

QUARTERLY ACTIVITIES REPORT – JUNE 2021



HAWTHORN RESOURCES LIMITED
Quarterly Report – JUNE 2021

ASX Release

30 July 2021

ASX Code: HAW

ABN 44 009 157 439

Hawthorn Resources Limited
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Directors:

Mr Li, Yijie
(Non-Exec Director/Chairman)

Mr Mark G Kerr
(Managing Director/CEO)

Dr David Tyrwhitt
(Non-Exec. Director)

Mr Liao Yongzhong
(Non-Exec. Director)

Mr Liu Zhensheng
(Non-Exec. Director)

Mr Brian F Thornton
(Non-Exec. Director)

Senior Management:

Mr William Lloyd
(Operations Manager)

Mr Mourice Garbutt
(Company Secretary)

Mr Tony Amato
(CFO)

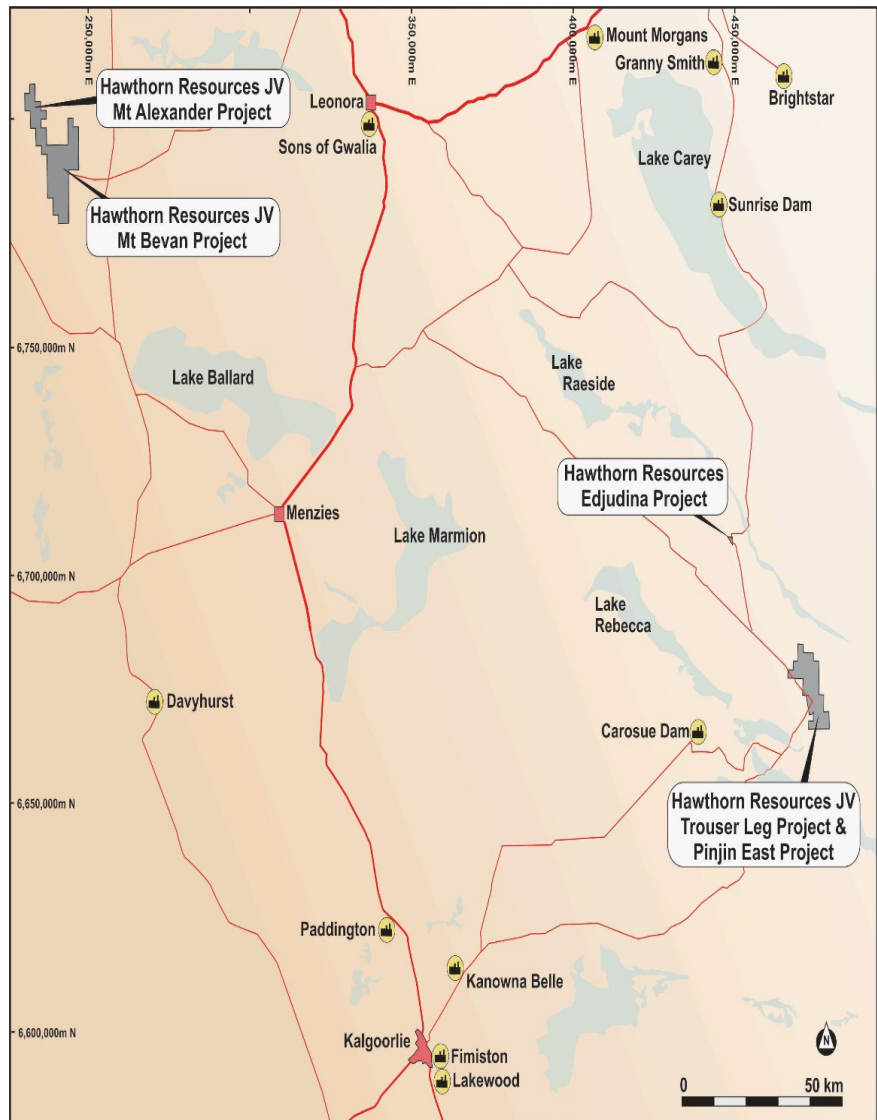


Figure 1 – Project location map – Western Australia Goldfields

DEVELOPMENT

Trouser Legs Joint Venture – Underground Project - Gold

(Hawthorn Resources 70%, Gel Resources 30 %): Manager - Hawthorn Resources Limited

Hawthorn Resources Limited ASX: HAW (“Hawthorn” or the “Company”), in its capacity as a participant and as Project Manager, is pleased to update shareholders and the market with works undertaken during the June 2021 quarter (“the quarter”) at the Trouser Legs Joint Venture underground gold project (“the Project”) at Pinjin in Western Australia.

The Project area as indicated on the Project location map (Figure 1) is 140 km north-east of Kalgoorlie at Pinjin in Western Australia within the prolific South Laverton Tectonic Zone (SLTZ) and incorporates tenements:

G 31/4; L 31/32; L 31/65; L 31/66; L 31/68; M31/78; M 31/79; M 31/88; M 31/113; M 31/284

As announced on 30 June 2021 the Company, in its capacity as Manager of the Joint Venture, advised that AMC Consultants Pty Ltd had been engaged to undertake a geological review, gap analysis and a mining methods options assessment at the Joint Venture’s Anglo-Saxon Gold Project (the Project).

