

RETAIL OFFER DOCUMENT

Hawthorn Resources Limited
ACN 009 157 439

Offer in relation to an underwritten non-renounceable Retail Entitlement Offer of 1 New Share for every 1.141757626 Existing Shares at A\$0.04 to raise approximately A\$6 million. The Retail Entitlement Offer is underwritten subject to underwriting caps which the Company does not expect to have a material effect on the extent of the underwriting given the expected take up of New Shares by the existing institutional shareholders. Any excess shortfall in excess of this number is not underwritten and may be placed at the discretion of the Directors.

The Retail Entitlement Offer opens on 31 August 2017 and closes at 5.00pm (Melbourne time) on 11 September 2017 (unless extended).

This Retail Offer Document is an important document and requires your immediate attention. It should be read in its entirety before you decide whether to participate in the Retail Entitlement Offer. If you have any questions about any part of the Retail Offer Document you should consult your professional adviser.

This document is dated 28 August 2017.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This document may not be distributed in any country outside Australia or New Zealand.

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ACN 009 157 439

Retail Offer Document in relation to an underwritten pro rata non-renounceable Retail Entitlement Offer

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Important information

Defined terms used in these important notices have the meaning given in this Retail Offer Document.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

The information in this Retail Offer Document is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Retail Offer Document must not be released or distributed in the United States. This Retail Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**US Securities Act**), or any securities laws of any state or other jurisdiction of the United States. Accordingly, the securities may not be offered or sold directly or indirectly in the United States unless they have been registered under the US Securities Act (which Hawthorn Resources Limited has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable United States state securities laws.

This Retail Offer Document may contain certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. Risks associated with the Company's business/ assets and general risks may include financial risk, including market credit, liquidity and price risks as well as operational risks. In addition, there are risks associated with the Entitlement Offer such as: market risks (for example the market price of New Shares may trade at or below their Issue Price particularly as the Issue Price is above recent market prices); the potential dilutionary impact on current Shareholders in respect of the Shares issued under the Entitlement Offer; no guarantee of any payment of dividends on Shares; changes in tax treatment relating to an investment in Hawthorn's Shares and the Underwriting Agreement in respect of the underwriting of the entire Entitlement Offer is subject to customary termination events. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

This Retail Offer Document is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and obtain legal, taxation and financial advice appropriate to their jurisdiction and circumstances. No cooling-off regime applies to the acquisition of New Shares under this Retail Offer Document.

The Company is not licensed to provide financial product advice in respect of New Shares or any other financial products.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in New Shares, investors should have regard to (among other things) the risks and disclaimers outlined in this Retail Offer Document.

Key dates

This Retail Offer Document is dated 28 August 2017.

The following are key dates relating to the Entitlement Offer.

Activity	Date
Announcement of the capital raising and trading halt	24 August 2017
Institutional Entitlement Offer opens	24 August 2017
Institutional Entitlement Offer closes	25 August 2017
Shares resume trading on an ex-entitlement basis	28 August 2017
Retail Entitlement Offer Record Date (7.00pm Melbourne time)	28 August 2017
Retail Entitlement Offer opens	31 August 2017
Retail Offer Document and Entitlement and Acceptance Forms dispatched to Eligible Retail Shareholders	31 August 2017
Settlement of Shares issued under the Institutional Entitlement Offer	31 August 2017
Allotment and commencement of trading of Shares issued under the Institutional Entitlement Offer*	1 September 2017
Retail Entitlement Offer closes (5.00pm Melbourne time)*	11 September 2017
Allotment of New Shares issued under the Retail Entitlement Offer*	18 September 2017
Commencement of normal trading of New Shares issued under the Retail Entitlement Offer*	19 September 2017
Last date for Directors to place non-underwritten shortfall (if any)	4 December 2017

The dates marked with * are indicative only and are subject to change. The Company reserves the right to amend indicative dates at any time with the agreement of the Underwriters and, in particular, subject to the Corporations Act and ASX Listing Rules, to extend the latest date for receipt of Entitlement and Acceptance Forms, to accept late Entitlement and Acceptance Forms either generally or in particular cases, or to cancel the Entitlement Offer without prior notice.

Chairman's letter

28 August 2017

Fellow Shareholder

On behalf of Hawthorn Resources Limited (**Hawthorn** or **Company**), I am pleased to invite you to participate in the retail component of a fully underwritten 1 for 1.141757626 accelerated non-renounceable entitlement offer of new Hawthorn ordinary shares (**New Shares**) at an issue price of A\$0.04 per New Share (**Retail Entitlement Offer**).

On 24 August 2017, the Directors of your Company announced their intention to raise approximately A\$6 million through an accelerated non-renounceable entitlement offer (**Entitlement Offer** or **Capital Raising**). The institutional accelerated component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed on 25 August 2017. The Capital Raising is underwritten by Belfort Investment Advisors Limited, Brian Thornton and Paradyce Pty Ltd (a company I control) (collectively, the **Underwriters**). The Entitlement Offer is underwritten subject to underwriting caps which the Company does not expect to have a material effect on the extent of the underwriting given the expected take up of New Shares by the existing institutional shareholders. To the extent there is any excess shortfall that is consequently not underwritten, the Directors reserve the right to place that shortfall at their discretion.

The issue price of A\$0.04 per New Share represents a 11.11% premium to the last traded price of Hawthorn Shares before the Capital Raising was announced (being A\$0.036 on Wednesday 23 August 2017).

This invitation relates to the Retail Entitlement Offer, which is expected to raise up to approximately A\$4.4 million. The Retail Entitlement Offer offers Eligible Retail Shareholders the same opportunity offered to those investors who participated in the Institutional Entitlement Offer. Note, it is a term of both the Institutional Entitlement Offer and the Retail Entitlement Offer that no eligible shareholder may take up Entitlements where the resulting acquisition of the New Shares would result in an increase in their voting power in Hawthorn above 20% or from a starting point in excess of 20%. To the extent that an issue of New Shares offered under the Institutional Entitlement Offer would cause those voting power caps to be exceeded which would not be exceeded if the New Shares were issued at the same time as the issue of New Shares offered under the Retail Entitlement Offer, the relevant New Shares will be issued at the same time as the New Shares taken up under the Retail Entitlement Offer and are only required to be paid for on or before the closing date of the Retail Entitlement Offer.

The proceeds of the Capital Raising will be used by Hawthorn primarily to:

- fund its 70% share of the development cost of the Anglo Saxon gold project. The project, which is situated 140 kilometres North East of Kalgoorlie, Western Australian, is designed to mine the probable ore reserves of 730,000 tonnes of 2.66g / t Au (for a recoverable 58,500 oz. of gold) at an estimated C1 cash cost of \$1,010 / oz at \$1,600 AUD gold price; and
- costs associated with the Capital Raising.

This Retail Offer Document contains important information about the Retail Entitlement Offer, such as:

- details of the Retail Entitlement Offer, including key dates;
- Hawthorn's Investor Presentation and ASX Announcements in relation to the Capital Raising; and
- actions to be taken by Eligible Retail Shareholders.

A personalised Entitlement and Acceptance Form accompanies this Retail Offer Document. This form details your Entitlement. If you want to participate in the Retail Entitlement Offer this form must be completed in accordance with the instructions contained in the form before the offer closes. Unless extended, the **Retail Entitlement Offer closes at 5.00pm (Melbourne time) on 11 September 2017**.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up some or all of their Entitlements will not receive any value in respect of those Entitlements they do not take up.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. You should also refer to the Appendix – Risk Factors included in the Investor Presentation released to the ASX on 24 August 2017 (which is included in this Retail Offer Document).

I encourage you to carefully read this Retail Offer Document and consider this investment opportunity. Should you require further assistance, please contact the Hawthorn Shareholder Information Line on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) between 8:30am and 5:00pm (Melbourne time) Monday to Friday during the Offer Period for further information.

On behalf of the Board of Hawthorn, I thank you for your ongoing support.

Yours sincerely

A handwritten signature in dark ink, reading "Mark Kerr". The signature is written in a cursive style with a small dot at the end.

Mark Kerr

Chairman

Entitlement Offer overview

1. Details of the Entitlement Offer

1.1 The Entitlement Offer

The Company is conducting an underwritten 1 for 1.141757626 pro rata accelerated non-renounceable entitlement offer to Shareholders as at the Record Date in Australia and New Zealand at the Issue Price of A\$0.04 per New Share. The Retail Entitlement Offer is underwritten subject to underwriting caps which the Company does not expect to have a material effect on the extent of the underwriting given the expected take up of New Shares by the existing institutional shareholders. The Directors reserve the right at their discretion to place any excess (i.e. non-underwritten shortfall) at a price not less than \$0.04 per Share at any time on or before 4 December 2017.

Institutional Entitlement Offer

On Monday, 28 August 2017, the Company announced that it had successfully completed the Institutional Entitlement Offer, raising approximately A\$1.58 million. Settlement of the Institutional Entitlement Offer is expected to occur on 31 August 2017. Shares to be issued under the Institutional Entitlement Offer are expected to be allotted and commence trading on 1 September 2017. To the extent that an issue of New Shares to an eligible institutional shareholder under the Institutional Entitlement Offer would cause an eligible institutional shareholder to increase its voting power in Hawthorn to above 20% or from a starting point in excess of 20%, the relevant New Shares will be issued at the same time as New Shares to be issued under the Retail Entitlement Offer.

Retail Entitlement Offer

Each Eligible Retail Shareholder is entitled to apply for 1 New Share for every 1.141757626 Existing Shares held on the Record Date. The Retail Entitlement Offer is non-renounceable. This means that Shareholders who do not take up their Entitlements by 5.00pm (Melbourne time) on the Closing Date of 11 September 2017 will not receive any payment or value for those Entitlements, and their proportionate equity interest in the Company will be diluted.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Fractional Entitlements to New Shares have been rounded up to the nearest whole number of New Shares.

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares on issue, including in respect of entitlement to dividends. If you take no action you will not be allocated any New Shares and your Entitlement will lapse.

To qualify for the Retail Entitlement Offer, a Shareholder must:

- (a) be registered as a Shareholder at 7.00pm (Melbourne time) on the Record Date;
- (b) have an address in Australia or New Zealand as recorded on the Company's share register as at the Record Date;
- (c) not have received an offer (other than as nominee) under the Institutional Entitlement Offer (and have not been treated as an ineligible institutional Shareholder under the Institutional Entitlement Offer);
- (d) not be in the United States and not be acting for the account or benefit of a person in the United States (to the extent such a person holds securities in Hawthorn for the account or benefit of such persons in the United States); and
- (e) be eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, disclosure document, or any lodgement, filing, registration or qualification,

(Eligible Retail Shareholder).

Retail Shareholders who are not Eligible Retail Shareholders are 'Ineligible Retail Shareholders'. Hawthorn reserves the right in its sole and absolute discretion to determine whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an

Eligible Retail Shareholder. Nominees, trustees or custodians are therefore requested to obtain independent professional advice as to how to proceed.

Hawthorn may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer or to other retail Shareholders (subject in each case to compliance with relevant laws).

By receiving this Retail Offer Document, you will be taken to have acknowledged and agreed that determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Hawthorn and each of Hawthorn and the Underwriters and its affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

It is a term of the Retail Entitlement Offer that to the extent that an issue of New Shares to an eligible retail shareholder under the Retail Entitlement Offer would cause an eligible retail shareholder to increase its voting power in Hawthorn to above 20% or from a starting point in excess of 20%, the relevant New Shares will not be issued to the eligible retail shareholder and will form part of the shortfall. Any excess Application Monies for the relevant Shares will be refunded in full, without interest.

1.2 Purpose of the Entitlement Offer

The proceeds of the Entitlement Offer will be used by Hawthorn primarily to:

- fund its 70% share of the development cost of the Anglo Saxon gold project. The project, which is situated 140 kilometres North East of Kalgoorlie, Western Australian, is designed to mine the probable ore reserves of 730,000 tonnes of 2.66g / t Au (for a recoverable 58,500 oz. of gold) at an estimated C1 cash cost of \$1,010 / oz at \$1,600 AUD gold price; and
- costs associated with the Capital Raising.

1.3 Underwriting

The Entitlement Offer is underwritten by Belfort Investment Advisors Limited, Brian Thornton and Paradyce Pty Ltd (a company controlled by Mark Kerr, Executive Chairman and Managing Director of Hawthorn) subject to the terms and conditions of the Underwriting Agreement dated 23 August 2017. Please refer to Section 8 of this Retail Offer Document for further details.

It is important to note that the Underwriters will be acting for and providing services to the Company in relation to the Entitlement Offer and will not be acting for or providing services to Shareholders. The Underwriters have been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's-length basis with the Company. The engagement of the Underwriter by the Company is not intended to create any agency or other relationship between the Underwriters and Shareholders.

To the extent there is any excess shortfall that is consequently not underwritten, the Directors reserve the right at their discretion to place that shortfall at an issue price of not less than \$0.04 per Share at any time on or before 4 December 2017.

1.4 Issue of New Shares

New Shares under the Retail Entitlement Offer are expected to be issued on or around 18 September 2017 (subject to variation at the absolute discretion of the Company). Fractional Entitlements to New Shares will be rounded up to the nearest whole number of New Shares.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if:

- (a) their claims prove to be overstated or otherwise incorrect;
- (b) if they fail to provide information to substantiate their claims or
- (c) to the extent their voting power in Hawthorn would increase above 20% or from a starting point in excess of 20%.

1.5 ASX quotation

The Company has applied for official quotation of New Shares issued under this Retail Offer Document. If permission for quotation is not granted by ASX, the New Shares will not be issued and Application Monies will be refunded (without interest) as soon as practicable.

1.6 Application Monies

Until New Shares are issued, the Company will hold the Application Monies in one or more bank accounts in Australia. The account(s) will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required.

Any interest accrued on Application Monies will not be paid to the relevant Eligible Retail Shareholder, including if the Retail Entitlement Offer is cancelled or withdrawn, but will be claimed by the Company for its own used and benefit.

1.7 Market prices for Shares on ASX

The lowest and highest market prices of Shares on ASX during the three months immediately preceding the announcement of the Entitlement Offer on 24 August 2017 were A\$0.026 and A\$0.039 respectively. The Issue Price of A\$0.04 per New Share represents a 11.11% premium to the closing price of the Company's Shares on ASX on Wednesday 23 August 2017 (being \$0.036), which was the last day Shares traded on the ASX before the announcement of the Entitlement Offer and a 5.63% premium to TERP, the theoretical ex-rights price.

1.8 Foreign Shareholders

The New Shares being offered under this Retail Offer Document are being offered to Eligible Retail Shareholders who must have registered addresses in Australia or New Zealand.

The Retail Entitlement Offer will not be offered to Non Eligible Foreign Shareholders. The Company has determined that it is not economically viable for it to make offers to Non Eligible Foreign Shareholders due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Non Eligible Foreign Shareholders have their registered address, particularly having regard to the total amount sought to be raised. The Company reserves the right in its absolute discretion to make an offer under the Retail Entitlement Offer to a Shareholder with an address in the Company's share register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully offering or issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole and absolute discretion regards as acceptable.

This Retail Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside of Australia or New Zealand.

The distribution of this Retail Offer Document outside Australia or New Zealand may be restricted by law. If you come into possession of this Retail Offer Document, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

The Retail Entitlement Offer is not available to Shareholders that are in the United States or who are acting for the account or benefit of persons in the United States. Neither the Entitlements nor the New Shares offered and sold in the Entitlement Offer have been, nor will be, registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, Entitlements may not be issued to or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the US Securities Act and any other applicable securities laws. The Entitlements and the New Shares offered and sold in the Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of persons in the United States, in each case, in 'offshore transactions' in reliance on Regulation S under the US Securities Act.

1.9 Nominees and custodians

Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, or any person who is acting for the account or benefit of a person in the United States, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial Shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in section 7 of this Retail Offer Document entitled 'Foreign selling restrictions' or as the Company may otherwise permit on compliance with applicable law.

1.10 Taxation implications

Taxation is only one of the matters that must be considered when making a decision in relation to New Shares.

Shareholders should be aware that there may be taxation implications of participating in the Retail Entitlement Offer and applying for New Shares. The taxation consequences of participating in the Retail

Entitlement Offer and/or acquiring New Shares may vary depending on the individual circumstances of each Shareholder.

The Company does not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Retail Entitlement Offer, or the disposal of any New Shares allotted and issued. The Company does not accept any responsibility in this regard, and Eligible Retail Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

1.11 Risks

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows, distributions, growth prospects and Share price. The key risk factors are set out in the Appendix – Risk Factors included in the Investor Presentation released to the ASX on 24 August 2017 (included in this Retail Offer Document).

1.12 Regular reporting and disclosure

The Company is a disclosing entity for the purposes of the Corporations Act and accordingly is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities. Announcements made by the Company are available from the Company's website www.hawthornresources.com or ASX's website www.asx.com.au.

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit or review report. These reports are released to ASX and published on the Company and ASX websites.

1.13 Rights and liabilities attaching to New Shares

New Shares issued under this Retail Offer Document will be fully paid ordinary shares in the capital of the Company and will rank equally with all Existing Shares, including for any dividend paid after the date of issue of the New Shares.

The rights and liabilities attaching to Shares are set out in the Company's constitution and are regulated by the Corporations Act, the general law, the ASX Listing Rules and the ASX Settlement Rules. The constitution may only be varied by a special resolution passed by at least 75% of the votes cast by Shareholders in general meeting present (and entitled to vote) at the meeting.

1.14 Disclaimer

No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer described in this Retail Offer Document that is not contained in this Retail Offer Document. Any information or representation not contained in this Retail Offer Document may not be relied on as having been authorised by the Company in connection with the Retail Entitlement Offer.

1.15 Financial amounts

Money as expressed in this Retail Offer Document is in Australian dollars unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this Retail Offer Document and between those figures and figures referred to in other parts of this document may be due to rounding.

1.16 Privacy

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of your Shares) to be included in the public register of members of the Company. Information is collected to administer your Shares. Your personal information may be disclosed to the Company. You can obtain access to your personal information by contacting the Share Registry at the address or telephone number listed in the corporate directory. The Share Registry's privacy policy is available on its website:

www.linkmarketservices.com.au/corporate/privacy.html

1.17 Governing Law

This Retail Offer Document, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

2. Required Actions

2.1 Eligible Retail Shareholders – Australia and New Zealand

If you are an Eligible Retail Shareholder you may:

- take up all or part of your Entitlement in accordance with this Retail Offer Document; or
- decline to take up some or all of your Entitlement.

