



ABN 44 009 157 439

29 October 2015

**Market Announcements Office
ASX Limited**

COMPANY ANNOUNCEMENT

Level 2, 90 William St
Melbourne Victoria 3000
Australia

Telephone: +61 3 9605 5950

Facsimile: +61 3 9605 5999

Email: info@hawthornresources.com
www.hawthornresources.com

Hawthorn Resources Limited

**2015 Annual Report
2015 Annual General Meeting (AGM)
Appendix 4G/Corporate Governance Statement**

Attached for release to the market and following confirmation of dispatch is a copy of the Company's 2015 Annual Report together with the 2015 AGM documentation as dispatched to members as requested, either by post or electronically, and comprising:

- 2015 Annual Report, and
- 2015 Notice of Meeting/Explanatory Statement and sample Proxy Form

In addition, attached for release to the market is the Company's Appendix 4G – Key to Disclosures Corporate Principles and Recommendations/Corporate Governance Statement.

Annual General Meeting

The 2015 AGM is to be held:

Day/Date: Thursday 26 November 2015
Time: 3.00 p.m. (registration from 2.30 p.m.)
Place: Level 23, Rialto, 525 Collins Street, Melbourne, Victoria

The 2015 Annual Report and the 2015 AGM documentation can be viewed on the Company's website at www.hawthornresources.com and the 2015 Corporate Governance Statement can be viewed at <http://hawthornresources.com/media/2654/2015-cgs.pdf>

END

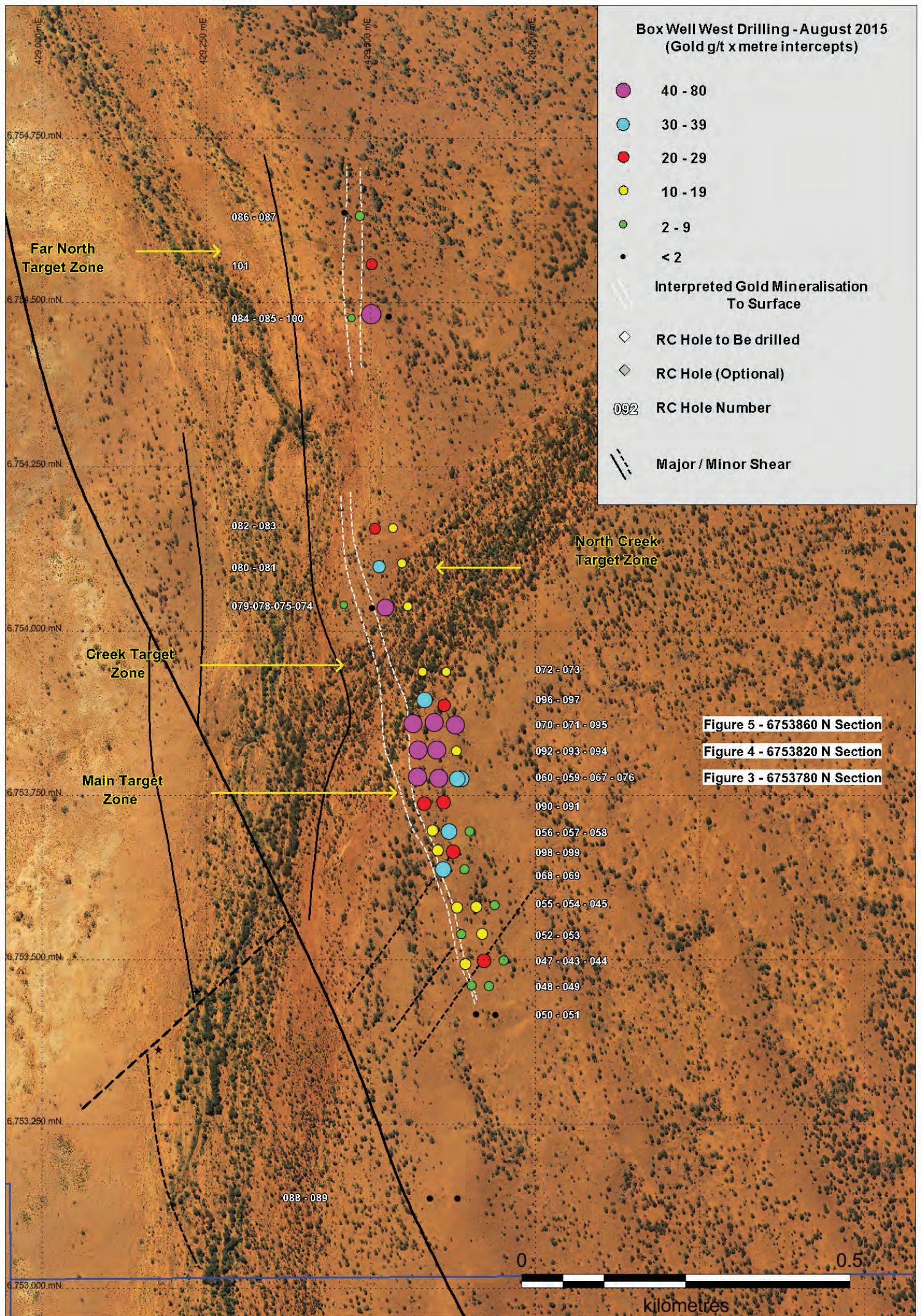
Enquiries:
Mourice Garbutt
Company Secretary
Tel: + 61 (0) 3 9605 5917



Hawthorn
RESOURCES

ANNUAL REPORT 2015
HAWTHORN RESOURCES LIMITED







Hawthorn Resources Limited
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**Hawthorn Resources Limited
Corporate Directory**



Directors

Mark Kerr	Non-Executive Chairman
Mark Elliott	Managing Director/CEO
David Tyrwhitt	Non-Executive Director
Liao, Yongzhong	Non-Executive Director
Li, Yijie	Non-Executive Director
Ye, Xiaohui	Non-Executive Director

Company Secretary

Mourice Garbutt

Exploration Manager

Ian Moody

Project Manager

Paul Chare

Financial Officer

Tony Amato

Registered Office and Domicile

Level 2, 90 William Street, Melbourne, Victoria 3000, Australia

Telephone: +61 3 9605 5901

Facsimile: +61 3 9605 5999

E-mail: info@hawthornresources.com

Internet: <http://www.hawthornresources.com>

Legal Form

A public company - Liability Limited by shares

Country of Incorporation

Australia

Australian Securities Exchange Listing Code

HAW - Ordinary shares

Share Registry

Link Market Services Ltd

Level 1, 333 Collins Street, Melbourne Victoria 3000, Australia

Telephone: 1300 554 474 or +61 3 9615 9999

Facsimile: +61 3 8614 2903

Auditors

BDO East Coast Partnership

Level 14, 140 William Street, Melbourne Victoria 3000, Australia

Bankers

National Australia Bank Limited

Level 1, 99 Bell Street, Preston Victoria 3072, Australia

Solicitors

Minter Ellison Lawyers

Rialto Towers, 525 Collins Street, Melbourne Victoria 3000, Australia

Hawthorn Resources Limited
Chairman and Chief Executive Officer's Report

During the 2014-2015 Financial Year, Hawthorn Resources Limited ("Hawthorn") has continued to concentrate on development and exploration of its portfolio of advanced gold projects within its West Australian gold tenements with the goal to identify prospects with near term potential to develop mining operations.

Exploration and Development

- **Gold**

Apart from the development of the Anglo Saxon Mine the Company, in conjunction with its joint venture partners, focussed its exploration effort during the year over its gold project areas. and the Company has undertaken a review of its key gold projects that has ranked the projects according to their priority for economic exploitation as to short term (FY 2015/2016) and longer term (beyond FY 2016/2017).

The development campaign by Hawthorn in the **Anglo Saxon Mine** area has seen all metallurgical, geotechnical and environmental surveys completed that has allowed the submission of formal Mining Approval plans to the Western Australia Department of Mines and Petroleum. The award of this Mining Approval is expected in the near future.

At **Yundamindera** following detailed aeromagnetic interpretation several high priority targets with signatures similar to the known Coffey Bore gold mineralisation were drilled during the year, with the discovery of a significant new "blind", shallow, gold mineralised shear zone identified at the **Box Well West** prospect.

Drilling was ongoing at year end with the known mineralisation remaining open along strike to the north and south and at depth. This newly discovered mineralised shear zone is interpreted to be intimately associated with a regionally significant terrain bounding shear zone that also hosts the **Coffey Bore** porphyry hosted gold mineralisation 7.5 kilometres to the south east. Hawthorn holds tenure to this entire strike extent either in its own right or in Joint Venture with Metals X Limited.

Your Directors remain confident that the transition of the Company to that of gold producer should occur in FY 2015/2016.

- **Iron Ore**

The **Mt Bevan Iron Ore Project** - a joint venture with Legacy Iron Ore Limited [ASX: LCY] ("Legacy").

Arising from the programmes undertaken in prior year the Joint Venture, through its Manager, Legacy, released an updated **Mt Bevan Mineral Resource Estimate** on the known magnetite mineralisation of the Western BIF area, a coherent gently dipping, slab-like body that is known to extend for approximately 10 km of strike. This **Indicated Resource** estimate of **322Mt @ 34.7% Fe** with high mass recovery rates of **44.2%** has been estimated for a central 2.0km section of the larger 10km strike of **Inferred Resource estimate**.

With the general decline in the iron ore market over the past 12 months the Joint Venture partners, while recognising the value of this substantial resource, has concluded that exploration expenditure on the project area in the upcoming year will be maintained at a level that maintains the tenements in good standing.

For a detailed report on the Company's exploration and development activities shareholders are referred to the following Report from the Company's Exploration Manager.

Corporate Activities

- **Funding**

Hawthorn has been prudent and ensured that expenditures were contained within the annual activities budgets.

As at 30 June 2015 the Company had funds in hand of A\$7.1 million (2014: A\$9.6 million) being the equivalent of cash backing a share of 5.8 cents a share (2014: 7.8 cents a share).

- **Issued Securities**

The number of securities on issue both as at 30 June 2015 and as at the date of this Report is unchanged at 171,263,644 ordinary fully paid shares which are quoted on the ASX under security code: "HAW".

Board of Directors

Throughout the year ended 30 June 2015 and as at the date of this Report the Board of Directors is unchanged with six members:

Mr Mark Kerr
Mr Mark Elliott
Mr Liao, Yongzhong
Mr Li, Yijie
Mr Ye, Xiaohui
Dr David Tyrwhitt

A full and detailed description of each Director is set out in the Annual Financial Report in the Directors' Report.

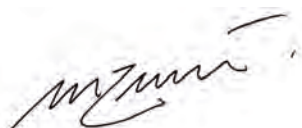
Website

The Company continues to update its website to shareholders and potential investors with reports and announcements. See the website at www.hawthornresources.com

This Annual Report details all of Hawthorn's activities over the past financial year 2014/15 and we encourage its readership.



Mark Kerr
Chairman, Board of Directors



Mark Elliott
Managing Director and CEO

Melbourne, 23 October 2015

Hawthorn Resources Limited Exploration Report

INTRODUCTION

The Hawthorn Resources Limited group of companies (the “Company”, “Hawthorn” or “Hawthorn Resources”) is an Australian diversified iron ore and gold explorer with tenement holdings and joint ventures focussed in the Eastern Goldfields of Western Australia.

During the 2014-2015 year, Hawthorn Resources has continued to develop and explore its portfolio of advanced gold projects with the goal to identify prospects with near term potential to develop mining operations.

The development campaign by Hawthorn in the **Anglo Saxon Mine** area has seen a all metallurgical, geotechnical and environmental surveys completed that has allowed the submission of formal Mining Approval plans to the Western Australia Department of Mines and Petroleum. The award of this Mining Approval is expected in the near future.

At **Yundamindera** following detailed aeromagnetic interpretation several high priority targets with signatures similar to the known Coffey Bore gold mineralisation were drilled during the year, with the discovery of a significant new “blind”, shallow, gold mineralised shear zone identified at the **Box Well West** prospect.

Drilling is ongoing at year end with the known mineralisation remaining open along strike to the north and south and at depth. This newly discovered mineralised shear zone is interpreted to be intimately associated with a regionally significant terrain bounding shear zone that also hosts the **Coffey Bore** porphyry hosted gold mineralisation 7.5 kilometres to the south east. Hawthorn holds tenure to this entire strike extent either in its own right or in Joint Venture with Metals X Limited.

MAJOR PROJECT OUTLINES

Gold Exploration – Western Australia incorporating:

Deep South Project	<i>Hawthorn Resources 80%, MetalsX Limited 20%;</i>
Trouser Legs Project	<i>Hawthorn Resources 70%, Gel Resources 30%;</i>
Yundamindera Project	<i>Hawthorn Resources 100% and Edjudina-Pinjin JV Tenements (Hawthorn Resources 80%, MetalsX Limited 20%).</i>

Hawthorn Resources’ Western Australian gold exploration programs during the year have primarily focussed in three major project areas where Hawthorn Resources holds in its own right, has earned or is earning equity from joint venture partners in over 80 granted exploration, mining, prospecting licences and applications. The Company believes that each of the major project areas, in close proximity to milling and transport infrastructure, hold both exploration upside and near term potential for development.

