ASX ANNOUNCEMENT 28 March 2019
ASX:HWK

BIG SANDY PROJECT – LITHIUM EXPLORATION TARGET

HIGHLIGHTS

- **Exploration Target highlights the potential of the Big Sandy Lithium Project**
- **3,700m Diamond drilling program has commenced with results of the initial drill holes pending**
- **Ongoing drilling program with objective of declaring JORC compliant resource in Northern Mineralised Zone**

Hawkstone Mining Limited (ASX:HWK) ("**Hawkstone**", "the **Company**") is pleased to announce an Exploration Target for its Big Sandy clay hosted lithium project. The Company has already commenced testing the target via a 37-hole diamond drill program (see ASX announcement dated 21 February 2019). This program follows the successful maiden drilling program (see ASX announcement dated 13 November 2018) which confirmed lithium mineralisation across the project area. Assay results from the initial drill holes in the program are pending.

EXPLORATION TARGET - BIG SANDY LITHIUM CLAY PROJECT

Considerable exploration has been completed on the Big Sandy Lithium Project in the form of geological mapping, surface sampling and a Phase 1 drilling program, enabling the definition of the Northern Mineralised Zone as well as an area in the southern claim area that contains large areas of flat lying lithium bearing lacustrine clays. This data has been used in the estimation of an Exploration Target for the Big Sandy Project of **242.1Mt to 417.6Mt at 1,000 - >2,000ppm Li** summarised below in Table 1. Note that the potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain whether future exploration will result in the definition of a mineral resource.

Zone	Resource Block	Grade Range Li ppm	Thickness Lower (m)	Thickness Upper (m)	Lower (tonnes)	Upper (tonnes)
North	A	1,000 - >2,000	30	50	21,600,000	36,000,000
North	B	1,000 - >2,000	40	60	82,800,000	124,200,000
North	C	1,000 - > 2,000	15	25	27,000,000	45,000,000
North	D	1,000 - > 2,000	30	50	27,000,000	45,000,000
South	SMZ	1,000 - > 1,500	30	60	83,700,000	167,400,000
				TOTALS	**242,100,000**	**417,600,000**

Table 1 – Summary of Exploration Target Ranges at varying thicknesses

The Exploration Target has been estimated using a range of thicknesses for the mineralised clays calculated from drill intercepts, surface sampling and geological mapping. The grade estimates a range of values demonstrated from drilling and surface sampling.

"The Exploration Target marks a significant milestone for the Company, in under 12 months we have moved from project acquisition through to advanced drilling, building significant momentum towards our objective of defining a JORC resource. The Exploration Target forms part of an aggressive exploration program with the maiden drilling program confirming significant lithium mineralisation and recent metallurgical testing identifying successful leaching of the lithium from the clays. With diamond drilling continuing and further assays pending, the Company expects a stream of significant newsflow over the coming months."

- **said Mr Paul Lloyd, Managing Director Hawkstone Mining.**

NORTHERN MINERALISED ZONE (NMZ) – HISTORICAL EXPLORATION

Drilling, geological mapping and surface sampling have defined a mineralised zone measuring 3,000m x 1,000m (Figure 1). This zone is bounded by the basin (graben) margin to the east as defined by basalt flows intersected in DDH5 and DDH8 and in outcrop in river cuts. The western margin was 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. The southern limit of the mineralised zone is the granite/gneiss island and DDH2 defines the northern boundary.

