

HAWKSTONE MINING LIMITED QUARTERLY ACTIVITIES REPORT DECEMBER 2017

HIGHLIGHTS

- **Aeromagnetic and radiometric survey successfully flown across Kangwane South Tenement**
- **Magnetic and radiometric interpretations completed following recently flown survey**
- **Interpretations confirm previous ground geophysical work in the delineation major dykes**
- **6 hole drill program commenced**

KANGWANE SOUTH PROJECT

During the quarter, Hawkstone Mining Limited (ASX: HWK) (Hawkstone or the Company) announced the commencement of the second phase of its exploration program at its Kangwane South Project, South Africa.

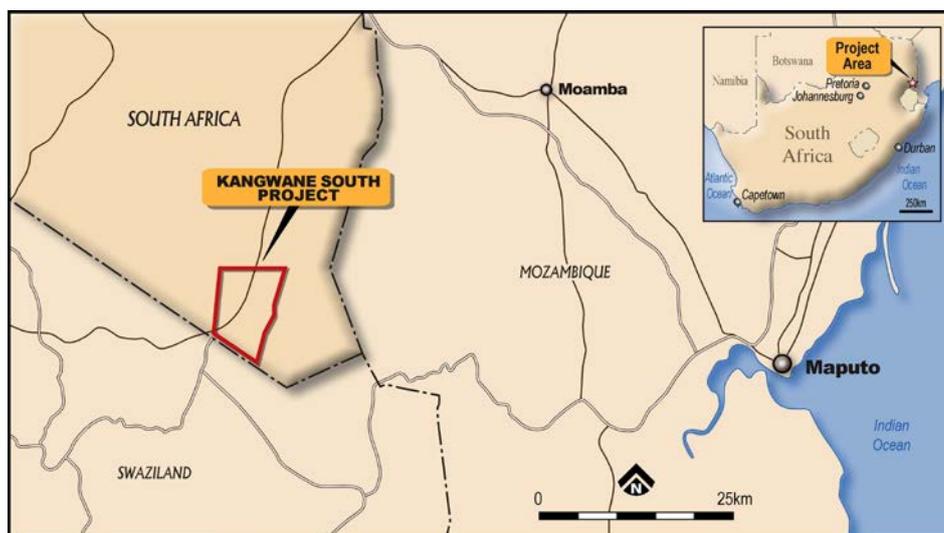


Figure 1. Kangwane South Project, South Africa.



The survey was a low-level, high resolution helicopter-borne magnetic and radiometric survey flown by contractor, New Resolution Geophysics (**NRG**), over the 45km² Kangwane South Project of the Komatipoort Coalfields, and consisting of 1,074 line kilometres.

Hawkstone engaged GAP Geophysics to undertake an interpretation of the data and has received a detailed report which has assisted the Company to refine targeting for its current drill program.

Subsequent to the quarter end, the Company received the interpretation of the aeromagnetic and radiometric data which has confirmed ground magnetometer surveys undertaken previously giving the Company increased confidence in the historical data regarding the Project. The survey interpretation has enhanced the Company's knowledge of the geological structure of the Project and has assisted with targeting of drill holes for the Company's current program. For further details of the interpretation of the aeromagnetic and radiometric survey, see the Company's announcement dated 30 January 2018.

The Company has now mobilised drill rigs to site with drilling commencing on a planned 6 hole program. Drilling will test an area known as North Block 2 within the Kangwane South Project that the aeromagnetic and radiometric survey, combined with historic drilling cross sections and geological interpretations, has identified as a favourable target area for underground mining.

The drilling will seek to confirm the historical washability characteristics of the different anthracite seams with new data from washabilities of the current drilling program. During the drilling, impact splitting tests will be conducted on the rock/sediments above and below the anthracite seams to characterise the potential underground mining conditions that will be encountered.

Jurisdictional Risk

Since the Company's reinstatement to quotation in March this year, there has been increased concern in the market surrounding mining activities in Africa. The Company continues to evaluate the risks inherent with its operations in South Africa as outlined in its Prospectus dated 30 September 2016.

Whilst the Company still believes that the Government of South Africa supports the Company's activities, there are no assurances that the future political and economic conditions in South Africa will not change and have an adverse impact on the Company's activities (as outlined in the Company's Prospectus dated 30 September 2016). As such, the Company continues to monitor the political and economic landscape of South Africa (and Africa generally) and will look to evaluate other assets in order to diversify its portfolio and limit its exposure to jurisdictional risk.



Competent Person's Statement

Information contained in this announcement that relates to Exploration Results for the Kangwane South Project is based on, and fairly represents, information compiled by Mr. David van Wyk, a Competent Person who is a Professional Natural Scientist of the South African Council for Natural Scientific Professions, a "Recognised Professional Organisation" included in a list posted on the ASX website from time to time. Mr. van Wyk is the proprietor of GeoCoal Services CC which provides geological consulting services. Mr. van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking in respect of the Kangwane South Project to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. van Wyk consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears in this announcement. The Exploration Results in this announcement were first reported by the Company on 30 January 2018. 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 announcement.



Appendix 1
Tenement Listing

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2017.

Project	Location	Interest
Kangwane South Project	Mpumulanga Province, South Africa	70%

No tenements or farm-in/farm-out agreements were acquired or disposed of during the period.