These major projects cover two distinct areas.

- A near contiguous part of the Eastern Goldfields of Western Australia extending from the south shore of Lake Carey to the historic Pinjin Mining Centre – a strike extent of approximately 125 kilometres. Hawthorn’s tenement package is surrounded by major gold mines, deposits and advanced resources including Sunrise Dam, Wallaby, Red October, Mt Morgans, Jupiter-Heffernan, Carosue Dam, Safari Bore, Deep South, Porphyry and Butchers Well Mines. The gold endowment of these mines and resources currently exceeds 22 Million ounces.

Maps and diagrams relating to Hawthorn's tenement holdings, project areas and exploration results can be viewed in the Company's Quarterly Activities and Cashflow statements to the Australian Securities Exchange and on the Hawthorn Resources Limited website www.hawthornresources.com.

Trouser Legs Project

The **Trouser Legs Project** is located 140 km east-north-east of Kalgoorlie and is centred on the historic **Anglo Saxon Mine**. The Trouser Legs - Anglo Saxon project area is additionally situated 35 kilometres to the east of the Carosue Dam Mill of Saracen Mineral Holdings. The tenements in the primary project area are granted Mining Leases and Infrastructure Licences in a contributory JV with Gel Resources Pty Ltd. In addition Hawthorn hold a 100% stake in a further 8 Exploration Licences surrounding the Eastern, Northern and Western margins of the Trouser Legs JV tenements.

Anglo Saxon Resource

Following exploration at **Anglo Saxon** through to October 2013 a Mineral Resource estimate, was prepared by **Australian Mining Consultants ("AMC")**

The Mineral Resources Estimate, in the table below, is reported accordance with the JORC Code 2012, a copy of which can be found on the Hawthorn Resources Limited website www.hawthornresources.com.

Further details regarding the estimation are provided in the JORC Code Table 1 document attached to the announcement, "**Anglo Saxon – Indicated Mineral Resource Upgrade: ASX Announcement: 30/10/2013**".

Table 1. Anglo Saxon Mineral Resource as at 30 October 2013

Classification	Material	COG Au (g/t)	Tonnage (t)	Au (g/t)	Au (oz)
Indicated	Oxide	0.5	233,000	3.0	22,500
Indicated	Transition	0.5	366,000	3.5	41,200
Total Indicated			599,000	3.3	63,700
Inferred	Oxide	0.5	9,000	5.8	1,700
Inferred	Transition	0.5	13,000	1.4	600
Inferred	Primary	0.5	1,665,000	4.1	219,500
Total Inferred			1,687,000	4.1	221,800
Total Indicated and Inferred			2,286,000	3.9	285,500

Notes:

- 1 The Mineral Resource is reported in accordance with the 2012 Edition of the JORC Code
- 2 Contained metal is rounded to the nearest 100 oz
- 3 All resources have been rounded to the nearest 1,000 tonnes
- 4 COG is defined as cut-off grade
- 5 Top cut/top cap of 25 g/t gold has been used in oxide, 35 g/t gold in the transition and 43 g/t gold in the primary
- 6 The base of the Indicated Mineral Resource is 280m RL, approximately 100 m below surface

Hawthorn Resources confirms that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in the announcement, **Anglo Saxon – Indicated Mineral Resource Upgrade; ASX Announcement: 30/10/2013**, continue to apply and have not materially changed, and that the form and context in which the Competent Persons findings are presented have not been materially altered.

Hawthorn Resources Limited Exploration Report

During the year pit and waste dumps designs have been further refined, and Environmental, Flora and Fauna, Hydrological and Hydrogeological, and Topographic surveys were completed. The data captured by these surveys has enabled **Mining Proposal, Environment Management and Closure Plans** to be submitted to the West Australian Department of Mines and Petroleum for approval. Assessment of these documents by the Department of Mines and Petroleum is ongoing and is expected prior to the end of 2015.

Following the anticipated award of a Mining Approval for **Anglo-Saxon**, development activities will commence and assessment of potential satellite prospects will recommence.

Yundamindera Project

In the **Yundamindera Project** area, located approximately 175 kilometres to the north east of Kalgoorlie, Western Australia exploration has focused on the discovery of gold associated with mineralised syenite porphyry dykes, BIF's and shear zones.

A significant mineralised body has been identified at **Coffey Bore** where a broad zone of gold mineralisation associated with shear hosted, stockwork quartz veining at the base of a shallow, 45° east dipping, porphyry intrusion has been drill tested over 450 metres of strike.

Following a project wide, detailed aeromagnetic and radiometric survey a series of combined magnetic and radiometric targets in areas of pervasive soil cover were identified with distinct similarities to **Coffey Bore** and other styles of known gold mineralisation in the region.

One of the targets identified, **Box Well West**, has seen several phases of drill testing during the year. Initial results from this drilling have included:

- **16 metres @ 3.09 g/t Au from 50 metres in YMC059,**
- **10 metres @ 3.07 g/t Au from 49 metres in YMC057,**
- **21 metres @ 1.94 g/t Au from 11 metres in YMC060,**
- **13 metres @ 2.40 g/t Au from 20 metres in YMC068,**
- **35 metres @ 1.47 g/t Au from 6 metres in YMC070,**
- **26 metres @ 2.07 g/t Au from 19 metres in YMC075,**
- **15 metres @ 2.58 g/t Au from 112 metres in YMC076.**
- **27 metres @ 1.37 g/t Au from 24 metres in YMC085**
(incl 10 metres @ 3.06 g/t Au from 24 metres),
- **38 metres @ 1.62 g/t Au from 12metres in YMC092**
(incl 8 metres @ 3.37 g/t Au from 19 metres),
- **36 metres @ 1.96 g/t Au from 42 metres in YMC093**
(incl 21 metres @ 3.01 g/t Au from 57metres),
- **19 metres @ 2.13 g/t Au from 101m - YMC095.**

Gold mineralisation has been intersected over 1100 metres of strike to date, hosted within a silicified shear zone intruded by felsic porphyries, within a broader, gold mineralised stockwork quartz veined package of felsic volcanics beneath pervasive transported stream sediments and colluvium.

Importantly despite an extensive history of modern exploration by a number of previous company's, the mineralised unit has never previously been identified or drilled.

Hawthorn is excited by this discovery as the shallow, near surface, wide zones of gold mineralisation has been intersected in broad spaced drilling over a substantial strike length, with mineralisation remaining open along strike to the north for a further 1000 metres in transported cover of soils and alluvium.

The gold mineralisation discovered has been tested to only 100 metres vertical depth, it remains open below this.

Finally the shear zone and associated porphyry units discovered at **Box Well West** are interpreted to be within a regionally significant shear zone system that also hosts the **Coffey Bore** gold mineralisation 7.5 kilometres to the south east, and hence substantial potential for southern extensions of the recently discovered mineralisation remains to be tested.

Drilling in this area is ongoing with further programs underway and planned prior to the end of 2015

Deep South Project

The **Deep South Project** is approximately 180 kilometres north east of Kalgoorlie with the project area situated along strike of known economic gold mineralisation hosted in the **Deep South-Mexico** gold orebodies owned by Saracen Mineral Holdings Limited ("Saracen"). Saracen has completed a Feasibility Study on the underground Probable Reserve at the deposit of 125,000 ounces of gold in a Mining Inventory of 174,000 ounces of gold. Saracen have further report that underground development of this deposit will commence in the December 2015 quarter and production to commence in the March 2016 quarter.

Hawthorn's tenements cover 2.5 kilometres of prospective strike directly to the south of the operations of Saracen with drilling to date intersecting the distinctive zone of quartz-carbonate-pyrrhotite-pyrite-magnetite veining that hosts gold mineralisation in several substantial zones.

Geophysical surveys have been completed over the prospect area with several new targets identified both near surface and at depth that will be drill tested in the upcoming year.

Mount Bevan Iron Ore Project – Western Australia
(Hawthorn Resources 40%, Legacy Iron Ore 60%)

The **Mount Bevan Project** comprising Exploration Licences 29/510 and 29/713 is located approximately 100 km west of Leonora in the central Yilgarn region of Western Australia.

The tenement covers a sequence of Banded Iron Formation (BIF) units, sediments and lavas that dip at 20 – 50% towards the north east. Three substantial BIF horizons have been identified within the tenement to date that extend in a north-northwest orientation throughout the entire length of the tenement; a strike distance of more than 25 kilometres.

The Joint Venture Manager, Legacy Iron Ore, has released a Mineral Resource Estimate on the known magnetite mineralisation of the Western BIF area, a coherent gently dipping, slab-like body that is known to extend for approximately 10 km of strike.

This **Indicated Resource** estimate of **322Mt @ 34.7% Fe** with high mass recovery rates of **44.2%** has been estimated for a central 2.0km section of the larger 10km strike of **Inferred Resource estimate**. The Joint Venture is encouraged by the mass recovery of the Indicated Resource at 44% - indicative of the relative high Fe content of the magnetite in the host BIF.

The Mineral Resource estimate as published by Legacy, is reported as being JORC 2012 compliant and details regarding the estimation are provided in the JORC Code Table 1 in an SKR document attached to the announcement by Legacy (**LCY: ASX Announcement - 17/12/13 - Mt Bevan - Significant Resource Upgrade**). The summary table of this resource estimate as provided by Legacy is below.

Hawthorn Resources Limited
Exploration Report

Mt Bevan Fresh BIF Resource											
Class	Material	Tonnes x 10 ⁶	Fe %	SiO ₂ %	Al ₂ O ₃ %	CaO %	P %	S %	LOI %	MgO %	Mn %
Indicated	<i>In situ</i> Total	322	34.7	46.2	0.57	1.35	0.05 4	0.13 1	-1.05	1.91	0.31
	<i>In situ</i> Magnetic*	44.18%	30.0	2.4	0.01	0.08	0.00 5	0.05 3	-1.38	0.05	0.01
	Concentrate	142	68.0	5.5	0.02	0.18	0.01 2	0.13 0	-3.12	0.12	0.03
Inferred	<i>In situ</i> Total	847	35.0	45.6	0.77	2.00	0.06 3	0.39	-1.15	1.77	0.04
	<i>In situ</i> Magnetic*	45.70%	30.8	2.8	0.01	0.06	0.00 4	0.04 2	-1.37	0.03	0.01
	Concentrate	387	67.5	5.9	0.03	0.14	0.00 9	0.09 6	-3.00	0.06	0.02
Total	<i>In situ</i> Total	1,170	34.9	45.8	0.71	1.82	0.06 0	0.13 7	-1.12	1.81	0.11
	<i>In situ</i> Magnetic*	45.28%	30.6	2.7	0.01	0.07	0.00 4	0.04 5	-1.37	0.03	0.01
	Concentrate	530	67.7	5.80	0.03	0.15	0.01 0	0.10 5	-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*

With the general decline in the iron ore market over the past 12 months the Joint Venture partners, while recognising the value of this substantial resource, has concluded that exploration expenditure on the project area in the upcoming year will be maintained at a level that maintains the tenements in good standing.

Erayinia Joint Venture – Western Australia
(Black Raven Mining 70%, Hawthorn Resources 30%)

The Erayinia Joint Venture is centred approximately 130 kilometres south east of Kalgoorlie, Western Australia.

The joint venture tenements, comprising two granted exploration licences, are now managed by Black Raven Mining who are deemed to have earned 70% equity in the project area by exploration expenditure met previously by ABM Minerals.

Black Raven has continued to explore on several **VMS (Volcanogenic Massive Sulphide) Cu-Zn** targets during the year. Several strong anomalies have been generated that will be drill tested in the upcoming year.

