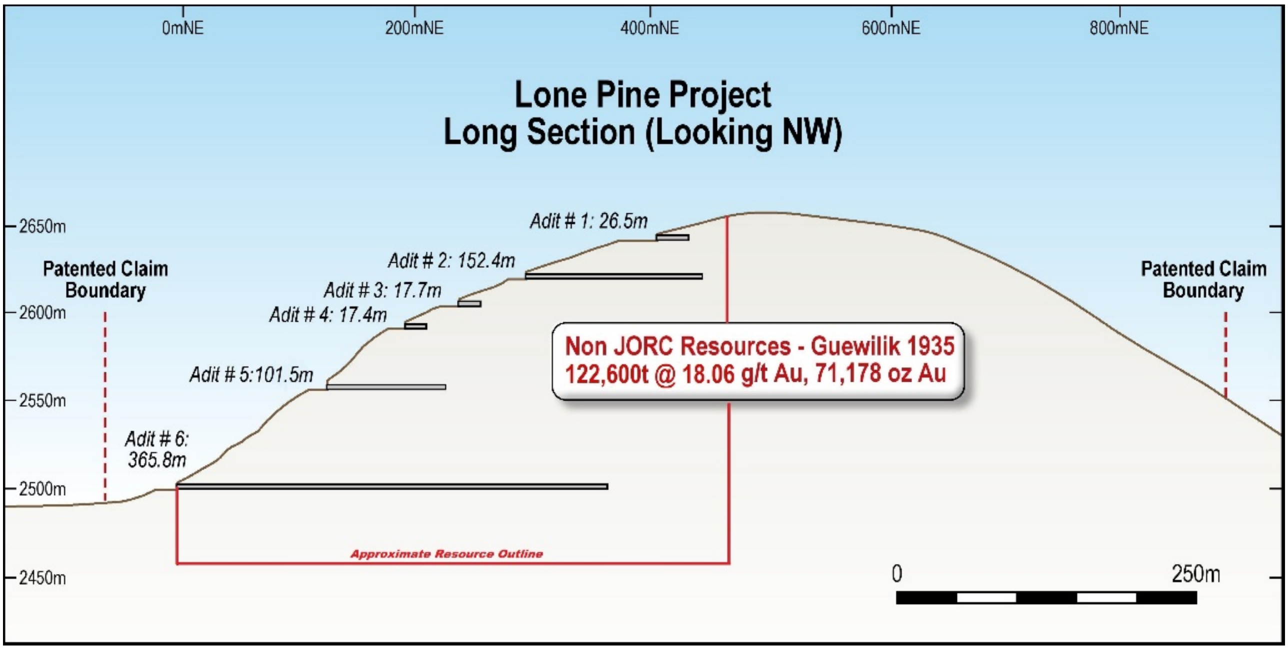

Figure 4 - Lone Pine Vein Zone - Long Section Looking NW (plane of vein)

The drilling and trenching program on the Lone Pine vein zone are ongoing.

King Solomon Gold Mine

Acquired from Jervois Mining Ltd and located 900m southeast of the Lone Pine vein zone, the King Solomon ground is demonstrating excellent potential to add significantly to the mineralised footprint of the overall Lone Pine Gold Project.

Previous exploration in the 1990's defined broad northeast trending mineralised stockwork zones at King Solomon, with evidence of historical workings (3 adits) and historical soil sampling identifying other, largely untested mineralised zones.

Limited drilling completed in the early 1990's produced prospective downhole drill intercepts including:

- **18.0 m @ 3.75 g/t Au** (KS90-06)
- **18.0 m @ 2.3 g/t Au** (KS92-12)
- **1.5 m @ 3.9 g/t Au** (KS90-02)

Recent rock chip sampling included **92.70 g/t Au** and **69.50 g/t Au** at King Solomon. In addition, results of **15.70 g/t Au** and **11.15 g/t Au** were returned from samples between the Lone Pine structure and the King Solomon mineralisation indicating the potential for further mineralization within the 900m wide north east trending mineralised corridor.

Diamond drilling is planned to test the mineralisation identified by historical RC drilling.

Review of Operations

WESTERN DESERT GOLD-COPPER PROJECT

The Western Desert Gold-Copper Project acquired via staking in the 1st quarter of 2020 consists of 218 BLM lode mining claims and 3 state leases covering 25.41 km^2, located in western Utah near the Nevada Border. The closest town is Wendover, 42km south west of the Project.

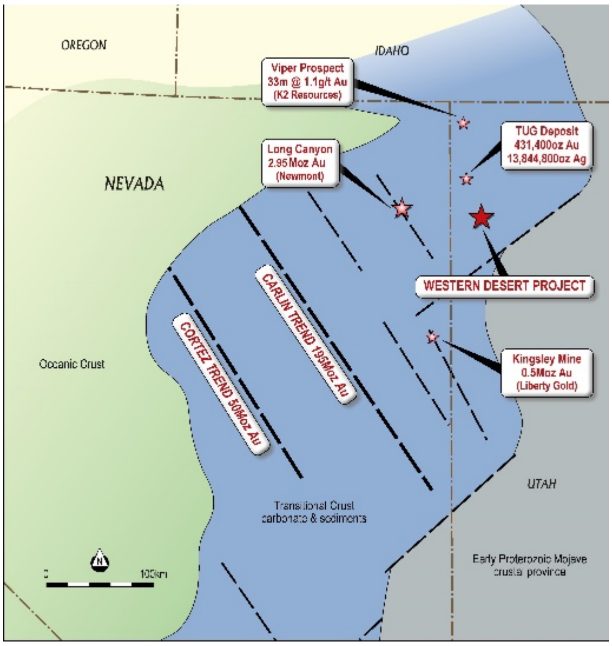

Figure 5 – Geological Setting

The Western Desert Project is located within the Basin & Range Province of the Western USA, comprising a series of northerly striking, fault bounded ranges. The Project lies within the same sequence of Cambro-Ordovician carbonate and sedimentary rocks, that host the Carlin Trend gold deposits 200km to the west, the Long Canyon gold mine (Newmont 2.95M oz Au)[1], 65 km to the north west, and Tug Deposit (431,000 oz Au and 13.8M oz Ag) of West Kirkland Mining INC[2] 40km to the north (Figure 5). The Project lies 150 km west-north-west of the Bingham Canyon Mine (Rio Tinto 23Mt Cu & 38.5M oz Au)[3].

Exploration has been ongoing at the Project since acquisition in a staged and logical manner. Hawkstone engaged independent consultant, Dr R. Russell, to complete photogeological interpretation and targeting on the Western Desert Project area. He identified 11 targets on the basis of their potential to host Carlin Style gold mineralisation (Figure 6). Preliminary stream sediment and rock chip sampling has been completed over the claims identifying anomalies that are in most part coincident with the 11 identified targets. Tertiary drainage sampling of these anomalies has been completed and results are awaited.

Dr Russell rated Target A1 very highly concluding:

“The 'Copper Blossom' anticline, **Target A1** appears to be a **highly prospective exploration target containing favourable elements for potential large-scale mineralisation**” (Figure 6):

- The fold hinge represents a trap site for rising mineralised fluids.
- Hot fluids from the monzodiorite intrusion could have introduced mineralisation.
- The NE cross faulting could act as a conduit for later mineralised fluids.
- The conglomerates of the Strathearn unconformity stratigraphically underlie the ‘Copper Blossom’ mineralisation and could potentially provide a porous receptive host for ‘blind mineralisation’.
- This ‘blind mineralisation’ would not have been identified by previous prospectors.

Rock chip sampling across the Project area from areas of observed alteration, visible copper mineralisation and old workings including Copper Blossom returned:

- **Au** >0.2 g/t up to a maximum of **6.92 g/t Au.**
- **Ag** > 3g/t up to a maximum of **1,495 g/t Ag (48 oz).**

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2 https://miningdataonline.com/property/100/Long-Canyon-Mine.aspx#Reserves

[2] News Release, No. 36-2012 July 16, 2012, West Kirkland Files TUG Resource Estimate on SEDAR

[3] https://www.researchgate.net/publication/328676854_Production_history_of_the_Bingham_mining_district_Salt_Lake_County_Utah_-_an_update

Review of Operations

- **Cu** up to **5.9%.**
- **Pb** up to **>20%.**

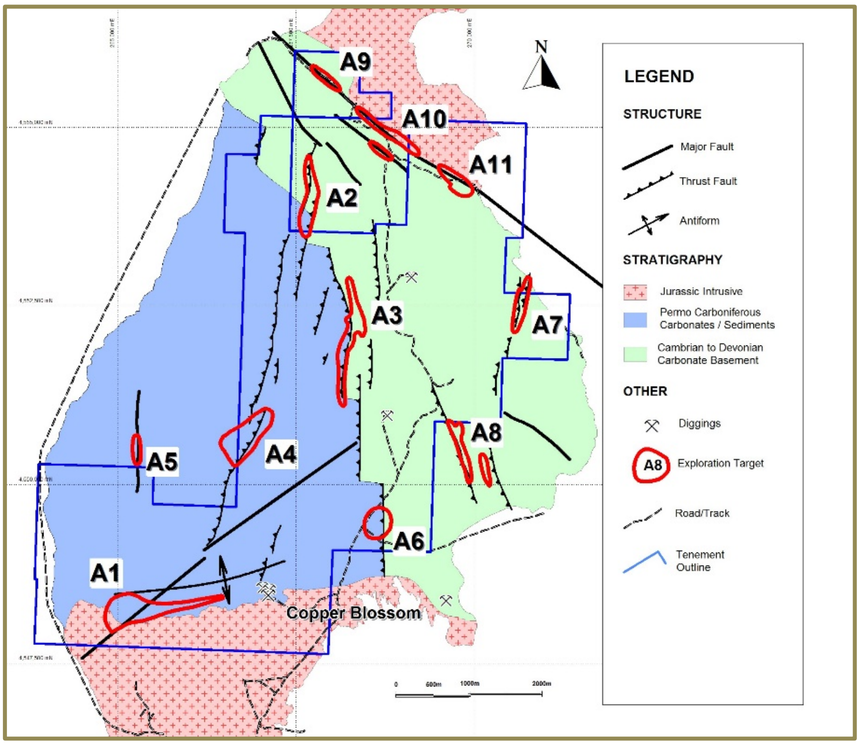

Figure 6 – Western Desert, Targets and Geology

Geophysics and Drilling

The Company is planning geophysics across targets A1, A3, A4 and A6 to determine the presence of sulphide mineralisation/alteration associated with "blind" Carlin style mineralisation. This geophysics in addition to the completed surveys will be used for drill targeting in preparation for drilling in the 1st half of 2021.

LORDSBURG LITHIUM PROJECT

The Lordsburg Project is located the southwest corner of the state of New Mexico. It is easily accessed along the I10 interstate between Tucson, Arizona, and La Cruces, New Mexico, close to the Arizona-New Mexico border (Figure 1). Rail lines pass to the north of the claim block and through the lake system to the south. Minimal work has been conducted to date on the Lordsburg Project.

KANGWANE SOUTH ANTHRACITE PROJECT

Following the acquisition by the Company of USA Lithium Limited, the Board made the strategic decision to divest from the Kangwane South project and is currently undergoing this process. No work was undertaken on the project during the financial year.

Mineral Resources Statement

The following information is provided in accordance with Listing Rule 5.21 and as at 30 June 2020.

Mineral Resource Estimation Governance Statement

Hawkstone Mining Limited ensures that the Mineral Resource estimates are subject to appropriate levels of governance and internal controls. The Mineral Resources have been generated by independent external consultants and internal employees who are experienced in best practices in modelling and estimation methods. Where applicable, the consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling.

Hawkstone reports its Mineral Resources in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) (2012 Edition). Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

The table below sets out the maiden Mineral Resources for 2020 for the Big Sandy Project in Arizona, USA. There were no Mineral Resources in the prior year.

Big Sandy Project Resources as at 30 June 2020 (rounding errors apply)

Total Indicated and Inferred Resources of 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li or 320,800 tonnes Lithium Carbonate Equivalent (LCE), reported above an 800 ppm Li cut-off.

