



ABN 44 009 157 439

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Level 2, 90 William St
Melbourne Victoria 3000
Australia

ASX Limited

Telephone: +61 3 9605 5950
Facsimile: +61 3 9605 5999
Email: info@hawthornresources.com
www.hawthornresources.com

ASX Announcement

ANGLO SAXON GOLD PROJECT AND UNDERWRITTEN ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER TO RAISE APPROXIMATELY A\$6 MILLION

Hawthorn Resources Limited (**Hawthorn**) and its joint venturer, GEL Resources Pty Ltd (**GEL**) are pleased to announce that a Decision to Mine at the Anglo Saxon gold project has been made.

The project, which is situated 140 kilometres North East of Kalgoorlie, Western Australia, has an estimated mine life of 18 months and will be subject to a review of the underground mining potential in the last 6 months of operations that may extend this mine life.

The project is designed to mine the probable ore reserves of 730,000 tonnes at 2.66g / t Au (for a recoverable 58,500 oz. of gold) at an estimated C1 cash cost of \$1,010 /oz at \$1600 AUD gold price.

Preliminary studies also have suggested an underground development from the bottom of the existing pit model may recover up to a further 40,000 oz. of gold following the initial open pit mining phase.

In addition, Hawthorn will also accelerate the development of recent discoveries at the Yundamindera (Box Well) and Deep South projects where Hawthorn has, in July 2017, been granted Mining Leases by the Western Australian government's Department of Mines and Petroleum.

Funding

In order to fund its share of the development cost of the Anglo Saxon gold project, Hawthorn is proposing to raise approximately \$6,000,000 in new equity by way of an underwritten pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) to eligible shareholders, at an offer price of A\$0.04 per fully paid ordinary share (**New Share**). The Entitlement Offer is underwritten (subject to underwriting caps which Hawthorn does not expect to have a material effect on the extent of the underwriting given the expected take up of New Shares by the institutional shareholders), with Directors having the right in their discretion to place any excess shortfall. Eligible shareholders will be invited to take up 1 New Share for every 1.141757626 existing shares held as at 7.00pm, (Melbourne, Australia time) on Monday, 28 August 2017. Fractional entitlements to New Shares will be rounded up to the nearest whole number of New Shares.

The Entitlement Offer has two components:

- an accelerated institutional entitlement offer, where eligible institutional shareholders will be invited to participate in the Entitlement Offer, which is being conducted today, Thursday, 24 August 2017 and Friday, 25 August 2017 (**Institutional Entitlement**); and
- a retail entitlement offer, where eligible shareholders in Australia and New Zealand (and other jurisdictions determined by Hawthorn in its absolute discretion) will be invited to participate in the Entitlement Offer, at the same issue price and offer ratio as the Institutional Entitlement Offer (**Retail Entitlement Offer**).

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of those entitlements they do not take up. New Shares issued under the Entitlement Offer will rank equally with existing ordinary shares on issue. Funds raised from the Entitlement Offer will also be used for payment of costs associated with the Entitlement Offer and be expended subject to receipt of any regulatory approvals required (if any).

The issue price of A\$0.04 per New Share under the Entitlement Offer:

- represents a premium of 11.11% to the last traded price of Hawthorn shares, before the Entitlement Offer was announced, being A\$0.036 on Wednesday, 23 August 2017;
- represents a premium of 5.63% to the theoretical ex-rights price (TERP) based on the last traded price of Hawthorn shares, before the Entitlement Offer was announced, on Wednesday, 23 August 2017; and
- is approximately 26.7% above the Company's volume weighted average price (VWAP) for the last three months.

Hawthorn currently has 171,263,644 fully paid ordinary shares on issue. On completion of the Entitlement Offer, approximately 150,000,000 New Shares will be issued resulting in Hawthorn having approximately 321,263,644 fully paid ordinary shares on issue.

The Company's major shareholder, Feng Hua, has indicated that it will support the Entitlement Offer so that its percentage interest in the Company remains at the Foreign Investment Review Board and shareholder approved level of 37.6%. Additionally, the Chairman and Managing Director, Mark Kerr, and other entities who are not related to Feng Hua are underwriting the Entitlement Offer, being Belfort Investments Advisors Limited, Brian Thornton and Paradyce Pty Ltd.

The Company's joint venturer in the Anglo Saxon Gold Project, GEL, has indicated it will contribute its 30% share of costs under the joint venture agreement.

Details of the Retail Entitlement Offer will be circulated to eligible retail shareholders shortly.

Hawthorn's operations are subject to a number of risks which may impact on its future performance and forecasts. Before applying for New Shares, shareholders should carefully consider and evaluate Hawthorn and its business and whether the New Shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors. In particular, shareholders should consider the risk factors outlined in the Investor presentation released to ASX, any of which could affect the operating and financial performance of Hawthorn or the value of an investment in the Company. The risk factors set out in the Investor Presentation are not exhaustive.

General Meeting of Shareholders

As a separate matter to the Entitlement Offer, a General Meeting of shareholders is proposed to be held in which shareholders will be asked to consider:

- (i) the adoption of a new, updated and ASX compliant, Constitution to replace that adopted by shareholders in 2008;
- (ii) the grant of employee share option plan options to Directors linked to milestones arising from the commencement and successful development of the Anglo Saxon mine; and
- (iv) any other matters that may legally dealt with at the meeting.

Details of the meeting documentation will be circulated to shareholders shortly.

**For further information please contact Hawthorn's Company Secretary, Mr Mourice Garbutt.
Tel: +61 (0) 3 9605 5917**

Important notices

This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The entitlements and the New Shares to be offered and sold in the Entitlement Offer have not been, and will not be, registered under the US Securities Act of 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless they are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This announcement contains certain forward-looking statements and comments about future events. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved.

A number of important factors could cause Hawthorn's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are beyond Hawthorn's control. Refer to the various risk factors in the Investor Presentation released to ASX. Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Hawthorn. As such, undue reliance should not be placed on any forward-looking statement. Past performance information given in this announcement is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement is to be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Hawthorn.

The information contained in this announcement does not constitute financial product advice (nor investment, taxation, accounting or legal advice), is not a recommendation to acquire Hawthorn shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial position or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek investment, legal, accounting and taxation advice appropriate to their jurisdiction. Hawthorn is not licensed to provide financial product advice in respect of Hawthorn shares. Cooling off rights do not apply to the acquisition of the New Shares pursuant to the Entitlement Offer.

Foreign Selling Restrictions

New Zealand

This document does not constitute a New Zealand product disclosure statement or other disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Financial Markets Conduct Act 2013 (NZ). Participation in New Zealand in the Entitlement Offer is open only to persons to whom financial products may be offered in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (or any replacement of that notice). The taxation treatment of Australian financial products is not the same as for New Zealand financial products. The offer of New Shares may involve a currency exchange risk as they will be quoted on the ASX in Australian dollars.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the 'SFO'). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to 'professional investors' (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document you should obtain independent professional advice.