Hawthorn Resources Limited Exploration Report



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 at Anglo Saxon is based on information compiled by Ms T Burrows, a Competent Person who is a Member and Registered Professional Geologist of The Australasian Institute of Geoscientists. Ms Burrows is employed by AMC Consultants Pty Ltd. Ms Burrows has been engaged as an external independent consultant by Hawthorn Resource Limited. Ms Burrows 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'. Ms T Burrows consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

**Hawthorn Resources Limited
Tenement List**

Project /Tenement	Location	Interest at beginning of quarter	Interest at end of quarter	Joint Venture Partner/Farm-In Partner/Farm Out Partner
Melita	West Australia			
P 40/1218		100%	100%	
P 40/1219		100%	100%	
P 40/1220		100%	100%	
P 40/1221		100%	100%	
P 40/1222		100%	100%	
P 40/1223		100%	100%	
P 40/1224		100%	100%	
Pinjin East	West Australia			
E 31/760		100%	100%	
E 31/781		100%	100%	
E 31/782		100%	100%	
E 31/783		100%	100%	
E 31/882		100%	100%	
E 31/1049		100%	100%	
E 31/1050		100%	100%	
Triumph	West Australia			
M 31/481		100%	100%	
Whiteheads	West Australia			
E 27/175		100%	100%	
P 27/1769		100%	100%	
P 27/1770		100%	100%	
P 27/1771		100%	100%	
P 27/1772		100%	100%	
P 27/1773		100%	100%	
P 27/1784		100%	100%	
P 27/1785		100%	100%	
P 27/1786		100%	100%	
Yundamindera	West Australia			
E 39/1292		100%	100%	
E 39/1297		100%	100%	
E 39/1351		100%	100%	
E 39/1673		100%	100%	
E 39/1674		100%	100%	
E 39/1791		100%	100%	
E 39/1804		100%	100%	
E 39/1810		100%	100%	
P 39/4697		100%	100%	
P 39/4700		100%	100%	
P 39/4701		100%	100%	
P 39/4713		100%	100%	
P 39/4714		100%	100%	
P 39/4875		100%	100%	
P 39/4876		100%	100%	
Mt Bevan Iron Ore Joint Venture	West Australia			
E 29/510 –I		40%	40%	Legacy Iron Ore Limited

**Hawthorn Resources Limited
Tenement List**



Deep South Edjudina - Pinjin Joint Venture	West Australia			
E 39/1298		80%	80%	Avoca Resources Ltd / Metals X Ltd
E 39/1299		80%	80%	Avoca Resources Ltd / Metals X Ltd
E 39/1300		80%	80%	Avoca Resources Ltd / Metals X Ltd
E 39/1301		80%	80%	Avoca Resources Ltd / Metals X Ltd
E 39/1302		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4703		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4704		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4705		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4706		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4707		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4709		80%	80%	Avoca Resources Ltd / Metals X Ltd
Pinjin – Trouser Legs Joint Venture	West Australia			
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
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
Edjudina - Pinjin Joint Venture	West Australia			
E 31/789		80%	80%	Avoca Resources Ltd / Metals X Ltd
Yundamindera Edjudina - Pinjin Joint Venture	West Australia			
E 39/1294		80%	80%	Avoca Resources Ltd / Metals X Ltd
E 39/1295		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4695		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4698		80%	80%	Avoca Resources Ltd / Metals X Ltd
P 39/4699		80%	80%	Avoca Resources Ltd / Metals X Ltd
Yindana - Erayinia Joint Venture	West Australia			
E 28/1228		30%	30%	Black Raven Mining
E 28/1612		30%	30%	Black Raven Mining
Teutonic Bore Royalty *	West Australia			
E 37/902		0%	0%	Jabiru Metals
P 37/7351		0%	0%	Jabiru Metals
* Royalty up to a maximum of \$1m subject to conditions				

Hawthorn Resources Limited
Additional Shareholder Information

HAWTHORN RESOURCES LIMITED	Additional Shareholder Information - ASX Listing Rule 4.10
	as at 30 SEPTEMBER 2015

SHARES : QUOTED - CODE : HAW

Twenty Largest Holdings : Ordinary Fully Paid Shares ASX Code : HAW	Number Shares Held	% Issued Shares	Ranking
FENG HUA MINING INVESTMENT HOLDING (HK) LIMITED	64,391,383	37.60	1
LEGACY IRON ORE LIMITED	12,575,000	7.34	2
EQUITAS NOMINEES PTY LIMITED <PB-601018 A/C>	5,000,000	2.92	3
SPORRAN LEAN PTY LTD <SPORRAN LEAN S/F A/C>	4,800,193	2.80	4
WESTERN GEAR MANAGEMENT LIMITED	2,830,000	1.65	5
MR MARK KERR & ASSOCIATES	2,659,379	1.55	6
DR MARK THEO BLOCH	2,575,000	1.50	7
NEWMONT CAPITAL PTY LTD	2,057,900	1.20	8
LEEJAMES NOMINEES PTY LTD <THE HEPBURN SUPER FUND A/C>	1,500,000	0.88	9
MR JIANGANG XU	1,421,108	0.83	10
MR VICTOR LORUSSO	1,370,000	0.80	11
KARARI AUSTRALIA PTY LTD	1,300,000	0.76	12
DECOLAND HOLDINGS PTY LIMITED <MEE SUPER FUND A/C>	1,075,000	0.63	13
MR BARRY ALAN SKINNER	1,061,000	0.62	14
MR PETER JOSEPH LEY	1,000,000	0.58	15
MRS MARIE DAVIES & MR DAVID KENNETH DAVIES <DK & M DAVIES SUPERFUND A/C>	950,000	0.55	16
DWYPER CONSULTING PTY LTD	808,626	0.47	17
MR MIKE FEGELSON	767,631	0.45	18
DR LEON EUGENE PRETORIUS	750,000	0.44	19
HAMPSHIRE AUTOMOTIVE CENTRE PTY LTD	740,000	0.43	20
Total Holding - 20 Largest Shareholders	109,632,220	64.01	
Total Holding - Other Shareholders	61,631,424	35.99	
TOTAL HOLDING- ALL SHAREHOLDERS	171,263,644	100.00	

VOTING RIGHTS

Shares : One vote per share

RANGE OF SHAREHOLDERS - CODE : HAW	Holdings		Shares Held	
Range	Holders	%	Holders	%
1 to 1,000	1,897	46.68	419,999	0.25
1,001 to 5,000	923	22.71	2,652,997	1.55
5,001 to 10,000	324	7.97	2,494,651	1.46
10,001 to 100,000	782	19.24	27,284,557	15.93
100,001 and Over	138	3.40	138,411,440	80.82
	4,064	100.00	171,263,644	100.00

MARKETABLE PARCELS - SHARES

Holdings that are less than a marketable parcel of the Company's ordinary fully paid shares as at 30 September 2015 at a closing price of 3.5 cents/share consisted of a total of 7,233,576 shares held by 3,283 holders each holding a parcel of 14,285 or less shares

BUY-BACK

The Company has not undertaken any share buy-back during or since the end of the period under review

SUBSTANTIAL SHAREHOLDINGS

As at 30 September 2015 the following substantial shareholdings have been declared to the Company

Declared entitled party:	No. shares	Dated
Feng Hua Mining Investment Holding (HK) Limited (**)	68,125,762	29.05.2013
Mark G Kerr and Mark E Elliott (**)	68,125,762	27.05.2013
Legacy Iron Ore Limited	12,575,000	02.05.2013

(**) The declaration by Messrs M G Kerr (2,659,379 shares) and M E Elliott (1,075,000 shares) includes a relevant interest declared in the ordinary fully paid Hawthorn Resources Limited shares as held by Feng Hua Mining Investment Holding (HK) Limited (64,391,383 shares) arising from the terms of the Co-Operation Agreement dated 26 April 2013 between themselves and Feng Hua Mining Investment Holding (HK) Limited

Hawthorn Resources Limited

Financial Report – Year Ended 30 June 2015



Hawthorn Resources Limited

ABN 44 009 157 439

FINANCIAL REPORT YEAR ENDED 30 JUNE 2015

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Hawthorn Resources Limited

ABN 44 009 157 439

Directors' Report 2015

Hawthorn Resources Limited Directors' Report

The Directors of Hawthorn Resources Limited, a Company listed on the Australian Stock Exchange, present their report for the year ended 30 June 2015.

1 Directors

The Directors of the Company in office since 1 July 2014 and up to the date of this Report are:

Mr Mark G Kerr - LL.B
Chairman and Non-Executive Director
Appointed 22 November 2007; last re-elected 2014 AGM

Mr Mark Kerr is a director of Berkeley Consultants Pty Ltd which specializes in public relations and reputation management consultancy.

Mr Kerr was appointed as a director and as Chairman of the Board of Directors of Hawthorn Resources Limited in November 2007 and which merged with Ellendale Resources N.L in June 2008.

Mr Kerr is also a director of the ASX listed entities – Contango Microcap Limited & Think Childcare Limited.

Mr M E Elliott - LL.B BCom FFin
Executive Director and CEO
Appointed 22 November 2007

Mr Mark Elliott is the Managing Director and CEO of the Hawthorn Resources Limited Group. Mr Elliott is a former partner of the international law firm Minter Ellison specializing in corporate and securities law and a former director of Spotless Group Limited, E*trade Limited, Oakton Limited and Mineral Deposits Limited and a former director of legal counsel of Computershare Limited. With the increased exploration and corporate activities the Board of Directors appointed Mr Elliott as the Company's Managing Director /CEO effective 29 May 2009. In the 2014 review of director's performance the Board of Directors agreed to offer and Mr Elliott agreed to accept an extension of his Executive Service Agreement to 31 December 2015. Currently Mr Elliott is not a director of any other listed entities.

Dr David S Tyrwhitt - PhD(Geology) BSc (Hons) FSEG(USA) FAusIMM CPGeo
Non-Executive Director
Appointed 14 November 1996; last re-elected 2013 AGM

Dr Tyrwhitt has been a Director of the Company since 1996. He has more than 50 years experience in the mining industry. He is currently a Director of Top End Minerals Limited (April 2015 to current) Merlin Diamonds Limited (December 2011 to current), Northern Capital Resources Incorporated (January 2008 to current) and Legend International Holdings Inc., (March 2005 to current) and a former director of Quantum Resources Limited (November 1999 to April 2015), Golden River Resources Corporation (November 1996 to April 2015), Bassari Resources Limited and of Astro Diamond Mines NL. He worked for over 20 years with Newmont Mining Corporation in Australia, South East Asia and the United States. During this time, he was responsible for the discovery of the Telfer Gold Mine in Western Australia. He was Chief Executive of Newmont Australia Limited between 1984 and 1988 and Chief Executive Officer of Ashton Mining Limited between 1988 and 1991. He established his own consultancy business in 1991 and worked with Normandy Mining Limited on a number of mining projects in South East Asia.

Hawthorn Resources Limited

Directors' Report



Mr Liao, Yongzhong – MBA
Non-Executive Director
Appointed 30 October 2012; last re-elected 2012 AGM

Mr. Liao, Yongzhong has served Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. for 20 years. Since joining it in 1993, he has held the following significant posts: Vice General Manager and Secretary of the Board of Directors from October 2003 to July 2007, Director and Vice General Manager from January 2007 to August 2008, Vice General Manager from August 2008 to date.

He holds concurrent posts of Chairman of the Board of Guangdong Fenghua Semiconductor Technology Co., Ltd, Chairman of the Board of Guangzhou Fenghua Venture Investment Co., Ltd, Chairman of the Board of Fenghua Advanced Technology (Hong Kong) Ltd, Deputy Chairman of the Board of Changchun Up Optotech Co., Ltd, Director of Taiyuan Fenghua Information Equipment Co., Ltd and Chairman of the Board of Shine Advance Holding Limited.

Mr Li, Yijie
Non-Executive Director
Appointed 30 October 2012; last re-elected 2012 AGM

Mr. Li Yijie is the Chairman of the Board of Lite Smooth Investment Limited. Mr. Li has been the President of Guangdong Carriton Real Estate Co., Ltd. since 2001, which is focused on real estate development, with total assets of RMB 5 billion.

Mr Ye, Xiaohui
Non-Executive Director
Elected 30 January 2013; formally appointed 30 April 2013; last re-elected 2014 AGM

Mr Ye Xiaohui holds a Masters degree in business management and is qualified as an Economist in the PRC.

Mr Ye currently holds the following positions:

Director and deputy general manager of Guangdong Rising Assets Management Co., Ltd., in charge of the Mineral Resources Department and Mineral Investment Management, Director of Caledon Resources PLC, Chairman of the board at Guangdong Rising (Laos) Investment and Development Limited. Mr Ye is also the Deputy Director of the Guangdong Geological Institute and Director of the Guangdong Society for Metals.

Previously Mr Ye has been Director and Deputy General Manager at Shaoguan Iron and Steel Group Company Limited, Manager of the operations department at Guangdong Development of Metallurgy and Technology Ltd, General Manager at Guangdong Metallurgical Development Corporation, General Manager at Guangdong Metallurgical Material Supply and Distribution Ltd, Chairman of the board at Guangdong Guang-Metallurgical Industry (Group) Co., Ltd.

Directorships

Other than the directorships noted above there have been no other directorships of listed entities held in the past three years.

Hawthorn Resources Limited

Directors' Report

2 Principal Activities and Review and Results of Operations

Hawthorn Resources Limited ("Hawthorn" or "the Company") is an Australian diversified base metals and gold explorer with strategic and significant tenement holdings throughout the Central Yilgarn Iron Province and the South Laverton Gold Zone of Western Australia.

The principal activity of the Company during the financial year was mineral exploration. There has been no significant change in the nature of that activity during the financial year.

Objective

The Company's objective is to increase shareholder wealth through successful exploration activities whilst providing a safe workplace and ensuring best practice in relation to its environmental obligations.

Statement of Profit or Loss and Other Comprehensive Income

As an exploration company, the Company does not have an ongoing source of revenue. On a consolidated group basis its revenue stream is normally from ad-hoc tenement disposals and interest received on cash in bank. In the current year, finance revenue was \$285,152 (2014:\$499,578). In both years the revenue has been interest received on surplus funding.

Costs and expenses totalled \$4,029,050 in 2015 compared to \$2,103,983 in 2014 after allowing for the impairment in carrying value of exploration tenements – refer to Note 10 to the financial statements. Exploration expenditure written off in 2015 was \$2,280,082 (*) compared to \$642,283 in 2014.

Administration expenses for 2015 were \$1,388,028 (2014: \$1,446,332).

(*) In line with the its accounting policy for exploration and evaluation expenditure the Company has undertaken a review of the capitalized exploration and development costs and has ranked its exploration / development tenements according to their priority for economic exploitation as to short term (FY 2015/2016) and longer term (beyond FY 2016/2017). For the longer term tenements the Company has impaired their carrying values – as and when the non-current tenements become ranked as current then the Company has the ability to write-back the previously expensed amounts. In addition, a number of granted exploration licences and tenements were forfeited and re-applied for as mining leases, the applications are pending and accordingly the exploration expenditure has been impaired.