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

COMPETENT PERSON'S STATEMENT

The information in this report is based on and fairly represents information compiled by Mr Gregory Smith, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Directors' Report

The Directors present their report on the consolidated group consisting of Hawkstone Mining Limited and the entities it controlled (referred to hereafter as "the Group") for the year ended 30 June 2020, as well as the consolidated financial report and the Auditor's Report thereon.

PRINCIPAL ACTIVITIES OF THE GROUP

Hawkstone Mining Limited (the "Company" or "parent entity") is a mineral exploration and development company focusing on the Big Sandy and Lordsburg Projects in USA exploring for lithium, the Lone Pine Gold Project in USA and the Western Desert Gold – Copper Project in USA.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Group continued exploration on the Big Sandy and Lordsburg lithium projects in USA, and acquired and commenced exploration on the Lone Pine gold project and the Western Desert copper-gold project in USA.

The safety and wellbeing of our people and other stakeholders has been at the forefront of the Group's response to the evolving COVID-19 pandemic. There have been no coronavirus cases identified at any of the Group's sites or offices and no significant disruption was experienced during the financial year.

The pandemic has had minimal impact on Hawkstone's operations other than reduced travel by management. The Company has engaged a number of experienced consultants in the US to undertake operations on site until international travel restrictions are lifted.

Whilst the COVID-19 pandemic has not materially adversely impacted the asset recoverability or financial results of the Group during the financial year, the potential for increased volatility in commodity prices and foreign exchange rates and restrictions on movement of people and materials remains and may cause adverse impacts in the future.

SUMMARY OF RESULTS

The Group's loss attributable to members of the Company for the financial year ended 30 June 2020 was $3,490,190 (2019: loss of $12,621,063). The loss was largely due to the expensing of all mineral exploration expenditure including acquisition costs in accordance with the Group's accounting policy.

At 30 June 2020, the Group had net assets of $198,544 (2019: $2,280,220) and the Company had 1,064,073,442 (2019: 690,317,995) fully paid shares on issue.

DIRECTORS

The Directors of Hawkstone Mining Limited in office at any time during or since the end of the year are set out below. Directors were in office for the entire period unless otherwise stated.

- Barnaby Egerton-Warburton (Non-Executive Chairman)
- Paul Lloyd (Managing Director)
- Shaun Hardcastle (Non-Executive Director resigned 14 July 2020)
- Oonagh Malone (Non-Executive Director resigned 9 March 2020)
- Greg Smith (Non-Executive Director appointed 9 March 2020)

Directors' Report

INFORMATION ON CURRENT DIRECTORS

Mr Barnaby Egerton-Warburton – Non-Executive Chairman (appointed 16 May 2019)

Barnaby Egerton-Warburton is an experienced investment banker and corporate advisor who has held managing director and non-executive director positions in the investment banking, oil and gas and resource sectors.

He was previously a non-executive director of ASX listed ioneer Ltd (formerly Global Geo-Science Ltd), where he drove the initial introduction of the company's Rhyolite Ridge Lithium-Boron Project (located in Nevada USA) to US investor groups.

Other Current Directorships:	Eneabba Gas Limited (from March 2015) Invictus Energy Limited (from July 2016) Isignthis Limited (from April 2009) Locality Planning Energy Holdings Limited (from March 2020)
Former Directorships in Last Three Years:	ioneer Ltd (to May 2017)
Interests in Shares:	4,570,000
Interests in Options:	34,250,000

Mr Paul Lloyd – Managing Director (appointed 7 September 2018)

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

Other Current Directorships:	None
Former Directorships in Last Three Years:	European Lithium Limited (to 20 October 2017)
Interests in Shares:	28,682,689
Interests in Options:	65,000,000

Mr Greg Smith – Non-Executive Director (appointed 9 March 2020)

Greg Smith holds over 45 years' of experience as an exploration/mine geologist across Australia, North America, Africa and South East Asia. He has also served as Hawkstone's Technical Manager and was responsible for the exploration program that defined a resource on the Company's Big Sandy Sedimentary Lithium Project located in Arizona, USA.

He previously held the role as exploration manager for Moto Gold Mines in the Democratic Republic of the Congo, leading the discovery of 22 million ounces of Gold (now Kibali Gold Mine, ranked world's 8th largest). He has also served as a managing director of several ASX listed companies.

Other Current Directorships:	None
Former Directorships in Last Three Years:	None
Interests in Shares:	19,500,000
Interests in Options:	55,000,000

Directors' Report

INFORMATION ON FORMER DIRECTORS

Mr Shaun Hardcastle – Non-Executive Director (resigned 14 July 2020)

Mr Hardcastle has over 10 years' experience as a corporate and finance lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross-border and domestic transactions including joint ventures, corporate restructuring, project finance, resources and asset/equity sales and acquisitions. He graduated from the University of Western Australia in 2005 with a Bachelor of Laws and a Bachelor of Arts.

Other Current Directorships:	Schrole Group Limited (from October 2017) RareX Limited (formerly Sagon Resources Limited) (from December 2017)
Former Directorships in Last Three Years:	Pure Foods Tasmania Limited (formerly Bunji Corporation Limited (to April 2020)
Interests in Shares:	Nil
Interests in Options:	4,000,000

Ms Oonagh Malone –Company Secretary (appointed 23 February 2015) and Non-Executive director (resigned 9 March 2020)

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed African Gold Ltd, Caprice Resources Limited, Carbine Resources Limited, European Cobalt Limited, RareX Limited and New Century Resources Limited.

Other Current Directorships:	Carbine Resources Limited (from March 2018)
Former Directorships in Last Three Years:	New Century Resources Ltd (to 13 July 2017)
Interests in Shares:	Nil
Interests in Options:	4,000,000

DIVIDENDS

No dividends were paid or are proposed to be paid to members during the financial year (2019: Nil).

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Future developments for the Group depend on activity regarding the Company's exploration projects.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No events that would have significant effect on the financial report have occurred since the end of the reporting period, other than:

- On 14 July 2020 Shaun Hardcastle resigned as a director.
- On 14 July 2020 the Company issued 147,500,000 shares on exercise of share options with an exercise price of $0.012 each, raising $1,770,000.
- On 19 August 2020 the Company issued a further 8,333,333 shares on exercise of share options with an exercise price of $0.012 each, raising an additional $100,000.
- On 21 August 2020 the Company paid the $USD18,000 exercise price to exercise an option to acquire the King Solomon Mine in Idaho.
- On 24 August 2020 5,000,000 unquoted share options with an exercise price of $0.04 per option and an expiry date of 7 September 2022 were issued to unrelated consultants.

Directors' Report

OPTIONS

Unissued ordinary shares of Hawkstone Mining Limited under option during or since the year ended 30 June 2020 were as follows:

Expiry date	Exercise price	Number under option	
		2020	2019
21 December 2020	$0.048	6,000,000	6,000,000
7 September 2022	$0.04	47,250,000	47,250,000
7 September 2022	$0.05	47,250,000	47,250,000
30 December 2021	$0.06	22,250,000[1]	10,250,000
30 December 2021	$0.07	12,500,000[2]	6,500,000
29 April 2023	$0.012	259,166,667[3]	-
7 September 2022	$0.04	5,000,000[4]	-
Total		**399,416,667**	**117,250,000**

[1] Includes 12,000,000 options issued to brokers and advisers during the current year relating to services related to the 2019 placement.
[2] Includes 6,000,000 options issued to brokers during the year for capital raising services.
[3] 166,666,667 of these options were free attaching options issued on 20 April 2020 as part of the capital raising. The balance of 92,500,000 options comprises 82,500,000 options issued to Director as remuneration (see Remuneration Report) and 10,000,000 options issued to brokers in consideration for services related to the capital raising. 155,833,333 of these options have been exercised since 30 June 2020, leaving 103,333,334 on issue at the date of this report.
[4] These options were issued on 24 August 2020.

DIRECTORS' MEETINGS

During the financial year, 4 meetings of Directors were held and 4 circular resolutions signed. Attendances by each Director during the year were as follows:

	Directors' meetings	
Name	No. of meetings eligible to attend	No. of meetings attended
Barnaby Egerton-Warburton	4	4
Shaun Hardcastle	4	4
Paul Lloyd	4	4
Oonagh Malone	2	2
Greg Smith	2	2

AUDIT COMMITTEE

The Company does not have a formally constituted audit committee. The Board considers that the Company's current position in respect of the composition of the Board, the size of the Company and the minimal complexities involved in its financial activities at present, the Company is not in a position to justify the establishment of an audit committee. The full Board performs the duties of this committee.

Directors' Report

REMUNERATION REPORT (AUDITED)

The remuneration report outlines the remuneration arrangements for the Key Management Personnel (KMP) of the Group, being the Company's Board members, and is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Remuneration committee and board charter
3. Details of remuneration

Principles Used to Determine the Nature and Amount of Remuneration

In determining competitive remuneration rates, the Board seeks independent advice as required on local and international trends among comparative companies and industry generally. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that the Company operates in a global environment. To prosper in this environment it must attract, motivate and retain key executive staff.

The principles supporting the remuneration policy are as follows:

- reward reflects the competitive global market in which the Company operates;
- rewards to executives are linked to creating value for shareholders;
- remuneration arrangements are equitable and facilitate the development of senior management across the Company;
- where appropriate, senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders; and
- long term incentives are used to ensure that remuneration of KMP reflects the Group's financial performance, with particular emphasis on the Group's earnings and the consequence of the Group's performance on shareholder wealth.

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market.

There are no retirement allowances or other benefits paid to directors.

Remuneration Committee and Board Charter

The Charter of the Remuneration Committee extends the duties to that of a Nominations Committee. The Board considers that given the Company's current position in respect of the composition of the Board and the size of the Company, the Company is not in a position to justify the establishment of a Remuneration Committee and the full Board performs the duties of this committee, with members abstaining from discussions and decisions as appropriate.

The Remuneration Committee is responsible for making recommendations on remuneration policies and packages applicable to Board members and for approval of remuneration for executive officers of the Company taking into account the financial position of the Company. The broad remuneration policy per the formal Charter is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Directors' Report

It is the Remuneration Committee's policy to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities though taking into account the financial position of the Company and the Company's shareholder-approved limits. The Constitution of the Company specifies that the aggregate remuneration of directors, other than salaries paid to executive directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those directors as they agree. The latest determination was at the Annual General Meeting held on 20 April 2007 when shareholders approved an aggregate remuneration of $250,000 per year.

The Board as a whole determines the amount of the fees paid to each non-executive director. All Directors may be allocated options to acquire shares in the Company under the Director and Employee Share Option Plan approved by shareholders from time to time.

The Board approves remuneration packages for executive officers based on performance criteria and the Group's financial performance. Other employee remuneration packages are determined and approved by the Board based on salary market rate indicators, press advertisements, performance criteria and against the Group's financial state of affairs.

Additional information for consideration of shareholder wealth

This table summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the 5 years to 30 June 2020.

	2020	2019	2018	2017	2016
Loss after income tax attributable to shareholders ($)	(3,490,190)	(12,621,063)	(1,255,408)	1,450,733	(773,307)
Share price at year end ($)	0.013	0.021	0.034	0.011	N/A*
Total dividends declared (cents per share)	-	-	-	-	-
Returns of capital (cents per share)	-	-	-	-	-
Basic earnings/(loss) per share (cents)	(0.41)	(2.37)	(0.45)	1.49	(12.62) **

* Trading in shares of the Company were suspended from official quotation on ASX during these years.
** Comparative share price and basic earnings/(loss) per share has been restated to reflect the 1:100 share capital consolidation in 2017.

Details of Remuneration - Service Agreements

Director	Position held as at 30 June 2020	Contract details (duration & termination)
Barnaby Egerton-Warburton	Non-Executive Chairman	Letter of appointment / In accordance with Constitution No termination benefits payable
Shaun Hardcastle	Non-Executive Director	Letter of appointment / In accordance with Constitution No termination benefits payable
Paul Lloyd	Managing Director	Service agreement Remuneration of $200,000pa plus statutory superannuation Termination without cause requires 6 months' notice or payment. Only paid at half rate from December 2019 to April 2020, and not paid for May or June 2020 with unpaid amount accruing.
Greg Smith	Non-Executive Director	Letter of appointment / In accordance with Constitution No termination benefits payable

Directors' Report

Remuneration Details for the Year Ended 30 June 2020

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group. The aggregate remuneration of non-executive directors was less than the approved aggregate remuneration of $250,000 per year.

