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Announcement

HAWTHORN RESOURCES LIMITED

Trouser Legs Mining Joint Venture Gold Mine Update

Hawthorn Resources Limited ASX:HAW ("Hawthorn"), in its capacity as Manager of the Trouser Legs Mining Joint Venture (TLMJV) (Hawthorn 70% and GEL Resources Pty Ltd ("GEL") 30%), provides shareholders with an update on joint venture operations at the Trouser Legs Gold Mine.

As reported in the most recent ASX Quarterly Activities and Cashflow report mining commenced during December 2017, with initial gold production occurring during March 2018. Gold ore mined at the **Trouser Legs Mine** is currently batched into monthly parcels of approximately 40,000 tonnes of ore, hauled to the Carosue Dam Mill (operated by Saracen Gold Mines Pty Ltd ("Saracen") for purchase by Saracen under the terms of an Ore Purchase Agreement.

To date, four Parcels of ore have been delivered to the Carosue Dam Mill totalling approximately 141,000 tonnes of ore. Processing and gold recovery is complete for the initial 2 Parcels with a total of 2,537 ounces of gold recovered to date. Final grade and recovery data from Parcels 3 and 4 is expected during June.

The initial three Parcels of ore have returned a gold grade below modelled grade. The parcels were sourced entirely from highly weathered surface or near surface oreblocks, including remnant stopes that had been extensively mined historically in an area to the north of the 1986 excavated open pit limits.

Preliminary assay data suggest that the Parcel 4 grade is consistent with the modelled grade for that part of the pit. Importantly, this parcel of ore was sourced from a depth where only limited historical mining occurred, minimising the impact on expected gold grades. Looking forward, no further major issues are expected from historic mining at depth or along strike.

The fourth, and subsequent Ore Parcels are mainly being sourced from beneath and to the south of the old open cut pit, where ore block continuity, strike extent and assay reproducibility increases along strike and at depth.

A revised Ore Purchase Agreement has been negotiated with Saracen that includes the securitisation of Hawthorn's Box Well tenements in order to supply minimum ore tonnage deliveries over the life of the project, a time extension on potential ore deliveries and a deferred processing payment schedule on an interest free basis. This deferral in toll treatment rate has been agreed, assisting the TLMJV to address its start-up challenges, and is deferred until deeper and higher grade ore provides for its payment.

More details will be provided in our next quarterly update.

For further information please contact Mourice Garbutt, Company Secretary