Statement of Financial Position

The Company had cash funds in hand at 30 June 2015 of \$7,075,014 (2014:\$9,560,743), receivables of \$115,414 (2014:\$182,908), available for sale securities, following impairment testing of carrying values, of \$2,231 (2014:\$2,542) and current liabilities totalled \$223,577 (2014:\$397,388).

At 30 June 2015, the Company had working capital of \$6,967,072 (2014:\$9,352,431) and net assets of \$19,215,806 (2014:\$22,959,704) after the abovementioned impairment in carrying values.

Cash Flow

During the year, the Company used \$1,203,927 (2014:\$1,831,197) in operating activities, paid \$1,281,802 (2014:\$2,953,838) for exploration activities and raised no new equity capital (2014: nil). As a result, the Company has cash in bank at 30 June 2015 of \$7,075,014 (2014:\$9,560,743).

3 Significant Change in State of Affairs

The Directors are of the opinion that other than as disclosed in the Principal Activities section of the Directors' Report there has not been any significant change in the state of affairs of the Company during the year under review.

4 Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year and up to the date of this Annual Report.

5 Events After The End of the Financial Year

Exploration and Development

In the interval between the end of the financial year and the date of this Report and as reported to the ASX the Company has continued its exploration and development on its Western Australia Gold Projects in South Laverton Zone

Gold Project - South Laverton Zone

Trouser Legs – Anglo Saxon Project

During the June 2015 quarter the ***Anglo Saxon Gold Mining Project - Mining Proposal, Mine Closure Plan and Environment Management Plan*** documents were submitted to West Australian Department of Mines and Petroleum for assessment and approval.

Hawthorn believes that the submission of these document is a major milestone in the proposed development of the mine on this resource. At the date of this report the approval of the Mining proposal remains pending.

Yundamindera – Box Well West Prospect

A further drilling campaign was completed during the June 2015 quarter continuing to test the northern strike extension of the ***Box Well West*** prospect gold mineralisation identified earlier in 2015, within the ***Yundamindera Project*** area.

Assay results from this “step-out” drilling program, on 80 metre spaced sections, have returned broad zones of near surface gold mineralisation in an area of pervasive, but thin, cover.

These continued strong results included:

- 13 metres @ 2.40 g/t Au from 20 metres in YMC068
- 35 metres @ 1.47 g/t Au from 6 metres in YMC070
- 26 metres @ 2.07 g/t Au from 19 metres in YMC075
- 15 metres @ 2.58 g/t Au from 112 metres in YMC076

Hawthorn Resources Limited Directors' Report

Hawthorn believes that the results from this drilling has indicated the presence of a significant mineralised system at **Box Well West** with a series of consistent, near surface, broad gold intercepts returned.

Hawthorn has reported that further drilling is planned for the September 2015 quarter.

Other than as noted above there are no items, transactions or events of a material and unusual nature which in the opinion of the Directors of the Company, have significantly affected or may significantly affect:

- the operations of the Company
- the results of those operations; and
- the state of affairs of the Company

in financial years subsequent to this financial year.

6 Future Developments and Results

As noted above and subject to the various shareholder approvals the Company will be undertaking an aggressive exploration/development programme over its Gold Projects. Other than this there are no likely developments of which the Directors are aware of which could be expected to significantly affect the results of the Company's operations in subsequent financial years.

7 Issued Securities

(a) Ordinary Shares

At the date of this Report this Company has on issue a total of 171,263,644 shares (2014: 171,263,644 shares).

(b) Options

At the date of this Report the Company has no options on issue (2014: nil).

As such, during the 2014/2015 year and up to the date of this Report, the Company has not issued options over fully paid ordinary shares.

8 Directors Interest in Issued Securities

The unchanged declared relevant interest of each Director in the number of fully paid ordinary shares of the Company disclosed by that Director to the ASX Limited as at the date of this Report is:

(A) Personal

Director	Ordinary Shares
M G Kerr *	2,659,379
M E Elliott *	1,075,000
D S Tyrwhitt	-
Liao, Yongzhong	-
Li, Yijie	-
Ye, Xiaohui	-

* Refer 8 (B).

Hawthorn Resources Limited Directors' Report



(B) Feng Hua Mining Investment Holding (HK) Limited

In August 2012 it was announced that Messrs. M Kerr and M Elliott would be entering into a Co-Operation Deed ("Agreement") with Feng Hua Mining Investment Holding (HK) Limited ("Feng Hua") in relation to their respective entitlements to shares in Hawthorn Resources Limited. As a result of the announced intention to enter in to the Agreement, each of the parties to the Agreement was deemed to have an interest in all of the ordinary Hawthorn Resources Limited shares in which each has a declared interest from time to time:

Following the receipt of all regulatory and shareholder approvals to issue shares to Feng Hua the deemed relevant interests in the issued share in Hawthorn Resources Limited are:

Mr M G Kerr	2,659,379
Mr M E Elliott	1,075,000
Feng Hua Mining Investment Holding (HK) Limited	<u>64,391,383</u>
Total	<u>68,125,762</u>

The Co-operation Period of the Agreement itself, as executed in April 2013, for a period which commenced on the date of the signed Agreement (30 April 2013) and ending on the first to occur of the following:

- (i) a Takeover Event
- (ii) Mr Kerr or Mr Elliott breach their duties as director of Hawthorn Resources
- (iii) the earliest date that neither Mr Kerr or Mr Elliott is a director of Hawthorn Resources Limited; and
- (iv) the third anniversary of the date of the Agreement.

9 Meetings of Directors

The number of meetings of Directors held including meetings of Committees of the Board during the financial year including their attendance was as follows:

	BOARD *		AUDIT COMMITTEE **	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
M G Kerr	3	3	2	2
D S Tyrwhitt	3	3	2	2
M E Elliott	3	3	2	2
Liao, Yongzhong	3	2	-	-
Li, Yijie	3	3	-	-
Ye, Xiaohui	3	2	-	-

Note:

* In between Board Meetings, Directors passed a total of six circulating resolutions which were then noted and ratified at the next occurring Board meeting.

** Audit, Compliance and Corporate Governance Committee considerations are, when required, held within Board Meetings and Chaired by Dr Tyrwhitt.

Hawthorn Resources Limited Directors' Report

10 Company Secretary

Mr M Garbutt, appointed in May 2008, is the Company Secretary of the Company and its subsidiaries. Mr Garbutt is a Fellow of Governance Institute of Australia (FGIA) and Chartered Institute of Secretaries (FCIS) and until recently a Justice of the Peace in Victoria. He has over 30 years commercial experience and currently conducts a corporate compliance and company secretarial company providing such services to a number of public and listed companies in Australia including Hawthorn Resources Limited group.

11 Directors and Officers' Indemnity and Auditor Indemnity

Directors:

The Company has entered into an Indemnity Deed with each of the Directors and with certain former Directors which will indemnify them against liability incurred to a third party (not being the Company or any related company) where the liability does not arise out of conduct including a breach of good faith. The Indemnity Deed will continue to apply for a period of 10 years after a Director ceases to hold office and a Director's Access and Insurance Deed with each of the Directors pursuant to which a Director can request access to copies of documents provided to the Director whilst serving the Company for a period of 10 years after the Director ceases to hold office. There will be certain restrictions on the Directors' entitlement to access under the deed.

Pursuant to the requirements of the Indemnity Deed the Company has taken out Directors and Officers Liability Insurance the terms of which are subject to confidentiality prohibiting disclosure of the terms and conditions of the policy cover.

Auditors:

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as an auditor.

12 Environment

The exploration activities of the Hawthorn group are conducted in accordance with and controlled principally by Australian state and territory government legislation. The group has extensive exploration land holdings in Australia. The Company employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. During the year, data on environmental performance was reported as part of the monthly exploration reporting regime. In addition, as required under state legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities.

The Company is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end the environment is a key consideration in our exploration activities and during the rehabilitation of disturbed areas. Generally rehabilitation occurs immediately following the completion of a particular phase of exploration. In addition, the Company continues to develop and maintain mutually beneficial relationships with the local communities affected by its activities.

13 Non- Audit Services

During the year, other than as noted below, BDO East Coast Partnership, the Company's auditor, has not performed other services in addition to their statutory duties.

Details of the amounts paid to the auditor of the Company, BDO East Coast Partnership, and its related practices for audit and non-audit services provided during the year are set out below.

	2015 \$	2014 \$
Statutory audit		
Auditors of the Company - BDO		
- audit and review of financial reports	48,750	47,000
Other Services - BDO		
- other non-audit services	-	-
Total fees	48,750	47,000

14 Remuneration Report - Audited

The Remuneration Report sets out remuneration information for non-executive directors, executive directors and other key management personnel.

The Report contains the following sections:

- (i) Management Services – Berkeley Consultants Pty Ltd;
- (ii) Overview of Company Performance on Remuneration Structures;
- (iii) Non-Executive Directors;
- (iv) Executive Directors Remuneration;
- (v) Details of Directors, Executives and Remuneration
- (vi) Details of Directors and Executives Interest in Securities

(i) Management Services – Berkeley Consultants Pty Ltd

The Company entered into a service arrangement with Berkeley Consultants Pty Ltd ("Berkeley Consultants") effective from 1 April 2008 to replace the AXIS Consultants Pty Ltd agreed services, on substantially the same terms and conditions.

Initially Berkeley Consultants, pursuant to the management agreement, provided to all group companies the services previously provided by AXIS Consultants Pty Ltd. Such services included providing the Company with its registered corporate head office facilities in Melbourne, as well as staff to carry out management and administrative charges. The Company paid Berkeley a fixed fee of \$25,000 per month plus GST for executive serviced office facilities; and a 10 per cent management and administrative charge on expenditures managed on behalf of the Company – **this management and administrative charge ceased on 1 July 2009.**

Total fees paid or due during the 30 June 2015 financial year was unchanged and amounted to \$315,000 plus GST (2014: \$315,000) for the provision for serviced office facilities at 90 William Street, Melbourne.

Hawthorn Resources Limited Directors' Report

This arrangement with Berkeley Consultants represents a related party transaction with both Mr Elliott and Mr M Kerr having a material personal interest in the transactions through their interests in Berkeley Consultants Pty Ltd.

Given the nature of the related party interest in this matter, the non-related non-executive directors, in March 2014 conducted a review of the provision of serviced office facilities and executive functions offered to the Hawthorn Resources group of companies by Berkeley Consultants Pty Ltd noting the terms and procedures set out in Section 195 of the Corporations Act and approved an extension to the term of the arrangement to 31 December 2016 and thereafter of a month to month basis.

In considering the extension of the Agreement to 31 December 2016 and the services to be provided by Berkeley Consultants Pty Ltd to the Hawthorn Resources group of companies, the non-related Directors noted the following:

- (i) the terms proposed are similar to the previous arrangements being on arms-length commercial terms; and
- (ii) the proposal includes provision of serviced offices with reception, boardroom and other facilities as required, payable quarterly in advance.

(ii) Overview of Company Performance on Remuneration Structures

The Company's performance, during the current year and over the past four years, has been as follows:

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
	<u>consolidated</u>	<u>consolidated</u>	<u>consolidated</u>	<u>consolidated</u>	<u>consolidated</u>
Revenue	285,152	499,578	170,354	54,857	131,904
Net loss	(3,743,898)	(1,604,405)	(1,886,339)	(1,752,131)	(1,685,681)
Basic earnings per share-cents	(2.186)	(0.937)	(1.499)	(1.832)	(1.980)
Diluted earnings per share-cents	(2.186)	(0.937)	(1.499)	(1.832)	(1.980)
Net assets	19,215,806	22,959,704	24,564,109	11,988,381	10,171,300

The Directors do not believe the financial or share price performance of the Company is an accurate measure when considering remuneration structures as the Company is in the mineral exploration industry. Companies in this industry do not have an ongoing source of revenue, as revenue is normally from ad-hoc transactions.

The more appropriate measure is the identification of exploration targets, identification and/or increase of mineral resources and reserves and the ultimate conversion of the Company from explorer status to mining status.

(iii) Non-Executive Directors

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at a General Meeting of shareholders held in January 2008, is not to exceed \$300,000 per annum. The current aggregate of Non-Executive Directors' base fees including the Chairmanship of the Board of Directors, on an **annualised basis** as of the date of this Report is \$215,000 per annum (2014: \$215,000). Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main board activities and membership of board committees. Non-Executive Directors do not receive any benefits on retirement.

However, and as permitted under the Company's Constitution, Non-Executive Directors are entitled to receive payment for services provided which are over and above their normal directorial duties and which have been specifically requested by the Board of Directors. To this end the Company has entered into consultancy agreements with both Mr M G Kerr and Dr D S Tyrwhitt to secure their respective professional, consultancy services to 31 December 2015 at an hourly rate of \$300. For such additional services, consultancy fees are in addition to directors' fees and are outside of the shareholder approved aggregate for directors' fees.

(iv) Executive Directors Remuneration

The consolidated entity seeks to reward executives with a level of remuneration based upon their position and responsibilities.