Table of Benefits and Payments for the Year Ended 30 June 2020

		Short-term Benefits Cash salary and fees $	Post Employment Benefits Super-annuation $	Termination benefit $	Share based payment Options/ Rights $	Total $	Proportion of remuneration performance related %
B Egerton-Warburton	2020	54,795	5,205	-	5,498	65,498	8%
	2019	6,922	658	-	80,505*	88,085	88%
P Lloyd	2020	205,896	19,000	-	8,554	233,450	4%
	2019	170,925	15,419	-	701,400	887,744	79%
S Hardcastle	2020	36,000	-	-	-	36,000	-
	2019	36,000	-	-	46,760	82,760	57%
O Malone	2020	49,000**	-	-	-	49,000	-
	2019	42,000	-	-	46,760	88,760	53%
G Smith	2020	121,075***	-	-	6,110	127,185	55%
	2019	-	-	-	-	-	-
R Pearce	2020	-	-	-	-	-	-
	2019	6,600	-	-	11,690	18,290	64%
Total	**2020**	**466,766**	**24,205**	**-**	**20,162**	**511,133**	**5%**
	2019	**262,447**	**16,077**	**-**	**887,115**	**1,165,639**	**76%**

* 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.
** This includes $22,000 of company secretarial fees for July 2019 to June 2020. No company secretarial fees were payable from July 2018 to June 2019.
*** This includes $109,905 of consulting fees for July 2019 to February 2020, before Mr Smith became a director.

Director related parties

Mr Hardcastle is a related party of Bellanhouse. Bellanhouse was paid legal fees of $13,007 for the year ended 30 June 2020 (2019: $112,500) with no outstanding creditor balance at 30 June 2020 (2019: nil).

Mr Lloyd is a related party of Coral Brook Pty Ltd. Coral Brook Pty Ltd was reimbursed administration fees of $25,200 for the year ended 30 June 2020 (2019: $20,510) with a liability of $6,300 accrued at 30 June 2020 (2019: nil).

Mr Lloyd and Mr Smith were both shareholders of USA Lithium Limited that was acquired on 7 September 2018. Mr Lloyd received 13,341,346 ordinary shares in the Company and 13,341,346 Deferred Consideration Shares at completion of the acquisition, before he was appointed a director. Mr Smith received 9,250,000 ordinary shares in the Company and 9,250,000 Deferred Consideration Shares at completion of the acquisition, before he was appointed a director. The deferred Consideration Shares converted to ordinary shares in the Company on on 9 October 2019 following declaration by the Company of an inferred resource at the Big Sandy project of not less than 30Mt at a grade greater than 2,000ppm (or equivalent) within 36 months from Completion (occurred on 7 September 2018) along with ASX approval for this acquisition. This declaration happened on 30 September 2019, with ordinary shares issued for the deferred consideration shares on 9 October 2019.

Directors' Report

KMP Shareholdings

The number of ordinary shares in Hawkstone Mining Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2020	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton	2,480,000	-	-	2,090,000	4,570,000
S Hardcastle	-	-	-	-	-
P Lloyd	13,341,346	-	-	15,341,343*	28,682,689
O Malone	-	-	-	-	-
G Smith	18,500,000	-	-	1,000,000	19,500,000

* This includes 13,341,343 shares issued on conversion of deferred consideration shares. All other changes during the year were share purchases.

30 June 2019	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton	2,480,000	-	-	-	2,480,000
S Hardcastle	-	-	-	-	-
P Lloyd	13,341,346*	-	-	-	13,341,346
O Malone	-	-	-	-	-
R Pearce	-	-	-	-	-

* Mr Lloyd was issued 13,341,346 shares in consideration for the shares he held in USA Lithium Limited, as part of the Company's acquisition of that company in the 2019 year. In addition, Mr Lloyd was issued the 13,341,346 Deferred Consideration Shares described above which converted into ordinary shares on 9 October 2019.

KMP Option Holdings

The number of share options in Hawkstone Mining Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2020	Balance at beginning of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton	11,750,000	22,500,000*	-	-	34,250,000
S Hardcastle	4,000,000	-	-	-	4,000,000
P Lloyd	30,000,000	35,000,000*	-	-	65,000,000
O Malone	4,000,000	-	-	-	4,000,000
G Smith	30,000,000	25,000,000*	-	-	55,000,000

* The directors were issued these options on 29 April 2020 after approval at the general meeting held on 20 April 2020. These options have an exercise price of $0.012 per share with an expiry date of 29 April 2023. Half of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. The other half of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. These options have been valued at $0.0038 each for a total value of $313,500 based on a Black-Scholes valuation with a volatility of 162%, a risk free interest rate of 0.27%, a share price at the grant date of $0.005, a maximum term of 3.02 years and no dividends. These options are being expensed over the expected vesting period to 29 April 2023 with a total of $20,162 recognised during the year.

Directors' Report

30 June 2019	Balance at beginning of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton*	11,750,000	-	-	-	11,750,000
S Hardcastle	2,000,000	2,000,000	-	-	4,000,000
P Lloyd**	30,000,000	-	-	-	30,000,000
O Malone	2,000,000	2,000,000	-	-	4,000,000
R Pearce	2,000,000	500,000	-	-	2,500,000

* Mr Egerton-Warburton was issued 8,000,000 options on appointment on 16 May 2019 as part of his remuneration in addition to the 3,750,000 options he held previously.
** Mr Lloyd was issued 30,000,000 options on appointment on 7 September 2018 as part of his remuneration.

Cash Bonuses, Performance-Related Bonuses and Share-Based Payments

There were no cash bonuses, or other short term performance related bonuses, made to any KMP in the financial years ended 30 June 2020 or 30 June 2019.

Details of options over ordinary shares in the Company provided as remuneration to KMP during 2020 are set out below. When exercised, each option is convertible into one ordinary share of Hawkstone Mining Limited. These options were granted for no consideration. No options issued to directors during 2020 vested during the year. No options issued to current or previous KMP expired or lapsed during the year.

KMP	Grant date	Number granted	Exercise price ($)	Value per option ($)	Value of options granted ($)	Issue date	Expiry date
B Egerton-Warburton	20/04/2020	22,500,000	0.012	$0.0038	85,500	29/04/2020	29/04/2023
P Lloyd	20/04/2020	35,000,000	0.012	$0.0038	133,000	29/04/2020	29/04/2023
G Smith	20/04/2020	25,000,000	0.012	$0.0038	95,000	29/04/2020	29/04/2023
Total		**82,500,000**			**313,500**		

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from issue date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the liquidity of the share market.

Directors' Report

Details of all options held by KMP, at the date of this report, are shown below.

KMP	Grant date	Number granted	Value of options granted ($)	Issue date	Expiry date	Vested (%)
B Egerton-Warburton	28/02/2019	3,750,000	23,025	28/02/2019	30/12/2021	100
B Egerton-Warburton	16/05/2019	4,000,000	30,080	16/05/2019	30/12/2021	100
B Egerton-Warburton	16/05/2019	4,000,000	27,400	16/05/2019	30/12/2021	100
B Egerton-Warburton	20/04/2020	22,500,000	85,500	29/04/2020	29/04/2023	-
O Malone	21/12/2017	2,000,000	40,240	21/12/2017	21/12/2020	100
O Malone	3/08/2018*	1,000,000	23,890	7/09/2018	7/09/2022	100
O Malone	3/08/2018**	1,000,000	22,870	7/09/2018	7/09/2022	100
P Lloyd	3/08/2018*	15,000,000	358,350	7/09/2018	7/09/2022	100
P Lloyd	3/08/2018**	15,000,000	343,050	7/09/2018	7/09/2022	100
P Lloyd	20/04/2020	35,000,000	133,000	29/04/2020	29/04/2023	-
G Smith	3/08/2018*	15,000,000	358,350	7/09/2018	7/09/2022	100
G Smith	3/08/2018**	15,000,000	343,050	7/09/2018	7/09/2022	100
G Smith	20/04/2020	25,000,000	95,000	29/04/2020	29/04/2023	-

* These options with an exercise price of $0.04 were granted, for accounting purposes, at the General Meeting on 3 August 2018, but issued on 7 September 2018 at completion of the USA Lithium acquisition.
** These options with an exercise price of $0.05 were granted, for accounting purposes, at the General Meeting on 3 August 2018, but issued on 7 September 2018 at completion of the USA Lithium acquisition.

[END OF AUDITED REMUNERATION REPORT]

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements in other jurisdictions and is not aware of any breach of those environmental requirements as they apply to the Group.

INDEMNIFYING OFFICERS OR AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as Officer, or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Company has agreed to pay a premium for Directors and Officers Insurance.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. The Company has not paid a premium in respect of a contract to insure the auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Directors' Report

NON-AUDIT SERVICES

There were no non-audit services undertaken by the auditor during the year.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2020 has been received and is included on page 21 .

Signed in accordance with a resolution of the Directors:

Mr Barnaby Egerton-Warburton
Non-Executive Chairman
Dated at Perth this 30th day of September 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Hawkstone Mining Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**L Di Giallonardo**
30 September 2020	**Partner**

hlb.com.au

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Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue from continuing operations	3	15,384	10,427
Directors' fees	4(b)	(359,066)	(272,524)
Share based payment expense	24	(100,952)	(2,118,892)
Corporate and regulatory expenses		(164,221)	(331,185)
Exploration and evaluation	4(c)	(1,509,899)	(1,666,510)
Foreign exchange (loss) / gain		(109,083)	906
Administrative expenses	4(a)	(479,258)	(466,218)
Gain on / (impairment of) financial asset	10	37,233	(201,965)
Exploration and evaluation expenditure expensed on acquisition of mineral exploration interests	25	(808,559)	(7,539,885)
Loss before income tax		**(3,478,421)**	**(12,585,846)**
Income tax	6	**-**	**-**
Loss after income tax from continuing operations attributable to members of Hawkstone Mining Limited		**(3,478,421)**	**(12,585,846)**
Operations of disposal groups			
Exploration and evaluation	9	(11,769)	(35,217)
Loss for the year from disposal groups		**(11,769)**	**(35,217)**
Loss attributable to members of Hawkstone Mining Limited		**(3,490,190)**	**(12,621,063)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign controlled entities, net of tax		22,154	8,197
Other comprehensive income for the year		**22,154**	**8,197**
Total comprehensive loss for the year		**(3,468,036)**	**(12,612,866)**
- attributable to members of the parent		**(3,468,036)**	**(12,612,866)**
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share in cents	19	**(0.41)**	**(2.37)**
Diluted loss per share in cents	19	**(0.41)**	**(2.37)**
Loss per share from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share in cents	19	**(0.40)**	**(2.36)**
Diluted loss per share in cents	19	**(0.40)**	**(2.36)**

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents	7	230,752	2,024,216
Trade and other receivables	8	10,855	33,310
Prepayments		14,432	11,681
Disposal group	9	-	-
TOTAL CURRENT ASSETS		**256,039**	**2,069,207**
NON-CURRENT ASSETS			
Other financial assets	10	356,771	383,764
TOTAL NON-CURRENT ASSETS		**356,771**	**383,764**
TOTAL ASSETS		**612,810**	**2,452,971**
CURRENT LIABILITIES			
Trade and other payables	11	399,753	164,134
Provisions		14,513	8,617
TOTAL CURRENT LIABILITIES		**414,266**	**172,751**
TOTAL LIABILITIES		**414,266**	**172,751**
NET ASSETS		**198,544**	**2,280,220**
EQUITY			
Contributed equity	12	71,841,949	70,625,549
Reserves	13	4,203,594	4,011,480
Accumulated losses		(75,846,999)	(72,356,809)
TOTAL EQUITY		**198,544**	**2,280,220**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2020

	Issued Capital $	Unissued Shares $	Share based payment reserve $	Foreign translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2018	**58,683,709**	-	**4,094,770**	**(2,210,379)**	**(59,735,746)**	**832,354**
Comprehensive Income						
Loss for the year	-	-	-	-	(12,621,063)	(12,621,063)
Other comprehensive income for the year Exchange differences on translation of controlled entities	-	-	-	8,197	-	8,197
Total comprehensive loss for the year	**-**	**-**	**-**	**8,197**	**(12,621,063)**	**(12,612,866)**
Transactions with owners, in their capacity as owners, and other transfers						
Equity instruments issued during the period	8,631,800	-	-	-	-	8,631,800
Contingent consideration shares	-	3,625,000	-	-	-	3,625,000
Recognition of share based payments	-	-	2,118,892	-	-	2,118,892
Share issue costs	(314,960)	-	-	-	-	(314,960)
At 30 June 2019	**67,000,549**	**3,625,000**	**6,213,662**	**(2,202,182)**	**(72,356,809)**	**2,280,220**