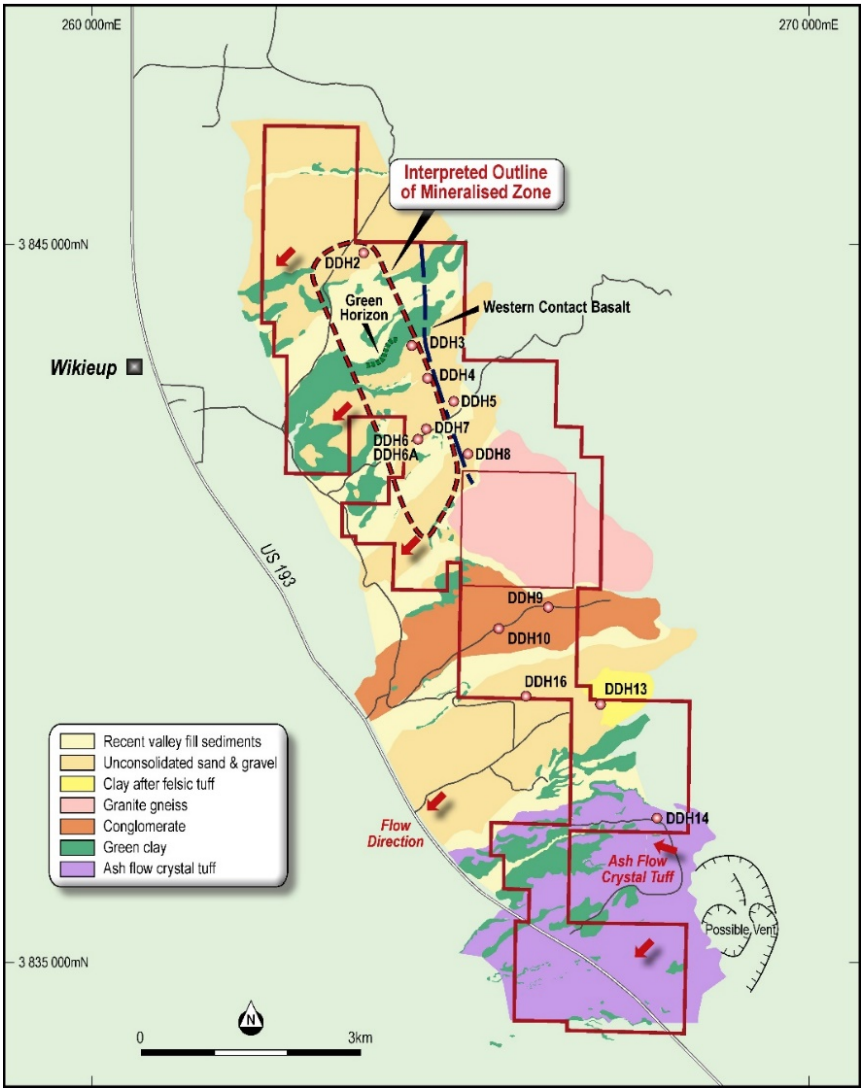

Figure 1 – Big Sandy Project, Geology and Mineralised Zones with completed drillholes

NORTHERN MINERALISED ZONE (NMZ) – COMPLETED DRILLHOLES

Completed drillholes in the NMZ include DDH's 2, 3, 4, 6 and 7 (Figure 2), holes DDH6/6A and DDH7 lie in the south-central part of the mineralised zone. As previously announced (see ASX announcement dated 13 November 2018), previous drilling intersected shallow lithium mineralisation from just over 8m downhole, with better intercepts including:

- **DDH6** - 43.8 m @ 2,089 ppm Li from 8.2 metres
- **DDH7** - 22 m @ 2,020 ppm Li from 8.0 and 11.0 m @ 2,013 ppm Li from 36.0 metres
- **DDH4** - 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 ppm from 76.0 metres
- **DDH3** intersected 6 mineralised zones as defined by a 1,000 ppm Li bottom cut ranging from 2m to 10m in thickness and averaging from 1,149 ppm to 1,912 ppm Li.

Although **DDH3** contains 6 intercepts using a bottom cut of 1,000 ppm it averages 1,005 ppm Li over 99m from 9.75m, the base of colluvium. **DDH4** demonstrates similar mineralisation averaging 1,065 ppm Li over 91.5m from 8.23m, the base of colluvium.