The Company's Managing Director/CEO, Mr M E Elliott, is remunerated under an Executive Service Agreement. The key elements of the Agreement are:

- (i) Term: to 31 December 2015, **and thereafter, renewable annually** ;
- (ii) Remuneration: \$147,000 a year plus government superannuation levy;
- (iii) Bonus: the Board of Directors may, in its absolute discretion, set performance criteria which if met will entitle a bonus of 50 per cent of the annual remuneration to be paid in respect of each Financial Year or pro rata Financial Year;
- (iv) Termination: the Agreement may be terminated by:
 - (a) mutual agreement between the Company and the Executive;
 - (b) expiry of the Agreement at the agreed date as extended; and
 - (c) by being summarily terminated by the Company without notice or compensation where certain events have occurred.The Agreement does not contain a period of notice; and
- (v) Termination Benefits: subject to an entitlement to a bonus there are no other amounts payable on Termination.

No performance based remuneration was paid or is payable for the 30 June 2015 financial year (2014: nil).

Hawthorn Resources Limited

Directors' Report

(v) Details of Directors, Executives and Remuneration

The names of the Directors and Executives in office during the year are as follows:-

(a) Directors

M G Kerr – Chairman and Non-Executive Directors (appointed 22 November 2007)

M E Elliott – Managing Director / CEO (appointed 22 November 2007)

D S Tyrwhitt – Non Executive Director (appointed 14 November 1996)

Liao, Yongzhong – Non Executive Director (appointed 30 October 2012)

Li, Yijie – Non Executive Director (appointed 30 October 2012)

Ye, Xiaohui – Non Executive Director (appointed 30 April 2013)

(b) Executives

M Garbutt – Company Secretary (appointed 5 May 2008)

Details of the nature and amount of each major element of remuneration of each Director of the Company and of each Executive of the Company are:

		Primary		Post-employment	Other Services	Total \$	s300A (1)(e)(i) Proportion of remuneration performance related %	s300A (1)(e)(ii) Value of options as proportion of remuneration %
		Salary & fees \$	Non-monetary benefits \$	Super-annuation \$	See Notes below \$			
Directors								
<i>Executive</i>								
M E Elliott (i)	2015	147,000	-	13,965	-	160,965	nil	n.a.
	2014	143,500	-	13,274	-	156,774	nil	n.a.
<i>Non-Executive</i>								
M G Kerr (i)	2015	75,000	-	7,125	-	82,125	nil	n.a.
	2014	75,000	-	6,937	-	81,937	nil	n.a.
D S Tyrwhitt (ii)	2015	50,000	-	4,750	34,500	89,250	nil	n.a.
	2014	50,000	-	4,625	103,500	158,125	nil	n.a.
Liao, Yongzhong	2015	30,000	-	-	-	30,000	nil	n.a.
	2014	30,000	-	-	-	30,000	nil	n.a.
Li, Yijie	2015	30,000	-	-	-	30,000	nil	n.a.
	2014	30,000	-	-	-	30,000	nil	n.a.
Ye, Xiaohui	2015	30,000	-	-	-	30,000	nil	n.a.
	2014	30,000	-	-	-	30,000	nil	n.a.
Total all Directors	2015	362,000	-	25,840	34,500	422,340	nil	n.a.
	2014	358,500	-	24,836	103,500	486,836	nil	n.a.
Executives								
M Garbutt (iii)	2015	-	-	-	-	-	nil	n.a.
	2014	-	-	-	-	-	nil	n.a.
Total all Directors & Executives	2015	362,000	-	25,840	34,500	422,340	nil	n.a.
	2014	358,500	-	24,836	103,500	486,836	nil	n.a.

Hawthorn Resources Limited Directors' Report



- (i) In addition to the above disclosed remuneration, \$315,000 (2014: \$315,000) was paid to Berkeley Consultants Pty Ltd during the year for serviced office facilities as noted in item 14(i) above. As noted, Berkeley Consultants Pty Ltd is an entity in which Messrs M Kerr and M Elliott have a material personal interest in the transactions through their interests in Berkeley Consultants Pty Ltd.
- (ii) In addition to directors duties, Dr Tyrwhitt undertook additional exploration 'field' duties at the request of the Board of Directors and received \$34,500 (2014:\$103,500) in consulting fees.
- (iii) K R Corporate Compliance Pty Ltd., a company related to and controlled by Mr Garbutt, has provided corporate secretarial, compliance and support services to the Hawthorn Resources Limited group for which it was paid \$101,235 (2014:\$113,524).

There were no short term cash bonuses, post employment prescribed benefits, termination benefits or insurance premiums paid during the 30 June 2015 financial year (2014: nil).

(vi) Details of Directors and Executives Interest in Securities

The only security that the Company has on issue is ordinary fully paid shares.

	01.07.2014	30.06.2015	Movements
Directors:			
M G Kerr *	2,659,379	2,659,379	-
M E Elliott *	1,075,000	1,075,000	-
D S Tyrwhitt	-	-	-
Liao, Yongzhong	-	-	-
Li, Yijie	-	-	-
Ye, Xiaohui	-	-	-
Total Directors	3,734,379	3,734,379	
Executives:			
M Garbutt	-	-	-
Total Directors/Executives	3,734,379	3,734,379	-

This concludes the Remuneration Report, which has been audited

Auditor's Independence Declaration:

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 15.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 30th day of September 2015.

Mark Kerr
Chairman

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF HAWTHORN RESOURCES LIMITED

As lead auditor of Hawthorn Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hawthorn Resources Limited and the entities it controlled during the period.



James Mooney
Partner

BDO East Coast Partnership

Melbourne, 30 September 2015

Hawthorn Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2015

		Consolidated	
	Note	2015 \$	2014 \$
Revenue from continuing operations			
Finance income	3	285,152	499,578
		285,152	499,578
Expenses			
Exploration expenditure impaired	10	(2,280,082)	(642,283)
Exploration expenditure expensed		(344,269)	-
Administration expenses		(1,388,028)	(1,446,332)
Depreciation expense	11	(16,671)	(15,368)
Loss before income tax expense from continuing operations	3	(3,743,898)	(1,604,405)
Income tax expense	4	-	-
Loss for the year after tax from continuing operations		(3,743,898)	(1,604,405)
Other comprehensive income		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(3,743,898)	(1,604,405)
Loss attributable to members		(3,743,898)	(1,604,405)
Earnings per share		Cents	Cents
Basic loss per share for the year attributable to ordinary equity holder	5	(2.186)	(0.937)
Diluted loss per share for the year attributable to ordinary equity holders	5	(2.186)	(0.937)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes

Hawthorn Resources Limited
Consolidated Statement of Financial Position as at 30 June 2015

		Consolidated	
	Note	2015	2014
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	7,075,014	9,560,743
Trade and other receivables	7	115,414	182,908
Other current assets	8	221	6,168
Total Current Assets		7,190,649	9,749,819
Non-Current Assets			
Other financial assets	9	2,231	2,542
Exploration expenditure	10	12,213,919	13,555,476
Plant and equipment	11	32,584	49,255
Total Non-Current Assets		12,248,734	13,607,273
TOTAL ASSETS		19,439,383	23,357,092
LIABILITIES			
Current Liabilities			
Trade and other payables	12	217,402	387,902
Employee benefits		6,175	9,486
Total Current Liabilities		223,577	397,388
TOTAL LIABILITIES		223,577	397,388
NET ASSETS		19,215,806	22,959,704
EQUITY			
Contributed equity	13	56,094,619	56,094,619
Reserves	14	-	1,667,974
Accumulated losses		(36,878,813)	(34,802,889)
TOTAL EQUITY		19,215,806	22,959,704

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes

Hawthorn Resources Limited
Consolidated Statement of Cash Flows for the year ended 30 June 2015



		Consolidated	
	<u>Note</u>	2015	2014
		\$	\$
Cash flows from operating activities			
Payments in the course of operations		(1,489,079)	(2,330,775)
Interest received		285,152	499,578
Net cash used in operating activities	16 (a)	(1,203,927)	(1,831,197)
Cash flows from investing activities			
Payments for exploration expenditure		(1,281,802)	(2,953,838)
Payments for plant & equipment		-	(20,083)
Payments for share acquisition		-	(721)
Net cash used in investing activities		(1,281,802)	(2,974,642)
Net cash provided by financing activities		-	-
Net decrease in cash and cash equivalents		(2,485,729)	(4,805,839)
Cash and cash equivalents at beginning of year		9,560,743	14,366,582
Cash and cash equivalents at end of year	6	7,075,014	9,560,743

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes

Hawthorn Resources Limited
Consolidated Statement of Changes in Equity for the year Ended 30 June 2015

	Contributed Equity	Accumulated Losses	Employee Equity Benefit Reserve	Total Equity
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2013	56,094,619	(33,198,484)	1,667,974	24,564,109
Loss for the year after income tax expense	-	(1,604,405)	-	(1,604,405)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(1,604,405)	-	(1,604,405)
At 30 June 2014	56,094,619	(34,802,889)	1,667,974	22,959,704
Loss for the year after income tax expense	-	(3,743,898)	-	(3,743,898)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(3,743,898)	-	(3,743,898)
Transfer of expired benefits to accumulated losses	-	1,667,974	(1,667,974)	-
At 30 June 2015	56,094,619	(36,878,813)	-	19,215,806

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Hawthorn Resources Limited (the "Company") is a public company incorporated and domiciled in Australia. The principal activity of the Company during the financial year was mineral exploration. There has been no significant change in the nature of that activity during the financial year.

The consolidated financial report of the Company as at, and for the year ended, 30 June 2015 comprises the Company and its subsidiaries. The financial report was authorised for issue by the Directors on the date of this report.

The registered office and principal place of business of the entity is Level 2, 90 William Street, Melbourne, Victoria, 3000.

(b) Basis of Preparation

The financial report is presented in Australian dollars. The financial report has been prepared on a historical cost basis, except for the valuation of available-for-sale financial assets and financial assets at fair value through profit or loss that have been measured at fair value in accordance with Australian Accounting Standards.

Separate financial statements for Hawthorn Resources Limited as an individual entity are no longer presented as a consequence of a change in the Corporations Act 2001, however limited information for Hawthorn Resources Limited as an individual entity is presented at Note 23.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make significant judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(d)(xvi).

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

The financial statements have been prepared on a going concern basis.

The Group incurred a consolidated net loss for the year of \$3,743,898 (2014: \$1,604,405) and had a consolidated cash outflow from operations of \$1,203,927 (2014: \$1,831,197). At 30 June 2015, the Group has net current assets of \$6,967,072 (2014: \$9,352,431). The Group has cash of \$7,075,014 at 30 June 2015, which is sufficient to meet its operating costs for at least the next 12 months.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash flow forecasts prepared by management demonstrate that the Group has sufficient funds to meet commitments over the next twelve months. For this reason the financial statements have been prepared on the basis that the Group is a going concern, which contemplates normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

(c) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations) issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The financial report complies with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board.

(d) Summary of Significant Accounting Policies

(i) Foreign Currency Translation

The financial report is presented in Australian dollars, which is Hawthorn Resources Limited's functional and presentation currency.

(ii) Foreign Currency Transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest

Interest revenue is recognised as the interest accrues.

(iv) Leases

Operating lease payments are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(v) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits whose maturity is within three months or less from the reporting date, net of bank overdrafts.

(vi) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vii) Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset or cash generating unit is impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(viii) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax is the expected tax payable on the taxable income for the period. The Company has not derived taxable income in either the current or previous period.

Deferred income tax is determined using the balance sheet method which calculates temporary differences on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Hawthorn Resources Limited (the 'head entity') and its wholly-owned Australian entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

(ix) Other Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(x) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses [see accounting policy (vii)].

Depreciation is charged to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful life of the assets. The estimated useful life of motor vehicles and plant and equipment is between 3 and 5 years.

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

(xi) Exploration

Exploration expenditure is capitalised for each separate area of interest where rights to tenure are current and:

- (a) such costs are expected to be recovered through successful development and exploitation or by sale; or
- (b) where activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying values of expenditures carried forward are reviewed for impairment at each reporting date when the facts, events or changes in circumstances indicate that the carrying value may be impaired. Accumulated expenditures are written off to the consolidated statement of profit or loss and other comprehensive income to the extent to which they are considered to be impaired.

The key points that are considered in this review include:

- planned drilling programs and data evaluation;
- environmental issues that may impact the underlying tenements; and
- the estimated market value of assets at the review date.

Information used in the review process is rigorously tested to externally available information as appropriate.

The Company conducted an extensive review of its exploration areas of interest and identified four project areas that were deemed to be significant and current in terms of validating further exploration activity within the next twelve months, over and above the expenditure requirements to maintain the tenements in good standing. In addition, the Company has other areas of interests, classified as a lower priority over the next twelve months. These lower priority areas of interests have been fully impaired in the current year.

(xii) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

(xiii) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(xiv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the risks specific to the liability.

(xv) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and options are shown in equity as a deduction, net of tax, from the proceeds.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(xvi) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Management discussed with the Board the development, selection and disclosure of the Company's critical accounting policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Key Estimates

(i) *Impairment*

The Company assesses impairment of non-current assets (other financial assets, exploration expenditure and plant and equipment) at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Where indicators of impairment exist, recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions or fair value less costs to sell.