If you are an Eligible Retail Shareholder and wish to take up all or part of your Entitlement:

- (a) read this Retail Offer Document in full;
- (b) consider the risks associated with the Entitlement Offer, as summarised in the Appendix – Risk Factors included in the Investor Presentation released to the ASX on 24 August 2017 (included in this Retail Offer Document), in light of your personal circumstances;
- (c) decide whether to participate in the Retail Entitlement Offer;
- (d) make payment and apply for New Shares by either:

Mail

Complete the Entitlement and Acceptance Form accompanying this Retail Offer Document in accordance with the instructions set out in the form. If you have not received an Entitlement and Acceptance Form please call the Share Registry on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia).

Return the completed Entitlement and Acceptance Form together with payment in accordance with Section 2.2 of this Retail Offer Document, using the enclosed envelope or to the following address so that it is received by no later than 5.00pm (Melbourne time) on 11 September 2017 (or such other date as may be determined by the Company):

Mailing address:

Hawthorn Resources Limited
C/-Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

or

Hand delivery:

Hawthorn Resources Limited
C/-Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 (Please do not use this address for mailing purposes)

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at the Company's registered office.

Or,

BPAY®

Make payment through BPAY® in accordance with the instructions in the Entitlement and Acceptance Form accompanying this Retail Offer Document.

If you pay by BPAY® you do not need to lodge the Entitlement and Acceptance Form.

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required. If mailed from New Zealand, correct postage must be affixed. Eligible Retail Shareholders in New Zealand should ensure that their Entitlement and Acceptance Form and Application Monies are mailed early to ensure they arrive at the postal address specified above by 5.00pm (Melbourne time) on 11 September 2017 (or such other date as may be determined by the Company).

2.2 Payment

The Issue Price of A\$0.04 per New Share is payable for each New Share you take up under your Entitlement. For all Australian and New Zealand Eligible Retail Shareholders payments must be received by 5.00pm (Melbourne time) on 11 September 2017 (or such other date as may be determined by the Company).

Shareholders should be aware of the time required to process payments by cheque, electronic funds transfer and BPAY® in choosing the appropriate Application and payment method.

Payment will only be accepted in Australian currency and must be:

- by cheque, money order or bank draft drawn on an Australian financial institution, made payable to 'Hawthorn Resources Limited – Retail Offer' and crossed Not Negotiable; or
- through the BPAY® facility according to the instructions set out in the Entitlement and Acceptance Form.

Cash will not be accepted. Receipts for payment will not be issued. If you provide insufficient funds to meet the Application Monies due to take up all or part of your Entitlement, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Monies will pay, or your Application may be rejected.

Any surplus Application Monies received for more than your Entitlement will be refunded (only where the amount is A\$5.00 or greater). You are not entitled to, and the Company will retain for its own use and benefit, any interest that accrues on any Application Monies received or returned (wholly or partially).

Eligible Retail Shareholders may pay through BPAY®

Australian Eligible Retail Shareholders and New Zealand Eligible Retail Shareholders with an Australian bank account may pay through BPAY®. Payment by BPAY® should be made in accordance with the instructions set out in the Entitlement and Acceptance Form using the reference number shown on that form and must be received by no later than 5.00pm (Melbourne time) on 11 September 2017 (or such other date as may be determined by the Company). Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment. Applicants should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

The reference number is used to identify your holding. If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. If you pay by BPAY® and do not pay for your full Entitlement, your remaining Entitlements will lapse.

If you make your payment by BPAY® you do not need to return the Entitlement and Acceptance Form.

Your completed Entitlement and Acceptance Form or BPAY® acceptance, once received by the Share Registry, cannot be withdrawn. No cooling-off regime applies to Applications for New Shares.

2.3 Declining all or part of your Entitlement

If you decide not to take up all or part of your Entitlement, the Entitlement which is unexercised will lapse and may be taken up by the Underwriters (or persons they nominate). Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on the ASX or any other financial market, nor can it be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you decide not to participate in the Retail Entitlement Offer, you do not need to fill out or return the accompanying Entitlement and Acceptance Form or do anything else in relation to the offer. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

2.4 Non Eligible Foreign Shareholders

If you are a Non Eligible Foreign Shareholder, you may not take up any of, or do anything in relation to, your Entitlement under the Retail Entitlement Offer.

2.5 Warranties made on acceptance of Retail Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting, are an Eligible Retail Shareholder or otherwise eligible to participate.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you and each person on whose account you are acting are not in the United States and you are not acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- (b) you understand that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand. Notwithstanding the foregoing, the Entitlements and the New Shares may not be taken up by persons who are, or are acting for the account or benefit of, a person in the United States. Neither the New Shares nor any may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States;
- (c) other than as you specifically note to the Company, the issue of New Shares pursuant to the take up of your Entitlement will not cause your voting power in the Company to increase to greater than 20% or from a starting point greater than 20%;
- (d) you and each person on whose account you are acting have not and will not send any materials, or copies thereof, relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- (e) you acknowledge that you have read and understand this Retail Offer Document and your Entitlement and Acceptance Form in their entirety;
- (f) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Document, and the Company's constitution;
- (g) you authorise the Company to register you as the holder(s) of any New Shares allotted to you;
- (h) you declare that all details and statements in your Entitlement and Acceptance Form are complete and accurate;
- (i) you declare that you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your Entitlement and Acceptance Form;
- (j) you acknowledge that after the Company receives your Entitlement and Acceptance Form or any payment of Application Monies through BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (k) you agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies through BPAY® (whichever is the less number of New Shares), at the Issue Price;
- (l) you authorise the Company, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in your Entitlement and Acceptance Form;
- (m) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on your Entitlement and Acceptance Form as being held by you on the Record Date;
- (n) you acknowledge that the information contained in this Retail Offer Document and your Entitlement and Acceptance Form is not financial product or investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (o) you acknowledge that this Retail Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (p) you acknowledge the statement of risks in the Appendix – Risk Factors included in the Investor Presentation released to the ASX on 24 August 2017 (included in this Retail Offer Document), and that investments in the Company are subject to risk;
- (q) you acknowledge that none of the Company, the Underwriters, nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;

- (r) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (s) you authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (t) you represent and warrant (for the benefit of the Company, the Underwriters and its related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are an Eligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (u) you represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Document and your Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (v) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so on-market on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and
- (w) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Document, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

2.6 Refunds

Any Application Monies received for more than your Entitlement will be refunded as soon as practicable after the Closing Date (except where the amount is less than A\$5.00). No interest will be paid to Applicants on any Application Monies received or refunded.

2.7 Withdrawals

You cannot, in most circumstances, withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares.

2.8 Confirmation of your Application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares from this Retail Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the Share Registry website, www.linkmarketservices.com.au. To access the "Investor Centre" section of this website you will need your SRN or HIN and you will need to pass the security challenge on the site.

Additional information

This Retail Offer Document (including the ASX announcements in relation to the Retail Entitlement Offer reproduced in it) and accompanying personalised Entitlement and Acceptance Form have been prepared by the Company.

No party other than the Company has authorised or caused the issue of the information in this Retail Offer Document, nor takes any responsibility for, or makes, any statements, representations or undertakings in this Retail Offer Document.

3. Capital structure

3.1 Effect of the Entitlement Offer on capital structure

The approximate capital structure of the Company will be as follows:

Shares	Number ¹
Shares on issue as at 28 August 2017	171,263,644
Shares issued under the Institutional Entitlement Offer	39,656,986
New Shares ² offered under the Retail Entitlement Offer as per this Retail Offer Document	110,343,014
Total Shares on issue on close of the Entitlement Offer	321,263,644

¹ The exact number of Shares issued under the Entitlement Offer depends on fractional Entitlements on the Record Date. To the extent any of the Shares issued under the Institutional Entitlement Offer would cause the voting power in the Company of an eligible institutional shareholder to increase to greater than 20% or from a starting point in excess of 20%, the Shares will be issued at the same time as the New Shares issued under the Retail Entitlement Offer.

² These include New Shares offered and taken up under the Institutional Offer which are to be issued at the same time as New Shares offered under the Retail Entitlement Offer.

3.2 Impact on control

If all Entitlements are accepted by Shareholders to the full extent, then the Entitlement Offer will not result in any change to the control of Hawthorn.

If all Entitlements under the Entitlement Offer are not accepted to the full extent, then the shareholding interest of non-participating Shareholders will be diluted.

3.3 Directors

Mark Kerr is the only Director who currently holds an interest in Shares in Hawthorn. He has advised Hawthorn that he intends to participate in full in the Entitlement Offer.

4. Risk factors

4.1 Introduction

The Company'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 the Company 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 Appendix – Risk Factors included in the Investor Presentation released to the ASX on 24 August 2017 (included in this Retail Offer Document), any of which could affect the operating and financial performance of the Company or the value of an investment in the Company. The risk factors set out in the Appendix – Risk Factors included in the Investor Presentation released to the ASX on 24 August 2017 are not exhaustive.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. The Company has applied to ASX for the grant of official quotation of the New Shares. It is expected that normal trading on ASX will commence in relation to New Shares issued under the Retail Entitlement Offer on 19 September 2017. The Company

will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares before the New Shares are quoted on the official list of ASX or before they receive their written confirmation of issue, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry or the Underwriters. ASX accepts no responsibility for any statement in this Retail Offer Document.

4.2 New Zealand Shareholders

In addition to Section 4.1 above, New Zealand Shareholders should also consider the particular taxation and currency risks associated with investing in New Shares.

5. Eligible Retail Shareholders

The information in this Retail Offer Document contains an offer of New Shares to Eligible Retail Shareholders in Australia and New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. Please refer to Section 1.1 of this Retail Offer Document for Eligible Retail Shareholder criteria.

The Retail Entitlement Offer is not being extended to any Shareholders outside Australia or New Zealand, other than potentially Company selected institutional Shareholders and investors in certain foreign jurisdictions. By returning a completed Entitlement and Acceptance Form or making a payment through BPAY®, you will be taken to have represented and warranted that you satisfy each of the Eligible Retail Shareholder criteria, including making the warranties and representations in Section 2.5 of this Retail Offer Document. Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, or any other person acting for the account or benefit of persons in the United States, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial Shareholders who are institutional or professional investors in certain foreign countries selected by the Company.

6. Not investment advice or financial product advice

The Retail Entitlement Offer to which the information in this Retail Offer Document relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. The information in this Retail Offer Document is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares or any other financial products.

The information in this Retail Offer Document does not purport to contain all the information that you may require to evaluate a possible Application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.asx.com.au. The information in this Retail Offer Document does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial objectives and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the Shares the subject of the Retail Entitlement Offer. No cooling off regime applies to the take up of Entitlements.

If, after reading this Retail Offer Document, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other independent professional adviser. You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

7. Foreign selling restrictions

The information in this Retail Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, and no action has been taken to register the Shares or otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia or New Zealand. Return of the personalised Entitlement and Acceptance Form or your BPAY® payment will be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, or any other person acting for the account or benefit of persons in the United

States, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial Shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in section 7 of this Retail Offer Document entitled 'Foreign selling restrictions' or as the Company may otherwise permit in compliance with applicable law.

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.

8. Underwriting

The Company has entered into an underwriting agreement with the Underwriters (**Underwriting Agreement**). Under the Underwriting Agreement, the Underwriters are appointed by the Company, to act as underwriters for the Entitlement Offer in their respective proportions (specified in the Underwriting agreement). The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent, including:

- (a) ASX not indicating that it will not admit the Shares issued under the Entitlement Offer to quotation; and
- (b) receipt by the Underwriters of certain customary opinions and reports from the Company and its advisers.

The Company has (subject to certain limitations) agreed to indemnify the Underwriters and its related bodies corporate and each of their directors, officers, agents, employees and advisers against losses in connection with the Entitlement Offer.

The Company and the Underwriters have given certain customary representations, warranties and undertakings in connection with (among other things) the conduct of Entitlement Offer.

The Underwriters may terminate the Underwriting Agreement and be released from its obligations if any of a range of events occur and provided in some instances that the event would amongst other things, have a material adverse effect on (i) the: financial condition, financial position or financial prospects of Hawthorn; or (ii) success or outcome of the Entitlement Offer.

Key termination events include the following:

- (a) (**timetable**) any event specified in the timetable which occurs:
 - (i) on or prior to the first settlement date is delayed for more than three business days; or
 - (ii) after the first settlement date is delayed for more than five business days, without the approval of the Underwriters;
- (b) (**change in Directors**) a change in the Directors or senior management is announced or occurs other than with the approval of GEL Resources Pty Ltd ACN 000 748 630 or as contemplated by this agreement;
- (c) (**ASIC action**) ASIC:
 - (i) applies for an order under section 1324 or 1325, of the Corporations Act, or an order under Part 9.5 of the Corporations Act, in relation to the offer or any offer material;
 - (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the offer or any offer material under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth);
 - (iii) prosecutes or gives notice of an intention to prosecute; or
 - (iv) commences proceedings against, or gives notice of an intention to commence proceedings against, the Issuer or any of its officers, employees or agents in relation to the offer or any offer material;

- (b) **(withdrawal)** Hawthorn withdraws the offer or the invitations to apply for offer securities under the offer materials;
- (c) **(unable to issue offer securities)** Hawthorn is prevented from allotting and issuing the offer securities in accordance with the Underwriting Agreement;
- (d) **(certificate)** a certificate is not furnished when required to be furnished by Hawthorn under the Underwriting Agreement;
- (e) **(listing)** Hawthorn ceases to be admitted to the official list of ASX;
- (f) **(suspension)** trading in securities on the financial market operated by ASX is halted or suspended (other than a trading halt contemplated by the Underwriting Agreement or with the prior written consent of the Underwriters), or the securities cease to be officially quoted;
- (g) **(ASX approval)** ASX advises the Issuer in writing that official quotation of the offer securities will not be granted, or such official quotation is not granted in accordance with the timetable or is granted but subsequently withdrawn, qualified or withheld or ASX suspends trading in the offer securities which, for the avoidance of doubt, does not include the trading halt required in respect of the offer or a trading halt or suspension otherwise implemented with the consent of the Underwriters to facilitate the offer;
- (h) **(insolvency)** a group member is or becomes Insolvent, or any act occurs or any omission is made which may result in a group member becoming Insolvent;
- (i) **(new circumstance)** a new circumstance arises which is a matter materially adverse to investors in offer securities and which would have been required by the Corporations Act to be included in the offer materials had the new circumstance arisen before the offer materials were given to ASX; and
- (j) **(misleading or deceptive conduct)** civil or criminal proceedings are brought against Hawthorn or any officer of Hawthorn in relation to any fraudulent, misleading or deceptive conduct relating to Hawthorn whether or not in connection with the offer.
- (k) **(certificate)** a statement in a Certificate is, in any material respect, untrue incorrect or misleading or deceptive;
- (l) **(change in law)** there is introduced into the parliament of the Commonwealth of Australia or any state or territory of Australia a law or prospective law or any new regulation is made under any law, or a government agency or the Reserve Bank of Australia adopts a policy, or there is any official announcement on behalf of the government of the Commonwealth of Australia or any state or territory of Australia or a government agency that such a law or regulation will be introduced or policy adopted (as the case may be).
- (m) **(future matters)** any statement or estimate in any offer material which relates to a future matter is or becomes incapable of being met;
- (n) **(due diligence)** the due diligence report or the verification material is or becomes misleading or deceptive or likely to mislead or deceive whether by omission or otherwise;
- (o) **(misrepresentation)** a representation or warranty made or given, or deemed by a provision in the Underwriting Agreement to have been made or given, by the Issuer under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect; and
- (p) **(breach)** Hawthorn fails to comply with any of its obligations under the Underwriting Agreement, or any representation or warranty by Hawthorn in the Underwriting Agreement is or becomes untrue or incorrect.

Underwriting fees (which are in keeping with market rates) are payable to Belfort Investment Advisors Limited and Brian Thornton.

No Underwriter will be issued with New Shares which would result in the Underwriter having Voting Power in the Company in excess of 20% of the total issued share capital of the Company as at completion of the Institutional Entitlement Offer and Retail Entitlement Offer respectively.

9. Information availability

Eligible Retail Shareholders in Australia or New Zealand can obtain a copy of this Retail Offer Document during the period of the Retail Entitlement Offer by calling the Share Registry on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) between 8.30am to 5.00pm (Melbourne time) Monday to Friday during the Retail Entitlement Offer Period. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.

10. Forward-looking statements and future performance

Neither the Company, its officers, employees, agents, associates and advisers, nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the information in this Retail Offer Document. Forward-looking statements, opinions and estimates provided in the information in this Retail Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. These statements can generally be identified by the use of words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'predict', 'guidance', 'plan' and other similar expressions. Any forward-looking statements including projections, guidance on future production, sales, earnings, dividends, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Board, including the risks described in the Appendix – Risk Factors included in the Investor Presentation released to the ASX on 24 August 2017, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Retail Offer Document.

