

**ASX Release**

29 April 2022

ASX Code: HAW

ABN 44 009 157 439

Hawthorn Resources Limited  
Level 2, 90 William Street,  
Melbourne Vic 3000 Australia

Tel + 61 3 9605 5902

[info@hawthornresources.com](mailto:info@hawthornresources.com)**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 Tony Amato  
(CFO)

Mr Glenn Fowles  
(Company Secretary)

**QUARTERLY ACTIVITIES REPORT – MARCH 2022**

Hawthorn Resources Limited ('HAW' or 'the Company') is pleased to provide its quarterly operational update for the period ended 31 March 2022.

**HIGHLIGHTS**

- New Mt Bevan JV between HAW, Legacy Iron Ore Limited ('LCY') and Hancock Magnetite Holdings Pty Ltd ('Hancock')
- Over \$1m yielded from stockpile processing at the Trouser Legs JV from gold production during the quarter
- Over \$11.3m in bank at end of quarter (excludes \$3.2m deposit by Hancock made in April)

**MT BEVAN PROJECT (E29/510-I)**

The Company's Mt Bevan project is a joint venture with Legacy Iron Ore Limited (ASX: LCY) (LCY interest 60%; HAW interest 40%) and is situated 250km north of Kalgoorlie in Western Australia. The project is on a large tenement E29/510 which hosts 1,170 Mt of magnetite resource @ 34.9% Fe (Table 1).

The Company aims to progress the world class magnetite project through joint venture partnership with Hancock Magnetite Holdings Pty Ltd and simultaneously explore for lithium and nickel-copper mineralisation in the tenement.

**Table 1 Mt Bevan BIF Resource Estimate**

Mt Bevan Fresh BIF Resource											
Class	Material	Tonnes x 10 <sup>6</sup>	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	CaO %	P %	S %	LOI %	MgO %	Mn %
Indicated	<i>In situ</i> Total	322	34.7	46.2	0.57	1.35	0.054	0.131	-1.05	1.91	0.31
	<i>In situ</i> Magnetic*	44.18%	30.0	2.4	0.01	0.08	0.005	0.053	-1.38	0.05	0.01
	Concentrate	142	68.0	5.5	0.02	0.18	0.012	0.130	-3.12	0.12	0.03
Inferred	<i>In situ</i> Total	847	35.0	45.6	0.77	2.00	0.063	0.39	-1.15	1.77	0.04
	<i>In situ</i> Magnetic*	45.70%	30.8	2.8	0.01	0.06	0.004	0.042	-1.37	0.03	0.01
	Concentrate	387	67.5	5.9	0.03	0.14	0.009	0.096	-3.00	0.06	0.02
Total	<i>In situ</i> Total	1,170	34.9	45.8	0.71	1.82	0.060	0.137	-1.12	1.81	0.11
	<i>In situ</i> Magnetic*	45.28%	30.6	2.7	0.01	0.07	0.004	0.045	-1.37	0.03	0.01
	Concentrate	530	67.7	5.80	0.03	0.15	0.010	0.105	-3.03	0.07	0.02

\*In situ Magnetic is the material that is expected to report to the magnetic fraction. The in situ Magnetic quantities in the Tonnes column are expressed as the percentage of the in situ Total tonnes (as estimated from Davis Tube Mass recovery) The Company confirms that it is not aware of any new information or data that materially affects the information included in these announcements and that all material assumptions and technical parameters underpinning the resource estimate in the prior announcements continue to apply and have not materially changed. - See Announcements 17<sup>th</sup> December 2013)

### **Exploration for nickel/copper and lithium and associated metals**

Initial geological reconnaissance and rock chip sampling was conducted in the eastern region of the Mt Bevan exploration lease. Pegmatite development in the area appears weak. Detailed geological mapping and surface sampling will now be undertaken in the northern and eastern areas. The northern area is proximal to the St George Cathedrals Ni-Cu sulphide discovery and the eastern area is along strike of the broad NNW trending corridor from the recently reported Red Dirt Minerals Li/Ta discovery at Mt Ida. Extensive pegmatite development is associated with the Mt Alexander granite which intrudes into the mafic dyke rocks that host the SGQ Ni-Cu deposits. Potentially there are chances to discover these pegmatites in the areas as similar a geological setting is evident.

### **Mt Bevan post-quarter events – new Mt Bevan joint venture with Hancock Magnetite Holdings Pty Ltd ('Hancock')**

The final agreement between LCY, HAW, and Hancock was signed in the first week of April 2022 – refer ASX announcement 7 April 2022 – '*Mt Bevan Agreement Completion*'.

The details of the term sheet were originally outlined in the ASX announcement of 15 November 2021 and the final agreement comprises:

- Hancock having exclusive right to earn-in to the Mt Bevan iron ore project and form a new joint venture agreement
- Hancock funding the Pre-feasibility Study (PFS)
- Hancock appointing Atlas Iron Pty Ltd (Atlas) as the manager of the new Joint Venture
- LCY and HAW retaining all non-iron ore mineral rights.