Key Judgments

(ii) *Exploration and Evaluation Expenditure*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off to profit or loss in the period when the new information becomes available.

(xvii) Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets, liabilities and results of the Company, and the entities it controlled at the end of, or during, the financial year. The company and its controlled entities together are referred to in this financial report as the Company or Group.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The balances and effects of transactions between entities in the Group have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The accounting policies adopted in preparing the financial statements have been consistently applied by all entities in the consolidated entity.

The acquisition of Ellendale Resources NL ("Ellendale") on 10 June 2008 was treated as a reverse acquisition in accordance with AASB 3 "Business Combinations" whereby Ellendale is considered the accounting acquirer on the basis that Ellendale is the controlling entity in the transaction. As a result, Ellendale is the continuing entity for consolidated accounting purposes and the legal parent, Hawthorn Resources Limited, is the accounting subsidiary.

Investments in subsidiaries are accounted for at cost or recoverable amounts in the individual financial statements of Hawthorn Resources Limited.

(e) Financial Risk Management

The Company's principal financial instruments comprise receivables, payables, cash and term deposits. These instruments expose the Company to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

Although the Company does not have documented policies and procedures, Management 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.

Further detail on Financial Risk Management is set out in Note 20.

(f) Capital Management

The Company's policy in relation to capital management is for management to regularly and consistently monitor future cash flows against expected expenditures. The Board determines the Company's need for additional funding by way of either share placements or loan funds depending on market conditions at the time. Management defines working capital in such circumstances as its excess liquid funds over liabilities, and defines capital as being the ordinary share capital of the Company.

There were no changes in the Company's approach to capital management during the year.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impact of Adopting New Accounting Standards and Accounting Standards Not Yet Effective

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

The consolidated entity has not yet determined the eventual effect of the above standards, amendments to standards and interpretations, however at this stage it is not thought to be material.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

2. OPERATING SEGMENTS

The consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a "management approach". Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operates predominately in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity does not have any customers outside Australia, and all the consolidated entity's assets and liabilities are located within Australia.

The Board of Directors review internal management reports at regular intervals that are consistent with the information provided in the consolidated statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decision including assessing performance and in determining the allocation of resources.

3. REVENUE AND EXPENSES

Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity:

	Consolidated	
	2015	2014
	\$	\$
(i) Finance income		
Interest	285,152	499,578
Total finance income	285,152	499,578
(ii) Director expenses		
Salaries	362,000	358,500
Superannuation	25,840	24,836
Consulting fees	34,500	103,500
Total Director expenses	422,340	486,836
(iii) Unrealised gain/(loss) on foreign exchange	992	(140)
(iv) Fully serviced office rental expense	315,000	315,000

4. TAXATION

	Consolidated	
	2015	2014
	\$	\$
(a) Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax benefit	(1,123,169)	(481,321)
Deferred tax expense relating to the origination and reversal of temporary differences	362,058	(995,732)
Tax losses not recognised	761,111	1,477,053
Income tax expense	-	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Loss from operations	(3,743,898)	(1,604,405)
Income tax expense at 30% (2014: 30%)	(1,123,169)	(481,321)
Non deductible expenditure	787,305	234,112
Capital expenditure deduction	(384,838)	(1,018,986)
Decline of value of depreciating assets	(5,001)	(4,610)
Allowable deductions	(35,408)	(206,248)
Tax losses not recognised	761,111	1,477,053
Income tax expense	-	-

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

4. TAXATION (continued)

	Consolidated	
	2015	2014
	\$	\$
(b) Deferred tax assets and liabilities		
Deferred tax liability comprises:		
Exploration costs	(3,664,176)	(4,066,643)
Amounts not recognised due to offset of deferred tax assets (detailed below)	3,664,176	4,066,643
	-	-
Deferred tax asset comprises:		
Investments	579,690	579,597
Share issue costs	62,956	95,913
Accruals and payables	27,375	33,929
Employee entitlements	1,853	2,846
Tax Losses utilised to offset remaining DTL	2,992,302	3,354,358
	3,664,176	4,066,643
Tax Loss amounts where benefit not recognised (potential benefit of 30%) *	22,048,332	20,925,163

* At 10 June 2008, the consolidated entity formed a tax consolidated group. These losses relate predominately to transferred losses incurred pre-tax consolidation. These losses are subject to further review by the consolidated entity to determine if they satisfy the necessary legislative requirements under the income tax legislation for the carry forward and recoupment of tax losses. Additionally, a deferred tax asset has not been recognised in respect of these items because at this stage of the Company's development, it is not currently considered that future taxable profit will be available against which the Company can utilise the benefits.

5. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per share is calculated as follows:

Loss for the year	(3,743,898)	(1,604,405)
Consolidated		
	2015	2014
	Number of shares	Number of shares
Weighted average number of ordinary shares at the end of the financial year	171,263,644	171,263,644
Basic/Diluted Loss Per Share (cents)	(2.186)	(0.937)

There were no outstanding options at the reporting date (30 June 2014: NIL).

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015



6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2015	2014
	\$	\$
Cash at bank	497,126	481,487
Term deposits	6,577,888	9,079,256
Total Cash and Cash Equivalents	7,075,014	9,560,743

7. TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables (i)	115,414	182,908
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(i) Other predominantly relates to GST receivable. Trade and other receivables are current, not past due and not considered impaired.

8. OTHER CURRENT ASSETS

CURRENT

Prepayments	221	6,168
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9. OTHER FINANCIAL ASSETS

Available for sale investments at fair value	1,490	1,801
Investments at fair value through profit or loss	741	741
	2,231	2,542

10. EXPLORATION EXPENDITURE

Areas in the exploration phase		
At cost	12,213,919	13,555,476

Movement in the carrying value of exploration expenditure during the year was:

Opening balance at 1 July	13,555,476	10,801,139
Costs incurred during the year	938,525	3,396,620
Exploration expenditure impaired during the year (i)	(2,280,082)	(642,283)
Balance at 30 June	12,213,919	13,555,476

(i) See Note 1 (c) (xi) Exploration

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

11. PLANT AND EQUIPMENT

	Consolidated	
	2015	2014
	\$	\$
Plant, equipment and motor vehicles		
Cost balance at 1 July	131,445	111,362
Acquisitions	-	20,083
Retirement of Asset	(917)	-
Balance at 30 June	130,528	131,445
Accumulated depreciation		
Balance at 1 July	82,190	66,822
Depreciation charge for the year	16,671	15,368
Retirement of Asset	(917)	-
Balance at 30 June	97,944	82,190
Carrying amounts		
At 1 July	49,255	44,540
At 30 June	32,584	49,255

12. TRADE AND OTHER PAYABLES

Payables and accrued expenses	217,402	387,902
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13. CONTRIBUTED EQUITY

Ordinary shares	56,094,619	56,094,619
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	2015	2014
	No. of Shares	No. of Shares
Ordinary shares	171,263,644	171,263,644

Terms and Conditions of Issued Capital

Ordinary Shares (quoted): HAW

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015



14. RESERVES

	Consolidated	
	2015	2014
	\$	\$
Option premium reserve	-	1,459,349
Share based payment reserve	-	208,625
	-	1,667,974

Movement in reserves

Option premium reserve:
at 1 July

1,459,349	1,459,349
(1,459,349)	-
-	1,459,349

Transfer of option premium reserve upon expiry of benefits

At 30 June

Share based payment reserve:
at 1 July

208,625	208,625
(208,625)	-
-	208,625

Transfer of share based payment reserve upon expiry of benefits

At 30 June

Option premium reserve

The option premium reserve represents the amounts contributed for the future right to acquire shares at a pre-determined price. There are no listed or outstanding class of options as at 30 June 2015 or at the date of this report (2014: NIL).

Share based payment reserve

The share based payment reserve represents the accumulated amortisation of the fair value of services provided with respect to employee share options issued. There are no options outstanding as at 30 June 2015 (2014: NIL).

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

15. INTEREST IN JOINT OPERATIONS

	<u>2015</u>	<u>2014</u>
The Company has an interest in the following joint operation:		
Edjudina – Pinjin (Metals X Limited)	80%	80%
Trouser Legs (Gel Resources Pty Limited)	70%	70%
Mt Bevan (Legacy Iron Ore Limited)	40%	40%

The principal activity of the joint ventures is mineral exploration, and all are located within Australia.

Metals X Limited has a 20% interest that is free carried to decision to mine.

During the course of the 30 June 2011 financial year the company entered into a Joint Venture agreement with Legacy Iron Ore Limited ("Legacy") where Legacy can earn a 60% interest in the tenants known as the Mount Bevan Iron Ore project by expending a minimum of \$3.5 million to develop the project to a pre-feasibility status on or before 4 October 2012. At 30 June 2012, Legacy had spent the minimum expenditure requirements.

The Company's interest in this project is included in exploration expenditure (Note 10).

Included in the assets and liabilities of the Company are the following assets and liabilities employed in the joint operations:

	Consolidated	
	2015	2014
	\$	\$
Assets		
Exploration expenditure	10,004,174	10,141,496
Total Assets	10,004,174	10,141,496
Liabilities		
Trade and other payables	59,000	59,000
Total Liabilities	59,000	59,000

Included in the Company commitments (note 17) are the following commitments in relation to the joint ventures:

Exploration		
Not later than 1 year	352,010	403,850
Later than one year but not later than five years	1,563,040	978,840
More than five years	2,467,360	1,857,200
Total	4,382,410	3,239,890

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015



16. RECONCILIATION OF LOSS AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated	
	2015	2014
	\$	\$
<i>(a) Reconciliation of loss after tax to net cash used in operating activities</i>		
Loss for the year after tax	(3,743,898)	(1,604,405)
<i>Adjustment for:</i>		
Impairment of exploration expenditure	2,624,351	642,283
Unrealised (loss)/gain on foreign exchange	(992)	140
Impairment of available-for-sale investments	311	(665)
Depreciation	16,671	15,368
Net cash used in operating activities before change in assets and liabilities	(1,103,557)	(947,279)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in receivables and other assets	73,441	(64,845)
Decrease in trade and other payables	(170,500)	(820,659)
(Decrease)/increase in provision for employee benefits	(3,311)	1,586
Net cash used in operating activities	(1,203,927)	(1,831,197)

(b) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks (refer to Note 6).

(c) Non-cash financing and investing activities

During the year, there was no non-cash financing or investing activities (2014: Nil).

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

17. COMMITMENTS

(a) Exploration

The Company has to perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Company's tenement portfolio management through expenditure exemption approvals and expenditure reductions through relinquishment of parts or the whole of tenements deemed non prospective.

Should the Company wish to preserve interests in its current tenements the amount which may be required to be expended is as follows:

	Consolidated	
	2015	2014
	\$	\$
Not later than one year	1,070,850	1,199,797
Later than one year but not later than five years	4,842,400	3,017,112
More than five years	2,684,960	2,034,000
	8,598,210	6,250,909

The terms and conditions under which the Company has title to its various mining tenements oblige it to meet tenement rentals and minimum levels of exploration expenditure as gazetted by the Department of Industry and Resources of Western Australia, as well as Local Government rates and taxes.

The "More than five years" component represents commitments of up to sixteen years in respect of mining licences which are granted for a period of twenty one years, but in common with prospecting licences and exploration licences they may be relinquished or sold by the Company before the expiry of the full term of the licence.

(b) Operating Leases

The company extended the lease for its principal place of business to 31 December 2016 and thereafter on a month to month basis .

Not later than one year	315,000	315,000
Later than one year but not later than five years	157,500	472,500
More than five years	-	-
	472,500	787,500

18. RELATED PARTIES

(a) Key Management Personnel Disclosures

The key management personnel for the Company during the year are set out as follows:-

Directors

Mark G Kerr – Chairman and Non Executive Director	(Appointed 22 November 2007)
Mark E Elliott – Managing Director & Chief Executive Officer	(Appointed 22 November 2007)
David S Tyrwhitt – Non Executive Director	(Appointed 14 November 1996)
Liao, Yongzhong – Non Executive Director	(Appointed 30 October 2012)
Li, Yijie – Non Executive Director	(Appointed 30 October 2012)
Ye, Xiaohui – Non Executive Director	(Appointed 30 April 2013)

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015



The key management personnel compensation are as follows:

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	396,500	462,000
Post-employment benefits	25,840	24,836
	422,340	486,836

During the year the Company paid consulting fees totalling \$5,558 (2014: \$17,270) to Public Relations Exchange, an entity controlled by a related party of Mark Kerr.

At year end, no balance was outstanding (2014: NIL).

(b) Wholly Owned Group Transactions

During the year there were no transactions with controlled entities, other than movements in the respective inter-company loan accounts.

As at 30 June 2015, Hawthorn Resources Limited loan balances with its subsidiary companies were:

Payable to Ellendale Resources Pty Ltd	\$498,005 (2014: \$498,491)
Receivable from Northern Resources Australia Pty Ltd	\$260,233 (2014: \$259,990)

As at 30 June 2015, Ellendale Resources Pty Ltd loan balances with its subsidiary companies were:

Payable to Sunderland Pty Ltd	\$478,703 (2014: \$478,946)
Receivable from Northern Resources Australia Pty Ltd	\$140,738 (2014: \$140,738)

All loan balances have been provided on an interest free basis and have no fixed repayment date. Movements in loan account during the year relate to payment of expenses. Expenses paid and charged through the loan accounts during the year relate to exploration, tenement costs and company administration expenses.

