ASX ANNOUNCEMENT **13 November 2018**
ASX:HWK

COMPLETION OF MAIDEN DRILLING PROGRAM DELIVERS ENHANCED UNDERSTANDING OF BIG SANDY LITHIUM PROJECT

HIGHLIGHTS

- **Maiden drilling program has confirmed significant lithium mineralisation at the Big Sandy Lithium Project with all assays now received.**
- **Enhanced understanding and interpretation of the mineralisation and project geology confirms significant lithium mineralisation in the northern zone, with a further target area in the south.**
- **Key results from the program include:**
  - **43.8 m @ 2,089 ppm Li in DDH6 including:**
    - **11 m @ 2,537 ppm Li from 12 metres**
    - **5.28 m @ 2,260 ppm Li from 38 metres**
    - **2.67 m @ 2,761 ppm Li from 46.3 metres**
  - **22 m @ 2,020 ppm Li in DDH7 including:**
    - **3.0 m @ 2,416 ppm Li from 11 metres**
    - **10.0 m @ 2,486 ppm Li from 18 metres**
- **Mineralisation remains open to the west of northern mineralised zone and planning for a focussed follow-up drill program is underway.**
- **Metallurgical test work on the diamond drill core samples has commenced – preliminary results expected during Q4/18.**

Hawkstone Mining Limited (ASX:HWK) (**Hawkstone** or the **Company**) is pleased to announce completion of the maiden diamond drill program at the Big Sandy Lithium Project (**Big Sandy**) located in Arizona, USA.

This program was highly successful and confirmed the presence of significant lithium mineralisation across several horizons throughout the Big Sandy project area. When combined with the updated geological interpretation on Big Sandy, two zones of lithium mineralisation have been identified as key priorities.

The phase 2 drilling program is planned for the northern zone in early 2019.

Mr Greg Smith, the Chief Technical Officer commented:

> *"These maiden drilling results mark another achievement for the Company in a very short space of time. This initial drill program was designed to provide a better understanding of the lithium mineralisation across the interpreted 11 km of strike at Big Sandy.*
>
> *Drilling was successful and combined with the geological mapping delineated the presence of several thick zones of high-grade lithium mineralisation in the northern part of the project area and demonstrated a significant target area in the southern portion of the project area.*
>
> *Our priority focus will be further drilling on the northern mineralised zone that is planned to commence in early 2019."*

The maiden program initially sought approval from the Bureau of Land Management (**BLM**) for 16 holes. However during drilling and with further geological mapping providing a refinement of the initial geological interpretation, it was determined to defer the final 4 holes.

Separately the Company has commenced metallurgical test work on the diamond drill core, with results to be released as they are received and interpreted.

BIG SANDY LITHIUM PROJECT – DRILLING & RESULTS

The maiden drilling intercepts have successfully identified a clay hosted lithium mineralised zone measuring approximately 3,000m x 1,000m in the northern portion of the project area (Figure 1). This zone is bounded by the basin (graben) margin to the east as defined by basalt flows intersected in DDHs 5 and 8 and in outcrop in river cuts. The western margin is defined by surface geological mapping with the alteration associated with the lithium mineralisation appearing to decrease to the west. Further drilling is required to confirm this observation.

