

**ASX Release**

31 January 2022

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)

**QUARTERLY ACTIVITIES REPORT – DECEMBER 2021**



**HAWTHORN RESOURCES LIMITED**

**Quarterly Report – DECEMBER 2021**

**HIGHLIGHTS**

***Mount Bevan/ Mt Alexander – Joint Venture – Iron Ore & Base Metals (E29/510) (LCY 60% and HAW 40%)***

- *HANCOCK TO EARN IN TO THE MT BEVAN IRON ORE PROJECT*

*By a joint market announcement to the ASX on 15 December 2021 Legacy Iron Ore Limited (ASX code: "LCY") as a 60% holder and the Company (ASX code: "HAW") as a 40% holder announced that an Agreement had been executed with Hancock Magnetite Holdings Pty Ltd (HMPL), a wholly owned subsidiary of Hancock Prospecting Pty Ltd (HPPL) granting HMPL the exclusive right to earn-in to the Mt Bevan Iron Ore project and form a new joint venture agreement ("NJVA"). Under the NJVA:*

- *HMPL to fund Pre-feasibility Study (PFS)*
- *Atlas Iron Pty Ltd (Atlas) to be appointed Manager of the NJVA.*

***Trouser Legs Joint Venture - Gold***

- *Haulage of the estimated 50,000t parcel of the low-grade gold stockpiles from the Anglo-Saxon open pit operations progressed during the quarter to the Lakewood treatment plant for processing.*

*+To date it is estimated that by 31 January 2022 a total of nearly 28,000t of the low-grade ore will have been hauled and crushed at the Lakewood mill with the recovery thus far on-shipped to the Perth Mint.*

- *During the quarter the Anglo-Saxon underground project continued to be on a deferred basis until satisfactory long-term toll treatment capacity from nearby mills becomes available. Refer ASX announcement on 8 September 2021.*

## IRON ORE & BASE METALS

### Mount Bevan/ Mt Alexander – Joint Venture - Base Metals

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

The Project is currently a joint venture with Legacy and Hawthorn situated 250km north of Kalgoorlie and 100km west of Leonora in the Central Yilgarn region of Western Australia. The Project is on a large tenement E29/510 which hosts 1,170 Mt of magnetite resource @ 34.9% Fe.

*(refer: LCY: ASX Announcement 17/12/2013 – Mt Bevan -Significant Resource Upgrade and Appendix 1).*

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 Nickel Project.

The Joint Ventures objective aims to progress this potentially world class magnetite project and is also exploring for nickel-copper mineralisation.

As announced to the ASX on **15 December 2021** the joint venture participants of Legacy Iron Ore Limited and the Company have entered into an Agreement with Hancock Magnetite Holdings Pty Ltd (HMPL), a wholly owned subsidiary of Hancock Prospecting Pty Ltd (HPPL) granting HMPL the exclusive right to earn-in to the Mt Bevan Iron Ore project and form a new joint venture agreement ("NJVA").

The NJVA arrangements with HMPL are expected to be settled during the current quarter with the principal terms of the HMPL earn-in being:

#### *Initial Investment*

- HMPL will make an initial investment of \$9m to earn a 30% interest in the Project (Initial Investment) with \$8m cash being paid to Legacy and Hawthorn in proportion to their interest in the project (Legacy \$4.8m and Hawthorn \$3.2m) and the remaining \$1m as working capital for the new Joint Venture;
- Atlas will be appointed as Manager of the new Joint Venture.
- Upon completion of the Initial Investment, HMPL will hold a 30% interest, Legacy will hold a 42% interest and Hawthorn will hold a 28% interest in the Project.

#### *Stage 1 Earn-in*

- HMPL can earn an additional 21% interest in the Project by funding the completion of a PFS.
  - Upon completion of the Stage 1 earn-in, HMPL will hold a 51% interest, Legacy will hold a 29.4% interest and Hawthorn will hold a 19.6% interest in the Project.
- Joint Venture
- Upon completion of the Stage 1 earn-in, and subject to favourable outcomes from the work completed, additional work programs will be undertaken with the intention of further advancing the Project to a Bankable Feasibility Study.

## GOLD

### ANGLO SAXON GOLD PROJECT

#### **Trouser Legs Joint Venture – Underground Gold Project**

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

Hawthorn Resources Limited ASX: HAW (“Hawthorn” or the “Company”), is pleased to update shareholders and the market on activities undertaken during the December 2021 quarter at the Trouser Legs Joint Venture underground gold project (“the Project”) at Pinjin in Western Australia.