19. CONSOLIDATED ENTITIES

Name	Country of Incorporation	Ordinary Share	
		Consolidated Equity Interest	
		2015	2014
		%	%
Parent entity			
Hawthorn Resources Limited	Australia		
Controlled entities			
Ellendale Resources Pty Limited	Australia	100%	100%
Sunderland Pty Ltd *	Australia	100%	100%
Northern Resources Australia Pty Ltd *	Australia	100%	100%

* Sunderland Pty Ltd and Northern Resources Australia Pty Ltd are 100% owned subsidiaries of Ellendale Resources Pty Ltd.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015

20. FINANCIAL RISK MANAGEMENT

The Group's operations expose it to various financial risks including market, credit, liquidity and price risks. Risk management programmes and policies are employed to mitigate the potential adverse effects of these exposures on the results of the Group.

Financial risk management is carried out by the Board on a regular basis by reviewing current and potential sources of funding, cashflow and operating/capital expenditure forecasts, and the Company's investment profile, to manage market, credit, liquidity and price risk.

(a) Market 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.

The Group'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.

The Company's exposure to market interest rates relates primarily to the Company's short term cash deposits held.

Sensitivity Analysis on Cash and Cash Equivalents

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the average monthly closing balances. A 100 basis point increase or decrease is used when reporting interest rate risk internally and represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables held constant, the Company's net result and net assets would increase by \$82,169 (2014: \$117,543) and decrease by \$82,169 (2014: \$117,543). This is mainly attributable to the Company's exposure to interest rates on its cash and cash equivalents.

(b) 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 Board.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets (refer Notes 6 to 9). The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company and cash assets are held with large Australian banks.

(c) 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. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The company does not have any committed credit lines. As at the reporting date, the company has no significant liquidity risk, as available cash assets significantly exceed amounts payable.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015



(d) Price Risk

As the company does not 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 the company's other financial assets.

(e) Maturities of Financial Liabilities

The tables below analyse the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – 30 June 2015

	<i>Less than 3 months \$</i>	<i>3 months to 1 year \$</i>	<i>1 - 5 years \$</i>	<i>5 + Years \$</i>	<i>Total \$</i>
Non-Interest Bearing	(217,402)	-	-	-	(217,402)

Group 30 June 2014

	<i>Less than 3 months \$</i>	<i>3 months to 1 year \$</i>	<i>1 - 5 years \$</i>	<i>5 + Years \$</i>	<i>Total \$</i>
Non-Interest Bearing	(387,902)	-	-	-	(387,902)

(f) Net Fair Values

The net fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value at the reporting date of financial assets and financial liabilities, such as receivables and payables, are assumed to approximate fair values due to their short term nature. For other financial assets, such as financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset.

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets and liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3)

All financial instruments recognised at fair value at 30 June 2015 have been classified within Level 1, and relate to listed investments. The fair value of these financial assets has been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2015

21. EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

22. REMUNERATION OF AUDITORS

The auditor of Hawthorn Resources Limited is BDO East Coast Partnership.

	Consolidated	
	2015	2014
	\$	\$
Amounts received or due and receivable by BDO for:		
An audit or review of the financial report of the Company and any other companies in the consolidated group	48,750	47,000

23. PARENT ENTITY INFORMATION

As at, and throughout the financial year ended 30 June 2015, the parent entity of the Group was Hawthorn Resources Limited.

	2015	2014
	\$	\$
Current assets	7,172,645	9,731,661
Non current assets	12,504,510	13,863,932
Total assets	19,677,155	23,595,593
Current liabilities	223,577	397,388
Non current liabilities	237,772	238,501
Total liabilities	461,349	635,889
Net assets	19,215,806	22,959,704
Issued Capital	107,828,909	107,828,909
Reserves	-	1,035,890
Accumulated Losses	(88,613,103)	(85,905,095)
Total equity	19,215,806	22,959,704
Loss of the parent entity	(3,743,898)	(1,605,150)
Comprehensive loss of the parent entity	(3,743,898)	(1,605,150)

The parent company has not provided any guarantees for its subsidiaries, nor does it have any contingent liabilities or contractual commitments to purchase plant and equipment. This is consistent with prior years.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets in existence at 30 June 2015.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended
30 June 2015



In the directors' opinion:

- (a) the financial statements and notes set out on pages 16 to 41 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1 (c); and
- (d) the audited Remuneration Report set out on pages 10 to 14 of the Directors' Report is in accordance with the Corporations Act 2001.

The directors have been given declarations, as required by section 295A of the Corporations Act 2001, by the chief executive officer and the chief financial officer for the financial year ended 30 June 2015.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 30th day of September 2015.

M. E. Elliott
Managing Director &
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the members of Hawthorn Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Hawthorn Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1 (c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hawthorn Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Hawthorn Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1 (c).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

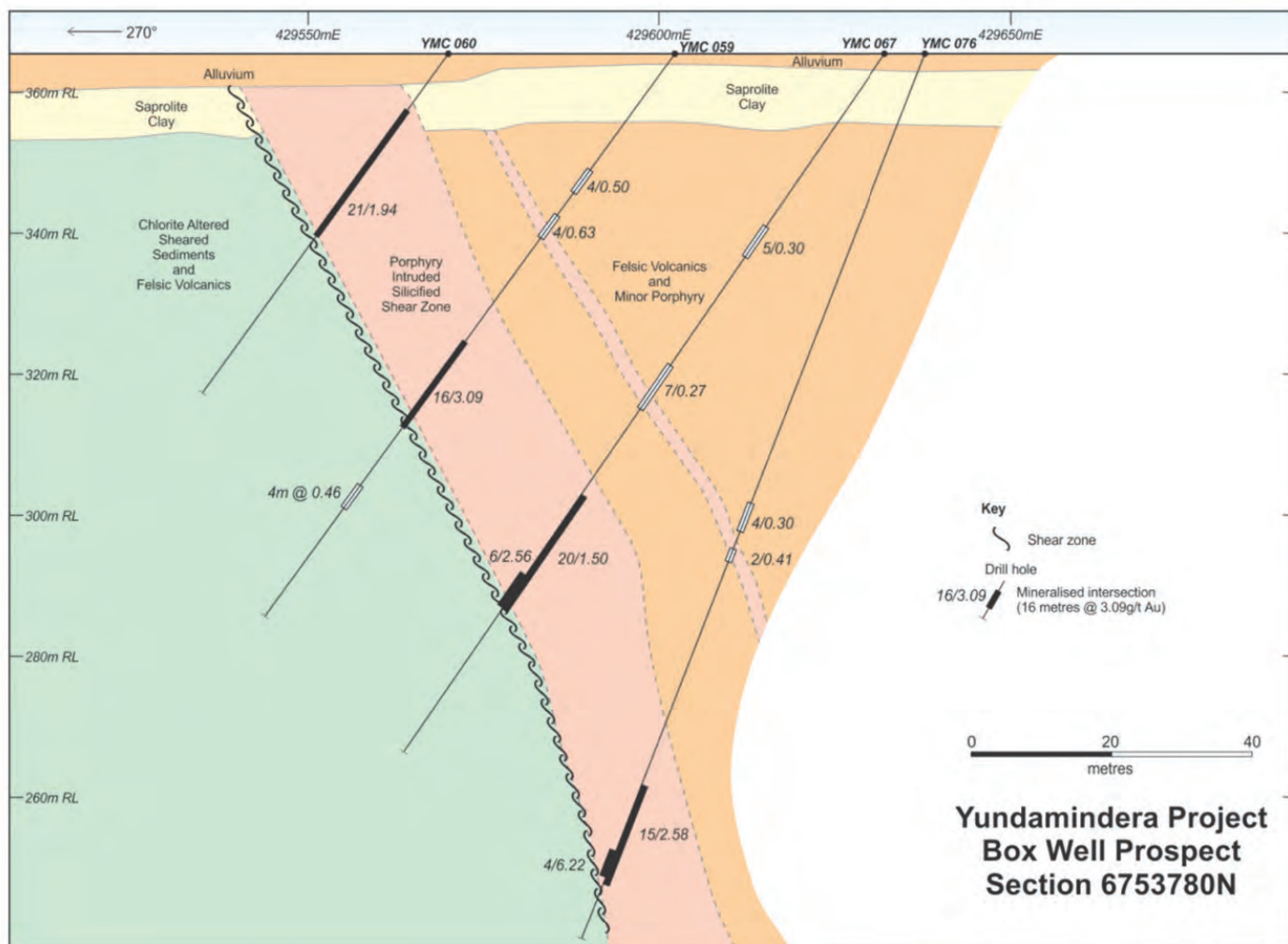
In our opinion, the Remuneration Report of Hawthorn Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership



James Mooney
Partner

Melbourne, 30 September 2015



Yundamindera Gold Project

Box Well Prospect – Section 6753780N (above) and
Chip Tray – YMC060 (below)





ABN 44 009 157 439

HAWTHORN RESOURCES LIMITED | LEVEL 2, 90 WILLIAM STREET, MELBOURNE, VICTORIA 3000, AUSTRALIA

TELEPHONE: +61 3 9605 5902 | EMAIL: [INFO@HAWTHORNRESOURCES.COM](mailto:info@hawthornresources.com)

WWW.HAWTHORNRESOURCES.COM



Hawthorn Resources Limited

ABN 44 009 157 439

Notice of 2015 Annual General Meeting

and

Explanatory Memorandum

**The Annual General Meeting is to be held
on Thursday 26 November 2015 at 3.00 p.m.
at c/- Minter Ellison Lawyers, Level 23 Rialto, 525 Collins Street, Melbourne, Victoria, Australia**

Important Notice

Shareholders who opted in writing to receive a printed Annual Report will have received it. All shareholders can view the Annual Report either by visiting the Company's website at:

www.hawthornresources.com

OR

by visiting the Company's webpage on the ASX website under the ASX Security Code "HAW"

THIS IS AN IMPORTANT DOCUMENT

If you are in doubt as to the action you should take, please consult with your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately

Hawthorn Resources Limited

ABN 44 009 157 439

Notice of Annual General Meeting

Notice is given that the 2015 Annual General Meeting of Hawthorn Resources Limited (**Company**) will be held on:

Date : Thursday 26 November 2015

Time : 3.00 p.m.

Venue : at c/- Minter Ellison Lawyers, Level 23 Rialto, 525 Collins Street, Melbourne, Victoria, Australia

ORDINARY BUSINESS

1 Financial Statements and Reports

To receive and consider the Consolidated Financial Report and the Reports of the Directors and of the Auditor for the financial year ended 30 June 2015 which are contained in the 2015 Annual Report.

2 Election of Directors

To consider and, if thought fit, pass the following resolutions:

Resolution no. 1

Liao, Yongzhong

"That Mr Liao, Yongzhong, a Director retiring by rotation in accordance with Clause 8.1.5.2 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, is re-appointed as a Director of the Company".

Resolution no. 2

Li, Yijie

"That Mr Li, Yijie, a Director retiring by rotation in accordance with Clause 8.1.5.2 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, is re-appointed as a Director of the Company".

3 Adoption of Remuneration Report

Resolution no. 3 - To consider and, if thought fit, pass the following resolution

"That the Remuneration Report for the year ended 30 June 2015 as disclosed in the Directors' Report be adopted".

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

Dated: 23 October 2015

BY ORDER OF THE BOARD

Mourice Reginald Garbutt, FGIA, FCIS
Company Secretary

NOTES:

1 Proxies

A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies. If two proxies are appointed, each proxy may be appointed to represent a specific proportion or number of the member's voting rights. If no proportions are specified, each proxy may exercise half the available votes. A proxy need not be a member of the Company. A proxy may be an individual or a body corporate.

If members wish to appoint one proxy, please use the form provided. If you want to appoint two proxies please follow the instructions set out on the reverse side of the proxy form.

To be effective, a proxy form and an original or notarially certified copy of the authority (if any) under which it is signed must be deposited at, or faxed to, the Company's Share Registrar as follows:

Hawthorn Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235, Australia; or

sent by facsimile to (02) 9287 0309, to arrive (in either case) no later than 3.00 p.m. (Melbourne time) on Tuesday, 24 November 2015.

2 Corporate Shareholders and Proxies

Corporate shareholders and proxies wishing to appoint a representative to attend and vote at the meeting on their behalf must provide the representative with:

- (a) a properly executed letter or certificate authorising the person to act as the corporate shareholder's or proxy's representative; or
- (b) a copy of the resolution of the corporate shareholder or proxy appointing the representative, certified by a secretary or director of the shareholder or proxy.

3 Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement. The Explanatory Statement forms part of the notice of meeting.

4 Voting Entitlements

The Board of Directors of the Company, pursuant to Section 1074E(2)(g) of the *Corporations Act 2001*, Regulation 7.11.37 of the *Corporations Regulations 2001* and ASX Settlement Operating Rule 5.6.1, and as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements for the Annual General Meeting will be as it appears on the Register of Members at 7.00 p.m. Melbourne time on Tuesday 24 November 2015.