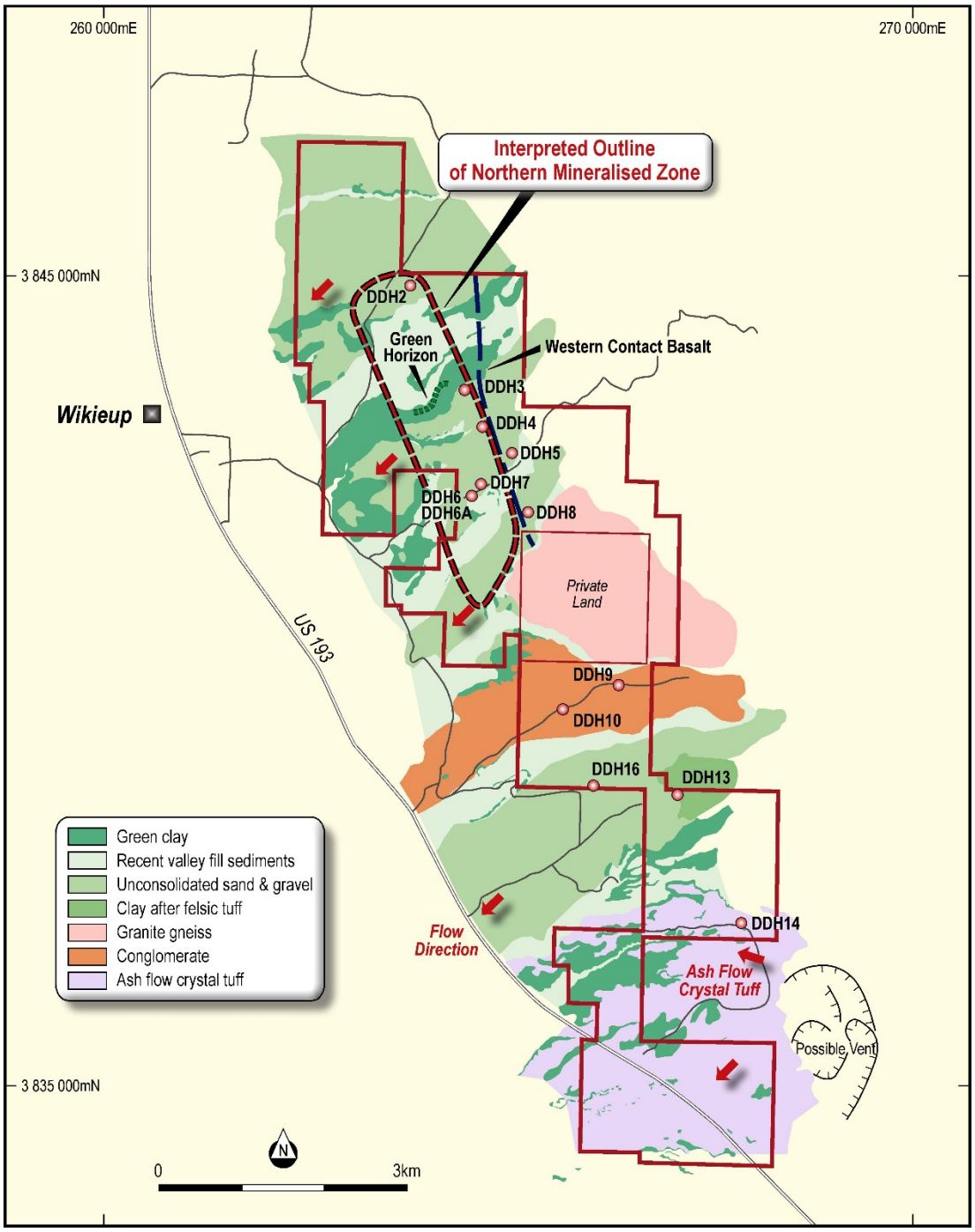

Figure 1 – Geology Big Sandy Project

NORTHERN MINERALISED ZONE

Holes drilled in the Northern Mineralised Zone include DDHs 2, 3, 4, 6/6A and 7. Holes DDH6/6A and 7 lie in the south-central part of the mineralised zone (Figure 2). As previously reported, they intersected shallow lithium mineralised intercepts from just over 8m downhole.