Consolidated statement of changes in equity for the year ended 30 June 2020 (continued)

	Issued Capital $	Unissued Shares $	Share based payment reserve $	Foreign translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2019	**67,000,549**	**3,625,000**	**6,213,662**	**(2,202,182)**	**(72,356,809)**	**2,280,220**
Comprehensive Income						
Loss for the year	-	-	-	-	(3,490,190)	(3,490,190)
Other comprehensive income for the year Exchange differences on translation of controlled entities	-	-	-	22,154	-	22,154
Total comprehensive loss for the year	**-**	**-**	**-**	**22,154**	**(3,490,190)**	**(3,468,036)**
Transactions with owners, in their capacity as owners, and other transfers						
Equity instruments issued during the period	1,410,444	-	-	-	-	1,410,444
Conversion of contingent consideration shares	3,625,000	(3,625,000)	-	-	-	-
Recognition of share based payments	-	-	169,960	-	-	169,960
Share issue costs	(194,044)	-	-	-	-	(194,044)
At 30 June 2020	**71,841,949**	**-**	**6,383,622**	**(2,180,028)**	**(75,846,999)**	**198,544**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,726,583)	(2,723,256)
Interest received		3,567	10,427
Grant income		11,817	-
Net cash used in operating activities	21(b)	**(2,711,199)**	**(2,712,829)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to and on behalf of acquired entities after shareholder approval and before completion	25	-	(332,695)
Cash acquired on acquisition of subsidiaries	25	-	22,068
Bond refunded		-	23,519
Payments for other financial assets		(33,401)	(20,000)
Net cash used in investing activities		**(33,401)**	**(307,108)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		1,000,000	4,900,000
Proceeds of option issues		-	3,000
Share issue costs		(49,464)	(211,160)
Proceeds from borrowings		-	100,000
Repayment of borrowings		-	(140,000)
Net cash generated by financing activities		**950,536**	**4,651,840**
Net increase/(decrease) in cash and cash equivalents		**(1,794,064)**	**1,631,903**
Cash and cash equivalents at the beginning of the period		2,024,216	394,325
Effects of exchange rate changes on cash and cash equivalents		600	(2,012)
Cash and cash equivalents at the end of the period	7	**230,752**	**2,024,216**

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the consolidated financial statements and notes of Hawkstone Mining Limited (the Company) and controlled entities (the Group).

The significant accounting policies which have been adopted in the preparation of the financial statements are set out in this note 1.

(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs. The financial statements are presented in Australian dollars.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Group has incurred a net loss for the year of $3,490,190 (2019: $12,621,063) and net cash outflows from operating activities of $2,711,199 (2019: $2,712,829). The loss was largely due to the expensing of all mineral exploration expenditure including acquisition costs in accordance with the Group's accounting policy. The Group had cash assets of $230,752 at 30 June 2020 (2019: $2,024,216).

The Directors believe that it is appropriate to prepare the financial information on a going concern basis for the following reasons:

The Board recognises that additional funding is required to ensure that the Group can continue to fund its operations and further develop its mineral exploration and evaluation assets for a period of at least twelve months from the date of signing this financial report.

Such additional funding is potentially available from a number of sources including further capital raisings, sale of projects and managing cash flow in line with available funds. The Group's operations require the raising of capital on an on-going basis to fund its planned exploration program and to commercialise its projects. For example, the Company raised $1,770,000 on 14 July 2020 and $100,000 on 19 August 2020 from conversions of share options.

The Directors believe the Group will continue obtaining sufficient funding from one or more of the funding opportunities detailed above to enable it to continue as a going concern and therefore that it is appropriate to prepare the financial statements on a going concern basis. Should this funding not be obtained, there exists a material uncertainty that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The financial statements were authorised for issue by the directors on the 30th of September 2020.

Hawkstone Mining Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Change in Accounting Policy – Mineral exploration & evaluation expenditure

In 2019, the Group changed the accounting policy for mineral exploration interests to fully expense mineral exploration expenditure, including acquisition costs. Before 2019, the Group recognised costs of acquiring mineral exploration interests as an asset with subsequent exploration and evaluation costs expensed as incurred. As comparatives were restated in 2019 to reflect this change in accounting policy, with disclosure of the effects of this change on prior year balances and 2019 opening balances, no disclosure of the effects of this change in policy is required for 2020.

(c) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to all areas of interest, including acquisition costs, are expensed as incurred.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Hawkstone Mining Limited and entities (including special purpose entities) controlled by Hawkstone Mining Limited (its subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(e) Impairment of assets

At the end of the reporting period, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Leases

Assets and liabilities are recognised for all leases with a term of more than 12 months unless the underlying asset is of low value or the lease is not for any specific identifiable asset.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Lease liabilities are valued at the net present value of the expected stream of committed lease payments. Lease payments are recognised as an interest expense to the extent that they represent interest on the outstanding lease liability. The Group currently has no leased assets or lease liability as the serviced office agreement does not specify or require fixed office locations, with staff offices moved at the discretion of the lessor at any time throughout the period of use, and the Group has no other agreements for the lease of identifiable assets.

(g) Foreign currency transactions

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting dates. The revenues and expenses of foreign operations are translated into Australian dollars using average exchange rates, which approximate exchange rates at the dates of transactions, for the period. All resulting exchange rate differences are recognised in other comprehensive income through the foreign translation reserve in equity.

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

(h) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on the taxable income using applicable income tax rates enacted or substantially enacted as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Where temporary differences exist in relation to investments in subsidiaries and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Research and development expenditure tax offsets receivable under Section 73Q of the Income Tax Assessment Act are recognised upon lodgement of the income tax return, when the Company has made the required election.

(i) Share based payment transactions

The Group recognises the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to directors, employees and consultants of the Group in the form of share based payment transactions, whereby directors, employees and consultants render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions and contingencies

Provisions are recognised when the Group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Financial Instruments

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and are solely principal and interest. All other financial instrument assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income.

For financial liabilities, the portion of the change in fair value that relates to the Group's credit risk is presented in other comprehensive income. Hedge accounting requirements align the accounting treatment with the Group's risk management activities. The Group does not currently have any impaired financial assets, financial liabilities with changes in fair value due to credit risk presented in other comprehensive income, or financial instruments requiring hedge accounting.

Impairment of financial assets

Financial assets may be impaired based on an expected credit loss model to recognise an allowance. Such impairment is measured in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, short term deposits with financial institutions maturing within less than three months and net of outstanding bank overdrafts.

(m) Revenue recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has satisfied the performance obligation in relevant contracts by transferring the promised asset to a customer with the customer obtaining control of the asset.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Classification of comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) New Accounting Standards for application in future periods

The Directors have reviewed all of the new and revised Standards and interpretations in issue not yet adopted that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on issue and not yet adopted by the Group and therefore no material change is necessary to Group accounting policies.

(r) New and Amended Accounting Policies adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

The implementation of AASB 16 'Leases' for annual reporting periods beginning on or after 1 January 2019 has not affected any reported balances of the Group because the Group has no leases within the scope of this standard. Future effects of the implementation of this standard will depend on future agreements.

The Group has adopted Interpretation 23 Uncertainty over Income Tax Treatments, which is applicable to annual reporting periods beginning on or after 1 January 2019. Although the adoption of this interpretation has had no effect on reported balances, it may require more conservative tax effect accounting and additional tax disclosure in future.

(s) Assets classified as held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.
All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black Scholes model.

Notes to the financial statements (continued)

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Acquisition of USA Lithium assets

In the prior year, the Group completed the acquisition of USA Lithium Limited and controlled entities, which hold the Big Sandy and Lordsburg Lithium projects. Accounting for this transaction as disclosed in note 25 required several significant judgements:

- The projects are not considered a business or businesses because they did not come with the processes required to meet the definition of a business. Consequently, the USA Lithium acquisition has been treated as an asset acquisition and not a business combination.
- The acquisition has been accounted for and valued at 7 September 2018, when the consideration shares were issued and control was obtained.
- The acquisition has not been treated as a reverse acquisition because insufficient securities were issued to give a controlling interest in the Company to the vendors.
- The 125,000,000 deferred consideration shares were recognised and valued at 7 September 2018 because the Board considered it highly likely as at that date that the conditions for issuing the deferred consideration shares would be met. These deferred consideration shares converted into ordinary shares on 9 October 2019 after the deferred consideration conditions were met.
- While the 34,500,000 director options have been valued as at the shareholder approval and grant date of 3 August 2018, the 30,000,000 Advisor options and the 30,000,000 Executive options have been valued at their measurement date and issue date of 7 September 2018.

Recognition of disposal group and assets classified as held for sale

In 2018, the Group classified the Kangwane South Project as an asset classified as held for sale, as disclosed in note 9, because the Group actively marketed this project and considered a sale highly likely. No comparative assets or liabilities are classified as a non-current asset held for sale, because the mining rehabilitation bond was expected to be replaced by a purchaser or otherwise treated in a manner outside the scope of the definition of assets classified as held for sale. There are no other assets or liabilities related to this asset that would form part of a disposal group because all administration functions are performed directly by the parent entity and no entity in the Group other than the parent operates bank accounts or processes accounts payable. Following difficulty selling the Kangwane South Project, the Directors have resolved to dispose of this project and South African subsidiaries, leading to recognition of a disposal group at 30 June 2019 and 30 June 2020.

Impairment of security bond

The Group paid a $565,729 (ZAR 5,574,974) mining rehabilitation bond to secure access to the Kangwane South project in 2017. Following the decision to dispose of the Kangwane South Project and seek refund of this bond, the directors considered a range of potential scenarios and their associated probabilities and expected time frames before recognising a $164,732 or 35.2% (2019: $201,965 or 35.7%) impairment provision based on their best available estimate of the amount and timing of the potential refund, calculated in accordance with AASB 9 Financial Instruments. Recovery of this security bond is progressing with documents lodged with the South African government, but has been delayed in 2020 by issues associated with Covid-19 in South Africa.

Notes to the financial statements (continued)

3 REVENUE

	2020 **$**	2019 $
Interest received	**3,567**	10,427
Government grants	**11,817**	-
Total revenue	**15,384**	10,427

4 LOSS BEFORE INCOME TAX

(a) Individually significant items in administration expenses include:

	2020 **$**	2019 $
Accounting and administration fees	**123,835**	124,990
Travel and accommodation	**96,361**	134,248
Audit fees	**31,671**	30,869
Other	**227,391**	176,111
Total	**479,258**	466,218

(b) Directors' fees:

	2020 **$**	2019 $
Director fees include annual leave accrual	**334,861**	256,447
Superannuation	**24,205**	16,079
Total	**359,066**	272,524

(c) Exploration and evaluation:

	2020 **$**	2019 $
US Lithium exploration expenditure	**1,123,402**	1,666,510
Other US exploration expenditures	**386,497**	-
Total	**1,509,899**	1,666,510

5 AUDITORS' REMUNERATION

	2020 **$**	2019 $
Remuneration of auditor for audit or review of the consolidated financial report of the Company:		
HLB Mann Judd (WA Partnership)	**31,671**	28,180
William Buck Audit (WA) Pty Ltd	**-**	2,689
	31,671	30,869

Notes to the financial statements (continued)

6 TAXATION

(a) Income tax expense/(benefit)

	2020 $	2019 $
Current tax	**-**	-
Deferred tax	**-**	-
	-	-

(b) Reconciliation of income tax expense to prima facie tax payable:

	2020 $	2019 $
Loss before income tax expense	**(3,490,190)**	(12,621,063)
Tax at the Australian tax rate of 30% (2019: 30%)	**(1,047,057)**	(3,786,319)
Foreign tax rate adjustment	**41,358**	60,958
Tax effect amounts not deductible (taxable) in calculating taxable income	**30,624**	635,719
Deferred tax asset not brought to account on tax losses and temporary differences	**975,075**	3,089,642
Total income tax (benefit)	**-**	-

(c) Unrecognised deferred tax assets:

	2020 $	2019 $
Timing differences	**11,937,829**	11,630,256
Tax losses - revenue	**5,568,354**	4,841,330
Tax losses - capital	**16,473**	16,473
Deferred tax assets not brought to account	**17,522,656**	16,488,059

An Australian income tax rate of 30% has been used for 2020 because the Company is not expected to be a base rate entity when it has future taxable profits. The Group has not recognised any deferred tax assets except to the extent that they offset deferred tax liabilities. The unrecognised deferred tax assets due to timing differences include balances from fully impaired investments in, and loans to, South African subsidiaries of $9,092,052 (2019: $8,334,381), and the fully expensed cost of US projects of $2,579,533 (2019: $2,142,218).

