

24 August 2021

Dear Shareholder,

DIABLO RESOURCES LIMITED SPIN OUT AND IPO UPDATE

Hawkstone Mining Limited (ASX:HWK) (**Hawkstone** or **the Company**) is pleased to provide an update on the proposed spin-out and listing of its subsidiary, Diablo Resources Limited (**Diablo**), on the Australian Securities Exchange (**ASX**) by way of an initial public offering.

Spin-out and Prospectus update

As announced on 3 June 2021, the Company is proposing to demerge its Devil's Canyon Gold-Copper Project, Western Desert Gold-Copper Project and Lone Pine Gold Project (together the **Gold-Copper Projects**) via its 100% wholly owned subsidiary, Diablo.

As part of the demerger, Hawkstone will complete an in-specie distribution of the 40 million Diablo shares it will receive in consideration for the Gold-Copper Projects, pursuant to which each Hawkstone shareholder as at the in-specie distribution record date of 23 September 2021 will receive approximately 2.33 Diablo shares for every 100 shares held in Hawkstone.

The in-specie distribution is conditional upon receipt of Hawkstone shareholder approval at the general meeting of shareholders on 2 September 2021. Refer to the Company's Notice of General Meeting dated 4 August 2021 and accompanying short form prospectus for further details with respect to the spin-out.

Diablo IPO and Priority Offer to Hawkstone Shareholders

Diablo lodged its IPO prospectus with the Australian Securities & Investments Commission on 16 August 2021 (**Prospectus**). The Prospectus contains an offer of 32,500,000 fully paid ordinary shares (**Shares**) at an issue price of \$0.20 per Share, to raise \$6,500,000 (before costs) (the **Diablo Offer**). PAC Partners Securities Pty Ltd is acting as Lead Manager to the Diablo Offer.

Diablo is offering Hawkstone shareholders in eligible jurisdictions that held shares in Hawkstone at 5:00pm (WST) on 23 August 2021 priority to subscribe for Shares under the Diablo Offer, up to the first \$3,500,000 raised (**Priority Offer**).

Under the Priority Offer, Diablo will prioritise Hawkstone shareholders who would otherwise hold a parcel of less than 10,000 Diablo Shares (\$2,000) following the in-specie distribution, who will be given the opportunity under the Priority Offer to "top-up" their existing holding to a parcel of 10,000 Diablo Shares on Diablo's listing on the ASX.

Priority Application Form

The Priority Offer opens on **24 August 2021**. Subject to the important notice at the end of this letter, as an eligible Hawkstone shareholder you are entitled to submit a Priority Application Form to participate in the Priority Offer. You may obtain a copy of the Prospectus and apply online by

going to the internet address below and entering your postcode and your unique Priority Offer access code:

Internet Address:	https://investor.automic.com.au/#/ipo/diabloresourcespriority
Your unique Priority Offer access code:	

You may also request a hard copy of the Prospectus by contacting Diablo on +61 8 6383 7837 during office hours or by emailing Diablo at info@diabloresources.com.au.

In order to participate in the Priority Offer, eligible Hawkstone shareholders should follow the instructions set out in the Priority Offer Application Form. The closing date for the Priority Offer is **7 September 2021**.

There is no guarantee that eligible Hawkstone shareholders will be allocated the Shares applied for under the Priority Offer.

Before deciding whether to invest in Diablo, investors should read the Prospectus in its entirety and consider the risk factors set out in Section 7 of the Prospectus.

Yours faithfully
Paul Lloyd
Managing Director

This letter has been authorised for release by the board of Hawkstone Mining Limited. For further information, please contact the Company Secretary on +61 8 6313 3936.

IMPORTANT NOTICE REGARDING ELECTRONIC PROSPECTUS

As stated in the letter above a copy the prospectus can be downloaded from <https://investor.automic.com.au/#/ipo/diabloresourcespriority>. If you are accessing the electronic version of the prospectus for the purpose of making an investment in Diablo, you must be an Australian or New Zealand resident and must only access the prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person the Priority Application Form unless it is attached to a hard copy of the prospectus or it accompanies the complete and unaltered version of the prospectus. You may obtain a hard copy of the prospectus free of charge by contacting Diablo.

Diablo reserves the right not to accept a Priority Application Form from a person if it has reason to believe that when that person was given access to the electronic Priority Application Form, it was not provided together with the electronic prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Other than as otherwise stated in the prospectus, no document or information included on Diablo's website is incorporated by reference into the prospectus.