11. Past performance

Past performance information given in this Retail Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Retail Offer Document is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

Glossary

Term	Definition
Applicant	An Eligible Retail Shareholder who applies for New Shares under this Retail Offer Document
Application	An application for a specified number of New Shares by an Applicant under this Retail Offer Document
Application Monies	Funds accompanying a completed Entitlement and Acceptance Form or funds paid by BPAY®
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
ASX Settlement Rules	The Settlement Operating Rules made by ASX Settlement Pty Limited ACN 008 504 532
Board	The Directors acting as a board of the Company
Closing Date	The date on which the Retail Entitlement Offer closes, expected to be 5.00pm (Melbourne time) on 11 September 2017
Company or Hawthorn	Hawthorn Resources Limited ACN 009 157 439
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	The directors of the Company
Eligible Retail Shareholder	As defined in Section 1.1 of this Retail Offer Document
Entitlement	The number of New Shares each Eligible Retail Shareholder is offered under the Retail Entitlement Offer as designated on their Entitlement and Acceptance Form
Entitlement and Acceptance Form	The personalised form for participation in the Retail Entitlement Offer attached to or accompanying this Retail Offer Document
Entitlement Offer	The underwritten pro rata accelerated non-renounceable entitlement offer of 1 New Share for every 1.141757626 Existing Shares at A\$0.04 per New Share
Existing Shares	Shares on issue at the Record Date
GST	Good and Services Tax
Institutional Entitlement Offer	Has the meaning given in the Chairman's Letter
Issue Price	The price payable for one New Share under the Entitlement Offer being A\$0.04
Melbourne time	The time in Melbourne, Australia
New Share	A Share offered and issued under the Entitlement Offer
Non Eligible Foreign Shareholder	A Shareholder with an address in the Company's share register outside Australia or New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous
Offer Period	31 August 2017 to 11 September 2017, or any other date as may be determined by the Company

Term	Definition
Record Date	7.00pm (Melbourne time) on 28 August 2017
Retail Entitlement Offer	The retail component of the Entitlement Offer being the offer of 1 New Share for every 1.141757626 Existing Shares on the terms set out in this Retail Offer Document to Eligible Retail Shareholders
Retail Offer Document	This document
Section	Means a section of this Retail Offer Document
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of at least one Share as recorded on the Company's share register
Share Registry	Link Market Services Limited ABN 54 083 214 537
Underwriters	Belfort Investment Advisors Limited, Brian Thornton and Paradyce Pty Ltd (a company controlled by Mark Kerr, Executive Chairman and Managing Director of Hawthorn)
Underwriting Agreement	The agreement defined in Section 8 of this Retail Offer Document
US Securities Act	U.S. Securities Act of 1933, as amended
voting power	Has the meaning given to this term in section 610 of the Corporations Act

Corporate Directory

Directors

Mark Kerr (Executive Chairman)
David Tyrwhitt (Non-Executive Director)
Liao, Yong Zhong (Non-Executive Director)
Li, Yi Jie (Non-Executive Director)
Liu, Zhen Sheng (Non-Executive Director)

Executive management

Mark Kerr (Managing Director)
Tony Amato (Chief Financial Officer)
Mourice Garbutt (Company Secretary)
Ian Moody (Exploration Manager)

Registered office

Level 2, 90 William Street
Melbourne Victoria 3000
Australia
T +61 3 9605 5950
W www.hawthornresources.com

Share registry

Link Market Services Limited
Tower 4, Collins Square
727 Collins Street
Melbourne Victoria 3008
Australia
T 1300 730 659
T +61 1300 730 659 (outside Australia)

Australian lawyers to the Offer

Minter Ellison
Level 23 Rialto Towers
525 Collins Street
Melbourne Victoria 3000
Australia

Shareholder enquiries

If you have any questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement, please call the Hawthorn Shareholder Information Line (between 8.30am and 5.00pm weekdays AEST):

T 1300 730 659 (within Australia)

T +61 1300 730 659 (outside Australia)

You should consult your stockbroker, accountant or other professional adviser if you are in any doubt as to whether to participate in the Retail Entitlement Offer.

ASX Announcements

The following announcements were released to the ASX on:

Date:	Subject:
Thursday 24 August 2017	ANGLO SAXON GOLD PROJECT AND UNDERWRITTEN ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER TO RAISE APPROXIMATELY A\$6 MILLION
Monday 28 August 2017	HAWTHORN RESOURCES LIMITED COMPLETES SUCCESSFUL INSTITUTIONAL ENTITLEMENT OFFER



ABN 44 009 157 439

24 August 2017

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.



ABN 44 009 157 439

28 August 2017

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

HAWTHORN RESOURCES LIMITED COMPLETES SUCCESSFUL INSTITUTIONAL ENTITLEMENT OFFER

Hawthorn Resources Limited ("Hawthorn") (ASX Code: HAW) is pleased to advise the successful completion of the institutional component of the \$6 million pro rata non-renounceable rights as announced on Thursday 24 August 2017 (Entitlement Offer").

The institutional component of the Entitlement Offer ("Institutional Entitlement Offer") raised approximately \$1.59 million from the applications for approximately 39.656 million new fully paid ordinary shares ("New Shares") at an issue price of \$0.04 a share.

The New Shares applied for under the Institutional Entitlement Offer are expected to be issued and commence trading on the official list of the ASX on Friday 1 September 2017. With the quotation of the New Shares the Company will have on issue a total of 210,929,630 fully paid ordinary shares.

RETAIL ENTITLEMENT OFFER

The retail component of the Entitlement Offer ("Retail Entitlement Offer") will open on Thursday 31 August 2017 and will close, unless extended, at 5.00 p.m. (AEST) on Monday 11 September 2017.

The Company's eligible retail shareholders with a registered address in Australia or New Zealand will be able to apply for 1 New Share for every 1.141757626 fully paid ordinary shares held as at 7.00 p.m. (AEST) on Monday 28 August 2017 ("Record Date") at the same offer price of \$0.04 a New Share as the Institutional Entitlement Offer.

The New Shares arising under the Retail Entitlement Offer will be allotted, unless the Offer has been extended, on Monday 18 September 2017 and are expected to commence trading on the official lists of the ASX on Tuesday 19 September 2017.

The Board of Directors of Hawthorn encourage the Company's eligible retail shareholders to read carefully the Retail Offer Document ("the Document") for the details relating to the Retail Entitlement Offer. The Document is expected to be dispatched, together with a personalised entitlement and acceptance form, to eligible retail shareholders no later than Thursday 31 August 2017. The Document

will be available on the Company's website at www.hawthornresources.com and on the Company's ASX webpage under code HAW.

The Company expects its trading halt to be lifted and the Company's fully paid ordinary shares to commence trading from open of market today on an "ex entitlement" basis.

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

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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.

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Hong Kong

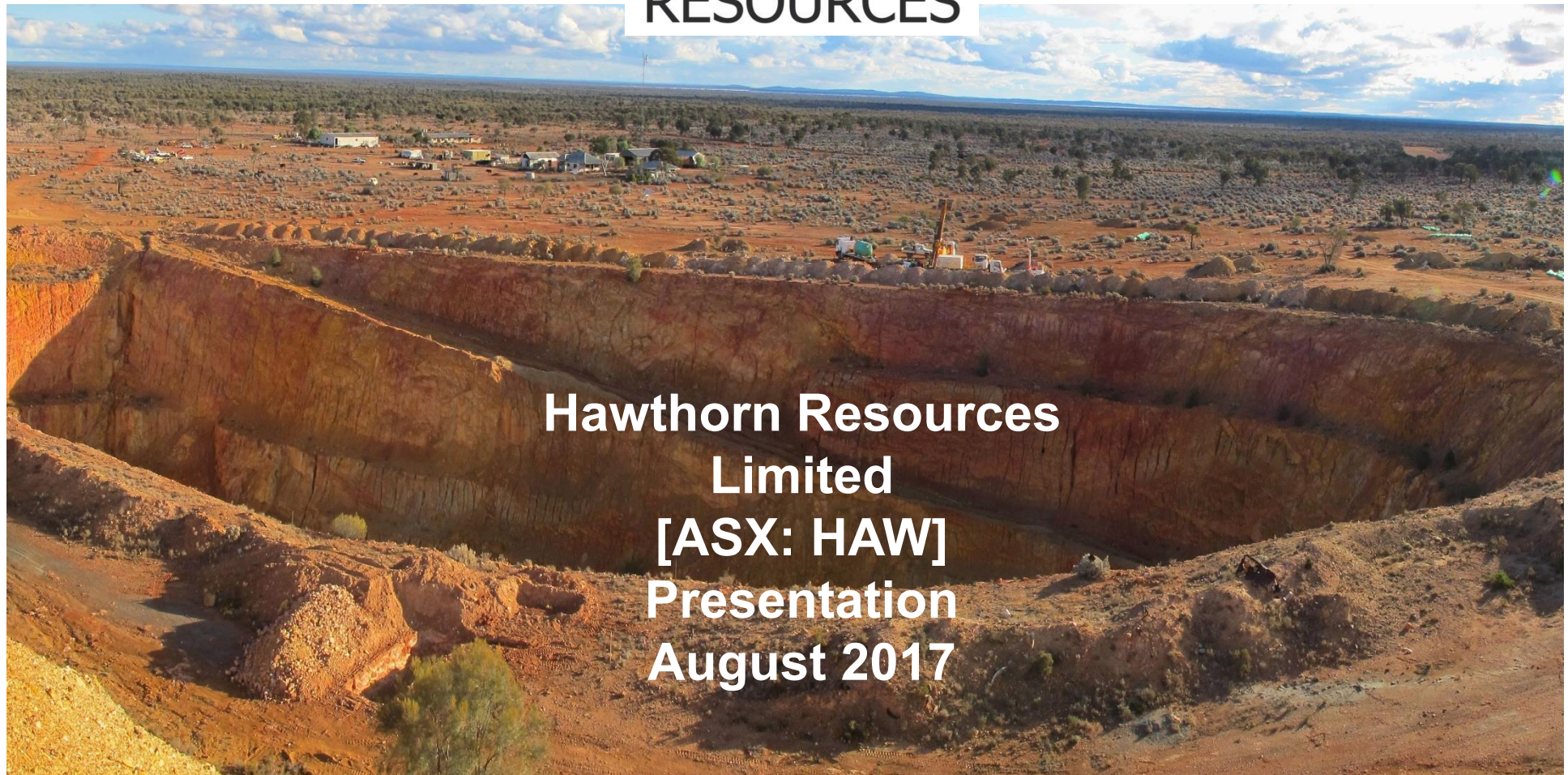
WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (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).

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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.

Investor Presentation

The following is the Investor Presentation as released to the ASX on Thursday 24 August 2017



**Hawthorn Resources
Limited
[ASX: HAW]
Presentation
August 2017**



Hawthorn Resources Limited

(ASX: HAW)

Important Notice and Disclaimer

This presentation has been prepared by Hawthorn Resources Limited (**Hawthorn or the Company**) in relation to an accelerated pro rata non-renounceable entitlement offer of new fully paid ordinary shares (**Shares**) in Hawthorn (**Entitlement Offer**).

Summary information

This presentation contains summary information about Hawthorn and its associated entities and their activities current as at the date of this presentation. The information contained in this presentation is for information purposes only.

The information contained in this presentation is general background information and does not purport to include or summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Hawthorn's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**) which are available at www.asx.com.au.

This presentation is not and does not contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or any other offering document under Australian law or any other law (and will not be lodged with the Australian Securities & Investments Commission (ASIC) or any foreign regulator).

Not an offer

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian law (and will not be lodged with ASIC) or any other law.

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An investment in Shares in Hawthorn is subject to known and unknown risks, some of which are beyond the control of Hawthorn, including possible loss of income and principal invested. Hawthorn does not guarantee any particular rate of return or the performance of Hawthorn, nor does it guarantee any particular tax treatment. Investors should have regard to (amongst other things) the risk factors outlined in this presentation when making their investment decision. See Appendix 1 . Risk Factors of this presentation for certain risks relating to an investment in Hawthorn Shares.

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Hawthorn Resources Limited

(ASX: HAW)

Important Notice and Disclaimer (continued)

Future performance

This presentation contains certain forward-looking statements and comments about future events, including Hawthorn's expectations about the performance of its businesses. 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, including the risk factors described in Appendix 1. Risk Factors and many of these risks are beyond Hawthorn's control. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. They 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.

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Nothing contained in this presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or future performance of Hawthorn.

Financial data

All dollar values are expressed in Australian dollars (\$) unless otherwise stated.

Investors should note that this information has not been audited and is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements. Accordingly, investors should treat this information with appropriate caution.

The financial information provided in this presentation is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Mineral Reserve estimation, exploration results and mineral resources, mineral resources estimation

Investors should note that mineral reserve estimation, exploration results and mineral resources, mineral resources estimation information disclosed in this presentation is subject to the disclaimers set out on page 34 of this presentation.

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Statements made in this presentation are made only at the date of the presentation. Hawthorn is under no obligation to update this presentation. The information in this presentation remains subject to change by Hawthorn without notice. Hawthorn reserves the right to withdraw or vary the timetable for the Entitlement Offer without notice.



Hawthorn Resources Limited

(ASX: HAW)

Anglo Saxon JV (HAW 70% / Gel Resources 30%)

- *58,500 ounces of Gold recoverable from Probable Reserve that delivers production at C1 Cash Cost of \$1010 / ounce at \$1600 AUD Gold Price*
- *293,400 oz Gold Resource - High Grade Gold Underground potential to be tested*
- *All Approvals Obtained and Ready to commence*

Yundamindera – Box Well

- *130,000 oz Gold Resource – pristine discovery at surface, open along strike and at depth*
- *Numerous unexplored targets over > 20km of strike*
- *Potential to establish Mill to exploit existing Resource & adjacent stranded resources*

Deep South JV (HAW 80% / Westgold Resources 20%)

- *77,000 oz Gold Resource*
- *Toll Mill or truck to Mill if established at Box Well*

Mt Bevan JV (HAW 40% / Legacy 60%)

- *Haematite (north end of Jupiter “Mt Mason Resource” +/- 10 Mt Haematite)*
- *> 1 Bt Magnetite Resource*
- *Potential Repetition of Cathedrals Ni-Cu belt of St George Mining (ASX: SGX)*



Hawthorn Resources Limited

(ASX: HAW)

“ **Board**

- . **Mark Kerr (Chairman and Managing Director), David Tyrwhitt**
- . **Yongzhong Liao, Yijie Li, Zhensheng Liu**

“ **Shares on issue**

171,263,644

“ **Major Shareholders**

- . **Feng Hua Mining Investment Holding (HK) Limited – (Guangdong Feng Hua Advanced Technology, Guangdong Rising Assets Management, Guangdong Bureau Geology / Lite Smooth** **37.6%**
- . **ASX Listed Code - LCY: Legacy Iron Ore (major shareholder NMDC of India)** **7.34%**

“ **Joint Ventures**

- . **Anglo Saxon / Trouser Legs (70% HAW, 30% Gel)** **- Gel Resources Pty Ltd**
- . **Deep South & part Yundamindera (80% HAW, 20% WGX)** **- Westgold Resources**
- . **Mt Bevan (60% LCY, 40% HAW)** **- Legacy Iron Ore**

“ **Cash at Bank 30/06/2017**

\$ 1.298 M

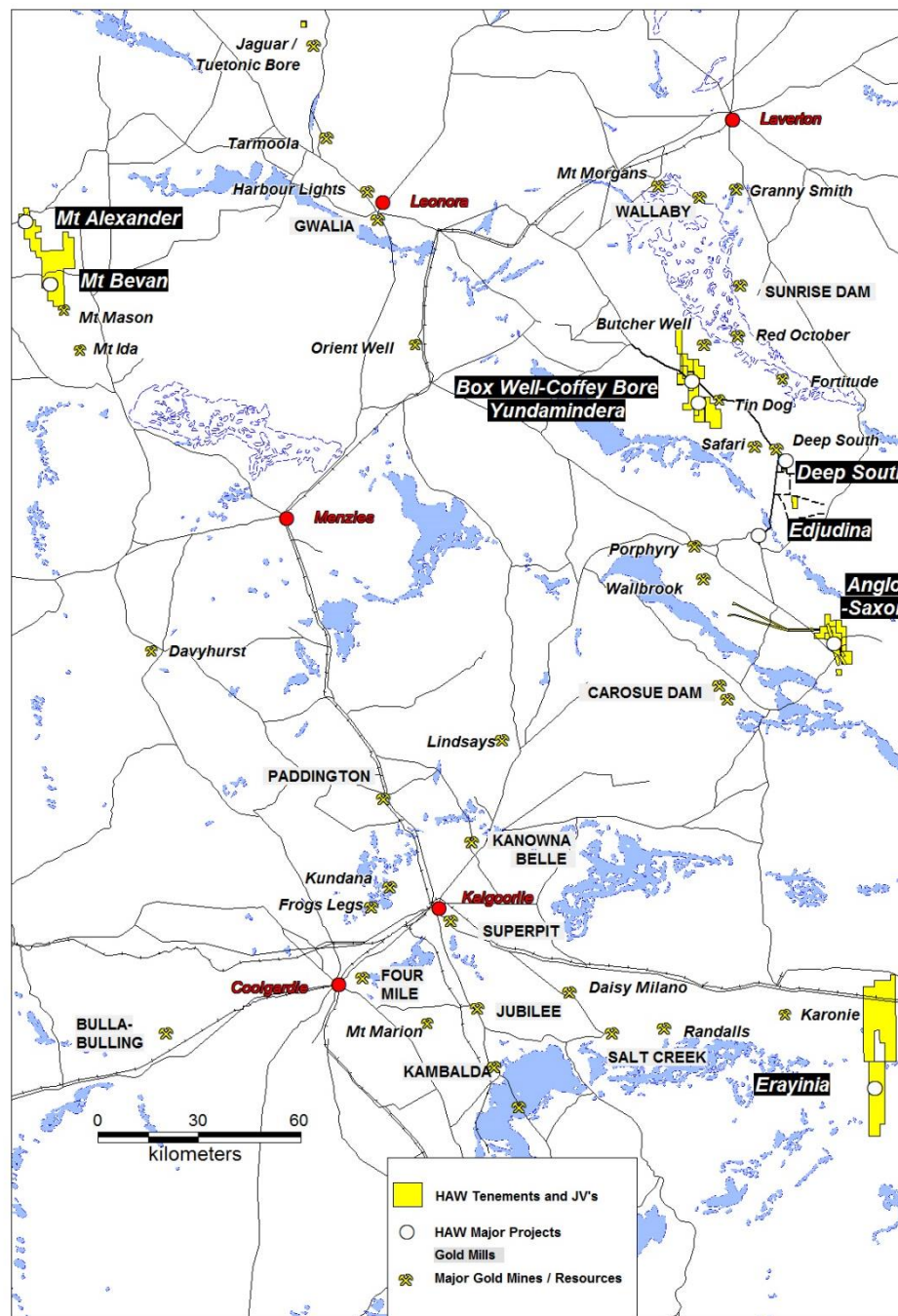


Three Primary Gold Projects

- “ **Anglo Saxon**
- “ **Box Well – Yundamindera**
- “ **Deep South**

Iron Ore / Base Metal Project

- “ **Mt Bevan**





Hawthorn Resources

Global Reserves and Resources

” Reserve and Resources Summary at 30 June 2017

Reserves - (HAW - Anglo Saxon 70% of total ounces)