The ability of the Group to utilise the tax losses is subject to the Company satisfying either the continuity of ownership test or the same business test.

(d) Franking credits

The Company has no franking credits available.

7 CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank	**230,752**	2,024,216
	230,752	2,024,216

8 TRADE & OTHER RECEIVABLES

CURRENT

	2020	2019
Other receivables	**10,855**	33,310
	10,855	33,310

Notes to the financial statements (continued)

9 DISPOSAL GROUP

	2020 $	2019 $
Interest in Kangwane South Project	**-**	**-**
	-	-

The Group is actively seeking to dispose of the Kangwane South Project. This is recognised as a disposal group, as it would involve disposal of subsidiaries with legal structures that meet the recognition criteria for assets, despite being measured at nil value. This also meets the definition of a discontinued operation.

The following exploration expenditure for the Kangwane South Project has been attributed to this disposal group.

Operations of disposal group		
Exploration and evaluation	(11,769)	(35,217)
Loss from disposal group	**(11,769)**	**(35,217)**

Exploration expenditure for the Kangwane South Project has been classified as relating to the disposal group with the following required disclosures. No gain or loss has been recognised on remeasurement to fair value less cost to sell. No asset or liability is recognised in this disposal group because mineral exploration expenditure is fully expensed. Although the assets have nil value, they are presented because they are qualitatively material.

Kangwane South Project		
Revenue	**-**	-
Exploration costs	(11,769)	(35,217)
Total expenses	(11,769)	(35,217)
Pre-tax loss from operation of disposal group	**(11,769)**	**(35,217)**
Income tax expense relating to operation of disposal group	**-**	-
Gain or loss recognised on the measurement to fair value less cost to sell	**-**	-
Income tax expense related to gain or loss on remeasurement	**-**	-
Amount of income or loss from operation of disposal group attributable to owners of the parent	**(11,769)**	(35,217)
Cash flow details		
Net cash flow attributable to operating activity for disposal group	**(16,247)**	(35,217)
Net cash flow attributable to investing activity for disposal group	**-**	-
Net cash flow attributable to financing activity for disposal group	**-**	-
Net cash flow attributable to operation of disposal group	**(16,247)**	(35,217)

Although the mining rehabilitation bond of $303,258 disclosed in note 10 is for the Kangwane South project, this has not been reclassified as relating to a disposal group both because this bond may be treated in a manner outside the scope of the definition of a disposal group, and because impairment considerations for this bond under AASB 9 Financial Instruments are clearer if this bond is disclosed separately. The bond has not been included as relating to the disposal group because it may be recovered in a separate transaction. There are no other assets or liabilities related to this asset that would form part of a disposal group because all administration functions are performed directly by the parent entity and no entity in the Group other than the parent operates bank accounts or processes accounts payable.

A foreign currency translation reserve balance of $2,210,379 relates to this disposal group (30 June 2019: $2,210,379), but this may only be reclassified to profit or loss on actual disposal.

Notes to the financial statements (continued)

10 OTHER FINANCIAL ASSETS

	2020 $	2019 $
NON CURRENT		
Mining rehabilitation bond – South Africa	**303,258**	363,764
Mining rehabilitation bond – USA	**33,513**	-
Other financial assets	**20,000**	20,000
	356,771	383,764

Mining rehabilitation bond – South Africa

In 2017, the Company paid a mining rehabilitation bond of $570,933 (ZAR 5,574,974) to secure access to the Kangwane South Project. This was revalued to $467,990 at 30 June 2020 (2019: $565,729) due to movements in the AUD:ZAR exchange rate, before a $164,732 (2019: $201,965) loss allowance was recognised against this asset based on the Directors' estimate of losses following consideration of unbiased probability-weighted amounts that are determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

11 TRADE AND OTHER PAYABLES

CURRENT		
Unsecured liabilities:		
Trade payables	**261,998**	113,592
Other payables	**137,755**	50,542
	399,753	164,134

12 CONTRIBUTED EQUITY

Contributed equity consisted of the following:		
Issued capital	**71,841,949**	67,000,549
Contingent consideration shares	**-**	3,625,000
Total	**71,841,949**	70,625,549

Notes to the financial statements (continued)

12 CONTRIBUTED EQUITY (continued)

	Number of shares 2020	Number of shares 2019	2020 $	2019 $
Opening balance (fully paid ordinary shares)	690,317,995	315,127,995	70,625,549	58,683,709
125,000,000 Deferred Consideration Shares relating to the acquisition of USA Lithium Limited valued at $0.029 each*	125,000,000	-	-	3,625,000
125,000,000 shares issued as purchase consideration for USA Lithium Limited valued at $0.029 each	-	125,000,000	-	3,625,000
Placement of 125,000,000 shares at an issue price of $0.02 each	-	125,000,000	-	2,500,000
Shares issued to corporate adviser in payment of capital raising costs valued at $0.02 each	-	5,190,000	-	103,800
Issue of 15,000,000 4 year 4c options and 15,000,000 4 year 5c options for a total of $3,000**	-	-	-	3,000
Placement of 120,000,000 shares at an issue price of $0.02 each		120,000,000	-	2,400,000
Partial consideration for Lone Pine acquisition	66,974,252	-	334,871	-
Capital raising of shares at an issue price of $0.006 each***	166,666,667	-	1,000,000	-
Shares issued in consideration for due diligence services valued at $0.0005 per share	15,114,428	-	75,572	-
Shares issued under cleansing prospectus at $0.006 per share	100	-	1	-
Transaction cost of share issues		-	(194,044)	(314,960)
Closing balance	**1,064,073,442**	**690,317,995**	**71,841,949**	**70,625,549**

* These Deferred Consideration Shares are ordinary shares in the Company that were only to be issued on declaration by the Company of an inferred resource at the Big Sandy project of not less than 30Mt at a grade greater than 2,000ppm (or equivalent) within 36 months from Completion (occurred on 26 September 2019) along with ASX approval for this acquisition. These deferred consideration shares were valued at the Completion date at $0.029 each for a total value of $3,625,000 based on the share price at the Completion date . This was based on the estimated likelihood, as at the Completion date, that these deferred consideration shares would be issued.
** $3,000 was received for the following Corporate advisor options:

- 15,000,000 $0.04 Corporate advisor options with a total value of $300,450. These were issued for paid consideration of $0.0001 per option, amounting to $1,500. This amount has been deducted from the amount expensed and recognised in the share based payment reserve.
- 15,000,000 $0.05 Corporate advisor options with a total value of $285,900. These were issued for paid consideration of $0.0001 per option, amounting to $1,500. This amount has been deducted from the amount expensed and recognised in the share based payment reserve.

*** 166,666,667 unquoted free attached share options were issued to subscribers under this capital raising, for no additional consideration. These options had an exercise price of $0.012 per share and an expiry date of 29 March 2023.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any net proceeds on liquidation. Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital. At 30 June 2020 there were 394,416,667 options to acquire fully paid ordinary shares in the Company (2019: 117,250,000).

Options

Options on issue during the year comprise those representing share based payments, which were issued to directors and brokers as set out in note 24, and 166,666,667 free attaching options exercisable at $0.012 by 29 April 2023, which were part of the capital raising during the year.

Notes to the financial statements (continued)

13 RESERVES

	2020 $	2019 $
Share-based payment reserve		
Opening Balance	6,213,662	4,094,770
Movement for the year	169,960	2,118,892
Closing balance	**6,383,622**	6,213,662
Foreign translation reserve		
Opening balance	(2,202,182)	(2,210,379)
Foreign translation difference on translation of controlled entities	22,154	8,197
Closing balance	**(2,180,028)**	(2,202,182)
	4,203,594	4,011,480

Share-based payment reserve:
The share-based payment reserve relates to shares and share options granted by the Company to its employees under its employee share plan and other suppliers in consideration for services rendered.

Foreign translation reserve:
Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign translation reserve. Exchange differences previously accumulated in the foreign translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

14 CONTROLLED ENTITIES

	Percentage Interest		Country of incorporation
Parent entity	**2020**	**2019**	
Hawkstone Mining Limited			Australia
Particulars in relation to controlled entities			
ZYL Mining (SA) Proprietary Limited*	100%	100%	South Africa
Oakleaf Investment Holdings (Proprietary) Limited*	100%	100%	South Africa
Altius Trading 404 (Proprietary) Limited*	70%	70%	South Africa
USA Lithium Limited	100%	100%	Australia
US Lithium Pty Ltd	100%	100%	Australia
New Mexico Lithium Pty Ltd	100%	100%	Australia
Big Sandy Inc	100%	100%	United States
Lordsburg Resource Inc	100%	100%	United States
HWK Idaho Pty Ltd**	100%	-	Australia
Ounces High Exploration Inc***	100%	-	United States
HWK Utah Pty Ltd**	100%	-	Australia
Roughead Exploration Inc****	100%	-	United States

* Included with the disposal group disclosed in note 9.
** Incorporated on 14 February 2020 with all shares held by the Company.
*** Acquired on 14 February 2020 with all shares held by the HWK Idaho Pty Ltd.
**** Incorporated on 14 February 2020 with all shares held by HWK Utah Pty Ltd.

Notes to the financial statements (continued)

15 PARENT ENTITY DISCLOSURES

The following details information related to the parent entity, Hawkstone Mining Limited at 30 June 2020. The information presented has been prepared using consistent accounting policies as stated in note 1.

(a) Summary financial information

	2020 $	2019 $
Current assets	227,505	2,041,272
Non-current assets	323,258	9,656,350
Total assets	**550,763**	11,697,622
Current liabilities	414,265	160,220
Total liabilities	**414,265**	160,220
Contributed equity	71,841,949	70,625,549
Reserves	6,383,622	6,213,662
Accumulated losses	(78,089,073)	(65,301,809)
Total equity	**136,498**	11,537,402
Loss for the year	(12,787,264)	(3,923,936)
Other comprehensive income/ (loss) for the year	-	-
Total comprehensive loss for the year	**(12,787,264)**	(3,923,936)

(b) The parent entity had not provided any material guarantees as at 30 June 2020.

(c) The parent entity did not have any material contingent liabilities as at 30 June 2020.

(d) The parent entity did not have any material contractual commitments as at 30 June 2020.

16 SEGMENT INFORMATION

During the year, the Group's operations consisted of mineral exploration in USA, and corporate functions and South African exploration interests that were both managed from Australia. The South African interests do not separately meet the definition of an operating segment.

The Board is the chief operating decision maker. All amounts reported to the Board are determined in accordance with accounting policies that are consistent with financial reporting requirements. Intra-group loans are valued in Australian dollars with no interest charged. There are no intragroup eliminations because assets are used across the Group and all trade payables are paid by Australian entities, with all assets, liabilities and transactions controlled from Australia. Costs of acquiring US mineral exploration interests and exploration expenditure incurred by the Company for US operations are allocated to the US segment.

