



ASX: HWK

20 July 2018

ASX WAIVER

The Company advises that ASX Limited has granted the Company a waiver from Listing Rule 14.7 as follows:

Decision

1. Based solely on the information provided, ASX Limited (“ASX”) grants Hawkstone Mining Limited (the “Company”) a waiver from listing rule 7.3.2 to the extent necessary to permit the notice of meeting seeking shareholder approval for the issue of up to a maximum of 125,000,000 shares for nil cash consideration to the vendors (“Deferred Consideration Shares”), in connection with the acquisition by the Company of 100% of the issued capital of USA Lithium Limited (“Acquisition”), not to state that the Deferred Consideration Shares will be issued no later than 3 months after the date of the meeting on the following conditions:
 - 1.1 The Deferred Consideration Shares must be issued no later than 36 months from the date that the Company completes the Acquisition, subject to shareholder approval having been obtained;
 - 1.2 The Deferred Consideration Shares are issued on the same terms and conditions as approved by the holders of ordinary securities;
 - 1.3 For any annual reporting period during which any of the Deferred Consideration Shares have been issued or any of them remain to be issued, the Company’s annual report sets out in detail the number of Deferred Consideration Shares issued during the reporting period, the number of the Deferred Consideration Shares that remain to be issued and the basis on which the Deferred Consideration Shares may be issued;
 - 1.4 In any half year or quarterly report for a period during which any of the Deferred Consideration Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Deferred Consideration Shares issued during the reporting period, and the number of Deferred Consideration Shares that remain to be issued and the basis on which the Deferred Consideration Shares may be issued; and
 - 1.5 The terms of this waiver are immediately disclosed to the market.
2. ASX has considered listing rule 7.3.2 only and makes no statement as to the compliance with other listing rules.

BASIS FOR DECISION

Underlying Policy

3. Listing rule 7.1 protects a listed entity’s security holders against dilution of their voting and economic interests in the listed entity by imposing a limit on the number of equity securities that may be issued by the entity without prior security holder approval. This limit is not applicable if security holders’ approve the issue of the securities at a general meeting. Listing rule 7.3 sets out



the information required to be included in the notice of meeting seeking approval for the issue of the securities. In particular, listing rule 7.3.2 requires the date by which the entity will issue the securities and this date must be no later than 3 months after the date of the meeting, or, for court approved reorganisations of capital, no later than 3 months after the date of the court approval. This rule ensures that an issue of securities that has been approved by security holders is made within a reasonable timeframe following the approval, so that it is less likely that the circumstances in which the issue is made will have changed materially from those prevailing at the time the approval was given.

Facts and Reasons for Granting Waiver

4. Where a listed entity has entered into a transaction which calls for the issue of securities as deferred consideration at future times that necessarily will fall longer than 3 months after the date of a shareholders' meeting, ASX's policy is to permit entities to seek shareholder approval for the issue of all the securities that may be issued under that transaction over the various phases, provided that the milestones to be achieved which trigger the obligation to issue the securities are appropriate to the entity and the transaction in all the circumstances, and adequate information can be given to shareholders about the future issues of securities. This allows the entity and the counterparty to the agreement to have commercial certainty about the ability of the entity to issue each tranche of securities as the counterparty performs its obligations, while maintaining the principle that shareholders must give their informed consent to future issues of securities.
5. The Company has entered into an agreement to acquire USA Lithium Limited in return for consideration of a cash payment of \$250,000 and 250,000,000 fully paid ordinary shares. Those shares are to be issued in two tranches: one tranche of 125,000,000 Deferred Consideration Shares at the date of completion and one tranche of 125,000,000 Deferred Consideration Shares within 36 months of the date of completion, subject to the Company within 36 months from date of completion declaring an inferred resource at Big Sandy of not less than 30Mt at a grade greater than 2,000ppm (or equivalent, subject to a minimum average grade of 1,000ppm lithium).
6. The Company has issued a Notice of Meeting which expressly states that the Deferred Consideration Shares will be issued no later than 36 months after the Company completes the Acquisition, and which sets out the details of the milestone which must be satisfied before the issue of the Deferred Consideration Shares, enabling the shareholders to give their fully informed consent. The maximum period of time for issuing the Deferred Consideration Shares is fixed, and shareholders will be given the opportunity to approve both the issue of the Deferred Consideration Shares and the terms of that issue.
7. Additionally, the milestone in respect of the Deferred Consideration Shares is a genuine, measurable milestone which is connected to the asset being acquired and is appropriate in the circumstances.

The waiver is subject to certain conditions. Under Listing Rule 18.1.1, these conditions must be complied with for the waiver to be effective

ASX's power to vary or revoke waiver

It should be noted that under ASX Listing Rule 18.3, ASX may vary or revoke this waiver at any time.