- **DDH6/6A returned 43.8 metres @ 2,089 ppm Li from 8.2 metres, including:**
  - **11 m @ 2,537 ppm Li from 12 metres;**
  - **5.28 m @ 2,260 ppm Li from 38 metres; and**
  - **2.67 m @ 2,761 ppm Li from 46.3 metres.**
- **DDH7, 190m to the northeast contained 22 metres @ 2,020 ppm Li and 11.0 metres @ 2,013 ppm Li from 36.0 metres, including:**
  - **3.0 m @ 2,416 ppm Li from 11 metres; and**
  - **10.0 m @ 2,486 ppm Li from 18 metres.**
- **DDH4, collared at an elevation 47 metres above DDH7 and drilled 700 metres north of DDH7, returned 3 mineralised zones:**
  - **18.8 m @ 1,288 ppm Li from 8.2 metres;**
  - **14.0 m @ 1,677 ppm Li from 46.0 metres; and**
  - **13.0 m @ 1,672 from 76.0 metres.**

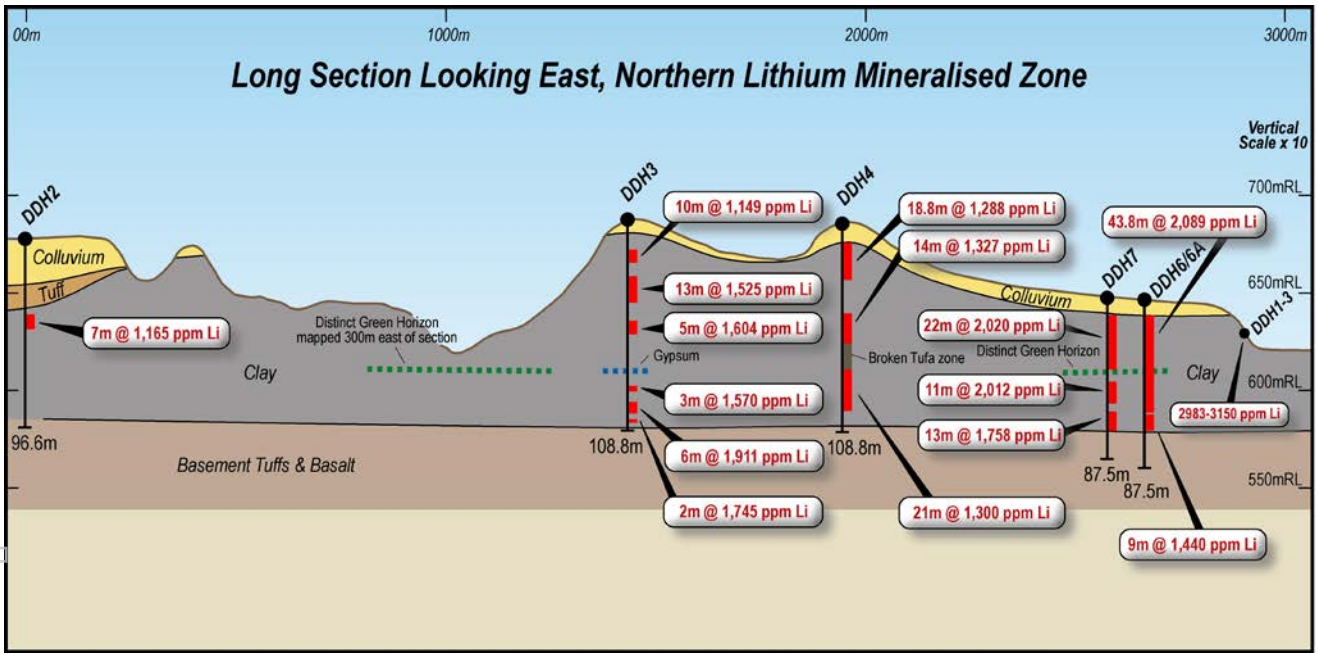

Figure 2 – Long Section – Northern Lithium Mineralised Zone

DDH3, located 500m northeast of DDH4 and at a similar elevation, intersected 6 mineralised zones as defined by a 1,000ppm Li bottom cut. They ranged from 2 metres to 10 metres in thickness and averaged from 1,149ppm to 1,912ppm Li (Table 1). Although DDH3 contains 6 intercepts using a bottom cut of 1,000ppm, it averages 1,005ppm Li over 99 metres from 9.75 metres, the base of colluvium.

DDH2, located 1,200 metres northwest of DDH3 and interpreted to define the northern margin of the zone, intersected altered clays that returned 7 metres grading 1,165ppm Li from 35 metres.