On completion of this scope of work, the Joint Venture will have sufficient information to make a business decision on whether to proceed to a pre-feasibility study (PFS) for the Project; completion is expected by late August.

EXPLORATION

Trouser Legs – Joint Venture – Gold

(Hawthorn Resources Limited 70%; Gel Resources Pty Ltd 30 %): Manager – Hawthorn Resources Limited

Pending completion of the proposed underground development study referred to above, the further regional exploration within the Trouser Legs Joint Venture area has been deferred.

Near Mine Exploration: Pinjin- East

Pinjin-East E 31/782 –Gold - Crossbow prospect. *(Hawthorn Resources Limited: 100%)*

As reported in the March 2021 Quarterly Activities Report the proximity of this tenement holding to the small Coles open pit requires the Company to maintain this lease.

Pinjin-East E 31/783 –Gold

(Hawthorn Resources Limited: 100%)

As reported previously this is a small area just east of the Anglo-Saxon ROM pad - a cleared area that was used to stockpile ore from the open pit mining prior to haulage for toll processing. Whilst the targets selected were very weak near surface gold values and no anomalous gold values were recorded this was regarded as sterilisation drilling pending a possible expansion of the ROM pad.

Pinjin-East E 31/1094 –Gold - Tomahawk prospect

(Hawthorn Resources Limited: 70%; Gel Resources Pty Ltd 30%)

As previously reported, it is planned to use geophysical surveys during 2021 to target deeper and stronger mineralised zones.

Other

Edjudina M31 /481 -Gold Project Update

(Hawthorn Resources Limited: 100%)

As announced on 30 June 2021 and following the grant of a POW by the W.A. DMIRS the Company, on 1 July 2021, undertook a 600m Reverse Circulation (RC) drill campaign to investigate potential extensions of mineralisation into Hawthorn's M31/481, which is contiguous to Gibb River's (ASX: GIB) Neta Project, with the Carlsen lode as the focus of the RC drilling campaign.

As a result of the July 2021 campaign the results were released to the market post 30 June 2021 in a separate announcement earlier today - 30 July 2021 and which can be viewed on the Company's website at: www.hawthornresources.com

Mount Bevan/ Mt Alexander – Joint Venture - Base Metals

(Legacy Iron Ore Ltd 60%; Hawthorn Resources Limited 40 %): Manager- Legacy Iron Ore Ltd

The Joint Venture tenement area consists of Exploration Licence 29/510, being north of Kalgoorlie and approximately 100 km west of Leonora in the Central Yilgarn region of Western Australia; it is located immediately south of St George Mining Limited's (ASX: SGQ) Mt Alexander Project.

The Joint Ventures objectives include an aim to progress a potentially world class magnetite project and is also exploring for nickel-copper mineralisation at an early stage.

The project is on a large tenement E29/510 which hosts 1,170 Mt of magnetite resource @ 34.9% Fe as well as potential for discovery of nickel-copper mineralisation in the northern most part of the tenement.

As Manager of the Joint Venture, Legacy Iron Ore Limited ("LCY") has advised of the following field activities in the June quarter:

- a) a total of 9 rock chip samples were collected from the BIF unit, particularly targeting the possible cross cutting East- West fault planes and streams from the southern part of the tenement; out of these samples two returned with more than 60% Fe; and
- b) the successful completion of a drilling programme undertaken at the project in June and is now compiling geological loggings and reviewing its findings.

In relation to part b) above the samples are with SGS laboratory in Perth and assays are expected to be received during or by next month.

The programme itself resulted in the drilling of a total of 1378 m in 13 holes with the objective aimed at exploring DSO mineralisation in the Southern part of the tenement and to drill test remaining Nickel sulphide targets in the Northern part of the tenement divided as to:

- RC drilling of a total of 10 holes covering 1,015 m for Hematite Mineralisation in the southern part of the tenement in the strike continuity of the Mt Mason deposit; and
- RC drilling of a total of 3 holes covering 363 m for Nickel Sulphide mineralisation.

Pending the receipt of the assay results the Manager has recommended that the Joint Venture undertake a Down Hole Electromagnetic (DHEM) survey on one of the holes drilled for Nickel Sulphide.

CORPORATE

Board of Directors

As announced to the ASX on 17 June 2021 Mr B F Thornton was appointed to the Board of Directors as a Non-Executive Director thereby increasing the number of Board members to six comprising five non-executive directors and one executive director.

Issued Securities – ASX Limited securities code : “HAW”

The number of ordinary fully paid shares on issue and quoted on the official lists of the ASX as at 30 June 2020 was 333,515,613 fully paid ordinary shares (March 2021: 326,615,613 shares) as held in 3,742 shareholder accounts (March 2021: 3,786).

As at 30 June 2021 the Top 20 Shareholdings held 240,690,454 shares (March 2021: 241,193,486 shares) being 72.17 per cent of the number of shares on issue (March 2021: 72.32 per cent).

