VANCOUVER, BRITISH COLUMBIA--(Marketwired - Jan 18, 2017) - HAWKEYE Gold & Diamond Inc. (the "Company" or "HAWKEYE") (TSX VENTURE:HGO)(FRANKFURT:HGT)(ISIN:CA42016R3027)(WKN:A12A61) is pleased to announce that it has signed a Purchase Agreement (the "PA") to buy the Bonanza Property, located on the northern end of Vancouver Island, British Columbia, Canada. The 123.8-hectare Bonanza Property is located approximately 110 kilometres northwest of Campbell River and 69 kilometres southeast of Port Hardy. The Property encompasses the historical Bonanza Pit copper, gold, silver, zinc and magnetite skarn prospect, which has been subject to intermittent exploration over the years since its discovery in 1959.

The Property contains occurrences of high-grade copper mineralization within garnet and magnetite skarn lenses. One of these occurrences was open-pit mined in 1967 and is known as the Bonanza Pit (designated as Zone A), having produced 2,163 tonnes of ore, averaging 5.48% copper and 14.0 g/t silver. Mineralization associated with the Bonanza Pit has been observed to occur intermittently over 2.5 kilometres along a northwest-striking hornblende quartz diorite contact, in five general zones, designated as Zone A through Zone D, and the TH Zone. (1)

The Company has acquired the Property not only for its potential for copper, gold, silver and zinc skarn and porphyry mineralization, but also the potential for production of magnetite on the Property as a means of generating cash flow. Historically-estimated tonnages of up to *"29,900 tonnes of 4.0% Cu and 10,000 tonnes of magnetite concentrate"* (2) reported on the Property in a 1961 report by Falconbridge will be further investigated as the primary target for the material. *

** Cautionary statement:*

A qualified person has not done sufficient work to classify any of the mineralized zones on the Bonanza Property in the historical estimate as current mineral resources or mineral reserves. The issuer is not treating any of the historical estimates on the Property as current mineral resources or mineral reserve.

Magnetite is used to increase the density of regular concrete in the production of "heavy concrete". This material commonly sees use as a weight coating for petroleum pipelines and for mitigation of radiation in nuclear and x-ray facilities. It is also an essential part of the "heavy media" process in coal refining, in which heavy impurities are removed with the aid of pulverized magnetite in a slurry. It is also used in water filtration and the production of various chemicals and metal paints. The Company primarily intends to target these concrete and coal markets.

Historical Exploration and Other Skarn Zones

Rock sampling from 1993 yielded a composite section near the Bonanza Pit which returned an average of 3.8% Cu over 5 metres, containing a 1.4 metre interval of 8.9% Cu and 0.242 g/t Au, while drilling carried out around the pit prior to mining encountered values up to 3.09 g/t Au, 3.05% Cu, and 60% magnetite. Geophysical work conducted in 1961 and 1962 suggests that the Bonanza Pit zone extends to the southeast at least 150 metres beyond the area which was mined in 1967. (1)

Further potential for mineralization on the Property exists at four other skarn zones on the Property, known as Zone B, C and D, and the TH Zone.

Zone B

Located about 400 metres southeast of the Bonanza Pit (Zone A), Zone B is a garnet-skarn horizon which dips moderately to the southwest with magnetite and associated chalcopyrite mineralization along the footwall up to two metres wide. Samples taken from this zone yielded up to 8.3% Cu in grab samples. (1)

Zone C

The main skarn zone at Zone C is developed at a limestone/volcanic contact, measures up to 5.5 metres wide and consists of roughly banded zones of clear to yellow garnet and magnetite with minor chalcopyrite. A chip sample of the volcanic rock returned a value of 3.02 g/t Au and 0.27% Cu, while a chip sample of the magnetite-chalcopyrite material contained 5.68 g/t Au and 2.23% Cu. (1)

In 1976 Imperial Oil tested this zone with three diamond drill holes, but no geochemical results were reported by the company. (1)

Zone D

The highest gold values on the Property occur in this area. Diamond drilling carried out from 1960 to 1961 yielded copper values up to 5.66% over 1.5 metres, with results from 4 holes returning values greater than 2.56% Cu. One grab sample of a 1 metre zone of massive banded magnetite and chalcopyrite returned 100.44 g/t Au and 3.62% Cu. Another grab sample of oxidized chalcopyrite returned 30.82 g/t Au and 2.31% Cu. (1)

TH Zone

The TH Zone, discovered in 2007, is a skarn showing limited to about 7 metres of exposure in a narrow creek bed. The creek, designated as the 0505 Discovery Creek, hosts a mineralized skarn zone of indeterminate extent. The main skarn alteration is hosted by a leucocratic gabbro rock unit.