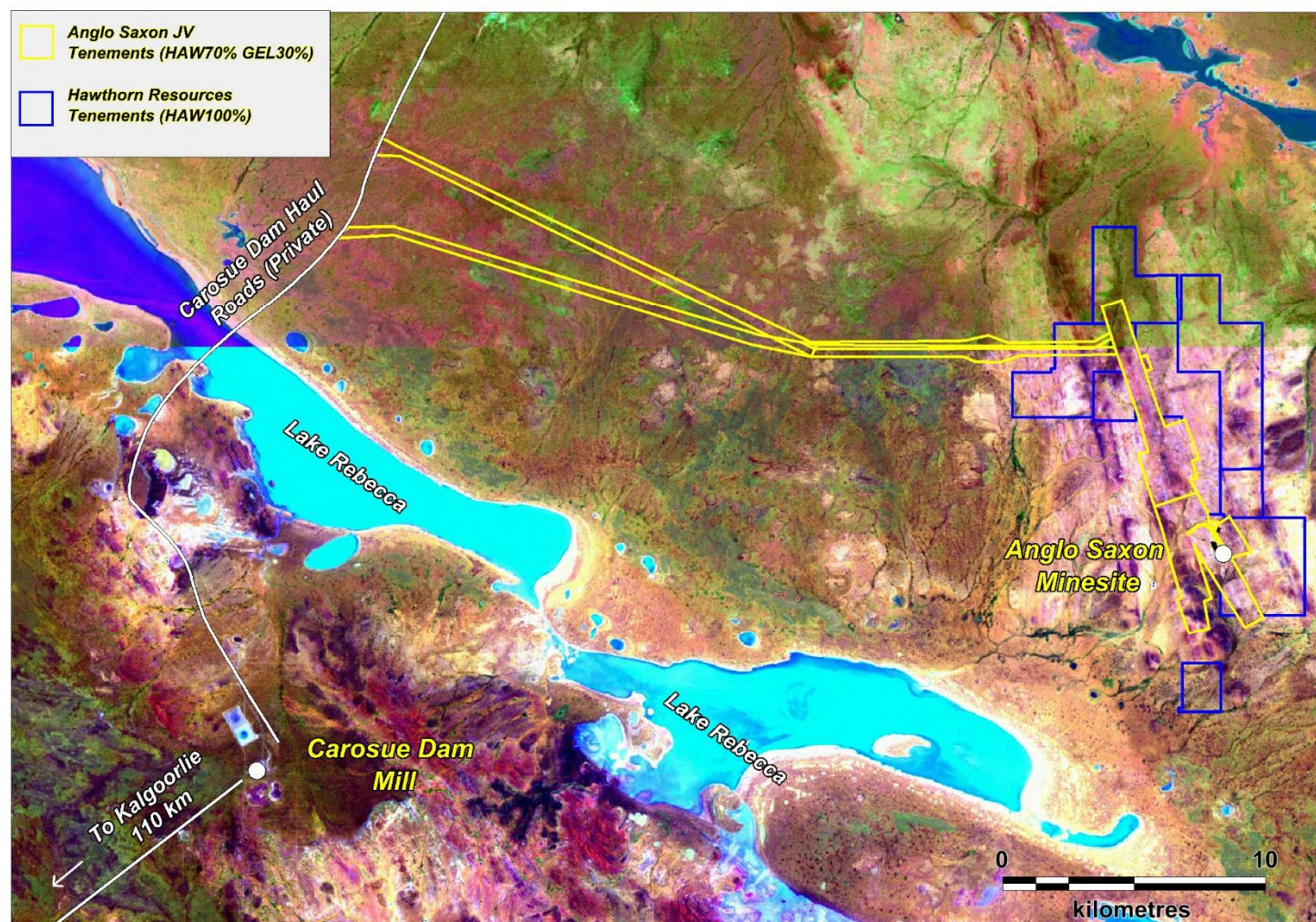
Deposit	Proven (t)	Au (g/t)	Ounces	Probable (t)	Au (g/t)	Ounces	Total (t)	Au (g/t)	Ounces
<i>AngloSaxon</i>				730,000	2.66	62,000	730,000	2.66	62,000
Total				730,000	2.66	62,000	730,000	2.66	62,000

Resources (0.5 g/t Au Cut-off) - (HAW Anglo Saxon 70%, HAW Box Well 100%, HAW Deep South 80% of total ounces)

Deposit	Indicated (t)	Au (g/t)	Ounces	Inferred (t)	Au (g/t)	Ounces	Total (t)	Au (g/t)	Ounces
<i>AngloSaxon</i>	2,107,000	2.15	145,600	2,025,000	2.27	147,800	4,132,000	2.21	293,400
<i>Box Well</i>	1,849,000	1.58	93,900	915,000	1.23	36,100	2,764,000	1.46	130,000
<i>Deep South</i>	277,000	2.12	18,900	1,022,000	1.76	57,900	1,299,000	1.84	76,800
Total	4,233,000	1.90	258,400	3,937,000	1.91	241,800	8,195,000	1.90	500,200

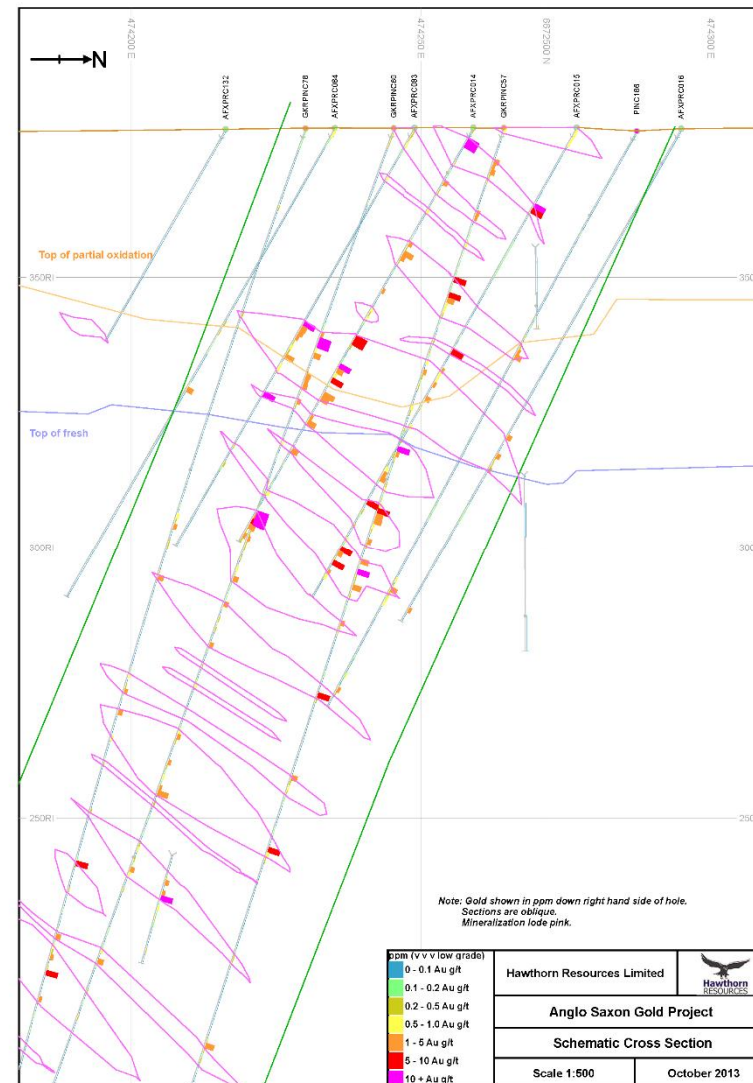
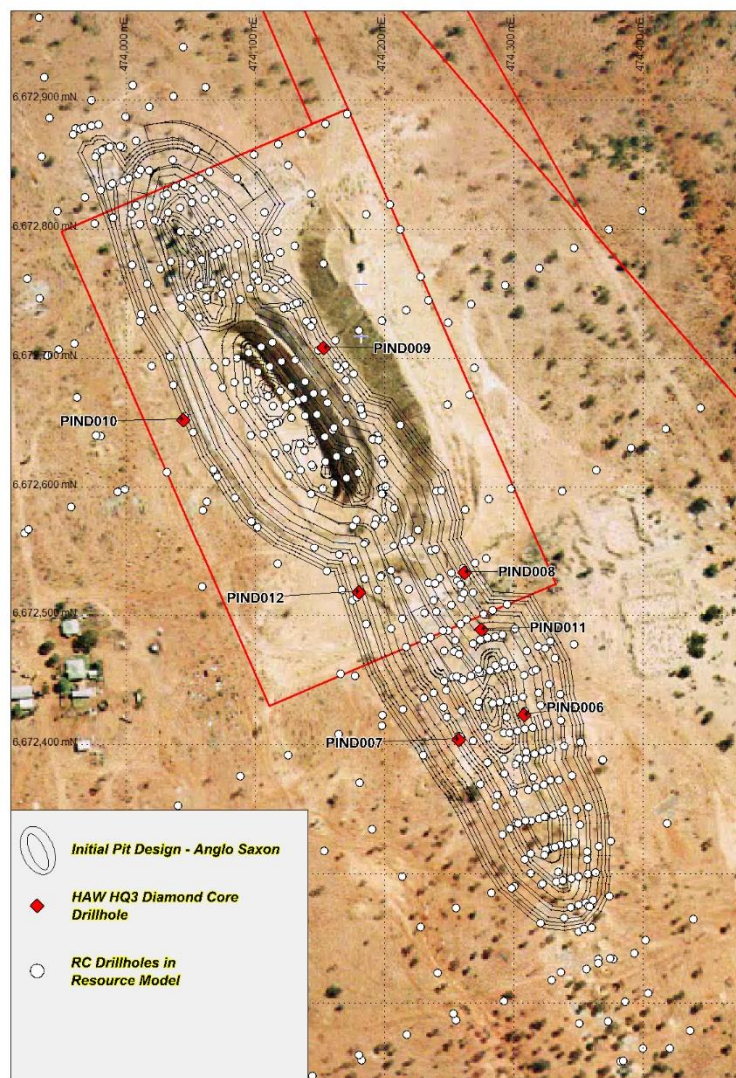
TROUSER LEGS (ANGLO-SAXON)

70% HAW; 30% Gel Resources



ANGLO-SAXON

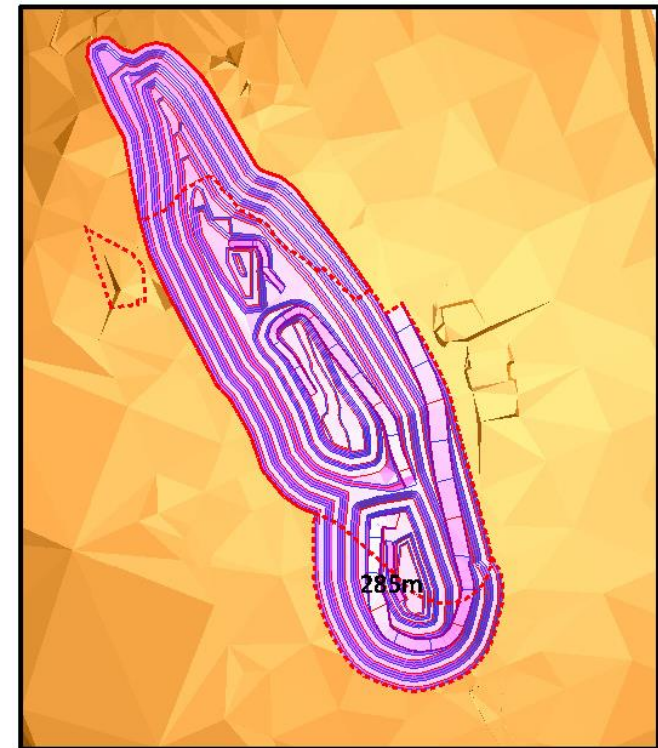
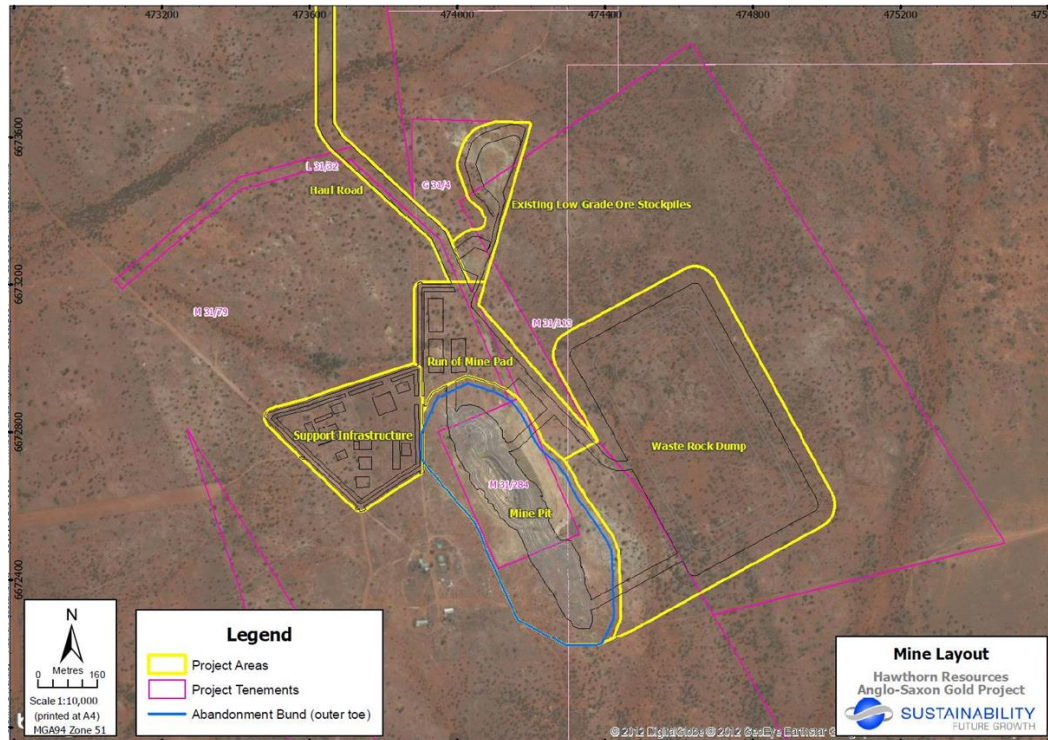
Drilling & Proposed Pit Design



24 August 2017

ANGLO-SAXON

Mine Layout



- ” ***Conventional Pit Design & Support Infrastructure Layout***
- ” ***Southern Pit ore may be accessed from Underground drive***



ANGLO-SAXON

Pre-Feasibility Study

Anglo Saxon Pre-Feasibility Study Highlights (at \$1600 AUD Gold Price)

- " Joint Venture*
 - Hawthorn Resources 70% / Gel Resources 30%
- " Mining Reserve*
 - 730,000 t @ 2.66 g/t Au = 62,000 oz
- " Recovered Gold*
 - 58,500 oz recovered
- " CAPEX*
 - \$ 3.33 M
- " Mine Life*
 - 18 Months (accelerated to 15 months?)
- " C1 Cash cost*
 - \$ 1010 AUD / ounce
- " Upside*
 - 23,000 ounces of Indicated Resource within Optimised Pit **excluded** from existing Reserve statement – HAW to assess economics of expanded Open Pit or Underground Mine
 - 17,000 ounces of additional Indicated & Inferred Resource potentially viable from Underground Mine at > 5 g/t Au cutoff grade



ANGLO-SAXON

Robust Resource Model

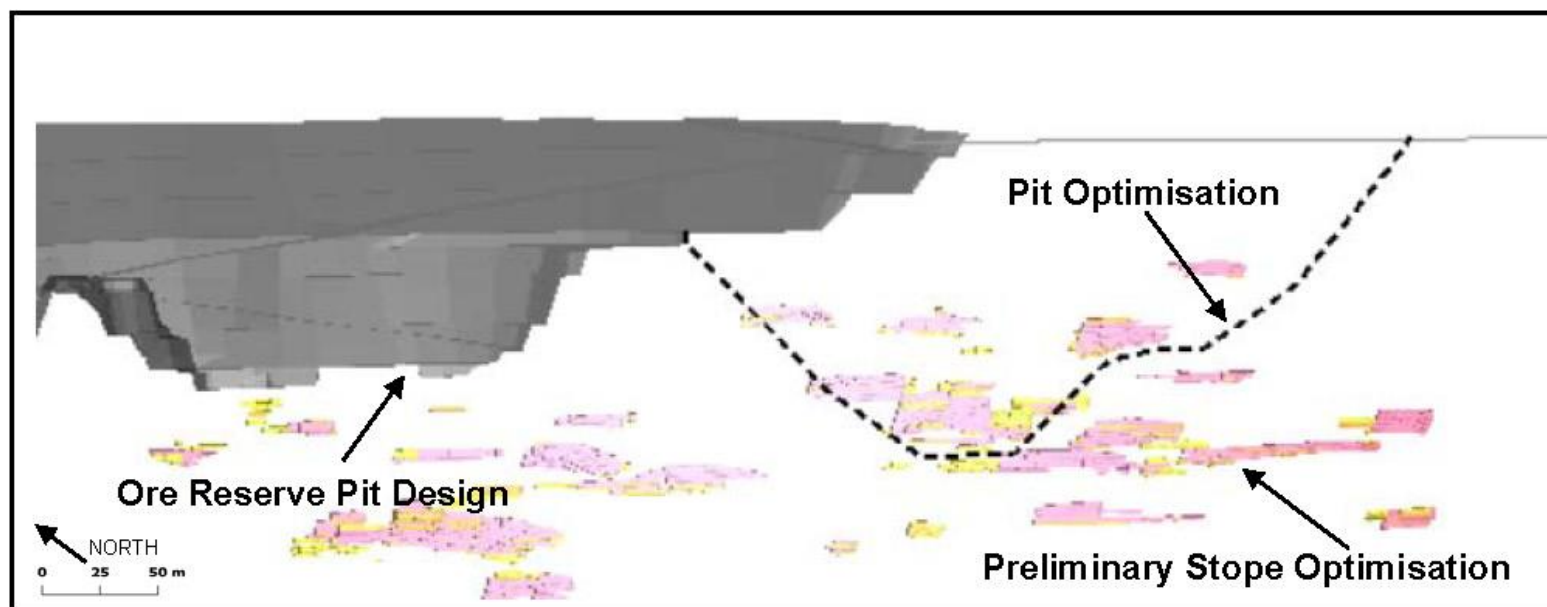
Anglo Saxon JV Resources (At Various Au Cut-off) -