Geological mapping of the Northern Mineralised Zone has demonstrated the presence of a flat lying, 20cm – 30cm thick distinct green coloured horizon in a river valley approximately 300 metres to the east of DDH3. This zone can be traced over 500 metres up river to where it disappears under overlying clays along rising

elevation (Figure 1 & Photo 1). A similar distinct green coloured horizon was intersected at the same elevation in holes DDH6 and 7 (Photo 2). Lithium mineralised clays above and below the green horizon demonstrate similar white concretions in both outcrop and drill holes indicating that the lithium mineralisation intersected in DDHs 6 and 7 is potentially continuous over a strike length of greater than 1,200m (Photos 1 & 3). DDHs 3 and 4 on the eastern margin of the mineralised zone intersected gypsum and tufa at the same elevation. This is interpreted to represent a period of non-deposition and evaporation in the development of the basin.

Two grab samples, BSG002 and BSG003 taken in weathered clays below and above the green horizon in the river valley at the same location as Photo 1 returned 1,380ppm and 1,480ppm Li respectively. The area has been subject to a high degree of carbonate alteration relative to the surrounding area producing a distinct weathering (Photo 4).

Photo 1 – Green Horizon in Outcrop

Photo 2 – DDH7 Green Horizon

Photo 3 – DDH6A Mineralised Zone

Photo 4 – Mineralised Zone in River Valley

SOUTHERN CLAIM AREA – DRILLING AND GEOLOGY

Drill holes in the southern part of the claim group (DDHs 9, 10, 13, 14 and 16) did not intersect significant lithium bearing clays as intersected in the Northern Mineralisation Zone. DDHs 9 & 10 intersected thin unconsolidated sand and gravels overlaying carbonate cemented conglomerate resting on a granite/gneiss basement (Figure 1). DDH16 intersected similar geology to DDHs 9 and 10. Based on visual inspections of the core, DDHs 9, 10 and 16 were not submitted for assay. Sampling from DDHs 13 and 14 did not return any significant intercepts. DDH13 intersected an altered felsic tuff on the basin margin that was weathered to clay in outcrop. DDH14 intersected red-purple ash flow tuffs interpreted to have filled an existing channel in the clays. These tuffs are extensive, covering a majority of the southern claim area and have preserved the majority of the underlying clays.

Previous surface sampling on these clays has returned results of up to 1,410ppm Li and the Company will now design a targeted exploration program to further evaluate this southern region where significant clay outcrops have been identified along river cuts. These were previously interpreted to represent a continuous clay horizon extending under the transported sand and gravel as in the northern part of the claim group. This drill program has shown the clays not to be continuous and has provided a further understanding of the geology allowing the Company's future programs to focus on the exploration of areas where the river systems have not eroded the clays.

PLANNED NEXT PHASE OF EXPLORATION

The Phase 2 drill program has now been designed to define the extent of the lithium mineralised clays in the Northern Mineralised Zone. This program will commence upon the granting of necessary approvals.

For further information, please contact:

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COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results is based on and fairly represents information compiled by Mr Greg Smith, a Competent Person whom is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith is the Company's Chief Technical Officer and holds securities in the Company. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the exploration results originally reported by the Company on 20 September 2018 and 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: SIGNIFICANT INTERCEPTS FROM THE DRILL PROGRAM