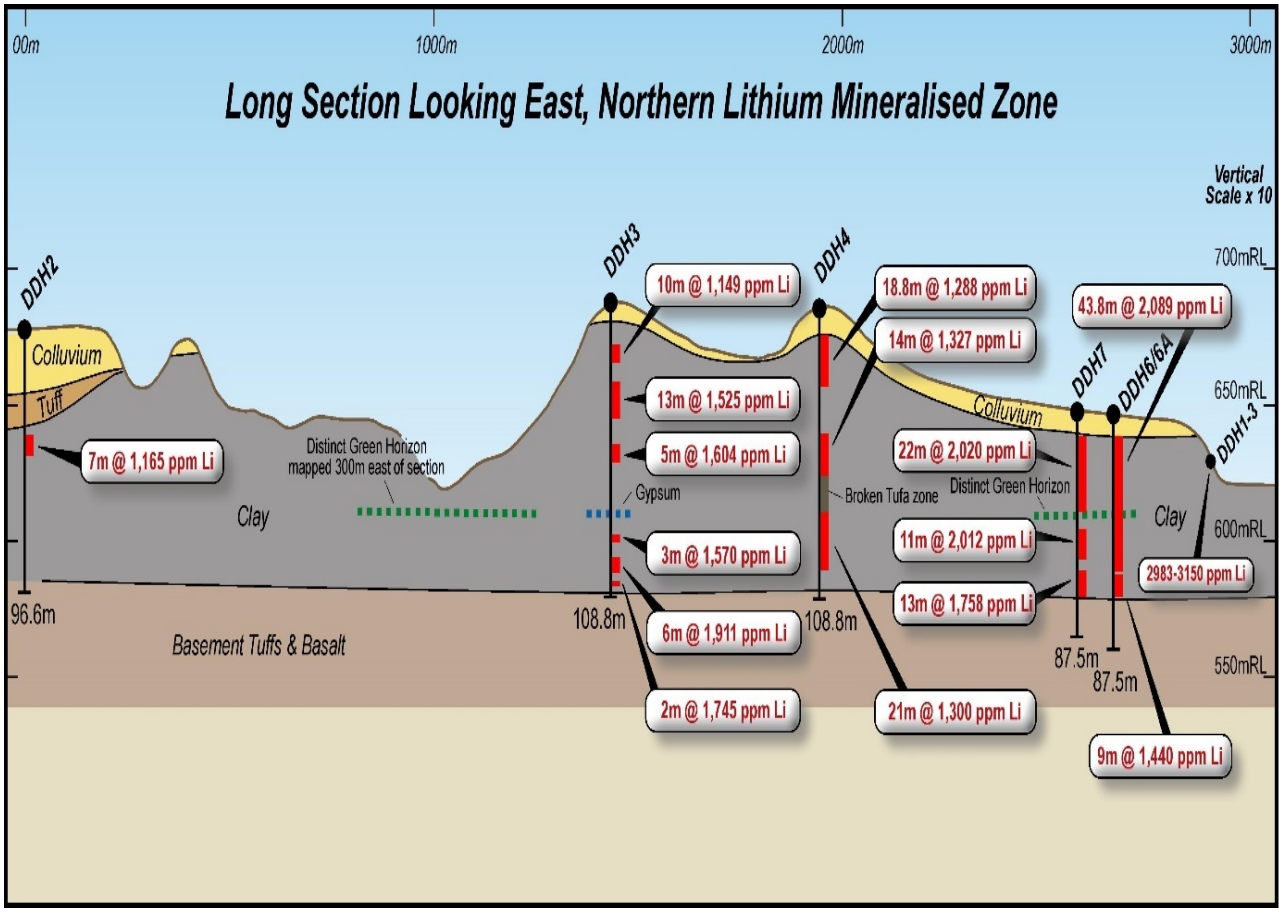

Figure 2 – NMZ cross section of significant intercepts

BIG SANDY EXPLORATION TARGET RESOURCE BLOCKS (DETAILED)

Block A: Currently undergoing drill testing (Figure 3). The calculation of the Exploration Target utilised a lower thickness of 30m, reflecting the composite thickness of the mineralised interval in DDH7. An upper thickness of 50m was applied considering the increased thickness of mineralised clays in DDH6 as well as the known increase in thickness in the mineralised clays towards DDH4 contain lithium mineralised clays up to 73m thick.