The Project area is located 140 km north-east of Kalgoorlie at Pinjin in Western Australia within the prolific South Laverton Tectonic Zone (SLTZ) (see location map Fig 1 below)

- (A) As reported to the ASX on **8 September 2021** the Company advised that the AMC Consultants Pty Ltd Report as commissioned by the Joint Venture had found that underground mining methods such as longhole stoping or airleg mining do not generate a sufficient return on capital based on the current MRE, at the prevailing gold price. In addition, long-term toll treatment capacity from nearby mills continues to be currently unavailable.

Accordingly, as reported to the ASX on 8 September 2021 the TLMJV resolved that the Anglo-Saxon underground project be deferred temporarily or until such time that suitable long term treatment options become available.

- (B) As previously advised, haulage and processing contracts for the low-grade gold stockpiles at Pinjin, stemming from the previous open pit operations, have been signed for the processing of an estimated 50,000t parcel of ore.

To date it is estimated that by 31 January 2022 a total of nearly 28,000t of the low-grade ore will have been hauled and crushed at the Lakewood mill with the recovery thus far on-shipped to the Perth Mint.

The full 8 September 2021 announcement to the ASX can be viewed on the Company’s website at: [www.hawthornresources.com](http://www.hawthornresources.com)

## EXPLORATION

#### **Edjudina M31 /481 -Gold Project**

*(Hawthorn Resources Limited: 100%)*

For the December 2021 quarter only tenement maintenance work was carried out.

As announced in the September 2021 quarterly Report future RC drilling plans will be focussed further east testing near surface and deeper sections of the Neta Lode which was the target of underground historic mining via the Geneve and Senate shafts on lease ML481 and noting “... *Whilst much of the past RC drilling by the company has tested this area the holes are widely spaced and require in-fill testing. Also, no deeper diamond drilling has been conducted which is needed to test such deep targets at a depth of 200 meters below surface...*”

For the full September 2021 Quarterly Report to the ASX go to website: [www.hawthornresources.com](http://www.hawthornresources.com)