In early April, Hancock also made the initial investment of \$9m for a 30% interest in the Project (Initial Investment) with \$8m cash being paid to Legacy Iron (\$4.8m) and Hawthorn (\$3.2m) and the remaining \$1m to be available as working capital for the new Joint Venture.

With the completion of the Initial Investment, Hancock now holds a 30% interest in the Project with LCY and HAW holding 42% and 28% respectively.

Earn-in occurs with Hancock increasing its interest in the Project by a further 21% through the funding of a completed PFS. After the earn-in, Hancock will hold 51%, LCY will hold 29.4% and HAW will hold 19.6% of the Project.

Thereafter, and subject to favourable outcomes, work programs will be undertaken with the intention of further advancing the Project to a Bankable Feasibility Study.

### ***TROUSER LEGS JOINT VENTURE - Gold***

The Company's Trouser Legs project is a joint venture with GEL Resources (HAW 70% and GEL 30% interests) and is located 140km north-east of Kalgoorlie at Pinjin in West Australia within the prolific south Laverton Tectonic Zone (SLTZ) – refer location map in Figure 1 below.

During the quarter the Company completed its first two programs of processing the Trouser Legs low-grade stockpiles. These programs yielded better than expected results which are shown in Table 1 below.

**Table 1 – March 2022 quarter gold production results**

<b>Trouser Legs Gold Production</b>	<b>Results</b>
Stockpile quantity hauled	49,760 tonnes
Gold recovered	2,184 ounces
Sale proceeds*	\$5.65m
Extraction and haulage costs*	\$1.54m
Milling costs*	\$2.43m
Other costs*	\$0.15m
<b>Net proceeds*</b>	<b>\$1.53m</b>
<b>Hawthorn Resources 70% share*</b>	<b>\$1.07m</b>

\* all dollar amounts are excluding GST

The remaining low-grade stockpiles consists of approximately 90,000 tonnes of ore and the Company is presently undertaking an assessment of the quality and viability of processing the remaining stockpiles.

## **EXPLORATION**

### ***Pinjin Tenements: E31/1094, E31/781, E31/782, E31/783 and E31/1050***

*(Hawthorn Resources Limited 70%; Gel Resources 30%)*

During the quarter a review of the tenements surrounding the Anglo Saxon open pit and along strike from the pit was conducted; as a result a program of approx. 2,000m of RC drilling will commence shortly on all of these tenements.

A focus of the program will be the prospective Tomahawk prospect, within E31/1094, which is along strike from Anglo Saxon and where historic drilling returned numerous elevated drill hole intercepts in proximity to a mapped porphyry unit.

### ***Edjudina Tenements: M31/481***

*(Hawthorn Resources Limited: 100%)*

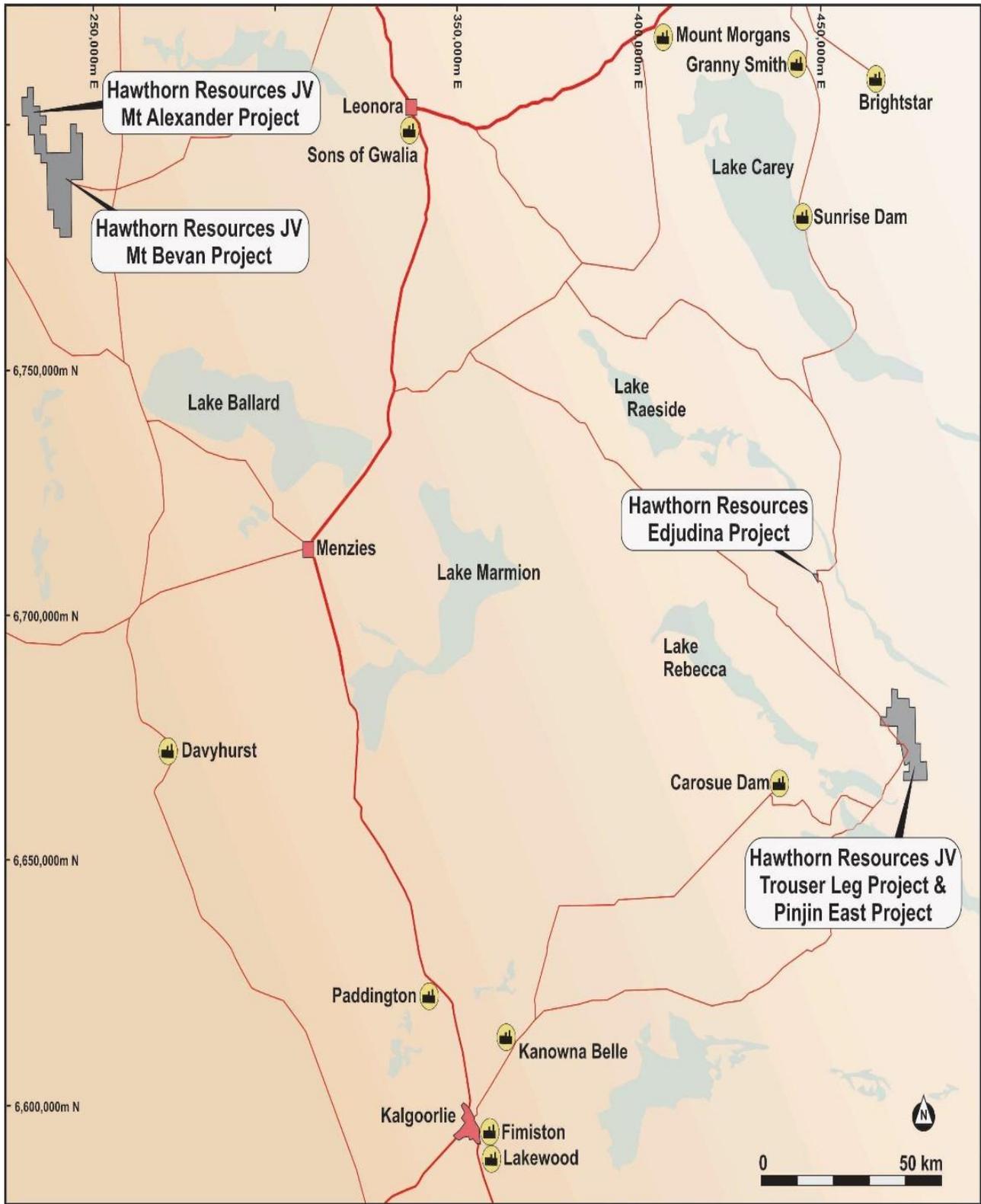
For the March 2022 quarter, only tenement maintenance work continued at Edjudina.