Two samples, GT-3 and GT-1, taken from the zone in 2013 yielded 102.0 g/t Ag with 23.8% Cu, and 40 g/t Ag with 7.56% Cu, respectively. Sample GT-1 also returned 5,520 ppm Mo.

The presence of molybdenite at the TH showing and the nearby Zone B is unique on the Property and the author of the 2013 Technical Report on the Property suggests a relationship to a nearby hidden body of copper-molybdenum and possible gold porphyry mineralization. (1)

The Deal

HAWKEYE may purchase the Bonanza Property by paying the vendor $5,000 and issuing a total of 250,000 shares in the capital of the Company. 100,000 shares will come with a standard four (4) month hold and the balance of 150,000 shares will have a voluntary twelve month hold period from TSX acceptance for the Purchase Agreement.

The vendor maintains the right to two types of royalties. The Company will pay the vendor $2.00 per tonne from the production of magnetite from the property. All other minerals produced from the property will be subject to a 2% net smelter royalty (NSR) payable to the vendor from production. The Company has the right to purchase 1.5% of the NSR for $1,500,000 leaving the vendor with a 0.5% interest in the NSR. HAWKEYE will have a first rights of refusal for a period of five years after TSX acceptance for the PA to purchase the remaining 0.5% NSR.

The purchase Agreement is subject to regulatory approval and a finder's fee will be paid in connection with acquisition.

Message from the President

Mr. Greg Neeld, President & CEO of HAWKEYE stated, "We are pleased to have acquired this high-potential, multi-commodity property and look forward to an aggressive exploration season and the potential development of the magnetite prospect in the near-term. The Bonanza Property is consistent with HAWKEYE's new model to acquire properties with production potential while also providing blue sky upside. Magnetite can be sold on a regional basis in British Columbia in markets to the coal and concrete industries, as well as in petroleum pipeline construction and also on an international basis. HAWKEYE looks forward to exploiting this market through production and sale to these markets."

Qualified Person

The technical contents of this release were approved by Mr. Case Lewis, P.Geo., a Qualified Person as defined by National Instrument 43-101 and an independent consultant to the Company.

References

(1) *Thompson, G. R., 2013.Technical Report on the Steele Creek Property, for Jinhua Capital Corporation.*
(2) *McDougall, J.J., 1961, 1962. Preliminary, Interim and Summary Reports on Bob Claims for Falconbridge Copper Ltd. (Reports available from BC Property File).*
(3) *Jones, H & Dawson, J. G., 1993 BC Assessment Report # 23551. Report on the Steele Creek Property for Braddick Resources Ltd*

About the Company

HAWKEYE Gold & Diamond Inc. is a junior mineral exploration and development company based in Vancouver, British Columbia, Canada and is publicly traded on the TSX Venture Exchange under the trading symbol HGO and the Frankfurt Exchange under the ticker HGT; ISIN# CA42016R3027 and WKN# A12A61. HAWKEYE's Corporate mandate is to build strong asset value through the acquisition of low-cost, high-potential cash flowing mining production opportunities with blue sky discovery upside, managing our business activities in an environmentally responsible manner while contributing to the well-being of the local Community and Economy. Our goal is significant growth through Revenue and Cash flowing Projects, ultimate production through Discovery on our blue sky properties, to provide early return on investment and significant growth to maximize shareholder value.

HAWKEYE GOLD & DIAMOND INC.

Greg Neeld, President & CEO

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Notes Regarding Forward Looking Statements

This News Release contains forward-looking statements. Forward-looking statements are statements that relate to future events. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our industry, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Issued: 16,398,231 shares

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