Notes to the financial statements (continued)

16 SEGMENT INFORMATION (continued)

(i) Segment performance

	Australia & South Africa 2020 $	Australia & South Africa 2019 $	United States 2020 $	United States 2019 $	Consolidated 2020 $	Consolidated 2019 $
Interest revenue	3,567	10,427	-	-	3,567	10,427
Government grants	11,817	-	-	-	11,817	-
Total revenue	**15,384**	**10,427**	**-**	**-**	**15,384**	**10,427**
Segment result:						
Share based payment expense	(100,952)	(2,118,892)	-	-	(100,952)	(2,118,892)
Exploration and evaluation	(11,769)	(35,217)	(1,509,899)	(1,666,510)	(1,521,668)	(1,701,727)
Exploration and evaluation expensed on acquisition of subsidiaries	-	-	(808,559)	(7,539,885)	(808,559)	(7,539,885)
Administrative expenses	(436,818)	(454,039)	(42,440)	(12,179)	(479,258)	(466,218)
Other expenses	(595,137)	(757,963)	-	(46,805)	(595,137)	(804,768)
Loss after income tax	**(1,129,292)**	**(3,355,684)**	**(2,360,898)**	**(9,265,379)**	**(3,490,190)**	**(12,621,063)**

(ii) Segment financial position

	Australia & South Africa 2020 $	Australia & South Africa 2019 $	United States 2020 $	United States 2019 $	Consolidated 2020 $	Consolidated 2019 $
Segment assets	584,276	2,425,037	28,534	27,934	612,810	2,452,971
Segment liabilities	(414,266)	(160,221)	-	(12,530)	(414,266)	(172,751)
Segment net assets	**170,010**	**2,264,816**	**28,534**	**15,404**	**198,544**	**2,280,220**

17 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation of key management personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2020.

	2020 $	2019 $
Short term employment benefit	**466,766**	262,447
Post-employment benefits	**24,205**	16,077
Share based payments	**20,162**	887,115
	511,133	1,165,639

Notes to the financial statements (continued)

18 RELATED PARTY TRANSACTIONS AND BALANCES

Mr Hardcastle is a related party of Bellanhouse. Bellanhouse was paid legal fees of $13,007 for the year ended 30 June 2020 (2019: $112,500) with no outstanding creditor balance at year end. Mr Lloyd is a related party of Coral Brook Pty Ltd. Coral Brook Pty Ltd was reimbursed administration fees of $25,200 for the year ended 30 June 2020 (2019: $20,510) with an accrued liability owing of $6,300 at year end (2019: nil).

Mr Lloyd and Mr Smith were both shareholders of USA Lithium Limited that was acquired on 7 September 2018. Mr Lloyd received 13,341,346 ordinary shares in the Company and 13,341,346 Deferred Consideration Shares at completion of the acquisition, before he was appointed a director. Mr Smith received 9,250,000 ordinary shares in the Company and 9,250,000 Deferred Consideration Shares at completion of the acquisition, before he was appointed a director. The deferred Consideration Shares converted to ordinary shares in the Company on on 9 October 2019 following declaration by the Company of an inferred resource at the Big Sandy project of not less than 30Mt at a grade greater than 2,000ppm (or equivalent) within 36 months from Completion (occurred on 7 September 2018) along with ASX approval for this acquisition. This declaration happened on 30 September 2019, with ordinary shares issued for the deferred consideration shares on 9 October 2019. There were no other transactions with KMP.

19 LOSS PER SHARE

Loss per share attributable to the ordinary equity holders of the company	**2020**	**2019**
Basic/diluted loss per share in cents	**(0.41)**	(2.37)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	**861,293,704**	532,597,146
Basic/diluted loss	**(3,490,190)**	(12,621,063)
Loss per share from continuing operations attributable to the ordinary equity holders of the company		
Basic/diluted loss per share in cents from continuing operations	**(0.40)**	(2.36)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	**861,293,704**	532,597,146
Basic/diluted loss from continuing operations	**(3,478,421)**	(12,585,846)

The options on issue at 30 June 2020 were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

20 FINANCIAL INSTRUMENTS

The Group has exposure to various risks from the use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

(a) Financial risk exposure and management

Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, and foreign currency risk) are managed such to maintain on optimal capital structure. The Group does not enter into derivative transactions to manage financial risks. In the current period, the Group's financial risk arises principally from cash financial assets. The Group invests its cash in term deposits and other appropriate bank accounts to obtain market interest rates.

Notes to the financial statements (continued)

20 FINANCIAL INSTRUMENTS (continued)

(b) Capital risk management

In previous years the Group incurred significant debts to finance project acquisition and development. Following effectuation of the DOCA, all historic borrowings have been repaid or extinguished and capital is now funded by issued capital. The Group consistently monitors expenditure and adjusts expenditure and raises capital as required. The capital of the Group now consists of equity of the Group (comprising issued capital and reserves as detailed in notes 12 and 13, and accumulated losses).

(c) Market rate risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk in relation to the acquisition of goods and services in South African Rand (ZAR) and United States Dollars (USD). The Group does not hedge this exposure by using financial instruments. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2020 **$**	2019 $
Financial Assets		
Cash and cash equivalents (USD)	**28,034**	27,434
Other financial assets (USD)	**33,513**	-
Other financial assets (ZAR)	**303,258**	363,764
Financial Liabilities		
Trade payables (USD)	**169,268**	77,255
Trade payables (ZAR)	**54**	4,532

The following tables show the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the presentation currency.

	Net Financial Assets/(Liabilities) in $AUD		
	ZAR	**USD**	**Total**
2020	303,204	(107,721)	364,697
2019	359,232	(49,821)	309,411

In respect of the above ZAR and USD foreign currency risk exposure in existence at the reporting date a sensitivity of 10% lower (or a relative strengthening of the Australian dollar) and 10% higher (or a relative weakening of the Australian dollar) has been applied. With all other variables held constant, post tax loss and equity would have been affected as follows:

ZAR: AUD $30,320 loss; AUD $30,320 gain (2019: AUD $35,923 loss; AUD $35,923 gain)
USD: AUD $10,772 gain; AUD $10,772 loss (2019: AUD $4,982 gain; AUD $4,982 loss)

Notes to the financial statements (continued)

20 FINANCIAL INSTRUMENTS (continued)

(ii) Interest rate risk

The following table details the Group's exposure to interest rate risk at the end of the reporting period.

	Average Interest Rate %	Floating Interest Rate $	Fixed Interest Rate $	Non-Bearing Interest $	Total $
			Maturing within 12 months		
2020					
Financial assets					
Cash at bank	0.04%	175,284	-	55,468	**230,752**
Trade and other receivables	-	-	-	10,855	**10,855**
Other financial assets	0.07%	-	20,000	336,771	**356,771**
		175,284	**20,000**	**403,094**	**598,378**
Financial liabilities					
Trade and other payables	-	-	-	399,753	**399,753**
	-	**-**	**-**	**399,753**	**399,753**
2019					
Financial assets					
Cash at bank	0.70%	1,996,781	-	27,435	**2,024,216**
Trade and other receivables	-	-	-	33,310	**33,310**
Other financial assets	0.13%	-	20,000	363,764	**383,764**
		1,996,781	**20,000**	**424,509**	**2,441,290**
Financial liabilities					
Trade and other payables	-	-	-	164,134	**164,134**
	-	**-**	**-**	**164,134**	**164,134**

Sensitivity analysis

At 30 June 2020, the effect on the Group's loss and equity as a result of changes in the interest rates, with all other variables remaining constant, would be as follows:

	2020 Interest rate risk		2019 Interest rate risk	
	+ 0.1%	**- 0.1%**	+ 0.1%	-0.1%
Financial assets				
Cash at bank	**175**	**(175)**	1,997	(1,997)
Other financial assets	**20**	**(20)**	20	(20)
	195	**(195)**	2,017	(2,017)

Notes to the financial statements (continued)

20 FINANCIAL INSTRUMENTS (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives.

Maturities of financial liabilities
The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities:

Contractual maturities of financial liabilities	**Less than 6 months $**	**6-12 months $**	**Over 12 months $**
2020			
Non-derivatives			
Trade and other payables	399,753	-	-
Total non-derivatives	**399,753**	**-**	**-**
2019			
Non-derivatives			
Trade and other payables	164,134	-	-
Total non-derivatives	**164,134**	**-**	**-**

(e) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, trade and other receivables, and other financial assets. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Any term deposits are to be held by at least AA rated banks thereby mitigating the risk of default on these deposits. The Group's policy is to review all outstanding debtors at the end of the reporting period and, based on directors' view on credit risk, an appropriate provision for impairment is raised. At the end of the reporting period, examination of the Group's trade debtors ledger reveals no reason for an impairment adjustment.

The Group does not have any material credit risk exposure to any single receivable or Company or any receivables under financial instruments entered into by the Group.

Notes to the financial statements (continued)

20 FINANCIAL INSTRUMENTS (continued)

In 2017 the Group paid a $565,729 (ZAR 5,574,974) mining rehabilitation bond to secure access to the Kangwane South project. Following the decision to dispose of the Kangwane South Project and seek refund of this bond, the directors considered a range of potential scenarios and their associated probabilities and expected time frames, before recognising a $164,732 or 35.2% (2019: $201,965 or 35.7%) impairment provision based on their best available estimate of the amount and timing of the potential refund, calculated in accordance with AASB 9 Financial Instruments. While this bond is held by a financial intermediary to mitigate against the risk of loss, this factor has been incorporated in the calculation of the impairment provision.

(f) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements is considered a reasonable approximation of their respective net fair values.

21 NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purpose of the statement of cash flow, cash includes cash on hand and at bank.

Cash at the end of the financial year is reconciled to the related items in the statement of financial position as follows:

	2020	2019
	$	$
Cash	**230,752**	**2,024,216**

(b) Reconciliation of (Loss) After Income Tax to Net Cash (Used In) Operating Activities

Loss after income tax	**(3,490,190)**	**(12,621,063)**
Add/(less) non-cash items:		
Net exchange differences	119,182	(8,638)
(Gain on) / Impairment of financial asset	(37,233)	201,965
Loss on acquisition of mineral exploration interests	334,871	7,539,885
Loan repaid on behalf of acquired subsidiary	-	40,000
Share based payment expense	100,952	2,118,892
Net cash used in operating activities before change in assets and liabilities	**(2,972,418)**	**(2,728,959)**
Change in assets and liabilities:		
Decrease in receivables	22,455	12,852
(Increase) in prepayments	(2,751)	(2,807)
Increase in provisions	5,896	8,617
Increase/ (decrease) in payables	235,619	(2,532)
Net cash (used in) operating activities	**(2,711,199)**	**(2,712,829)**

(c) Non-cash Financing and Investing Activities

In 2020, 66,974,252 shares valued at $334,871 were issued as partial consideration for the Lone Pine project as described in note 25. A total of 15,114,428 shares with a total value of $75,572 were issued in payment for due diligence services. Options with a total value of $144,580 were issued in consideration for capital raising costs.

Notes to the financial statements (continued)

21 NOTES TO STATEMENT OF CASH FLOWS (continued)

In 2019, 125,000,000 Initial Consideration shares, valued at a total of $3,625,000, and 125,000,000 Deferred Consideration shares, valued at a total of $3,625,000 were issued in consideration for the USA Lithium projects as described in note 25. A total of 5,190,000 shares with a total value of $103,800 were issued in 2019 for payment of capital raising costs.

(d) Financing Facilities

There were no financing facilities in place at the end of the period (2019: Nil) other than a credit card facility with a $20,000 limit that is repaid in full monthly and secured by a $20,000 deposit.

22 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No events that would have significant effect on the financial report have occurred since the end of the reporting period, other than:

- On 14 July 2020 Shaun Hardcastle resigned as a director.
- On 14 July 2020 the Company issued 147,500,000 shares on exercise of share options with an exercise price of $0.012 each, raising $1,770,000.
- On 19 August 2020 the Company issued a further 8,333,333 shares on exercise of share options with an exercise price of $0.012 each, raising an additional $100,000.
- On 21 August 2020 the Company paid the $USD18,000 exercise price to exercise an option to acquire the King Solomon Mine in Idaho.
- On 24 August 2020 5,000,000 unquoted share options with an exercise price of $0.04 per option and an expiry date of 7 September 2022 were issued to unrelated consultants.

23 CONTINGENT LIABILITIES AND COMMITMENTS

As a condition for the execution of the Kangwane South mining right, an environmental bond of ZAR5,574,974 (worth $303,258 at 30 June 2020 after recognition of a $164,732 impairment provision) was required by the South African Department of Mineral Resources prior to the commencement of mining activities on the tenement. This was paid on 17 February 2017 and is disclosed in note 10. However, no related liability is required or included in the Consolidated Statement of Financial Position at 30 June 2020. Following the cessation of exploration activity on the project by the Group and the intended disposal, this contingent liability has been replaced by the impairment provision.

