

2 February 2021

Daniel Nicholson
Adviser, Listings Compliance
Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Daniel,

HAWKSTONE MINING LIMITED (ASX: HWK) – RESPONSE TO AWARE QUERY

Hawkstone Mining Limited (the **Company** or **HWK**) refers to your Aware Query Letter dated 28 January 2021 and provides the following responses:

1. *Does HWK consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

No

2. *If the answer to question 1 is “no”, please advise the basis for that view.*

The same tests were completed on the Big Sandy drill core by a different organisation (KCA) and announced to the market on 29 November 2018, with similar recovery grades reported to those in the Announcement. The work completed by KCA was referred to in HWK's announcement of the appointment of Hazen Research on 11 November 2020. The price sensitive results from the current test work being carried out by Hazen Research relate to the production of battery grade lithium. These results are expected at the end of February as noted in the Announcement on 28 January 2021.

3. *When did HWK first become aware of the Information?*

See response to question 4.

4. *When did HWK first receive the metallurgical test work results, or any part thereof, from Hazen Research Inc.?*

a. *In answer to question 4, please specifically provide details of:*

- i. *How HWK received the metallurgical test work results, or any part thereof (whether verbally or in writing); and*

- ii. *The nature of the correspondence, including whether recoveries were specifically discussed.*

HWK's US General Manager, Mr Doug Pitts, first received partial metallurgical results via email from Hazen Research at 8.30am (US time) on 18 January 2021. Those results pertained to lithium recoveries in the low 90% range and iron and aluminium removal with minimal lithium losses.

Mr Pitts notified the Managing Director of HWK of this information at 9.52am (WST) on 19 January 2021 via email.

On 22 January 2021 Hazen Research notified Mr Pitts via email that bench and bulk magnesium precipitation work had been completed.

Mr Pitts talked to Hazen Research on Tuesday, 26 January 2021 (US time) to follow up on the results and received a verbal update that the magnesium had been extracted without any additional lithium loss. Mr Pitts updated the draft announcement and emailed it the Managing Director which was received Wednesday, 27 January 2021 at 7.21am (WST). The Announcement was finalised throughout the day on Wednesday, 27 January 2021, including obtaining Hazen Research's approval, with the final version ready by 7.34pm (WST) on 27 January 2021. The Announcement was released pre-market open on Thursday, 28 January 2021.

5. *If HWK first became aware of the Information before the relevant date (28 January 2021), did HWK make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HWK was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HWK took to ensure that the information was released promptly and without delay.*

As noted above, HWK became aware of all the Information on Wednesday, 27 January 2021 at 7.21am (WST). HWK spent 27 January 2021 finalising the form of the Announcement and released it promptly and without delay on pre-market open on 28 January 2021. As noted in the response to Questions 1 and 2 above, HWK does not consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities. Notwithstanding this view, at all times HWK had no reason to believe it lost confidentiality of the Information and once HWK was in possession of all the Information released the Announcement promptly and without delay. In this respect, HWK notes the increased market interest in entities with lithium projects and that two of its ASX-listed peers had very similar trading patterns to HWK over the same period of time.

6. *Please confirm that HWK is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

HWK confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

7. *Please confirm that HWK's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HWK with delegated authority from the board to respond to ASX on disclosure matters.*

HWK confirms that its responses to the questions above have been authorised and approved by its Board.

Yours sincerely



Oonagh Malone

Company Secretary



For personal use only



28 January 2021

Reference: 29988

Ms Oonagh Malone
Company Secretary
Hawkstone Mining Limited

By email

Dear Ms Malone

Hawkstone Mining Limited ('HWK'): Aware Query

ASX refers to the following:

- A. HWK's response to the ASX price and volume query dated 15 January 2021, lodged on the ASX Market Announcements Platform ('MAP') on the same date, referring to the appointment of Hazen Research Inc. to perform metallurgical test work and the expectation that initial results would be available in quarter 1, 2021.
- B. The change in price of HWK's securities from a low of \$0.027 at the close of trading on Monday, 25 January 2021, to an intraday high of \$0.039 yesterday, 27 January 2021.
- C. The increase in the volume of HWK's securities traded from 25 January 2021 to 27 January 2021.
- D. HWK's announcement titled '90% Lithium Recoveries from Metallurgical Testing' lodged on MAP and released at 8:24 AM on 28 January 2021 (the 'Announcement'), disclosing initial results from ongoing metallurgical testing of the Big Sandy Sedimentary Lithium Mineralisation ('Information').
- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*

- *The information is a trade secret; and*
 - 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
 - 3.1A.3 *A reasonable person would not expect the information to be disclosed.”*
- H. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:
- “Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Request for information

Having regard to the above, ASX asks HWK to respond separately to each of the following questions and requests for information:

1. Does HWK consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did HWK first become aware of the Information?
4. When did HWK first receive the metallurgical test work results, or any part thereof, from Hazen Research Inc.?
 - 4.1 In answer to question 4, please specifically provide details of:
 - 4.1.1 How HWK received the metallurgical test work results, or any part thereof (whether verbally or in writing); and
 - 4.1.2 The nature of the correspondence, including whether recoveries were specifically discussed.
5. If HWK first became aware of the Information before the relevant date (28 January 2021), did HWK make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HWK was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HWK took to ensure that the information was released promptly and without delay.
6. Please confirm that HWK is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that HWK’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HWK with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:30PM AWST Monday, 1 February 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, HWK’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require HWK to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in HWK's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in HWK's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to HWK's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that HWK's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)