- “ Robust Resource Model*
- “ Optimised Pit shells continue to make acceptable return at < \$1000 AUD Gold Price*
- “ Significant High Grade Lodes at base of proposed pit – may be accessible from Underground*
- “ High Level initial study of Underground Potential completed*

COG (g)	Indicated (t)	Au (g/t)	Ounces	Inferred (t)	Au (g/t)	Ounces	Total (t)	Au (g/t)	Ounces
0.5	2,107,000	2.15	145,600	2,025,000	2.27	147,800	4,132,000	2.21	293,400
1.0	1,443,000	2.79	129,600	1,430,000	2.90	133,300	2,873,000	2.85	262,900
1.5	1,001,000	3.49	112,200	1,034,000	3.53	117,300	2,035,000	3.51	229,600
2.0	723,200	4.17	96,900	735,900	4.26	100,800	1,459,000	4.21	197,700

ANGLO-SAXON

Potential Underground Mining



- “ **Very High Level Underground Analysis - Anglo Saxon Long Section – 5 g/t Au cut-off , > 8 g/t Au blocks (Magenta)**
- “ **23,000 ounces Au recoverable from Optimised South End of Pit (**NOT** included in current Reserve Model)**
- “ **Potential of 40,000 ounces Au of Indicated and Inferred Resource may be recovered from Underground Development**
- “ **Economic studies in Year 1 of Open Pit Mining to Assess Underground Development**

ANGLO-SAXON

High Grade Gold – Potential Underground Mining





ANGLO-SAXON

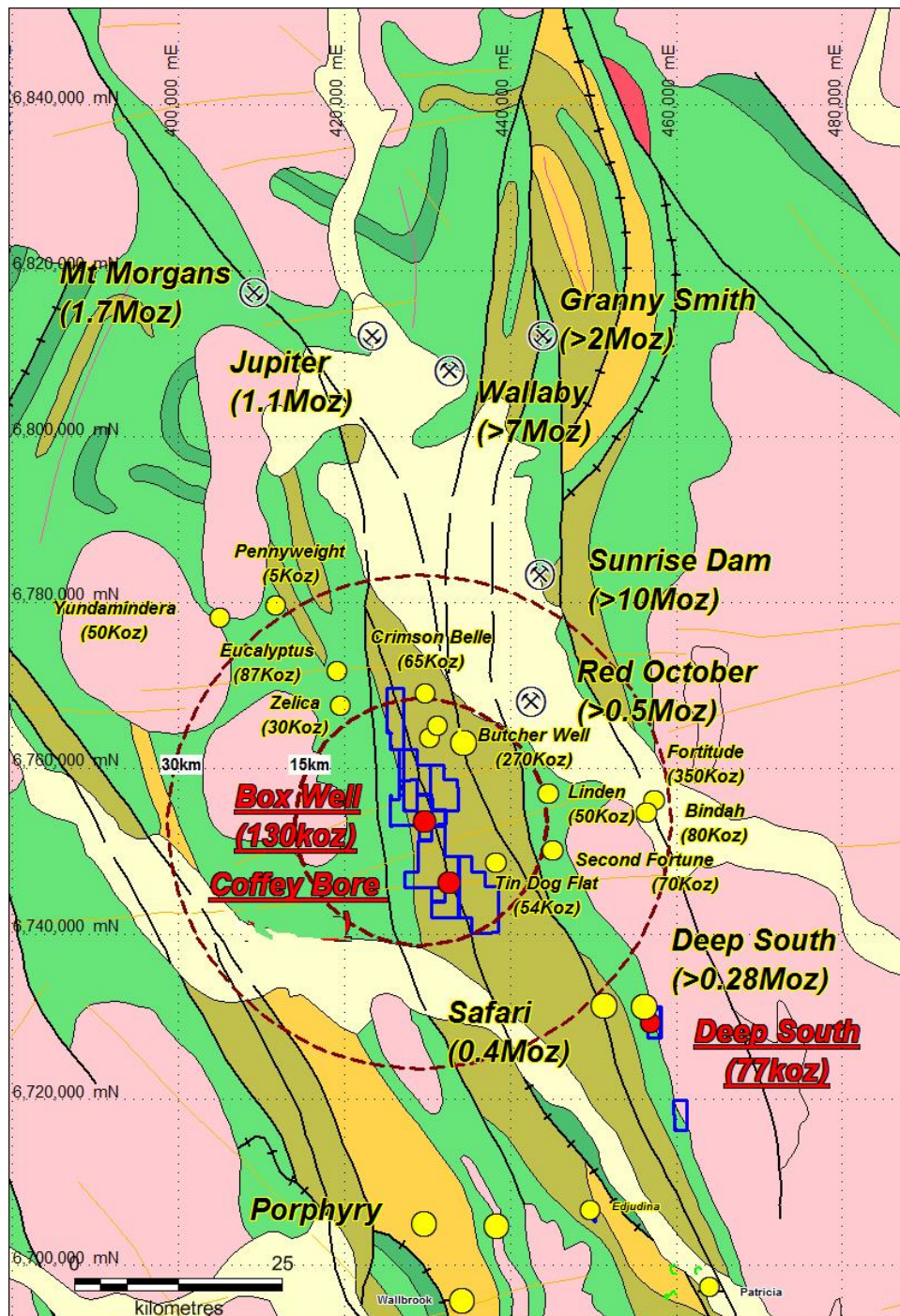
- “ Contributory JV Partner (30%) – Gel Resources*
- “ Project Management Plan – WA Mines Department – Approved*
- “ Notification of Commencement to WA Mines Department – Completed*
- “ Vegetation Clearing Permit - Approved*
- “ Reserve Statement – Completed*
- “ Heritage Surveys – Completed*
- “ Contracts (Haul Road, Haulage, Mine & Camp) – Ready to Issue*
- “ Mine Manager and Technical Team – Working on Project*



**Yunda-
mindera
Box Well
100% HAW;
Coffey Bore
80% HAW**

**HAW
Tenements &
Resources**

24 August 2017



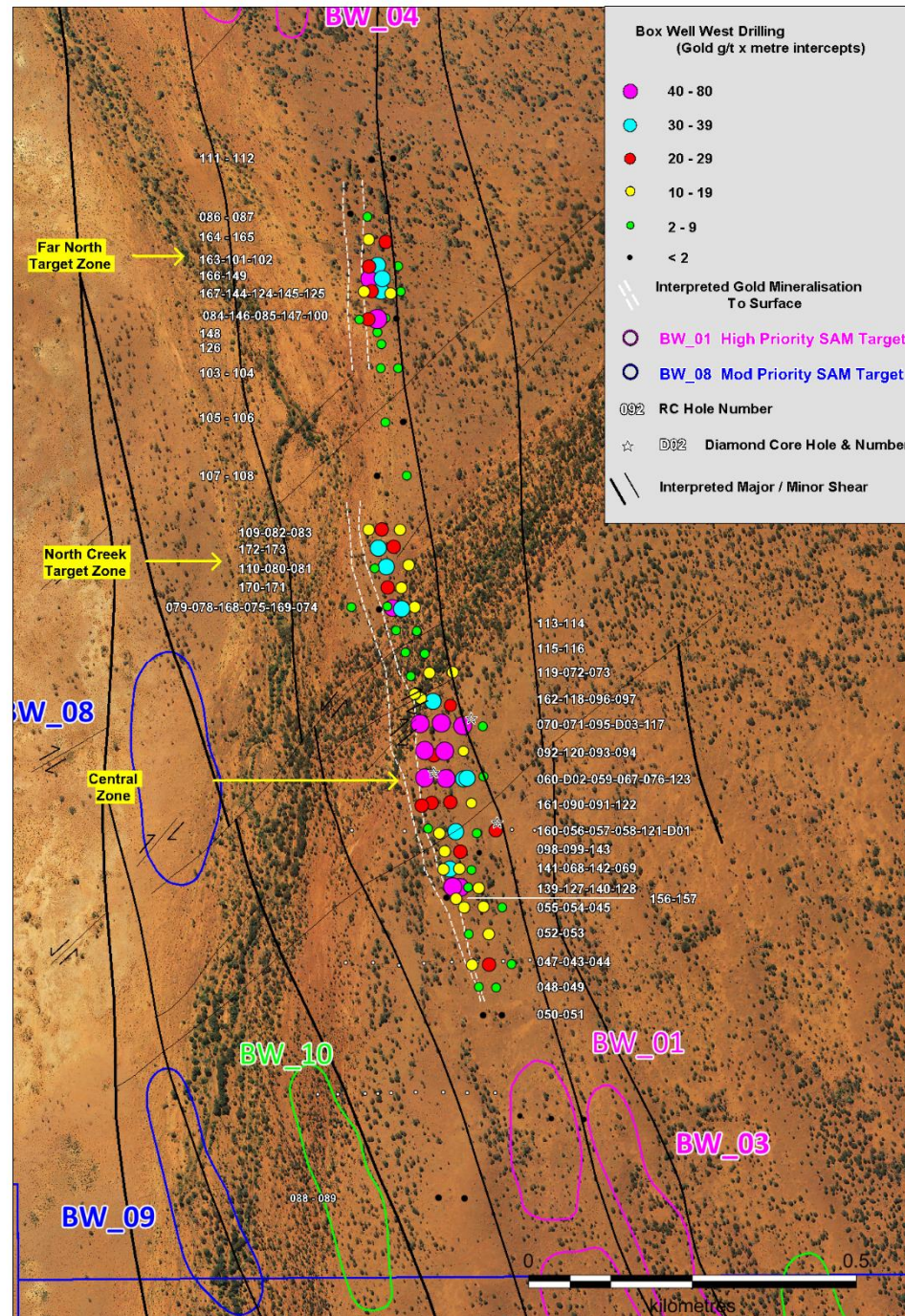
16



Yunda- mindera Box Well 100% HAW;

Gold in
Drillholes
on
Airphoto

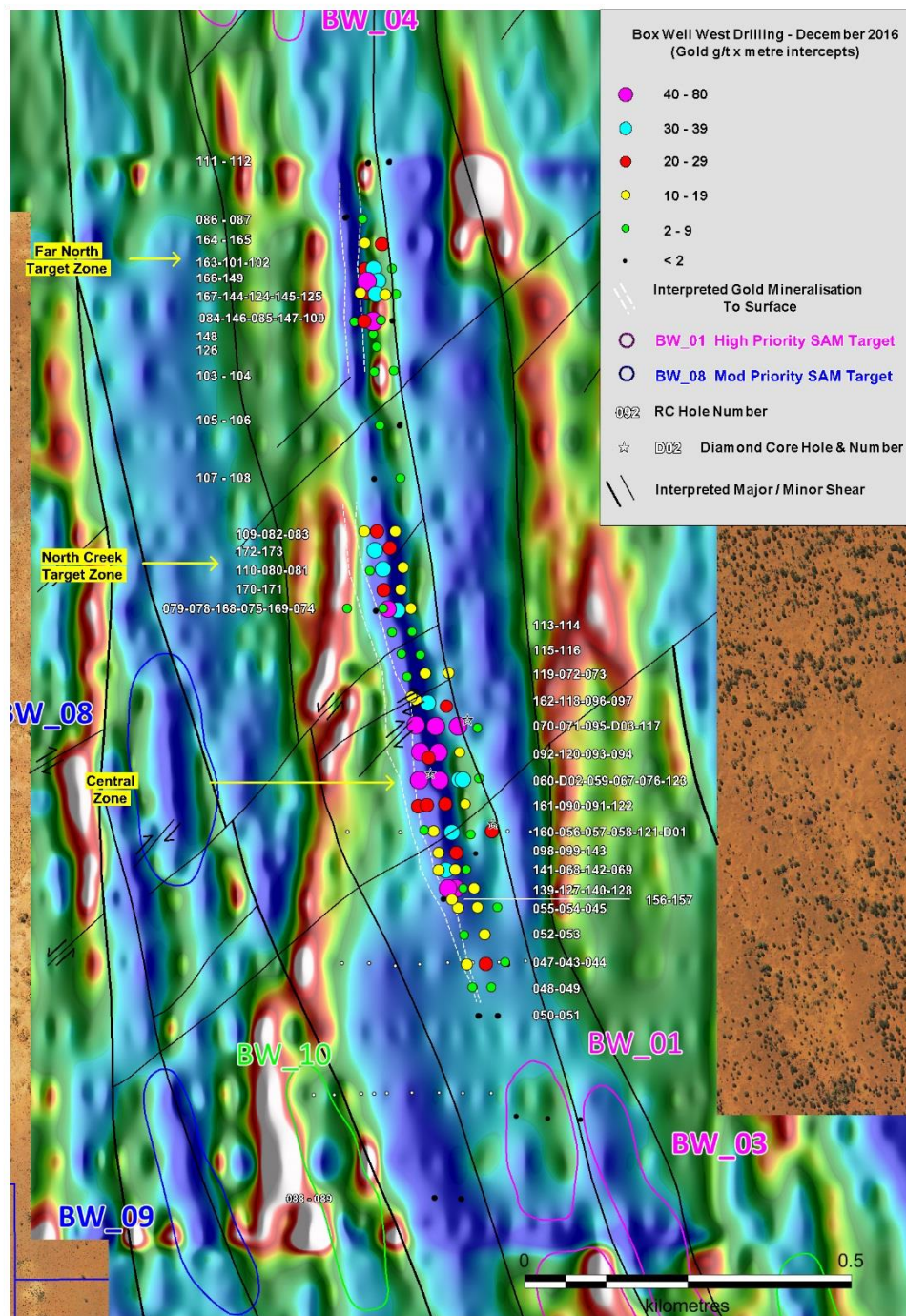
24 August 2017



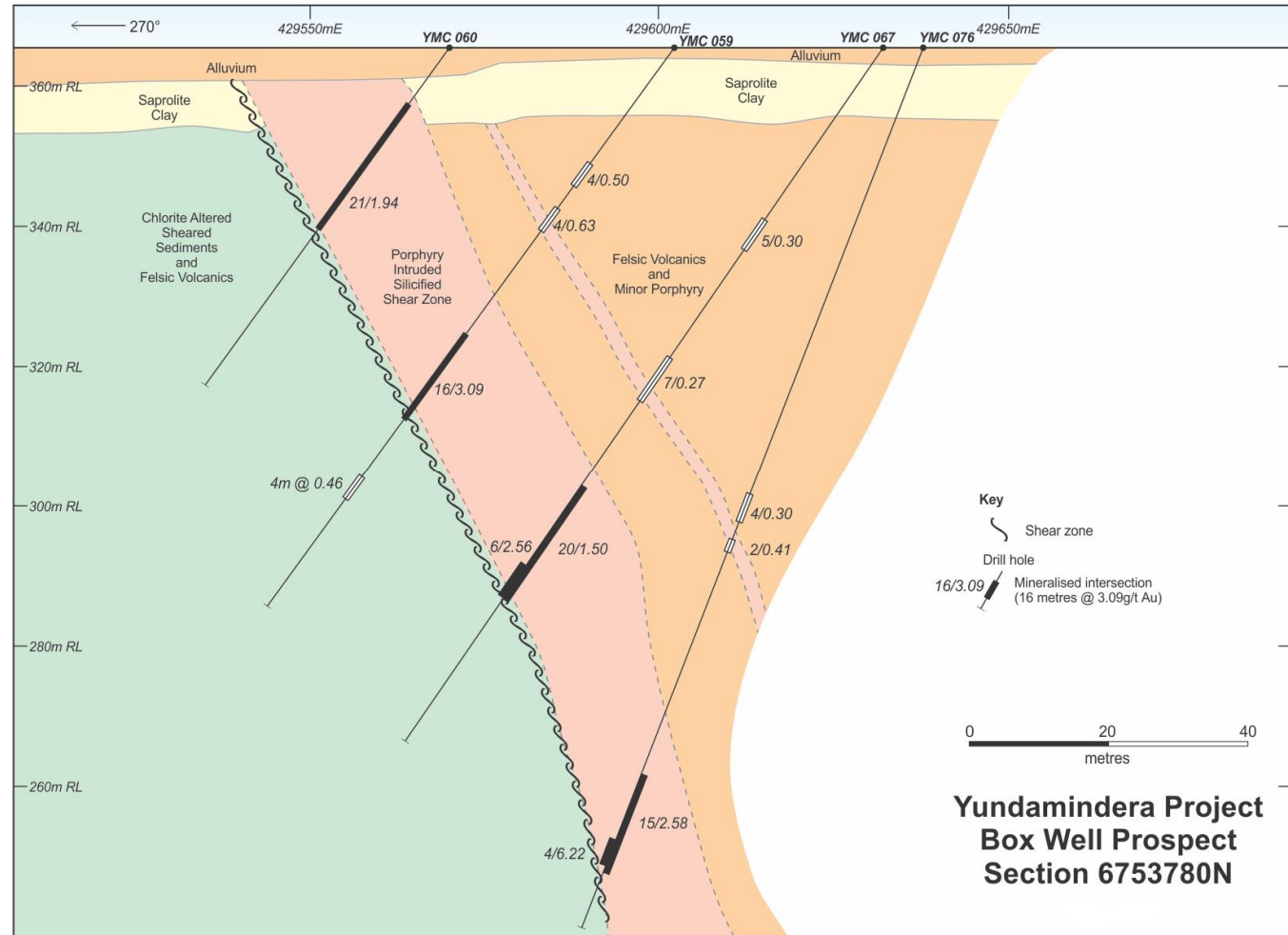


Yunda- mindera Box Well 100% HAW; Gold in Drillholes on SAM Data

24 August 2017



Yunda- mindera Box Well 100% HAW; Drill Cross Section



Yunda- mindera

Box Well
100% HAW;

Silicified
Altered
Breccia





Yundamindera – Box Well Resource

” Box Well Resource (at various Au Cut-off Grades)

Deposit	COG (g)	Classification	Tonnage (t)	Au (g/t)	Ounces
Box Well		Indicated Resource	1,849,000	1.58	93,900
		Inferred Resource	915,000	1.23	36,100
Total	0.5	Indicated & Inferred	2,764,000	1.46	130,000
Box Well	1.0	Indicated & Inferred	1,823,000	1.81	106,000
Box Well	1.5	Indicated & Inferred	1,195,000	2.13	82,000