Except for the above, as at the end of the reporting period, the Directors were not aware of any other contingent liabilities or contingent assets.

The following agreements create expenditure commitments that are not recognised as liabilities in the financial statements:

	2020 **$**	2019 $
Administrative and legal services commitments		
Due within 1 year	**60,000**	82,500
Due greater than 1 year and less than 5		-
Total	**60,000**	82,500
Executive services commitments		
Due within 1 year	**109,500**	**155,745**
Due greater than 1 year and less than 5	**-**	**-**
Total	**109,500**	**155,745**

Notes to the financial statements (continued)

24 SHARE BASED PAYMENTS

	2020 $	2019 $
Share based payments in the financial statements		
Share based payments for directors expensed	**(20,162)**	(887,115)*
Issue of 15,114,428 shares at deemed price of $0.005 per share for due diligence services in connection with Lone Pine acquisition	**(75,572)**	-
Share based payments for other employees and advisors	**(5,218)**	(1,231,777)
Total	**(100,952)**	(2,118,892)

***** This includes $23,025 for options issued to Mr Egerton-Warburton for services performed in February 2019 before he was appointed a director on 16 May 2019.

In addition, $144,580 of share-based payments were made in 2020 and recognised as a capital raising cost.

The following share options were issued and recognised during 2020:

- 6,000,000 $0.06 options expiring 30/12/2021 and 6,000,000 $0.07 options expiring 30/12/2021 were issued to a stockbroker for capital raising services on 10/02/2020 following approval at the 29/11/2019 general meeting for capital raising services. These options have been valued as at 29/05/2019 being the date the relevant services were performed. The combined value of these options of $110,580 has been recognised as a capital raising cost in 2020.
- 10,000,000 $0.012 options expiring 29/04/2023 were issued on 29/04/2020 to a stockbroker for capital raising services effectively performed on 20/02/2020. The value of these options of $34,000 has been recognised as a capital raising cost in 2020.
- 166,666,667 $0.012 free attached options were issued as 1:1 free attaching options for the capital raising in April 2020 as disclosed in note 12. No expense has been recognised for these free attaching options.
- 82,500,000 $0.012 options expiring 29/04/2023 were issued to directors on 29/04/2020 following shareholder approval on 20/04/2020. 41,250,000 of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. 41,250,000 of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. These options are being expensed over the expected vesting period to 29 April 2023. Of the total value of these options of $313,500, $20,162 has been expensed during 2020 with the following details:

Director	Number of options granted	Value of options granted ($)	Amount expensed during 2020 ($)
B Egerton-Warburton	22,500,000	85,500	5,498
P Lloyd	35,000,000	133,000	8,554
G Smith	25,000,000	95,000	6,110
Total	**82,500,000**	**313,500**	**20,162**

The following share options were issued on 10/02/2020 but measured and expensed from 2019:

- 1,000,000 $0.06 share options expiring 30/12/2021 were agreed to be issued to an advisor but were subject to shareholder approval. The value of these options of $7,670 was measured based on the value of the options as at the best estimate of the date when the services were performed of 14/05/2019 and fully expensed in 2019.
- 5,000,000 $0.06 share options expiring 30/12/2021 were agreed to be issued to an advisor in 2019 but subject to performance conditions that were not met until 2020. The value of these options, measured based on the value of the options as at the best estimate of the date when the services commenced, being 1/02/2019, is $30,300. $25,082 was expensed for these options during 2019 and $5,218 was expensed during 2020.

Notes to the financial statements (continued)

24 SHARE BASED PAYMENTS (continued)

Set out below are the summaries of Options issued as share based payments. No options were exercised during the year.

Issue Date	Expiry Date	Exercise Price ($)	Balance 01/07/19	Granted during the year	Issued during 2020 but granted during 2019	Expired or change due to resigning	Balance 30/06/20	Number vested & exercisable
21/12/2017	21/12/2020	0.048	6,000,000	-	-	-	6,000,000	6,000,000
7/09/2018	7/09/2022	0.04	47,250,000	-	-	-	47,250,000	47,250,000
7/09/2018	7/09/2022	0.05	47,250,000	-	-	-	47,250,000	47,250,000
28/02/2019	30/12/2021	0.06	6,250,000	-	-	-	6,250,000	6,250,000
28/02/2019	30/12/2021	0.07	2,500,000	-	-	-	2,500,000	2,500,000
16/05/2019	30/12/2021	0.06	4,000,000	-	-	-	4,000,000	4,000,000
16/05/2019	30/12/2021	0.07	4,000,000	-	-	-	4,000,000	4,000,000
10/02/2020	30/12/2021	0.06	-	-	6,000,000	-	6,000,000	6,000,000
10/02/2020	30/12/2021	0.06	-	6,000,000	-	-	6,000,000	6,000,000
10/02/2020	30/12/2021	0.07	-	6,000,000	-	-	6,000,000	6,000,000
29/04/2020	29/04/2023	0.012	-	92,500,000		-	92,500,000	10,000,000
			117,250,000	104,500,000	6,000,000	-	227,750,000	145,250,000
Weighted average exercise price ($)			0.0479	0.0181	0.060	-	0.0345	0.0473

The weighted average remaining contractual life of share-based payment options outstanding as at 30 June 2020 was 2.30 years (2019: 2.98 years).

The weighted average fair value of options outstanding as at 30 June 2020 was $0.0119 (2019: $0.0188).

Notes to the financial statements (continued)

24 SHARE BASED PAYMENTS (continued)

Fair values of share options issued are determined using the Black-Scholes model based on information available as at the measurement date, considering the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. Parameters for valuations of all share options recognised during the year or prior year were as below, with nil dividend yield expected:

Measurement date	3/08/2018	3/08/2018	7/09/2018	7/09/2018
Issue date	7/09/2018	7/09/2018	7/09/2018	7/09/2018
Expiry date	3/08/2022	3/08/2022	7/09/2022	7/09/2022
Expected volatility (%)	112%	112%	109%	109%
Risk-free interest rate (%)	2.27%	2.27%	2.11%	2.11%
Expected life of options (years)	4.00	4.00	4.00	4.00
Underlying share price	$0.033	$0.033	$0.029	$0.029
Option exercise price	$0.040	$0.050	$0.040	$0.050
Value of option	$0.02389	$0.02287	$0.02003	$0.01906
Number of options issued or expected to be issued	17,250,000	17,250,000	30,000,000	30,000,000
Value of options	$412,103	$394,507	$600,900	$571,800
Consideration received for options	-	-	$1,500	$1,500
Amount expensed during 2020	-	-	-	-
Amount expensed during 2019	$412,103	$394,507	$599,400	$570,300

Measurement date	1/02/2019	14/05/2019	28/02/2019	28/02/2019
Issue date	10/02/2020	10/02/2020	28/02/2019	28/02/2019
Expiry date	30/12/2021	30/12/2021	30/12/2021	30/12/2021
Expected volatility (%)	95%	100%	97%	97%
Risk-free interest rate (%)	1.74%	1.25%	1.64%	1.64%
Expected life of options (years)	2.91	2.63	2.84	2.84
Underlying share price	$0.018	$0.021	$0.018	$0.018
Option exercise price	$0.060	$0.060	$0.060	$0.070
Value of option	$0.00606	$0.00767	$0.00614	$0.00559
Number of options issued or expected to be issued	5,000,000	1,000,000	6,250,000	2,500,000
Value of options	$30,300	$7,670	$38,375	$13,975
Amount expensed during 2020	$5,218	-	-	-
Amount expensed during 2019	$25,082	$7,670	$38,375	$13,975

Notes to the financial statements (continued)

24 SHARE BASED PAYMENTS (continued)

Measurement date	16/05/2019	16/05/2019	20/04/2020
Issue date	16/05/2019	16/05/2019	29/04/2020
Expiry date	30/12/2021	30/12/2021	29/04/2023
Expected volatility (%)	99%	99%	162%
Risk-free interest rate (%)	1.20%	1.20%	0.27%
Expected life of options (years)	2.63	2.63	3.02
Underlying share price	$0.021	$0.021	$0.005
Option exercise price	$0.060	$0.070	$0.012
Value of option	$0.00752	$0.00685	$0.00380
Number of options issued or expected to be issued	4,000,000	4,000,000	82,500,000
Value of options	$30,080	$27,400	$313,500
Amount expensed during 2020	-	-	$20,162
Amount expensed during 2019	$30,080	$27,400	-

Measurement date	29/05/2019	29/05/2019	20/02/2020
Issue date	10/02/2020	10/02/2020	29/04/2020
Expiry date	30/12/2021	30/12/2021	29/04/2023
Expected volatility (%)	102%	102%	138%
Risk-free interest rate (%)	1.10%	1.10%	0.69%
Expected life of options (years)	2.59	2.59	3.19
Underlying share price	$0.024	$0.024	$0.005
Option exercise price	$0.06	$0.07	$0.012
Value of option	$0.00960	$0.00883	$0.003389
Number of options issued or expected to be issued	6,000,000	6,000,000	10,000,000
Value of options	$57,600	$52,980	$34,000
Amount recognised as a capital raising cost during 2020	$57,600	$52,980	$34,000

Notes to the financial statements (continued)

25 ACQUISITIONS OF MINERAL EXPLORATION INTERESTS

USA Gold and Copper-Gold Projects

During 2020, the Company incurred the following expenditures for acquisition of mineral exploration interests, that have been fully expensed in accordance with the Group's accounting policy.

	2020 $
Acquisition costs paid by the Company	
$USD35,000 non-refundable deposit paid for the Lone Pine Project	50,917
$USD253,480 cash consideration for the Lone Pine Project and associated costs	382,496
66,974,252 shares issued at a deemed price of $0.005 per share as part purchase consideration for the Line Pine Project	334,871
$USD1,000 option fee paid for King Solomon project	1,458
Due diligence costs	38,817
Total purchase consideration	**808,559**

USA Lithium Projects

During 2018 the Company agreed terms to acquire USA Lithium Limited (USA Lithium) which owns 100% interests in the Big Sandy Lithium Clay project (Big Sandy) and the Lordsburg Lithium Brine project (Lordsburg). Following shareholder approval on 3 August 2018, the acquisition was completed on 7 September 2018.

The terms of the transaction included:

- An option fee for due diligence on USA Lithium of $250,000 paid in the prior year with the issue of 12,500,000 shares at a deemed value of $250,000. This amount was expensed during the prior year.
- 125,000,000 Initial Consideration Shares in the Company. These shares have been valued at the Completion date at $0.029 each for a total value of $3,625,000 as disclosed in note 12.
- 125,000,000 Deferred Consideration Shares. These are ordinary shares in the Company that will only be issued on declaration by the Company of an inferred resource at the Big Sandy project of not less than 30Mt at a grade greater than 2,000ppm (or equivalent) within 36 months from Completion (occurred on 7 September 2018) along with ASX approval for this acquisition. These deferred consideration shares have been valued at the Completion date at $0.029 each for a total value of $3,625,000, as disclosed in note 12. This was based on the estimated likelihood, as at Completion, that these deferred consideration shares would be issued.
- Transfer of $250,000 to USA Lithium within 2 business days of shareholder approval. A total of $332,695 was actually advanced from the Company to USA Lithium Limited and its subsidiaries between shareholder approval on 3 August 2018 and Completion.

Notes to the financial statements (continued)

25 ACQUISITIONS OF MINERAL EXPLORATION INTERESTS (continued)

Details of the purchase consideration and the net assets acquired are as follows:

	7 September 2018 $
Purchase consideration paid by the Company	
125,000,000 Initial Consideration Shares	3,625,000
125,000,000 Deferred Consideration Shares	3,625,000
Payments to and on behalf of acquired entities between shareholder approval and Completion	332,695
Total purchase consideration	**7,582,695**
Fair value of assets and liabilities recognised as a result of the acquisition	
Cash acquired	22,068
Other debtors acquired	21,476
Creditors acquired	(734)
Net assets acquired at fair value	**42,810**
Excess of purchase consideration over net assets acquired – allocated to Mineral Exploration and Evaluation Expenditure *	**7,539,885**

* In accordance with the Group's accounting policy, all exploration and evaluation expenditure incurred as well as acquisition costs, are expensed. As a result, this excess allocated to Mineral Exploration and Evaluation Expenditure was expensed in 2019.