Table 1 – Significant Intercepts

Hole Id	Easting	Northing	RL	From (m)	To (m)	metres	Li ppm
DDH2	263772	3844848	660	39	46	7	1,165
DDH3	264421	3843566	661	16	26	10	1,149
				29	42	13	1,525
				53	58	5	1,604
				85	88	3	1,570
				93	99	6	1,911
				102	104	2	1,745
DDH4	264643	3843106	662	8.2	27.0	18.8	1,288
				46.0	60.0	14.0	1,327
				76.0	97.0	21.0	1,300
DDH5	265004	3842783	637	13.0	17.5	4.6	1,506
DDH6/6A	264508	3842247	615	8.2	52.0	43.8	2,089
				Incl. 11m @ 2,537 ppm Li from 12 - 23m			
				Incl. 5.28m @ 2,260 ppm Li from 38 - 43.28m			
				Incl. 2.67m @ 2,761ppm Li from 46.33 - 49m			
				53.0	62.0	9.0	1,440
DDH7	264618	3842396	619	8.0	30.0	22.0	2,020
				Incl. 3m @ 2,416 ppm Li from 11 - 14m			
				Incl. 10m @ 2,486 ppm Li from 18 - 28m			
				36.0	47.0	11.0	2,013
				52.0	63.0	11.0	1,589
DDH8	265202	3842041	645	*No significant intercept*			
DDH9	266297	3839895	662	*Not sampled following visual inspection*			
DDH10	265607	3839607	641	*Not sampled following visual inspection*			
DDH13	267014	3838538	600	*No significant intercept*			
DDH14	267791	3836943	625	*No significant intercept*			
DDH16	265975	3838653	596	*Not sampled following visual inspection*			
**Easting and Northing in UTM NAD83 Zone 12*							

These significant intercepts were calculated using a weighted average with a bottom cut of 1,000ppm Li. Included intercepts of less than 1,000ppm in DDH3 and 4 that were deemed to be representative of the mineralised zone were included in the weighted average.

As previously reported, DDH6A was collared approximately 1m from DDH6 to recover the upper portion of the clay interval lost in DDH6. The significant intercept for DDH6/6A includes results from 8.23m to 16m from DDH6A and from 16m onwards from DDH6.

Appendix 2: DRILL RESULTS

The Company provides the following information in accordance with Listing Rule 5.7.2:

Table 2 – Drill Hole Locations

Hole ID	UTM East	UTM North	RL (m)	Dip	Azimuth	Depth (m)
DDH2	263772	3844848	655	-90	0	96.62
DDH3	264421	3843566	661	-90	0	108.81
DDH8	265202	3842041	645	-90	0	52.43
DDH9	266297	3839895	662	-90	0	64.62
DDH10	265607	3839607	641	-90	0	81.38
DDH13	267014	3838538	600	-90	0	24.99
DDH14	267791	3836943	625	-90	0	63.09
DDH16	265975	3838653	596	-90	0	47.85

Note: All holes are located in UTM84 - 12S
All holes are drilled vertical

Appendix 3: JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.	This announcement primarily relates to sampling completed as a result of a diamond drill programme. Results of 2 rock chip grab samples are included that were taken from outcrop. Previous sampling programmes have been primarily channel sampling with some random grab samples. It has also included sampling of shallow auger drill holes.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Samples of drill core were taken at approximately 1m intervals with respect for geological contacts. Grab samples were randomly taken over an area of $1m^2$.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	With the exception of the surficial colluvium that was not sampled the entire diamond core was split (halved) and sampled.
Drilling techniques	Drill type (e.g. core, reverse circulation, open hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube,	The drilling was completed using a Mooroka mounted Longyear 44 and core recovered in a standard 1.52m core barrel. It produced BQ sized core of 36.5mm in diameter.
	depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc.).	As all of the stratigraphy is flat lying all holes are drilled vertical and no core orientation is required. As all potentially mineralised zones lie within 100m of surface no downhole surveys were completed.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	All recoveries were first calculated and 1m downhole depths marked prior to geological logging and sampling.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	The core was drilled with a bit that has been found to work exceptionally well in tuffs/clays. Both the rotation speed and feed rate were slowed to maximise recovery.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Core recovery was greater than +90% in the mineralised intervals. The Li mineralisation is hosted in clay that is extremely fine grained and even textured.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Geological logging was completed on all core noting the rock type, grainsize, colour, presence of carbonate and clay type to a level required to support Mineral Resource estimation, mining studies and metallurgical studies.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography	Logging has been completed in the form of geology and recoveries. All core has been photographed both wet and dry.