Yundamindera

Box Well Discovery - 100% HAW

“ Pristine discovery despite historic exploration by Sons Of Gwalia, Anglogold, Delta Gold and the Gutnick Group

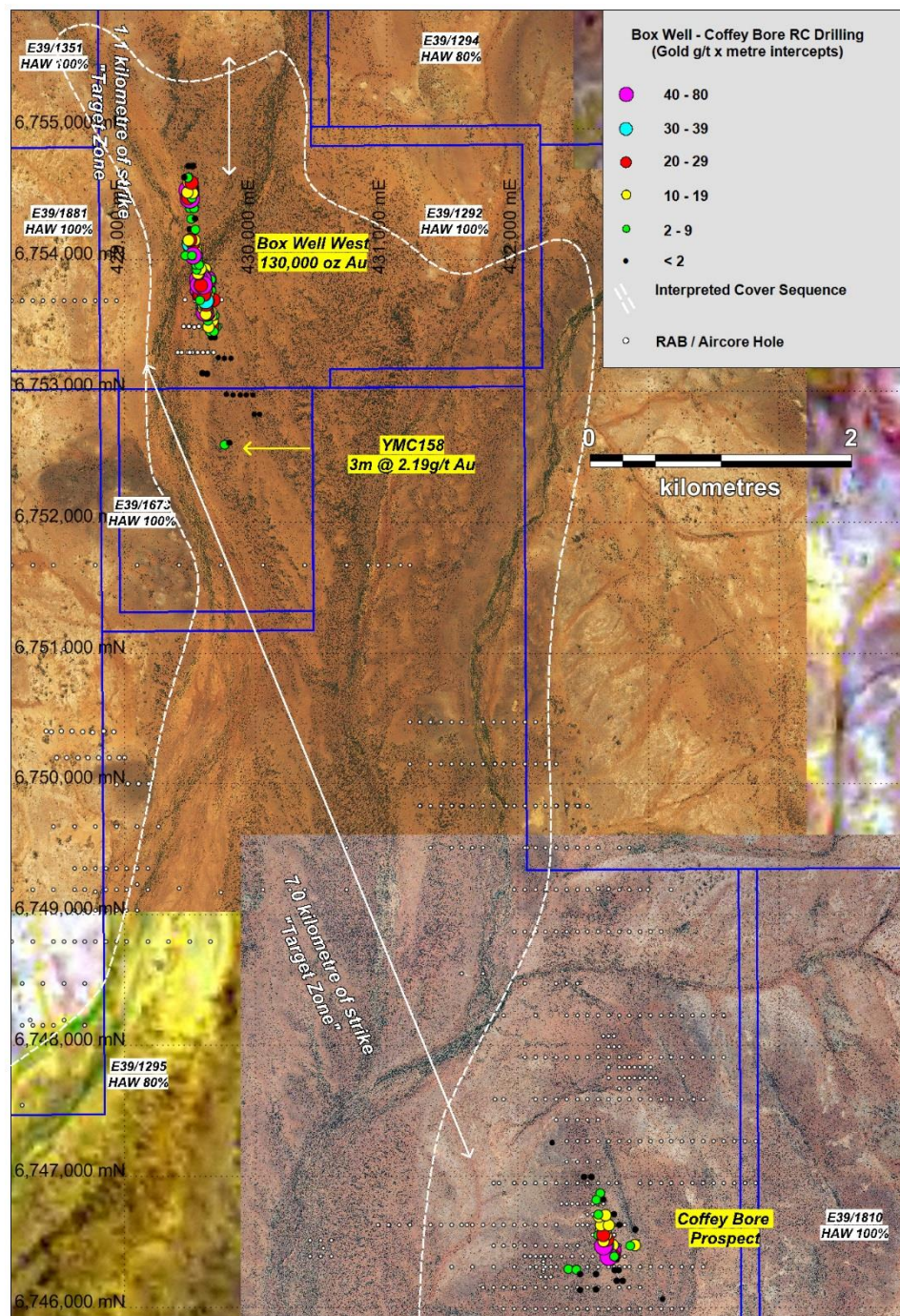
- . Near surface, thick, coherent, slab-like gold ore lodes***
- . Open along strike and at depth***
- . Mineralisation to date on 100% tenement***
- . JORC 2012 of **130 koz**, - high proportion of **Indicated Resource*****
- . High Potential for further discoveries along the 7.0 km strike of the “Box Well – Coffey Bore Trend”***
- . 30 km of Total Strike in Hawthorn tenements***



Yunda- mindera Box Well 100% HAW; Coffey Bore 80% HAW

Target Zone
All Drilling
“Limit of Cover”

24 August 2017

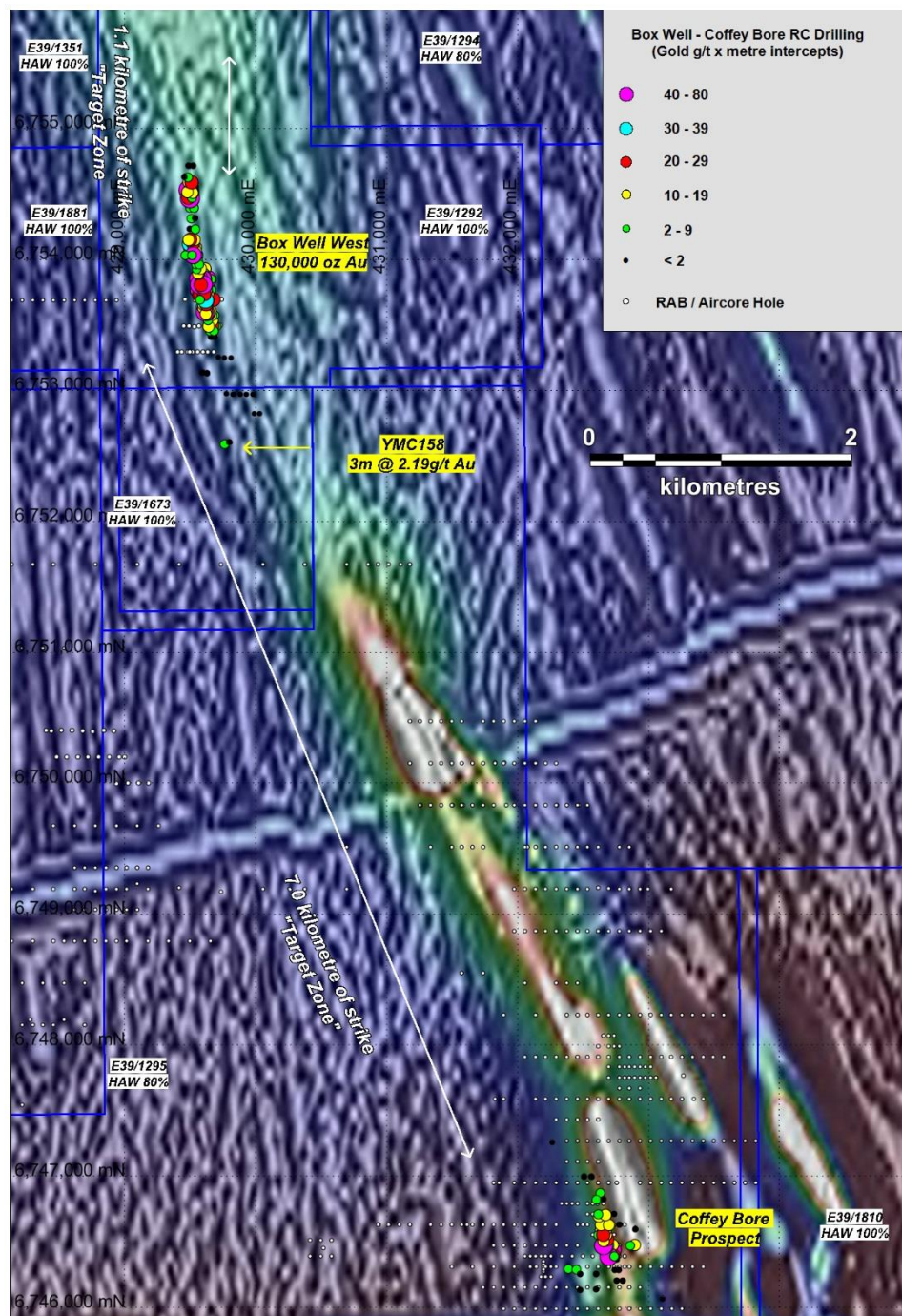




**Yunda-
mindera
Box Well
100% HAW;
Coffey Bore
80% HAW**

**Target Zone
All Drilling
on
Magnetics**

24 August 2017



24

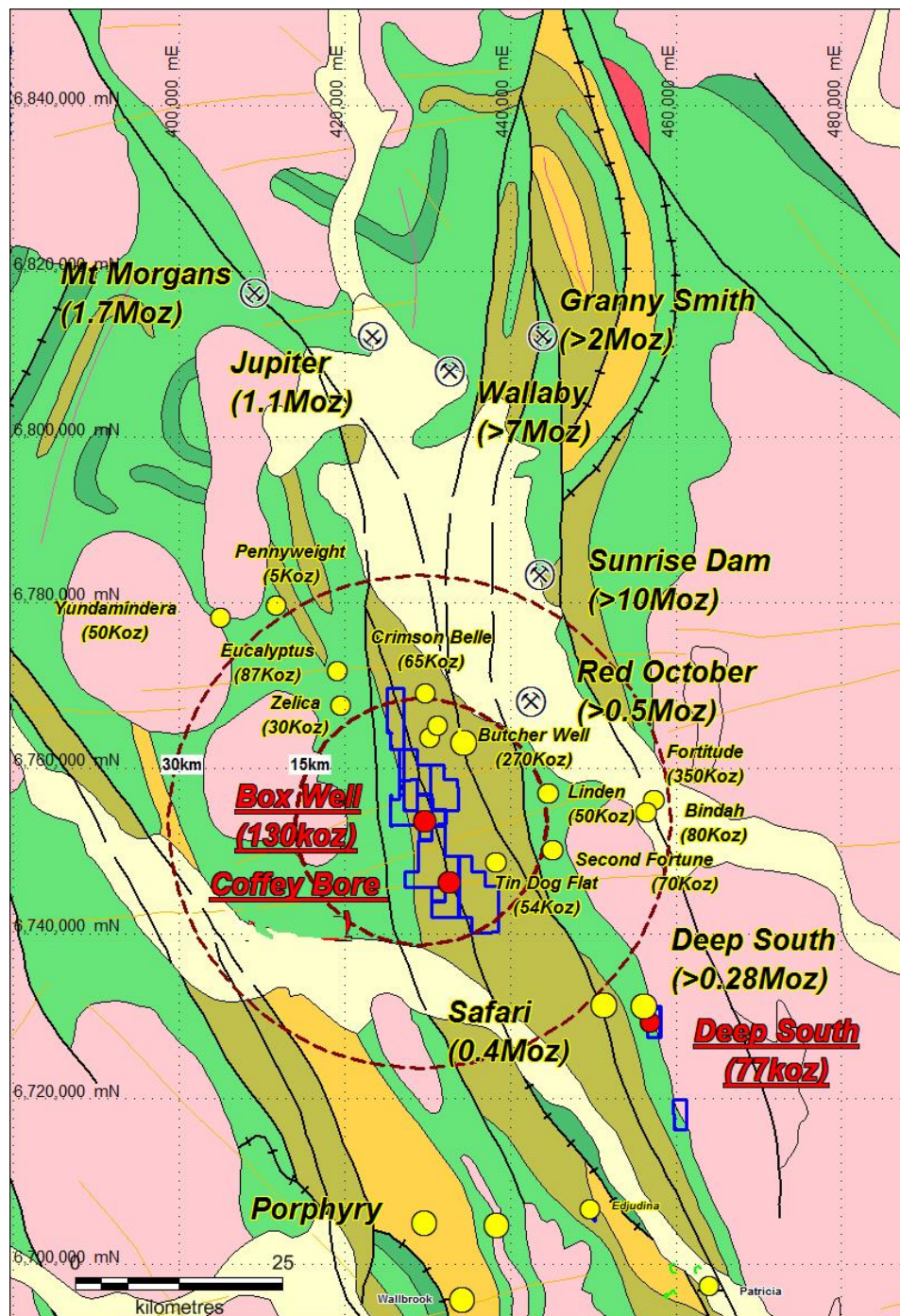


Yundamindera Treatment Options

- “ Hawthorn has assessed the potential for the existing Box Well resource to be toll treated, (potentially economic)
... but a mill – on site - could return significant benefits.*
- “ Goal is to expand Resource ounce inventory over the next 12-18 months to increase viability of mill construction, from*
- . Box Well – Strike extension, depth extension*
 - . Coffey Bore – Resource Calculation in process*
 - . Targets between Box Well and Coffey Bore*
 - . Stranded 3rd Party Resources (>500,000 oz) within 30 km – acquisition, toll treat, or JV*

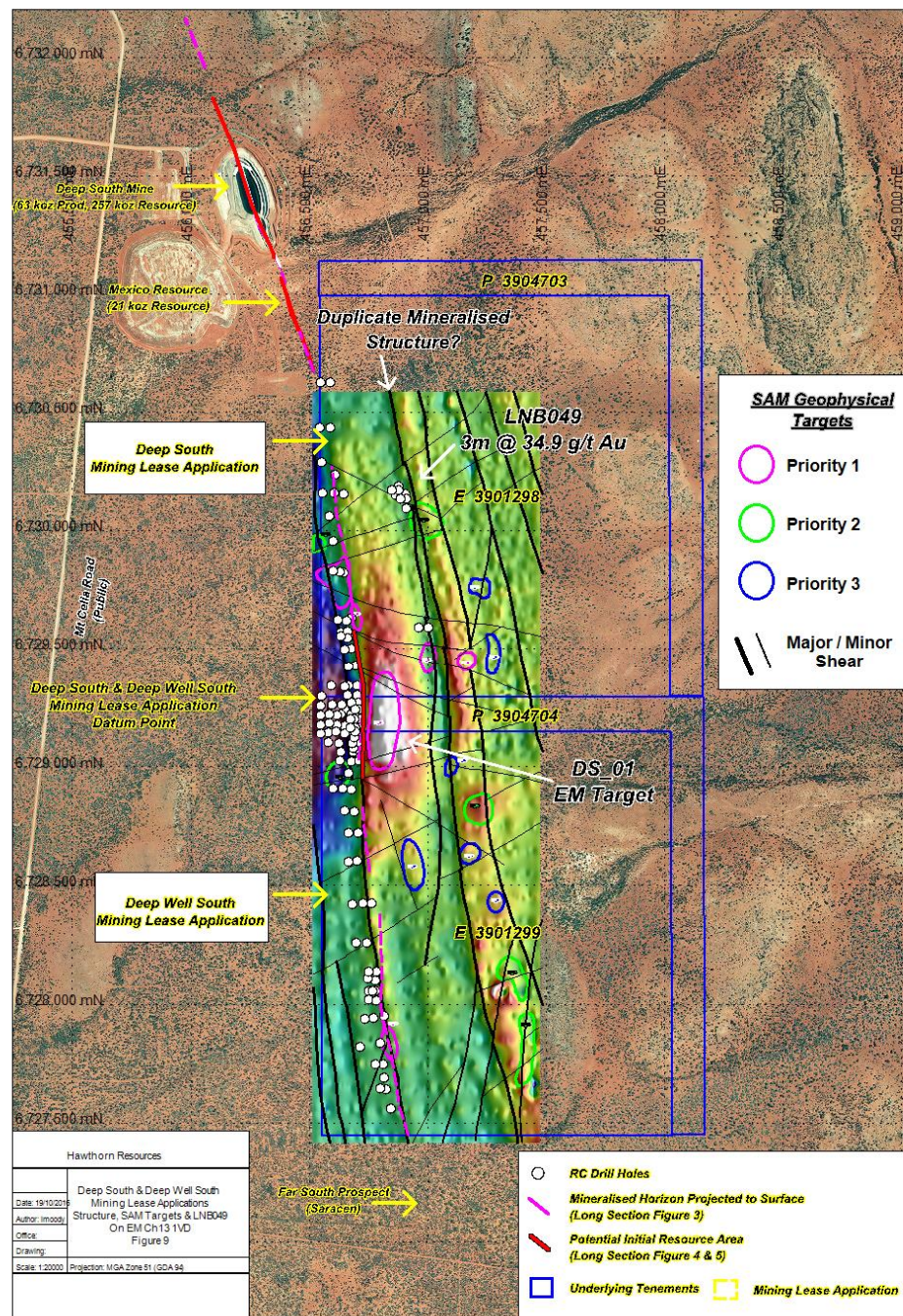
**Deep
South**
80% HAW
20%
Westgold

24 August 2017



26

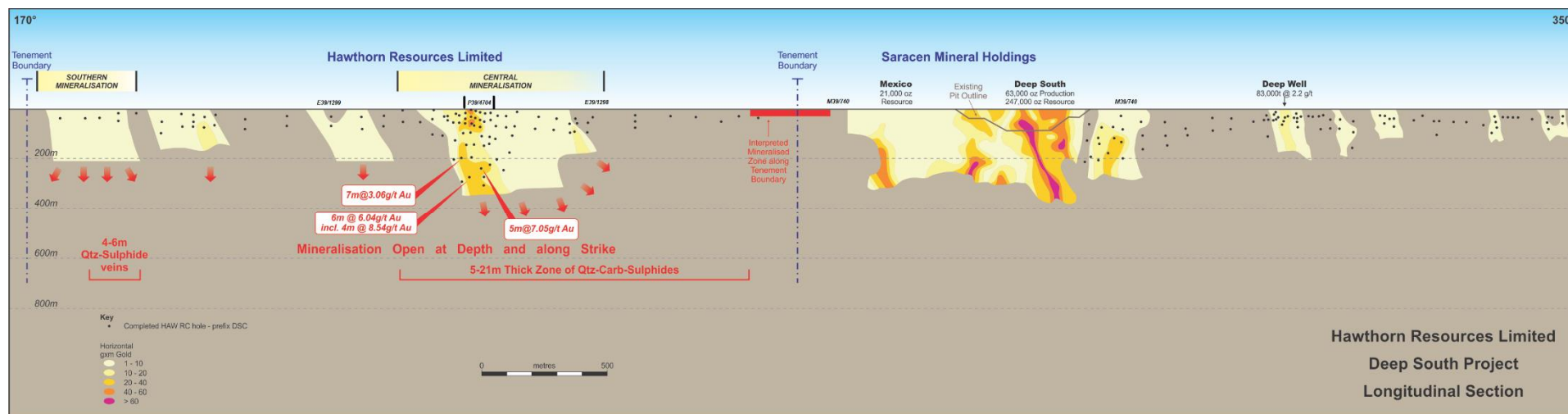
DEEP SOUTH 80% HAW; 20% Westgold Plan View