Grade range in the zone is from a lower cut of 1,000 to >2,000 ppm Li. **Diamond drilling has returned intercepts up to 3,070 ppm Li**. Higher grade sections are present in both DDH6 and DDH7 but have not been included in the Exploration Target.

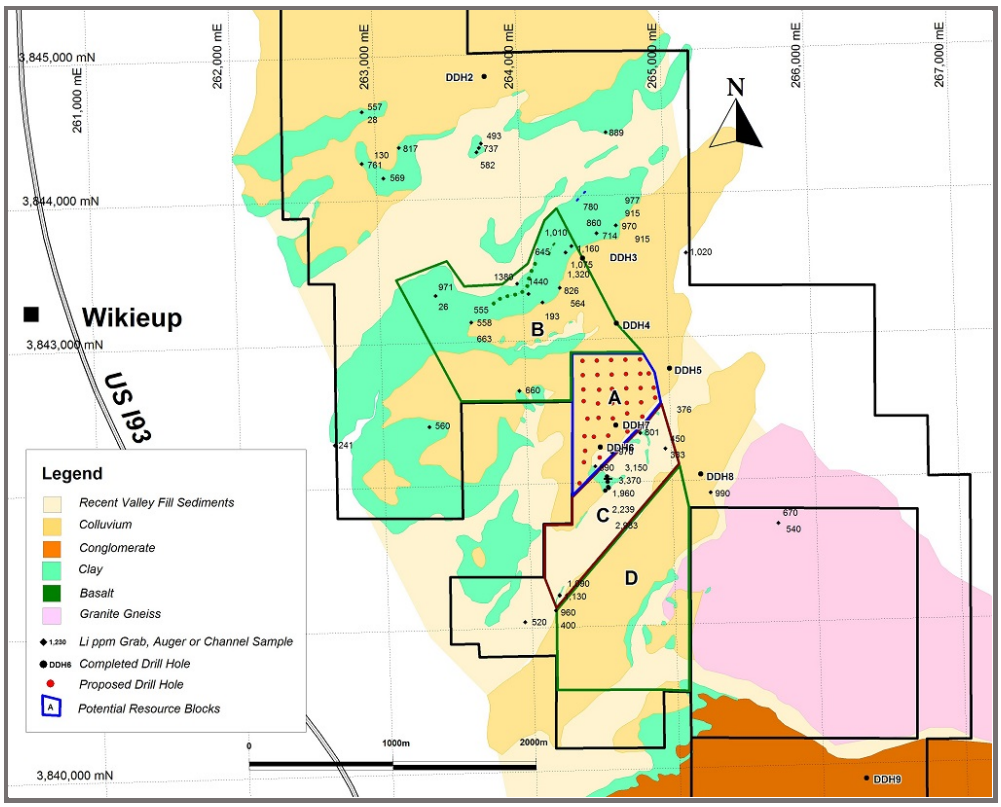

Figure 3 – NMZ Exploration Target Resource Blocks

Block B: Located immediately north of Block A. Both holes DDH3 and DDH4 on the eastern margin of this block contain significant intercepts at an average over 1,000 ppm from base of colluvium to 89m and 73m respectively (see ASX announcement dated 13 November 2018). Surface sampling has returned results up to 1,480 ppm Li and shallow auger sampling up to 3,370 ppm Li. A lower thickness of 40m was used reflecting the average of Block A and 60m was used as an upper estimate considering the presence of a thick mineralised clay interval in DDH3 and similar rocks as intersected in DDH6 and DDH7 mapped to the west of DDH3 (Photo 1). A similar grade range has been used as in Block A on the basis of geological continuity.

Photo 1 – Block B mineralised lithium clays

Block C: located to the immediate south of Block A. A range of 15m to 25m thickness was placed on the zone. It occupies an erosional drainage and colluvium depositional area. Contour maps were used to estimate erosion of approximately 20m from the top of the mineralised intercept in DDH6. Grade range was estimated from intercepts in DDH6 and DDH7 as well as results from auger holes that returned up to 3,370 ppm Li.