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 metres below surface...”.

This drill program will commence following completion of the proposed Pinjin exploration program detailed above.

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**



## **CORPORATE UPDATE**

### **Board of Directors and Company Secretary**

No changes to the Board membership occurred during the March quarter or up to the date of this Report. The Board continues to comprise five Non-Executive Directors and one Executive Director.

After 14 years of continuous service, Mr Mourice Garbutt retired as Company Secretary during the quarter and was replaced by Mr Glenn Fowles (refer ASX announcement 14 April 2022 – ‘Company Update’)

### **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 at 31 March 2022 was 333,515,613 fully paid ordinary shares (December 2021: 333,515,613 shares) as held in 3,772 shareholder accounts (December 2021: 3,811).

At 31 March 2022 the Top 20 Shareholdings held 240,489,610 shares (December 2021: 240,767,882 shares) being 72.1 per cent of the number of shares on issue (December 2021: 72.2 per cent).

### **Unmarketable Parcels Program**

During the quarter the Company commenced a program to acquire unmarketable parcels of shares held by shareholders. For further information refer to ASX announcement ‘Letter to shareholders with unmarketable parcels of shares’ released on 28 March 2022.

It is expected that over 2,000 small shareholders representing an average holding of less than 1,000 shares each will participate in the program when it closes on 16 May 2022.

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

At 31 March 2022 the Company held funds-on-hand of A\$11.36 million (December 2021: A\$10.63 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.

### **Supreme Court Judgment**

The Company is pleased to announce that, after nearly 4 years of case and deliberation, that it has received a positive ruling in the case ‘*GDA 10 of 2018 Tisala Pty Ltd v Hawthorn Resources Ltd & Or*’ conducted in the West Australian Supreme Court which commenced in June of 2018. Please refer to the Company’s June 2018 Quarterly Activities Report released on 31 July 2018 for the original disclosure of this case. Costs were awarded to HAW and no further action is proposed or anticipated in this matter.

## 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 March 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers *	5,647	5,647
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(146)	(674)
(b) development & maintenance	-	(325)
(c) production *	(4,553)	(4,553)
(d) staff costs	(137)	(284)
(e) administration and corporate costs	(241)	(755)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	9
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)	157	175
<b>1.9 Net cash from / (used in) operating activities</b>	<b>730</b>	<b>(760)</b>

\*100% of gross receipts from customers and productions costs included as Manager of the TLMJV project whereby HAW has a 70% working interest

<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)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</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>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	10,625	12,115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	730	(760)
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)	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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>11,355</b>	<b>11,355</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,674	947
5.2	Call deposits	8,132	8,130
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,549	1,548
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,355</b>	<b>10,625</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	155
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

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 \$108,325 (Previous Quarter \$61,825)  
Fully Serviced Office facility rental \$46,750 (Previous Quarter \$46,750)  
Company requested Consulting Fees \$NIL (Previous Quarter \$2,475)

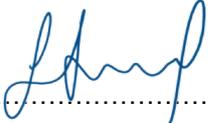
## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. 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. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	730
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	730
8.4 Cash and cash equivalents at quarter end (Item 4.6)	11,355
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	11,355
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	N/A
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: 29/04/2022.  
 Name: Glenn Fowles – 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
P31/2034	Surrendered	70%	0%

**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
N/A			

## 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%	0%	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			