Funding/Cash Balance/Working Capital

As at 30 June 2021 the Company held funds-on-hand of A\$12.11 million (March 2021: A\$12.56 million). For full details of Cashflow movements refer to the Appendix 5B Report accompanying this Quarterly Activities Report.

The above reported funds on hand at quarter end relate to the movement in cash during the quarter under review and are not to be confused with the accrual accounting system applicable in the preparation and audit of financial statements.

As at the quarter end the Company and the Trouser Legs Mining Joint Venture (“TLMJV”), as managed by the Company, as required under accounting standards, accrue and account for expenditures and revenues incurred/generated during the quarter but have not, as at quarter end, been paid or received.

Such accrued outflow items include Joint Venture Distributions and Accrued Expenditures, such as Trading Creditors, GST Collections and Credits, Local Government rates/taxes, mining operations closure and rehabilitation of mine site.

Mining Tenements

For full details of the movements in Mining Tenement interests during the period and held as at 30 June 2021 refer to the schedules attached to the Appendix 5B Report accompanying this Quarterly Activities Report.

For further information, please contact Mourice Garbutt, Company Secretary, on (03) 9605 5902.



Mourice Garbutt, Company Secretary

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 his information in the form and context in which it appears.

The information in this report that relates to Exploration Results has been compiled by Mr Joseph Clarry, an employee of BM Geological Services. Mr Clarry is a member of the Australian Institute of Geosciences (AIG). Mr Clarry has been engaged as a consultant by Hawthorn Resources. Mr Clarry 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 Clarry consents to the inclusion in the 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 Exploration Results and Mineral Resources is based on information compiled by Dr David Tyrwhitt, a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Tyrwhitt 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. Dr Tyrwhitt consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This announcement was authorised for release by the Managing Directors, Hawthorn Resources Limited, Mr M Kerr

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HAWTHORN RESOURCES LIMITED

ABN

44 009 157 439

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(195)	(2,158)
	(b) development & maintenance	(11)	(146)
	(c) production *	-	-
	(d) staff costs	(61)	(258)
	(e) administration and corporate costs	(194)	(1,039)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	131
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other- GST refunds/(payments)	13	276
	Other- JV Partner contributions/(payments)	-	(178)
1.9	Net cash from / (used in) operating activities	(445)	(3,372)

* includes full repayment of mill processing concession

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(5,265)
3.9	Other (Return of Capital)	-	(8,235)
3.10	Net cash from / (used in) financing activities	-	(13,500)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,560	28,987
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(445)	(3,372)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(13,500)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	12,115	12,115

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	895	842
5.2	Call deposits	9,672	10,171
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,548	1,547
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,115	12,560

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	108
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Directors fees & salary \$47,241 (Previous Quarter \$42,491)
Fully Serviced Office facility rental \$52,250 (Previous Quarter \$52,250)
Company requested Consulting Fees \$8,250 (Previous Quarter \$6,600)

Mining exploration entity and oil and gas exploration entity quarterly report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(445)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(445)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	12,115
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	12,115
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	27

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Signed:

Date: 30/07/2021.

Name: Mourice Garbutt – Company Secretary

Authorised by the Board.

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

HAWTHORN RESOURCES LIMITED
ACN 009 157 439
CHANGES IN INTERESTS IN MINING TENEMENTS

10.1 Interests in Mining Tenements relinquished, reduced or lapsed

Tenement Reference	Nature of Interest [note (4)]	Interest at beginning of quarter	Interest at end of quarter

10.2 Interests in Mining Tenements acquired or increased

Tenement Reference	Nature of Interest [note (4)]	Interest at beginning of quarter	Interest at end of quarter

Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3.

Project / Tenement	Location	Interest at beginning of quarter	Interest at end of quarter	Joint Venture Partner / Farm-In Partner / Farm Out Partner
Pinjin East	West Australia			
E 31/781		100%	100%	
E 31/782		100%	100%	
E 31/783		100%	100%	
E 31/1050		100%	100%	
E 31/1176		100%	100%	
Edjudina-Triumph	West Australia			
M 31/481		100%	100%	
Mt Bevan Iron Ore Joint Venture	West Australia			
E 29/510 –I		40%	40%	Legacy Iron Ore Limited
Pinjin – Trouser Legs Joint Venture	West Australia			
E 31/1094		70%	70%	GEL Resources
G 31/4		70%	70%	GEL Resources
L 31/32		70%	70%	GEL Resources
L 31/65		70%	70%	GEL Resources
L 31/66		70%	70%	GEL Resources
L 31/68		70%	70%	GEL Resources
L 31/69 (A)		0%	0%	GEL Resources
M 31/78		70%	70%	GEL Resources
M 31/79		70%	70%	GEL Resources
M 31/88		70%	70%	GEL Resources
M 31/113		70%	70%	GEL Resources
M 31/284		70%	70%	GEL Resources
P 31/2034		70%	70%	GEL Resources
Edjudina - Pinjin Joint Venture	West Australia			
E 31/789		80%	80%	Karora Resources Pty Ltd
Teutonic Bore Royalty *	West Australia			
E 37/902		0%	0%	Round Oak Jaguar Pty Ltd
	* Royalty up to a maximum of \$1m subject to conditions			