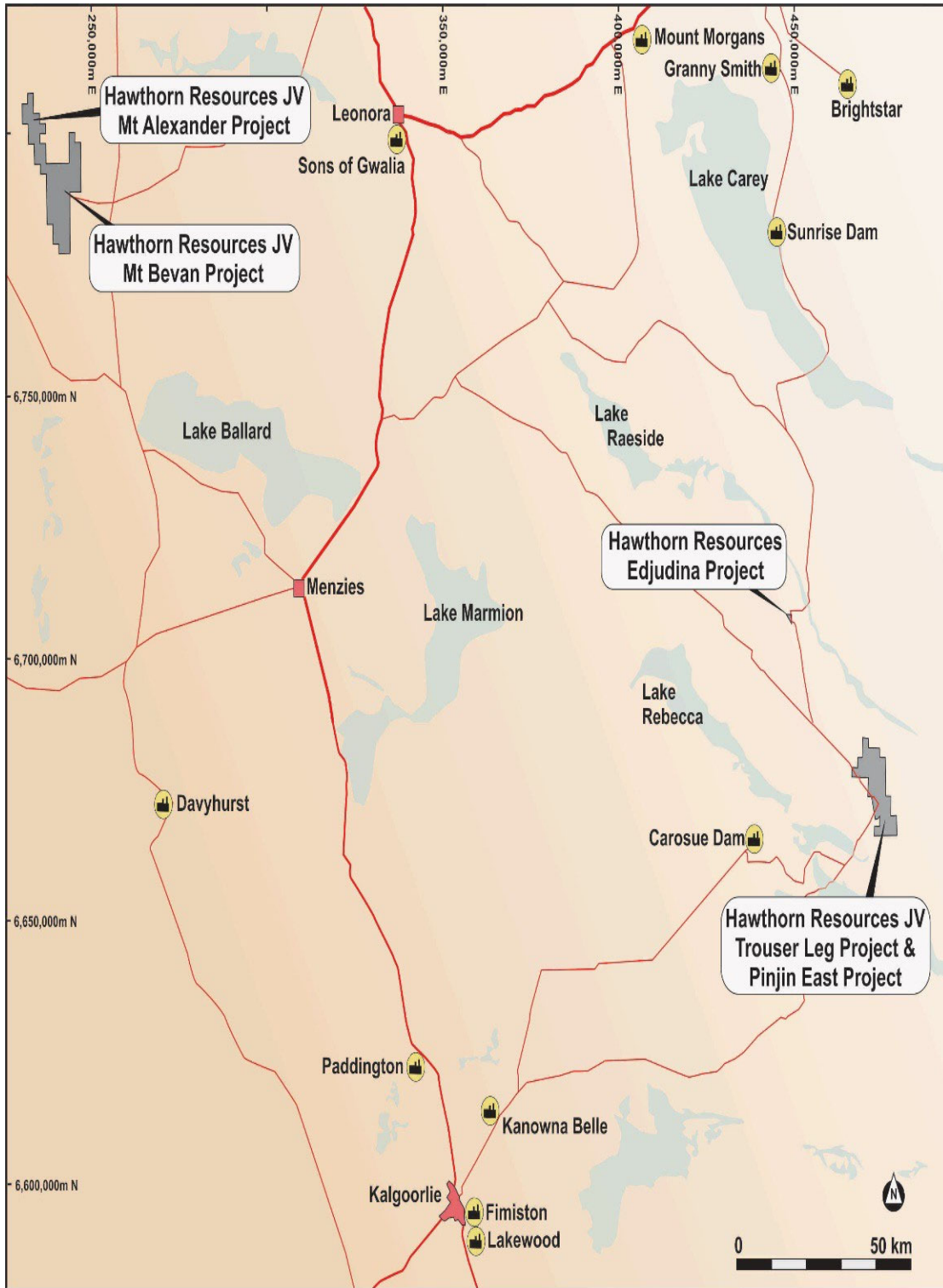


Figure 1 – Project location map – Western Australia Goldfields

### 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
<b>Pinjin East</b>	<b>West Australia</b>			
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%	
<b>Edjudina-Triumph</b>	<b>West Australia</b>			
M 31/481		100%	100%	
<b>Mt Bevan Iron Ore Joint Venture</b>	<b>West Australia</b>			
E 29/510 –I		40%	40%	Legacy Iron Ore Limited
<b>Pinjin – Trouser Legs Joint Venture</b>	<b>West Australia</b>			
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
<b>Edjudina - Pinjin Joint Venture</b>	<b>West Australia</b>			
E 31/789		80%	80%	Karora Resources Pty Ltd
<b>Teutonic Bore Royalty *</b>	<b>West Australia</b>			
E 37/902		0%	0%	Round Oak Jaguar Pty Ltd
	* Royalty up to a maximum of \$1m subject to conditions			

## **CORPORATE**

### **Board of Directors**

No changes to the Board membership occurred during the December quarter or up to the date of this Report. The Board continues to comprise 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 December 2021 was 333,515,613 fully paid ordinary shares (September 2021: 333,515,613 shares) as held in 3,811 shareholder accounts (September 2021: 3,721).

At 31 December 2021 the Top 20 Shareholdings held 240,767,882 shares (September 2021: 241,848,833 shares) being 72.19 per cent of the number of shares on issue (September 2021: 72.52 per cent).

### **Funding/Cash Balance/Working Capital**

As at 31 December 2021 the Company held funds-on-hand of A\$10.63 million (September 2021: A\$11.41 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 31 December 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 5916.



**Mourice Garbutt, Company Secretary**

## **Mining exploration entity and oil and gas exploration entity quarterly report**

*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 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 Company's Board of Directors.***

## 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")

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(244)	(528)
(b) development & maintenance	(221)	(325)
(c) production	-	-
(d) staff costs	(77)	(147)
(e) administration and corporate costs	(246)	(514)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
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)	-	18
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(786)</b>	<b>(1,490)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-



## Mining exploration entity and oil and gas exploration entity quarterly report

	(e) investments	-	-
	(f) other non-current assets	-	-
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	-	-
3.9	Other (Return of Capital)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	11,411	12,115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(786)	(1,490)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,625</b>	<b>10,625</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	947	733
5.2	Call deposits	8,130	9,130
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,548	1,548
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,625</b>	<b>11,411</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

111

-

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 \$61,825 (Previous Quarter \$55,475)  
 Fully Serviced Office facility rental \$46,750 (Previous Quarter \$46,750)  
 Company requested Consulting Fees \$2,475 (Previous Quarter \$6,600)

**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>7.</b>	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<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>		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		
<b>8.</b>	<b>Estimated cash available for future operating activities</b>		<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)		(786)
8.2	Capitalised exploration & evaluation (Item 2.1(d))		-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)		(786)
8.4	Cash and cash equivalents at quarter end (Item 4.6)		10,625
8.5	Unused finance facilities available at quarter end (Item 7.5)		-
8.6	Total available funding (Item 8.4 + Item 8.5)		10,625
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>		13
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: 31 January 2022

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 – e.g. 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.