Block D: Lies to the south of Block D occupying the most southern portion of the NMZ. Geological mapping and surface sampling demonstrated the presence of mineralised clays that have not been subject to the erosion in Block C. An estimated thickness of 30m to 50m, similar to Block A, has been used. Surface sampling on the northern margin of the block shows grades exceeding 1,000 ppm Li.

SOUTHERN MINERALISED ZONE (SMZ)

The SMZ comprises a large area in the southern portion of the claim block (Figure 3). Reconnaissance field work has identified significant thicknesses of lithium mineralised clays exposed in cliff faces (Photo 2). Surface sampling and geological mapping has been used to estimate thickness and a possible grade. A lower thickness of 30m and an upper of 60m has been used in the calculations. A grade estimate of 1,000 -1,500 ppm Li was used given the results of surface sampling in the SMZ. The best result recorded was 1,330 ppm Li.

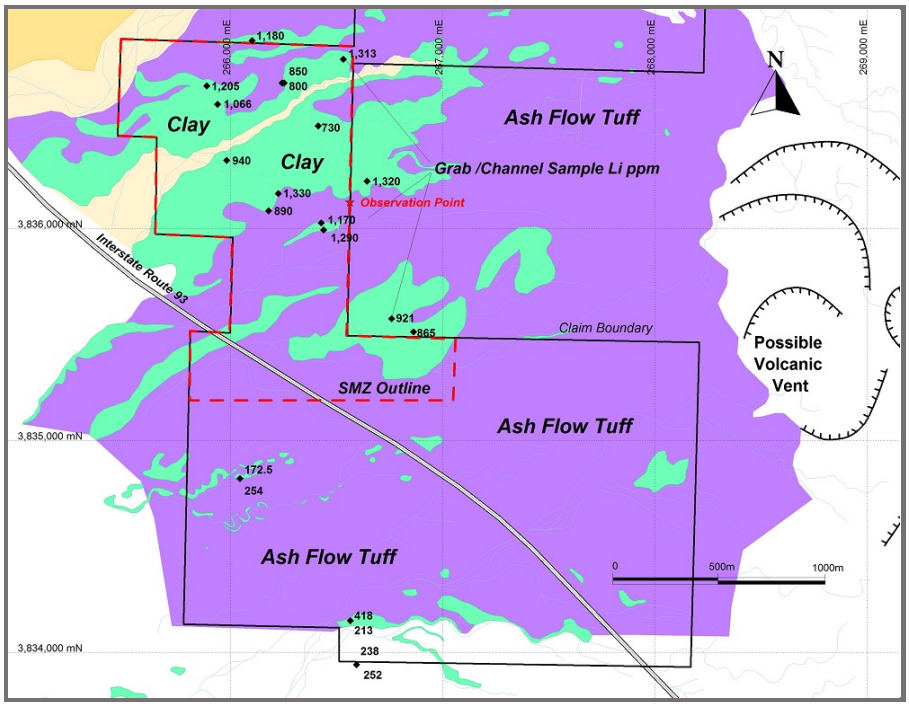

Figure 3 – SMZ Exploration Target Resource Outline

Photo 2 - SMZ Mineralised Clays from observation point in Figure 3

EXPLORATION TARGET - PLANNED WORK

A 37-hole diamond drill program is currently underway on Block A in the NMZ with the aim of defining a JORC compliant resource.

In the remaining areas defined by the Exploration Target further geological mapping and surface sampling will be completed.

For further information, please contact:

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Competent Persons Statement

The information in this announcement that relates to the Exploration Target is based on and fairly represents information compiled by Gregory L Smith who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking 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 is a consultant to the Company and holds shares in the Company. Mr. Smith consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Information in this announcement which relates to Exploration Results relevant to the Exploration Target has been extracted from the Company's announcements released to ASX on 28 September 2018, 13 November 2018 and the 2018 Annual Report. The Company confirms that it is not aware of any new information or data that materially affects this information.