Criteria	JORC Code Explanation	Commentary
	The total length and percentage of the relevant intersections logged.	The entire core is logged noting any intervals of low or non-recovery.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	All core was halved using a paint scrapper or diamond saw depending upon the hardness of the material.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Half core was taken and bagged in consecutively numbered bags for analysis.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Representative of material drilled.
	Quality control procedures adopted for all subsampling stages to maximise representivity of samples.	A duplicate consisting of quarter core, a standard or blank were placed in the sample stream at a ratio of 1:10.
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.	Half core taken as the sample with the exception of the duplicate samples where the half core was split into 2 samples consisting of a quarter core each.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are appropriate for grain size of material sampled. Lithium hosted in micron scale clay minerals.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the Assaying and laboratory procedures used and whether the technique is considered partial or total.	The assay technique (ME-MS61) is a total process, as a 4 acid digest is used to remove the lithium from the clay prior to analysis. This method was used for both the core and grab samples.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	These geophysical instruments are not used in assessing the mineralization at the Project. Quality control procedures consist of inserting a standard, blank or duplicate sample into the sample stream at a ratio of 1:10. From the data to date the results of the QC samples are within acceptable levels.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	All diamond drill results were examined by GL Smith a consultant geologist whom is contracted to the company.
	The use of twinned holes.	No twin holes were drilled or have been drilled.
	Documentation of primary data, data entry procedures, data	The data are currently stored in hardcopy and digital format in the Company's office.
	verification, data storage (physical and electronic) protocols.	A hard drive copy of this is stored with GL Smith.
	Discuss any adjustment to assay data.	No adjustment was made to assay data.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	All diamond drill holes have been set out utilizing hand held GPS units, having an accuracy of ± 3m in open ground.
	Specification of the grid system used.	UTM NAD83 Zone 12
	Quality and adequacy of topographic control.	No survey has been undertaken. Hand held GPS coordinates have been utilized to locate drill holes to date.

Criteria	JORC Code Explanation	Commentary
Data spacing and distribution	Data spacing for reporting of Exploration Results.	The diamond drilling described in the report preceding this table are at no specific spacing.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The diamond drilling described in the report preceding this table are holes specifically used to determine the lithium grades below the surface oxidisation, the geology and potential extent.
	Whether sample compositing has been applied.	No sample compositing has been applied.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	The diamond holes were holes to a depth of ~100m to determine the geology, grade distribution and potential extents.
	If the relationship between the drilling orientation and the orientation of key mineralised structures are considered to have introduced a sampling bias, this should be assessed and reported if material.	No sampling bias as the vertical diamond holes were drilled into a near flat lying lacustrine sediments.
Sample security	The measures taken to ensure sample security.	All samples were sampled and delivered directly to ALS sample preparation facility in Tucson, Arizona.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No reviews have yet been completed.

Section 2 Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The Big Sandy project consists of 258 mining claims of approximately 20 acres each, physically staked on Bureau of Land Management, Federally administered land. All indigenous title is cleared and there are no other known historical or environmentally sensitive areas.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The claims have been granted and are subject to an annual payment. Other than the payment there is no requirement for minimum exploration or reporting. There is no expiry date on the claims.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	There has been no exploration for lithium mineralisation on this project other than that completed previously by Big Sandy Inc (wholly owned subsidiary of Hawkstone Mining Ltd).
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	All information as listed is provided in the preceding tables.

Criteria	JORC Code Explanation	Commentary
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	This information has not been excluded.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	Composite drill results at the Big Sandy Project are simple weighted averages with no upper or lower grade truncations.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	As all samples are 1m or near 1m intervals dependent on geology the aggregate intercepts are the average of that interval.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are stated.
Relationship between mineralization widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralization with respect to the drill hole angle is known, its nature should be reported.	Where thicknesses are stated from the drilling the intercepts reflect the true thickness as the beds are flat lying.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	As above.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Appropriate maps are included.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	This release includes results to date from the drilling.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	This information will be supplied as the project advances and said data is generated.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Ongoing diamond drill testing of the lacustrine sediments will continue.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	The diagrams in the attached release show the zone for proposed future drilling.