Directors' Declaration

1) In the opinion of the Directors of Hawkstone Mining Limited:

   a) the financial statements and notes, set out on pages 22 to 54 are in accordance with the Corporations Act 2001, including:

      (i) compliance with Accounting Standards, which, as stated in accounting policy Note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Reporting Standards (IFRS); and

      (ii) giving a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Group;

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:

Mr Barnaby Egerton-Warburton
Non-Executive Chairman
Dated at Perth this 30th day of September 2020

INDEPENDENT AUDITOR'S REPORT
To the members of Hawkstone Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hawkstone Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to be communicated in our report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Hawkstone Mining Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 September 2020

L Di Giallonardo
Partner

Corporate Governance

As part of the process of re-listing the Company on the ASX, the present Board has adopted a Corporate Governance plan with reference to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition) in order to achieve the highest standards of corporate governance. The Company intends to follow each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board will offer disclosure of the nature of, and reason for, the adoption of its own practice.

For the financial year ended 30 June 2020, the Company advises that all the principles and recommendations of the ASX Corporate Governance Council have been applied with the exception of the disclosures contained in the table set out below.

Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. As such, the Company has adopted a Diversity Policy to guide all recruitment and employment decisions.

Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment; and
7. recognise that employees at all levels of the Company may have domestic responsibilities.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

Compliance with ASX Recommendations

	Recommendation	Current Practice
1.1	A listed entity should disclose: (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management.	The Company's Board Charter sets out the roles and responsibilities of the Board and Management. It is available for review on the Company's website.
1.2	A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company has implemented a policy of undertaking police and bankruptcy checks on any senior employees and directors before appointment or putting to shareholders for election. The Company provides all relevant information on all directors in its annual report and in the notice of meeting in which a director is proposed to be elected.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.	The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Due to the current size of the Company and with regard to its current situation, the role of the Company Secretary was undertaken by a non-executive director for the majority of the year. On 9 March 2020, the Company Secretary resigned as a non-executive director and the Company now complies with this recommendation.
1.5	A listed entity should: (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) Disclose that policy or a summary of it; and (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: i. The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	The Company has adopted a formal Diversity Policy, a summary of which is provided above. As at 30 June 2020: • The Board of Hawkstone Mining Limited was comprised three members, all of whom were male. • In addition to the Board, there is one employee, the Company Secretary, who is female.

Corporate Governance

	ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	
1.6	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board Performance Evaluation Policy is available on the Company's website. During the reporting period, the Board collectively assessed their respective roles and contributions to the Company and determined they were appropriate for that point in the Company's development. The appointment of Greg Smith as a director was a result of such review. The Board will continue to review its composition as the Company progresses and consider if additional or different members can add value to the growth of the Company and relevance of the Board.
1.7	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Due to the current position of the Company, there are currently no senior executives employed. The Company will undertake periodic evaluations of senior executives at the appropriate stage of the Company's development.
2.1	The board of a listed entity should: (a) Have a nomination committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Board considers that given the current size of the Board and the Company, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.

2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board Charter, which is available on the Company's website, incorporates a set of skills and abilities that are desirable for the composition of the Board. The Board is satisfied that it an appropriate mix of desired skills for the current position of the Company. The Board will continue to review its composition as the Company progresses and consider if additional or different members can add value to the growth of the Company and relevance of the Board.
2.3	A listed entity should disclose: (a) The names of the directors considered by the board to be independent directors; (b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) The length of service of each director.	The Company considered that Barnaby Egerton-Warburton and Greg Smith are independent directors. The Company discloses the length of service for each director in the Director's Report of its annual report.
2.4	A majority of the board of a listed entity should be independent directors.	The composition of the Board is in compliance with this recommendation with 2 of the 3 directors considered to be independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Company complies with this recommendation.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	The Company has implemented an induction program for all new directors to appropriately familiarise them with the policies and procedures of the Company as part of its Corporate Governance plan. The Company encourages and facilitates all Directors to develop their skills, including with the provision of in-house seminars to maintain compliance in areas such as risk and disclosure.
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) Disclose that code or a summary of it.	The Company's Code of Conduct is available on the Company's website.
4.1	The board of a listed entity should: (a) Have an audit committee which: i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	The Company does not have an audit committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfils the duties of the audit committee and abides by the

Corporate Governance

	ii. is chaired by an independent director, who is not the chair of the board; and disclose: iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	adopted Audit Committee Charter (available on the Company's website). The Board has adopted a formal policy regarding the appointment, removal and rotation of the Company's external auditor and audit partner.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.	The Board receives a section 295A declaration from the consultants who act as equivalent to the CFO for each half yearly and full year report in advance of approval of these reports.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company's auditor is required to attend the Company's AGM and is available to answer questions relevant to the audit.
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Board has adopted a formal Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules. The Policy is available on the Company's website.
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company complies with this recommendation.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has developed a Shareholder Communications Strategy to ensure all relevant information is identified and reported accordingly.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and	The Company encourages all shareholders to attend General Meetings of the Company via

	encourage participation at meetings of security holders.	its notices of meeting, and in the event they cannot attend, to participate by recording their votes. The Company has implemented an online voting system to further encourage participation by shareholders. During the recent Covid-19 pandemic, the Company held a general meeting virtually to enable shareholders to participate regardless of geography.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company and its share registry actively encourage electronic communication. All new shareholders will be issued with a letter encouraging the registration of electronic contact methods.
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Company does not have a risk committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfil the duties of the risk committee and abides by the adopted Risk Management Policy (available on the Company's website). The Directors require that they are updated regularly on all financial, legal and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The Board reviews its risk management strategy annually.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the regular and consistent reporting in all risk areas.

Corporate Governance

7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company has the normal exposure to economic and environmental risks as would be expected for a junior mineral exploration company. The Company manages the economic risks by closely monitoring expenditure and foreign currency fluctuations. The Company manages environmental risks by ensuring that any contractors undertaking operations at the Company's project follow industry best practice.
8.1	The board of a listed entity should: (a) have a remuneration committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a formal remuneration committee. The Board will consider industry peers when evaluating the remuneration. The Board is cognisant of the fact that it wishes to attract and retain the best people, and will consider strategies other than monetary to balance the need for the best people and the financial position of the Company.
8.2	A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company discloses its policies on remuneration in the Remuneration Report set out in its annual report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company recognises that Director, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available on the Company's website) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.

ASX ADDITIONAL INFORMATION

The following information is based on share registry information processed up to 25 September 2020.

Ordinary Share Capital

1,219,906,775 shares are held by 2,477 individual holders.

Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

Restricted Securities

The Company has no restricted securities on issue.

Distribution of Holders of Equity Securities – Fully Paid Ordinary Shares

Holdings Range	Holders	Number of Shares
1 – 1,000	139	24,208
1,001 – 5,000	20	42,548
5,001 – 10,000	5	43,616
10,001 – 100,000	1,193	65,280,313
100,001 and over	1,120	1,154,516,090
Total	**2,477**	**1,219,906,775**

Unmarketable Parcels

Holders: 539
Units: 10,540,161

On-market Buy Back

There is no current on-market buy-back.

Substantial Shareholders

Holder	Holding Balance	% of Issue Capital
Mr Danny Allen Pavlovich <The Pavlovich Family A/C>	66,666,666	5.46

ASX ADDITIONAL INFORMATION

Twenty Largest Holders of Quoted Fully Paid Ordinary Shares (Grouped)

Name	Number of Shares	%
Mr Danny Allen Pavlovich <The Pavlovich Family A/C>	66,666,666	5.46
Paranoid Enterprises Pty Ltd	46,991,510	3.85
Coral Brook Pty Ltd <Lloyd Super Fund A/C>	28,682,690	2.35
Inception Mining Inc	27,907,497	2.29
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	21,488,063	1.76
Mr Stewart David Lloyd	20,000,000	1.64
Razorback Ridge Investments Pty Ltd <Greg Smith Super Fund A/C>	18,500,000	1.52
Mr Hans Rudolf Moser	18,233,976	1.49
Yallingup Invest Pty Ltd	18,000,000	1.48
Hollywood Marketing (WA) Pty Ltd	16,666,667	1.37
Mr Tim Powe	16,000,000	1.31
Mr Andrew William Spencer & Mrs Benedicte Marie Francoise Spencer <Spencer SF A/C>	15,776,822	1.29
Mr Michael Charles Mann & Mr Ross Gregory <The Saintly Unit A/C>	15,333,333	1.26
Citylight Asset Pty Ltd <Graham Super Fund A/C>	14,944,445	1.22
Mr Hien Quang Trinh <Trivest Capital A/C>	14,794,738	1.21
Mr Vikas Dnyandeo Borse	10,766,666	0.88
Harrison Land Services LLC	10,447,761	0.86
Mr Mark Ronald Wilkinson	10,351,189	0.85
Mr Antonius Joseph Smit	10,000,000	0.82
Mr Mark Alexander Brousek & Mrs Rhonda Joan Brousek	9,000,000	0.74
TOTAL	**410,552,023**	**33.65**

Unquoted Securities

Class	Number
Options exercisable at $0.048 each on or before 21 December 2020	6,000,000
Options exercisable at $0.04 each on or before 7 September 2022	47,250,000
Options exercisable at $0.05 each on or before 7 September 2022	47,250,000
Options exercisable at $0.06 each on or before 30 December 2021	10,250,000
Options exercisable at $0.07 each on or before 30 December 2021	6,500,000
Options exercisable at $0.012 each on or before 29 April 2023	20,833,334
Options exercisable at $0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	41,250,000
Options exercisable at $0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	41,250,000

ASX ADDITIONAL INFORMATION

Unquoted Securities >20% Holders

Class	Holder	Number	Percentage
Options exercisable at $0.048 each on or before 21 December 2020	CYM Holdings Pty Ltd <GCM A/C> Ms Oonagh Jane Malone Ms Rachel Pearce <The Pearce Family A/C>	2,000,000 2,000,000 2,000,000	33.33% 33.33% 33.33%
Options exercisable at $0.04 each on or before 7 September 2022	Mr Gregory Smith Mr Paul Lloyd	15,000,000 15,000,000	31.75% 31.75%
Options exercisable at $0.05 each on or before 7 September 2022	Mr Gregory Smith Mr Paul Lloyd	15,000,000 15,000,000	31.75% 31.75%
Options exercisable at $0.06 each on or before 30 December 2021	BXW Ventures Pty Ltd Union Square Capital Advisors LLC	7,750,000 2,500,000	76.00% 24.00%
Options exercisable at $0.07 each on or before 30 December 2021	BXW Ventures Pty Ltd Union Square Capital Advisors LLC	4,000,000 2,500,000	61.54% 38.46%
Options exercisable at $0.012 each on or before 29 April 2023	Citylight Asset Pty Ltd Dr Paul Mark Halley	8,500,000 8,333,334	40.80% 40.00%
Options exercisable at $0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	Coral Brook Pty Ltd Mr Gregory Smith BXW Ventures Pty Ltd	17,500,000 12,500,000 11,250,000	42.42% 30.30% 27.27%
Options exercisable at $0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	Coral Brook Pty Ltd Mr Gregory Smith BXW Ventures Pty Ltd	17,500,000 12,500,000 11,250,000	42.42% 30.30% 27.27%

Company Secretary

Oonagh Malone

Registered Office in Australia

Ground Floor, 24 Outram Street
West Perth WA 6005

Share Registry

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Tel: 1300 288 664

ASX ADDITIONAL INFORMATION

Schedule of Mining Tenements

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%
Big Sandy	BSLII 001 to BSLII 053	Arizona, USA	100%
Lordsburg	LLP-211 to LLP-274	New Mexico, USA	100%
Lordsburg	LLP-283 to LLP-298	New Mexico, USA	100%
Lordsburg	LLP-307 to LLP-322	New Mexico, USA	100%
Lone Pine	LP001 to LP075 U.P Patented Claim Burlington Patented Claim	Idaho, USA	100%
Western Desert	WD001 to WD030	Utah, USA	100%
Western Desert	WD-030 to WD-258	Utah, USA	100%
Western Desert	State Leases T4N R17W Sect 16 T4N R16W Sect 2 T5N R16W Sect 36	Utah, USA	100%
Kangwane South	N/A	Mpumulanga Province, South Africa	70%