DEEP SOUTH

80% HAW; 20% Westgold – Long Section



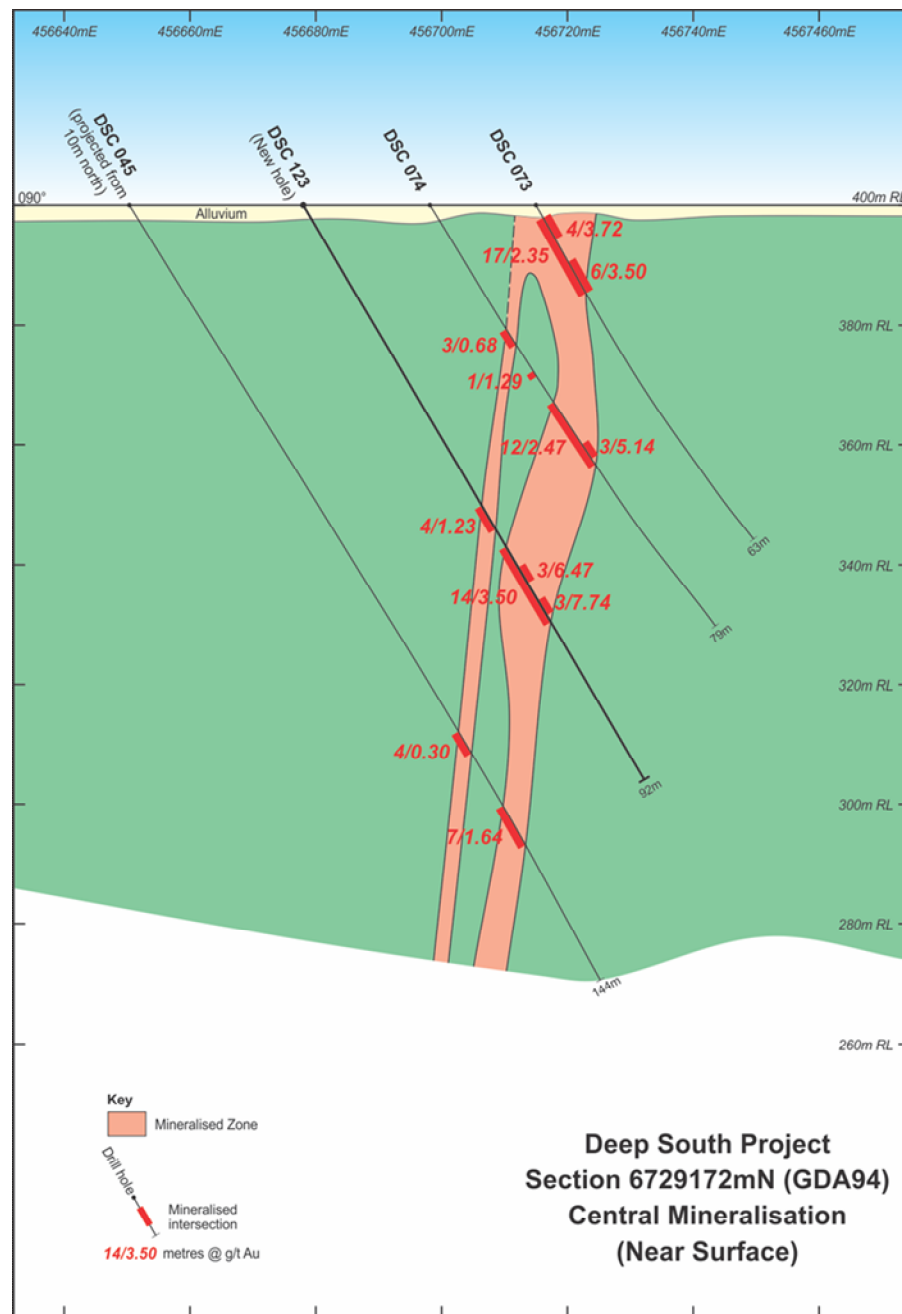
***A coherent gold mineralised zone exceeding 5.0 km of Strike
Strong Down Dip Extent***



**DEEP
SOUTH**
80% HAW;
20%
Westgold

**Cross
Section**

24 August 2017





Yundamindera – Deep South Resource

” *Deep South Resource (at various Au Cut-off Grades)*

Deposit	COG (g)	Classification	Tonnage (t)	Au (g/t)	Ounces
Deep South		Indicated Resource	277,000	2.12	18,900
		Inferred Resource	1,022,000	1.76	57,900
Total	0.5	Indicated & Inferred	1,299,000	1.84	76,800
Deep South	1.0	Indicated & Inferred	1,050,000	2.08	70,200
Deep South	1.5	Indicated & Inferred	627,000	2.66	53,600



**DEEP
SOUTH
80% HAW;
20%
Westgold

Ore Zone
Drillcore**





DEEP SOUTH

80% HAW; 20% Westgold

- ” ***Saracen*** continues ***Underground Production @ Deep South***
- ” Hawthorn Opportunity
 - . Mining Leases granted over the entire strike of gold mineralisation
 - . Preparation of Mining Proposal for Dept. of Mines has commenced
 - . Test DS01 – Electromagnetic target
 - . Mine ore from open pit
 - . Truck ore to future Box Well plant or other regional mills?



Mt BEVAN Ni-Cu PROJECT

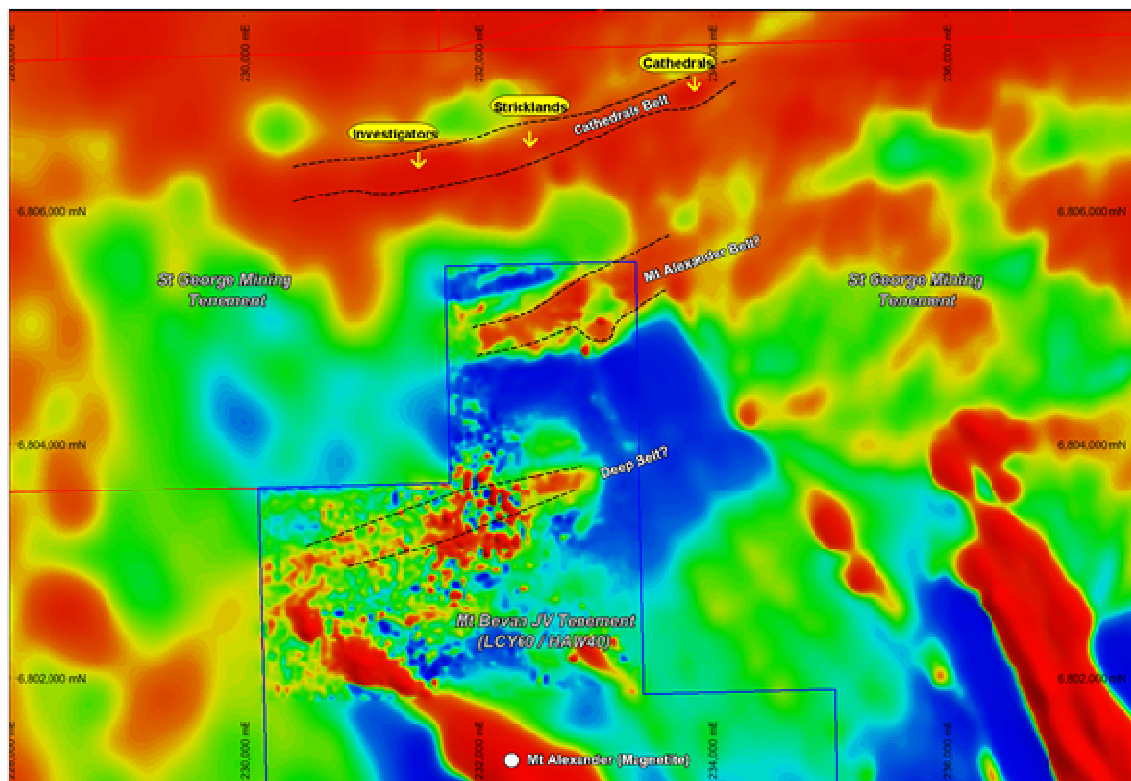
JV: 40% HAW; 60% Legacy Iron Ore

- “ St George Mining (ASX:SGQ)
- “ Announce Ni-Cu results from **Cathedral – Strickland Zone**

- 4.0m @ 4.9%Ni, 1.7%Cu, 3.9g/t PGE
- 3.0m @ 3.8%Ni, 1.6%Cu, 2.7g/t PGE
- 4.0m @ 4.9%Ni, 1.7%Cu, 3.9g/t PGE
- 1.17m @ 8.9%Ni, 3.2%Cu
- 6.0m @ 3.3%Ni, 1.5%Cu, 2.7g/t PGE
- 1.0m @ 4.1%Ni, 1.5%Cu
- 0.80m @ 2.8%Ni, 8.0%Cu

- “ Hawthorn / Legacy Tenement

- *Duplicate / Parallel Structure(s)*
- *Similar Magnetic Intensity*
- *Sand Covered*
- *Ground Magnetics - Complete*
- *EM – Complete*
- *Auger Drilling – Results Pending*
- *RC Drilling planned*



The information in this report that relates to the Mineral Reserve estimation is based on information compiled by Mr William Lloyd, a Competent Person who is a Member of Australasian Institute of Mining and Metallurgy. Mr Lloyd is employed by BM Geological Services. Mr Lloyd has been engaged as an external independent consultant by Hawthorn Resource Limited. Mr Lloyd has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lloyd consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Moody, who is a member of the Australasian Institute of Mining and Metallurgy and a full time consultant geologist with First Principle Mineral Exploration Company Pty Ltd. Mr Moody has sufficient experience as a geologist which is relevant to the style of mineralization and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Moody consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource estimation is based on information compiled by Mr Andrew Bewsher, a Competent Person who is a Member of The Australasian Institute of Geoscientists. Mr Bewsher is employed by BM Geological Services. Mr Bewsher has been engaged as an external independent consultant by Hawthorn Resource Limited. Mr Bewsher has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bewsher consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Appendix 1 - Risk Factors

Hawthorn's operations are subject to a number of risks which may impact on its future performance and forecasts. Before subscribing for shares under the entitlement offer (**New Shares**), eligible 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, financial circumstances and needs and taking into consideration the material risk factors. Hawthorn is not licensed to provide financial product advice. No cooling off period applies to any application for New Shares.

Risks associated with an investment in Hawthorn

The future operating performance of Hawthorn and the value of an investment in the New Shares may also be affected by risks relating to Hawthorn's business. Some of these risks are specific to Hawthorn while others relate to economic conditions and the general industry and markets in which Hawthorn operates.

Where practicable, Hawthorn seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined below. However, there can be no assurance that such strategies will protect Hawthorn from these risks. Other risks are beyond Hawthorn's control and cannot be mitigated. The occurrence of any such risks could adversely affect Hawthorn's financial position and performance and the value of the New Shares. The risks listed below are not purported to be exhaustive and there is no assurance that the importance of different risks will not change or other risks will not emerge.

(a) Financial Risk Management

Hawthorn's principal financial instruments comprise receivables, payables, cash and term deposits. These instruments expose Hawthorn to a variety of financial risks including market risks relating to interest rates, credit, liquidity and price risk.

Risk management programmes and policies are employed to mitigate the potential adverse effects of these exposures on the results of Hawthorn. Specifically, the management team of Hawthorn manages the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate risk and by being aware of market forecasts for interest rate and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through general business budgets and forecasts. The directors of Hawthorn also on a regular basis review the current and potential sources of funding, cash flow and operating/capital expenditure forecasts, and Hawthorn's investment profile, to manage market, credit, liquidity and price risk.

Foreign Exchange risk

Foreign currency risk is the risk of exposure to transactions that are denominated in a currency other than the Australian dollar. Hawthorn's operations are currently solely within Australia, and therefore are not exposed to any material foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Fluctuations in interest rates will not have any material risk exposure to the cash held in bank deposits at variable rates.

Hawthorn's exposure to market interest rates relates primarily to Hawthorn's short term cash deposits held.

Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, only major Australian banking institutions are used. For customers, individual risk limits are set based on internal or external ratings in accordance with limits set by the directors.

The maximum exposure to credit risk at the reporting date is the carrying amount of Hawthorn's financial assets. Hawthorn does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by Hawthorn and cash assets are held with large Australian banks.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Hawthorn manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Hawthorn does not have any committed credit lines. Hawthorn currently has no significant liquidity risk, as available cash assets significantly exceed amounts payable.

However, if a funding shortfall materialises, Hawthorn may need to raise substantial additional short term or long term debt or equity. Hawthorn's capacity to secure the requisite level of funding will depend on the amount of funding required, the performance and future prospects of its business and a number of other factors, including base metal and gold prices, interest rates, economic conditions, debt market conditions and equity market condition prevailing at that time. There is no assurance that the required funding (either via debt or equity) can be secured at all or on reasonable terms.

Price Risk

As Hawthorn does not currently derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mining projects will be impacted by commodity price changes (predominantly iron ore, nickel and uranium) and could impact future revenues once operational. However, management monitors current and projected commodity prices. Fluctuation in prices will not have any material risk exposure to Hawthorn's other financial assets.

(b) Transition to production

Hawthorn to date has been operating in an exploration mode. Post the Entitlement Offer, it proposed that Hawthorn transition from an explorer of gold to a producer of gold (**Transition**). Future revenues and the ongoing financial performance and financial position of Hawthorn is highly dependent on the success of the Transition.

(c) Base metal and gold prices and demand

The directors of Hawthorn believe that Hawthorn is on track to transition from an explorer to a gold producer. Hawthorn is expected to generate revenue from the sale of base metals and gold. In developing its business plan and operating budget, Hawthorn makes certain assumptions regarding any future base metals and gold prices and demand for base metals and gold. The prices which Hawthorn will receive for its base metals and gold (if any) depend on numerous market factors beyond its control and, accordingly, some underlying base metals and gold price assumptions relied on by Hawthorn may materially change and actual base metals and gold prices and demand may differ materially from those expected.

The prices for base metals and gold are determined predominantly by world markets, which are affected by numerous factors, including the outcome of future sale contract negotiations, general economic activity, industrial production levels, changes in foreign exchange rates, changes in the supply, technological changes, changes in production levels and events interfering with supply, changes in international freight rates or other transportation infrastructure and costs, the costs of other commodities, market changes in quality requirements, and tax impositions on the resources industry, all of which are outside the control of Hawthorn and may have a material adverse impact on base metals and gold prices and demand.

Absent offsetting factors, significant and sustained adverse movements in demand for base metals and gold and, consequently, base metals and gold prices may have a material adverse impact on the ongoing financial performance and financial position of Hawthorn or may result in Hawthorn not proceeding with the development of new mines and projects due to such development not being economically viable.

(d) Production

Hawthorn's financial performance is dependent on its production capability and control of operating costs on a per tonne basis. Production can be impacted by a number of factors, including unforeseen geological or geotechnical issues (particularly in Hawthorn's underground operations), abnormal wet weather conditions, unforeseen delays or complexities in installing and operating mining plant and systems, protracted breakdown of handling infrastructure and other mining equipment and rail and port breakdowns and outages. Regulatory factors and the occurrence of other operating risks can also limit or delay production.

(e) Taxation

In addition to the corporate income tax imposed on Hawthorn, Hawthorn is required to pay government royalties, direct and indirect taxes and other imposts in the jurisdictions in which Hawthorn operates. Hawthorn may be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies under Australian laws.

The potential of Hawthorn to obtain the benefit of existing tax losses and claim other tax attributes will depend on future circumstances and may be affected by changes in ownership of Hawthorn, business activities, thin capitalisation thresholds, tax bases and any other conditions relating to the use of tax losses or other attributes of Hawthorn. The ability to use carried forward losses (if any) will depend on Hawthorn's continued satisfaction of the loss recoupment tests under Australian tax laws and be subject to the availability of sufficient future taxable profits.

(f) Regulatory and other approvals

Any production levels achieved by Hawthorn will depend on (amongst other things) Hawthorn being able to obtain on a timely basis, and maintain, all necessary regulatory approvals (including any approvals arising under applicable mining laws, environmental regulations and other laws) for its operations and expansion and growth projects, including obtaining planning approvals, land access, land owner consents and addressing any native title issues, impacts on the environment and objections from local communities.

The requirement to obtain approvals and to address potential and actual issues for existing and future mining projects is common to all companies in the resources sector. However, there is no assurance or guarantee that Hawthorn will be in a position to secure any or all of the required consents, approvals and rights necessary for production from its existing operations or to develop its growth projects in a manner which will result in profitable mining operations and the achievement of its long-term production targets. If these approvals (or other approvals required for the planned production increases) are not obtained, or if conditional or limited approvals are obtained, the economic viability of the relevant projects may be adversely affected, which may in turn result in the value of the relevant assets being impaired.

Hawthorn continues to engage openly and transparently with both State and Federal Government approval bodies in working to deliver the required approvals in a timely manner

(g) Estimates of Resources and Reserves and geology

The volume and quality of the base metals and gold that Hawthorn recovers may be less than the Resource and Reserve estimates included in this announcement. Resource and Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that the base metals and gold mined may be of a different quality or grade, tonnage or strip ratio from those in the estimates and the ability to economically extract and process the base metals and gold may not eventuate. Resource and Reserve estimates are necessarily imprecise and depend to some extent on interpretations and geological assumptions, the base metals and gold prices, cost assumptions and statistical inferences which may ultimately prove to be unreliable.

Base metals and gold Resource and Reserve estimates are regularly revised based on actual production experience or new information and could therefore be expected to change. Furthermore, should Hawthorn encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, base metals and gold Resource and Reserve estimates may have to be adjusted and mining plans, the base metals and gold processing and infrastructure may have to be altered in a way that might adversely affect their operations. Moreover, a decline in the price of the base metals and gold, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environmental, permitting, title or tax regulations, that are adverse to Hawthorn, may mean the tonnage of the base metals and gold that can be feasibly extracted may be significantly lower than the base metals and gold Resource and Reserve estimates indicated in this announcement. If it is determined that mining of certain the base metals and gold Reserves is uneconomic, this may lead to a reduction in Hawthorn's aggregate the base metals and gold Reserve estimates.

Material changes in the base metals and gold Reserve estimates, grades, strip ratios, washing yields or recovery rates may affect the economic viability of projects. Base metals and gold Reserve estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations.

If Hawthorn's actual base metals and gold Resource and Reserve estimates are less than current estimates, Hawthorn's prospects, value, business, results of operations and financial condition may be materially adversely affected.

Certain projects of Hawthorn are focused on exploration activities. The potential of these projects will be further defined as exploration progresses. The potential quantity and quality of the base metals and gold Resources within these projects have not been defined sufficiently to determine the viability of each and require further exploration activities to be completed to define the base metals and gold Resources to a higher level of confidence.

(h) Operations

Hawthorn's operations are subject to operating risks that could result in decreased base metal and gold production which could reduce its revenues. Operational difficulties may impact the amount of base metal and gold produced, delay base metal and gold deliveries or increase the cost of mining for a varying length of time. These operating risks include (but are not limited to) industrial accidents, mine collapses, cave ins or other failures relating to mine infrastructure, including tailings dams, interruptions due to inclement or hazardous weather conditions, power interruption, critical equipment failure (in particular any protracted breakdown or issues with any of Hawthorn's base metal and gold handling and preparation plant or a major excavator), fires, and explosions, accidental mine water discharges, flooding and variations in or unusual or unexpected geological or geotechnical mining conditions. Such risks could result in damage to applicable mines, personal injury, environmental damage, delays in base metal and gold production, decreased base metal and gold production, loss of revenue, monetary losses and possible legal liability. Although Hawthorn's insurance policies provide coverage for some of these risks, the amount and scope of insurance cover is limited by market and economic factors and there can be no assurance that these risks would be fully covered by insurances maintained by Hawthorn.

(i) Injury or accidents

If any injuries or accidents occur in a mine, this could have adverse financial implications including legal claims for personal injury, wrongful death, amendments to approvals, potential production delays or stoppages, any of which may have a material adverse effect on the financial performance and/or financial position of Hawthorn.

(j) Mine closure

Closure of any of the mines or other operations of Hawthorn before the end of their mine life (e.g. due to environmental, geological, geotechnical, commercial and/or health and safety issues), could trigger significant, closure and rehabilitation expense, employee redundancy costs and other costs or loss of revenues. Many of these costs will also be incurred where mines are closed at the end of their planned mine life or placed on care and maintenance. A move to care and maintenance has the potential to trigger significant employee redundancy costs and a subsequent loss of revenues, as a minimal employee presence is required for ongoing management and rehabilitation of the mine.

If one or more of the relevant sites are closed earlier than anticipated, Hawthorn will be required to fund the closure costs on an expedited basis and potentially lose revenues, which could have an adverse financial effect. In addition, there is a risk that claims may be made arising from environmental remediation upon closure of one or more of the sites.

(k) Joint venture partners, major shareholders and reliance on third parties

Hawthorn participates in various joint ventures. Hawthorn's major shareholders and their associates may also have interests in these joint ventures. Discussions in relation to the ownership structure of these joint ventures may occur from time to time between Hawthorn and the its joint venture partners and/or Hawthorn's major shareholders. Similarly, the percentage shareholdings of Hawthorn's major shareholders may be the subject of discussion between Hawthorn and its major shareholders.

In addition, decision making, management, marketing and other key aspects of each joint venture (including the ability to contract with related parties) are regulated by agreements between the relevant joint venture participants. Under these agreements, certain decisions require the endorsement of third party joint venture participants and Hawthorn relies on the co-operation of these third parties for the success of its operations and/or the development of its growth projects and the transportation of production. Hawthorn cannot control the actions of third party joint venture participants, and therefore cannot guarantee that joint ventures will be operated or managed in accordance with the preferred direction or strategy of Hawthorn. There is a risk that the veto rights of, or consents required from, the joint venture partners will prevent the business and assets of a joint venture from being developed, operated and managed in accordance with that preferred direction or strategy.

Hawthorn also uses contractors and other third parties for exploration, mining and other services generally, and is reliant on a number of third parties for the success of its operations and/or the development of its growth projects. While this is normal for the mining and exploration industry, problems caused by third parties may arise which may have an impact on the performance and operations of Hawthorn. Any failure by counterparties to perform their obligations may have a material adverse effect on Hawthorn and there can be no assurance that Hawthorn will be successful in attempting to enforce its contractual rights through legal action.

(l) Competition

The base metals and gold industry is highly competitive, and an increase in production or reduction in prices of competing base metals and gold from both Australia and overseas may adversely impact Hawthorn's ability to sell its base metals and gold products and the price to be attained for sales. Increased competition in the future, including from new competitors, may emerge. This competition may relate not only to base metals and gold produced and sold, but also to competition for the acquisition of new projects, which may adversely affect the ability of Hawthorn to acquire new interests on acceptable terms should it wish to make such acquisitions.

Further industry consolidation could result in competitors improving their scale or productivity or competitors may develop lower-cost geological base metals and gold resources or develop resources in lower cost base geographies, increasing pressure on Hawthorn's ability to maintain its margins. There is significant competition within the resources industry in Australia and overseas. Furthermore, new entrants to the industry may emerge, increasing the competitive pressure on Hawthorn. This pressure could adversely affect Hawthorn's market share and financial performance and position.

(m) Title (including native title) risks

(i) Tenements and related approvals

Exploring or mining for base metals and gold is unlawful without a tenement granted by the relevant state government. The grant and renewal of tenements is subject to a regulatory regime and each tenement is subject to certain conditions. There is no certainty that an application for grant or renewal of a tenement will be granted at all or on satisfactory terms or within expected timeframes. Further, the conditions attached to tenements may change. The permitting rules are complex and may change over time, making the title holder's responsibility to comply with the applicable requirements more onerous, more costly, uneconomic or even impossible, thereby precluding or impairing continuing or future mining operations. There is a risk that Hawthorn may lose title to any of its granted tenements if it is unable to comply with conditions or if the land that is subject to the title is required for public purposes. There is also a risk that the grant or renewal of a tenement may be refused.

Obtaining mining tenements often involves first obtaining consents from landholders and other third parties, some of which may in certain circumstances have a right of veto, as well as approvals (such as environmental approvals). There is a risk that the requisite consents and approvals may not be able to be obtained on time or on acceptable commercial terms, or may not be able to be obtained at all, and consequently have an adverse financial effect on Hawthorn.

(ii) Native title

Where the grant or renewal of a tenement is in respect of land in relation to which native title may exist, Hawthorn will need to comply with the *Native Title Act 1993* (Cth) (**NTA**) in order for the tenement to be validly granted.

Compliance with the NTA (and the relevant native title process to be followed for the grant of the tenement e.g. the right to negotiate process) may be prolonged or delayed, and substantial compensation may be payable as part of any agreement reached, including for the extinguishment or impairment of the relevant native title rights and interests.

The existence or determination of native title may, therefore, affect the existing or future activities of Hawthorn and impact on its ability to develop projects which may in turn impact its operational and financial performance.

(n) Australian Accounting Standards (AAS)

AAS are issued by the Australian Accounting Standards Board and are beyond the control of Hawthorn and its directors. Any changes to AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance or financial position of Hawthorn.

(o) Overlapping tenement and land ownership and access rights and risks

Hawthorn's mines and associated tenements may adjoin or be overlapped by other tenements and adjoin other exploration interests held by third parties. Overlapping tenements could potentially prevent, delay or increase the cost of the future development of Hawthorn's projects because Hawthorn and the third party licence or other exploration licence holders could potentially seek to undertake their respective activities on the overlapping area or on the same resource seams, and in some cases the overlapping third party tenement holder's consent may be required.

There is no guarantee that agreement will be reached with the third party tenement holder or that agreement will not be delayed or will be reached on terms satisfactory to Hawthorn. There is also a risk that if agreement cannot be reached with overlapping tenement holders the matter may be referred to the relevant minister or a court who may make a decision which adversely impacts upon or prevents the project proposed by Hawthorn.

In addition, Hawthorn may not hold all required land, land access rights or mining tenements required in order to undertake its mining and exploration activities. This may affect the existing or future activities of Hawthorn and impact on its ability to develop projects which may in turn impact its operational and financial performance.

(p) Enforcement and counterparty insolvency

Hawthorn has or may enter into contracts which are important to the future of its businesses including (but not limited to) for the provision of base metals and gold handling services, long-term sales contracts, debt facilities, long-term leases, contract mining and the provision of certain guarantees, indemnities and sureties.

Any failure by counterparties to perform those contracts may have a material adverse effect on Hawthorn and there can be no assurance that it would be successful in enforcing any of its contractual rights through legal action.

In addition, any insolvency of a counterparty to any of these contracts may have a material adverse effect on Hawthorn and there can be no assurance that it would be successful in enforcing any of its contractual rights through legal action or recovering all or any monies owed by that counterparty (including under any claim for damages).

(q) Royalties

Royalties are payable state governments on base metals and gold produced. The relevant state government may increase these royalties or their method of calculation. Any impost of new royalty related state tax or increase in royalty rates may have an adverse effect on Hawthorn's financial position and/or financial performance.

(r) Health, safety and hazardous materials

Hawthorn's operations may substantially impact the environment or cause exposure to hazardous materials. Hawthorn may use hazardous materials and may generate hazardous waste, and may be subject to common law claims, damages due to natural disasters, and other damages, as well as the investigation and clean up of soil, surface water, groundwater and other media. Such claims may arise, for example, out of current or former activities at sites that it owns or operates.

There is also a risk that actions could be brought against Hawthorn, alleging adverse effects of such substances on personal health. If any injuries or accidents occur in a mine, this could have adverse financial implications including legal claims for personal injury, wrongful death, amendments to approvals, potential production delays or stoppages, any of which may have a material adverse effect on the financial performance and/or financial position of Hawthorn.

There is a risk that past, present or future operations have not met, or will not meet, health and safety requirements and/or that the approvals or modifications Hawthorn is currently seeking, or may need to seek in the future, will not be granted at all or will be granted on terms that are unduly onerous. If Hawthorn is unsuccessful in these efforts or otherwise breaches these health and safety requirements, it may incur fines or penalties, be required to curtail or cease operations and/or be subject to increased compliance costs or costs for rehabilitation or rectification works at one or more of its sites.

(s) Environment

Due to the nature of mining processes, and the associated by-products, residues and tailings generated from these processes, Hawthorn's operations are subject to stringent environmental laws and regulations.

There is a risk that past, present or future operations have not met or will not meet environmental or related regulatory requirements and/or that the approvals or modifications Hawthorn is currently seeking, or may need to seek in the future, will not be granted at all or will be granted on terms that are unduly onerous. If Hawthorn is unsuccessful in these efforts or otherwise breaches these environmental requirements, it may incur fines or penalties, be required to curtail or cease operations and/or be subject to increased compliance costs or costs for rehabilitation or rectification works at one or more of its sites.

Environmental legislation may change in a manner that requires compliance with additional standards, and a heightened degree of responsibility for companies and their directors and employees. There may also be unforeseen environmental liabilities resulting from mining activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential abandonment costs and obligations for which Hawthorn may become liable as a result of its activities may be impossible to assess under the current legal framework.

(t) Key personnel

A number of key personnel are important to attaining the business goals of Hawthorn. One or more of these key employees could leave their employment or cease to actively participate in the management of Hawthorn and this may adversely affect the ability of Hawthorn to conduct its business and, accordingly, affect its financial performance and its share price. There may be a limited number of persons with the requisite experience and skills to serve in Hawthorn's senior management positions if existing management leave Hawthorn. If Hawthorn cannot attract, train and retain qualified managers, and other personnel, Hawthorn may be unable to successfully manage its growth or otherwise compete effectively in the Australian resources industry.

(u) Changes in government policy, regulation or legislation

The resources industry is subject to extensive legislation, regulations and supervision by a number of federal and state regulatory organisations. Any future legislation and regulatory change may affect the resources industry and may adversely affect Hawthorn's financial performance and position.

(v) Litigation

Like all companies in the resources sector, Hawthorn is exposed to the risks of litigation (either as the complainant or as the defendant), which may have a material adverse effect on the financial position and financial performance of Hawthorn. Hawthorn could become exposed to claims or litigation by persons alleging they are owed fees or other contractual entitlements, employees, regulators, competitors or other third parties.

(w) Exploration and development

There are several risks relating to base metals and gold mining exploration and development which are common to the industry and which, if realised, have the capacity to affect operations, production, cash flow, financial position and financial performance of Hawthorn.

Development and exploration activities may be affected by factors beyond the control of Hawthorn, including geological conditions, seismic activity, mineralisation, consistency and predictability of base metals and gold grades, changes to law, changes to the regulatory framework applying to mining, overlapping resources tenure, and the rights of indigenous people on whose land exploration activities are undertaken.

Any discovery of a base metal or gold deposit does not guarantee that the mining of that deposit would be commercially viable, with the size of the deposit, development and operating costs, and ownership, base metal and gold prices and recovery rates all being key factors in determining commercial viability.

Hawthorn's future value is materially dependent on its ability to bring development and expansion projects into production on a timely and economic basis. Issues that arise during development, construction and mine start-up may result in increased costs, delayed commencement of base metal and gold production, delayed receipt of revenue or production not commencing at all. These problems may include delays in obtaining approvals (including land use approvals) or in the construction of mine infrastructure. There are many milestones which need to be met in a timely fashion for production to commence on any projects currently in the pre development or development stages.

Hawthorn may also be exposed to risks including risks of default associated with managing contractual relationships with participants in any of the development or exploration joint ventures or other contractual relationships to which it is, or may become, a party.

(x) Insurance

Hawthorn has insurance coverage for certain operating risks. However, it may become subject to liability (including in relation to pollution, occupational illnesses or other hazards), or suffer loss resulting from business interruption, for which it is not insured (or has not sufficiently insured) or cannot insure, including liabilities in respect of past activities.

Should a major uninsured loss be suffered, future financial performance could be materially adversely affected. In addition, insurance may not continue to be available at economically acceptable premiums. As a result, the insurance coverage may not cover the full scope and extent of claims against Hawthorn or losses it may incur, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses, pollution and product liability, war, terrorism and business interruption. To the extent a successful claim against Hawthorn proceeds, it may have a material adverse effect on its financial position.

(y) Transport and infrastructure

Base metal and gold produced from Hawthorn's mining operations is or will be transported to customers by a combination of road, rail and sea.

A number of factors could disrupt or restrict access to essential base metals and gold transportation and handling services, including (but not limited to):

- weather related problems;
- key equipment and infrastructure failures;
- rail or port capacity constraints;
- congestion and inter-system losses;
- industrial action;
- failure to obtain consents from third parties for access to rail or land;
- failure or delay in the construction of new rail or port capacity;
- failure to meet contractual requirements;
- access being removed or not granted by regulatory authorities;
- breach of regulatory framework;
- mismatch of below rail capacity, above rail capacity and port capacity; and
- possible sale of infrastructure,

all or any of which could impair Hawthorn's ability to supply its customers and/or increase costs, and consequently may have a material adverse effect on Hawthorn's financial position.

Significant increases in transport costs (such as emissions control requirements and fluctuations in the price of diesel fuel and demurrage) could make Hawthorn's base metals and gold less competitive when compared to base metals and gold produced from other regions.

Risks associated with the New Shares

(a) Market price of the New Shares

The market price of Hawthorn's shares may fluctuate over time as a result of a number of factors including the financial performance and prospects of Hawthorn, prevailing market conditions, general investor sentiment in those markets, inflation, interest rates, and the liquidity and the volume of the shares being bought or sold at any point in time. It should be noted that there is no guarantee that the New Shares will trade at or above the issue price. It should also be noted that the historic share price performance of the shares does not necessarily provide any guidance as to its future share price performance.

(b) Liquidity

There can be no guarantee that there will be an active or liquid market in shares traded on ASX or that the price of the New Shares (if any) will increase. There may be relatively few or many potential buyers of the shares on ASX at any time and Hawthorn's current market capitalisation is small (\$ 6,165,491 as at close of trading on Wednesday, 23 August 2017). This may increase the volatility of the market price of the shares and may affect the price at which shareholders are able to sell their shares. Investors should also note that the issue price of the New Shares 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;
- 5.63% to the theoretical ex-rights price based on the last traded price of Hawthorn shares on Wednesday, 23 August 2017; and
- is approximately 26.7% above the Company's volume weighted average price (VWAP) for the last 3 months.

Accordingly, there is a significant risk that the New Shares may trade at prices below the issue price.

(c) Underwriting risk

Hawthorn has entered into an underwriting agreement with Belfort Investment Advisors Limited, Brian Thornton and Paradyce Pty Ltd (a company controlled by Mark Kerr, Hawthorn's Executive Chairman and Managing Director). The underwriters may terminate the underwriting agreement and be released from their obligations if certain events occur (as set out in the underwriting agreement). If the underwriters terminate their underwriting commitment, the Entitlement Offer may not raise the full amount proposed to be raised.

(d) Dilution

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up some or all of their entitlements will not receive any value in respect of their entitlements they do not take up. Shareholders who do not take up all of their entitlements will have their ownership in Hawthorn diluted.

General

General risk factors outside the control of Hawthorn, which may have a significant impact on the future performance of Hawthorn, include the following:

- economic conditions in Australia and internationally which may have a negative impact on capital markets;
- change in investor sentiment and perceptions in local and international stock markets;
- changes in interest rates, exchange rates and the rate of inflation;
- changes in domestic or international fiscal, monetary, regulatory, taxation and other government policies;
- changes in environmental conditions, such as lack of access to water;
- geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities;
- developments and general conditions in markets in which Hawthorn operates; and
- economic and natural disasters.



ABN 44 009 157 439

Level 2, 90 William St
Melbourne Victoria 3000
Australia

Telephone: +61 3 9605 5950

Facsimile: +61 3 9605 5999

Email: info@hawthornresources.com

Website : www.hawthornresources.com