On a show of hands, every person present and qualified to vote will have one vote. If members appoint one proxy then that proxy may vote on a show of hands. However, if members appoint two proxies, neither may vote on a show of hands.

If members appoint a proxy who is also a shareholder or also a proxy for another shareholder, your directions may not be effective on a show of hands. However, upon a poll and upon your proxy voting on the poll then your voting direction will be fully counted. Should a poll be taken then the Company's external Auditor, BDO, will act as scrutineer.

5 Remuneration Report

At the 2014 AGM of the Company shareholders resolved to adopt the Remuneration Report. Of the votes cast at the 2014 AGM on the resolution less than 25% of the votes cast were against adoption of the report. As such, a "first strike" was not recorded.

6 Voting Exclusion and Restriction Statements

Voting exclusions apply in relation to voting on the Remuneration Report (resolution no 3).

7 Voting exclusions in relation to voting on the Remuneration Report (resolution no. 3)

The Company will disregard all votes cast on the resolution to adopt the Remuneration Report (resolution no. 3) by or on behalf of;

- (a) a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**); and
- (b) a closely related party of a KMP, whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast on the resolution by a KMP or a closely related party of a KMP if:

- (a) the vote is cast as a proxy;
- (b) the proxy:
 - (i) is appointed by writing that specifies how the proxy is to vote on the resolution; or
 - (ii) is the chair of the meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company; and
- (c) the vote is not cast on behalf of a KMP or a closely related party of a KMP.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include directors (both executive and non-executive) and certain senior executives.

A closely related party of a member of key management personnel is defined as:

- (a) a company the member controls;
- (b) the member's spouse, child or dependant or a child or dependant of the member's spouse; or
- (c) anyone else who is one of the member's family and may be expected to influence or be influenced by, the member in the member's dealings with the Company.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company must disregard.

8 Undirected Proxies

The chairman of the Company will chair the meeting.

The chairman will vote all available undirected proxies **in favour of** all resolutions put to the meeting other than, if it is put, any Spill Resolution.

The Company recommends that shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution.

9 Voting – General Comment

Each resolution will be moved, and then will be open to the meeting for discussion.

Following the completion of discussion the Chairman will inform the meeting of the details of the valid proxy voting received by the Company. The resolutions will then be put to the vote.

10 Questions and Comments by members and proxyholders at the meeting

A reasonable opportunity will be given to members and proxyholders to ask questions about or make comments on the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders and proxyholders to ask the Company's external Auditor, BDO, questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditors' Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to BDO via the Company, no later than 5 business days before the meeting, if the question is relevant to the content of BDO Audit Report or the conduct of its audit of the Company's Financial Report for the year ended 30 June 2014.

Relevant written questions for BDO must be received no later than 5.00 p.m. (Melbourne time) on Thursday, 19 November 2015. A list of those relevant written questions will be made available to shareholders attending the meeting. BDO will either answer the questions at the meeting or table written answers to them at the AGM. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

Please send any written questions for BDO to the Company at the address on the proxy form or by facsimile (+613) 9605 5928 or to

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

or by email to mgarbutt@krcc.com.au,

by no later than 5.00 p.m. (Melbourne time) on **Thursday 19 November 2015**.

Explanatory Statement

***This Explanatory Statement accompanies and forms part of the
Notice of Annual General Meeting dated 23 October 2015***

ORDINARY BUSINESS

Item 1 - Receive and Consider the Financial and Other Reports

This item of business is intended to provide members with the opportunity to raise and discuss any matter on the reports themselves and on the performance of the Company generally.

Item 2 - Election of Directors (Resolution no. 1)

Details of the Directors seeking election and all other Directors are contained in the 2015 Annual Report.

Election of Mr Liao, Yongzhong as a Director

Information about Mr Liao

Mr Liao, Yongzhong - MBA

Non-Executive Director – Appointed 30 October 2012

Mr. Liao, Yongzhong has served Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. for over 20 years. Since joining it in 1993, he has held the following significant posts: Vice General Manager and Secretary of the Board of Directors from October 2003 to July 2007, Director and Vice General Manager from January 2007 to August 2008, Vice General Manager from August 2008 to date.

He holds concurrent posts of Chairman of the Board of Guangdong Fenghua Semiconductor Technology Co., Ltd, Chairman of the Board of Guangzhou Fenghua Venture Investment Co., Ltd, Chairman of the Board of Fenghua Advanced Technology (Hong Kong) Ltd, Deputy Chairman of the Board of Changchun Up Optotech Co., Ltd, Director of Taiyuan Fenghua Information Equipment Co., Ltd and Chairman of the Board of Shine Advance Holding Limited.

Item 2 - Election of Directors (Resolution no. 2)

Election of Mr Li, Yijie as a Director

Information about Mr Li

Mr Li, Yijie

Non-Executive Director – Appointed 30 October 2012

Mr Li, Yijie is the Chairman of the Board of Lite Smooth Investment Limited. Mr Li has been President of Guangdong Carriton Real Estate Co., Ltd since 2001, which is focused on real estate development, with total assets of RMB5 billion.

Directors' Recommendations

The Board of Directors (with the exception of the relevant director) unanimously recommends that members vote in favour of the re-election of Mr Liao, Yongzhong and Mr Li, Yijie.

Item 3 - Adoption of the Remuneration Report (Resolution no.3)

The Company must put to a vote a resolution to adopt the Remuneration Report as disclosed in the Directors' Report. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Directors' Report must include a Remuneration Report containing prescribed information about the Board's policy for determining the nature and amount of the remuneration of Directors and other key management personnel. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. The Remuneration Report of the Company for the year ended 30 June 2015 is set out in pages 10 to 14 of the Directors' Report as incorporated in to the Company's 2015 Annual Report.

The vote on this resolution is advisory only and non-binding. However, if at least 25% of the votes cast on the resolution are voted against the Remuneration Report at the meeting (a "first strike"), then:

- (a) if comments are made on the report at the meeting, the Company's Remuneration Report for the following financial year will be required to include an explanation of the board's proposed action in response or, if no action is proposed, the board's reasons for this; and
- (b) if at the following year's annual general meeting, at least 25% of the votes cast on the resolution for the adoption of the Remuneration Report for that year are against adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting be called to consider the election of directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the directors (other than the managing director, if any) will cease to hold office at a subsequent general meeting (**Spill Meeting**), unless re-elected at that meeting; such meeting to be held within 90 days of the Annual General Meeting (AGM) that passed the Spill Resolution.

If at the Spill Meeting, the resolutions are all passed against re-electing the relevant directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 directors. After the managing director, the remaining two positions will be filled by the directors whose re-election resolutions at the Spill Meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two directors, the Managing Director and any other director whose re-election has been confirmed at this Spill Meeting, can choose who is to become the third director, with such appointment to be confirmed by shareholders at the 2014 AGM.

At the 2014 AGM of the Company shareholders resolved to adopt the Remuneration Report for the year ended 30 June 2014. Of the votes cast at the 2014 AGM on the resolution less than 25% of the votes cast were against adoption of the Report. As such, a "first strike" was not recorded at the 2014 AGM.

The resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the meeting. As noted above the Remuneration Report is set out in the Company's 2014 Annual Report at pages 10 to 14.

The report:

- explains the Board's policies in relation to the nature and level of remuneration paid to directors, secretaries and senior managers within the Hawthorn Resources Limited group;
- discusses the link between the Board's policies and the Company's performance;
- provides a details summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- identifies the companies that the Company's performance is measured against for the purpose of its long term incentive plan;
- sets out remuneration details for each director and for each member of the Company's senior executive management team; and
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors;

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Directors' Recommendation*Remuneration Report*

The Board unanimously recommends that shareholders vote in favour of Resolution no. 3. The Chairman has informed the Board that he intends to vote any open and available proxies given to him in favour of Resolution No. 3.

Voting Generally

Each resolution will be moved, seconded and open to the meeting for discussion.

Following the completion of discussion the Chairman will inform the meeting of the details of the valid proxy voting received by the Company.

The resolutions will then be put to the vote.



ABN 44 009 157 439

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Hawthorn Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

PROXY FORM

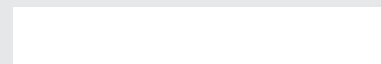
I/We being a member(s) of Hawthorn Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm on Thursday, 26 November 2015 at Minter Ellison Lawyers, Level 23 Rialto, 525 Collins Street, Melbourne, Victoria, Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolution 3: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 3, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

For Against Abstain*

1 Re-election of Mr Liao, Yongzhong as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Re-election of Mr Li, Yijie as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Adoption of Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)



Joint Securityholder 2 (Individual)



Joint Securityholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HAW PRX501C

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm on Tuesday, 24 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Hawthorn Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

HAWTHORN RESOURCES LIMITED

ABN / ARBN:

44 009 157 439

Financial year ended:

30 June 2015

Our corporate governance statement² for the above period above can be found at:³

☐ These pages of our annual report:

☒ This URL on our website: <http://hawthornresources.com/media/2654/2015-cgs.pdf>

The Corporate Governance Statement is accurate and up to date as at 23 October 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 29 October 2015

Name of Secretary authorising lodgement: Mourice Garbutt

Signature



¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES		NOT APPLICABLE	
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Hawthorn Resources Limited
2015 Corporate Governance Statement

Corporate Governance Practices and Conduct

The Board of Directors of Hawthorn Resources Limited is committed to and is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of Hawthorn Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The information in this statement is current as at 23 October 2015 and has been approved by the Board. The statement includes cross references to the Company's charters, codes and policies; a copy or summary of which can be viewed on the Company's website in its Corporate Governance section.

This statement should be read in conjunction with the Directors' Report, the Remuneration Report and the Financial Report for the financial year ended 30 June 2015 as contained in the 2015 Annual Report:

- (a) Directors' Report at page 2
- (b) Remuneration Report at page 10
- (c) Financial Statements and Notes at pages 16 to 41

Hawthorn Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2015.

Principle 1 LAY SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT
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Board Role and Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated by the Board to the Managing Director and the executive management team.

The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the executive management team. Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board. To this end the Board has established a Share Allotment Committee and an Audit, Compliance and Corporate Governance Committee ("Audit Committee"). Given that the Board has and at the date of this report comprises six directors of which three directors are normally resident in Australia, the functions and considerations of the Committees are dealt with within the Board Meetings and chaired by the chairman of such committees. The Chairman of the Board of Directors does not chair any meetings or considerations of the Committees.

The directors in office at the date of this statement, their skills, experience, expertise and period of directorship are detailed in the Directors' Report which can be found as noted above at page 2 of the 2015 Annual Report. In respect of the attendance at Board and Committee Meetings, shareholders are referred to the table of Meeting Attendance contained on page 8.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Directors of Hawthorn Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

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In the context of director independence, “materiality” is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Hawthorn Resources Limited are considered to have the following status:

Name	Position and status	Term in Office
Non-executive Directors		
Mark G Kerr	Chairman and Non-Executive Director	7.6 years
David S Tyrwhitt	Non-Executive Director Chairman – Audit, Compliance & Corporate Governance Committee	18.6 years
Liao, Yongzhong	Non-Executive Director	2.6 years
Li, Yijie	Non-Executive Director	2.6 years
Ye, Xiaohui	Non-Executive Director	2.2 years
Executive Directors		
Mark E Elliott	Managing Director/ CEO	7.6 years

The Board recognises the Corporate Governance Council's recommendation that the Chairman should be an independent director.

Composition of the Board

The Company's Constitution provides for the appointment of a minimum of three directors and up to a maximum of twelve. At the date of this report, the Company has six directors comprising one Executive and five Non-Executive directors. The Chairman of the Board and the Chairman of the Board's Committees' are Non-Executive directors.

In March 2015 the Board of Directors undertook its review of the status of each director and reached the opinion that each director, apart from the Managing Director/CEO - Mr Elliott, could be continue to be classified as a Non-Executive director. In addition, this assessment has affirmed that Dr Tyrwhitt qualified as an Independent Director. Mr Kerr, whilst considered to be a Non-Executive director, is not regarded as an Independent Director due to the level of entitlement to the Company's ordinary shares and the ongoing contractual serviced office arrangements with Berkeley Consultants Pty Ltd – a company in which Mr Kerr has a prescribed interest. Messrs Liao, Yongzhong, Li, Yijie and Ye, Xiaohui are directors nominated by Feng Hua Mining Investment Holding (HK) Limited pursuant to its rights under the August 2012 Share Subscription Agreement. As such, whilst they are Non-Executive directors they are not regarded as Independent directors.

To ensure that it has the right mix of management skills and technical expertise to meet the challenges of its business, the Board regularly reviews its composition. The Board believes that at the current stage of the Company's development, the composition is adequate. However, it continues to assess the need to enhance the membership of the Board and is cognisant of the ASX Corporate Governance Council definitions and recommendations.

Board Responsibilities

The responsibility for the operation and administration of the Company is delegated by the Board to the specifically identified outsourced service providers. The Board ensures that this team of service providers is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess their performance.

Hawthorn Resources Limited
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Corporate Governance Practices and Conduct

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. In addition to the establishment of specific committees referred to in this statement, these mechanisms include the following:

- implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense
- the review and approval of acquisitions and disposals of businesses and assets, and the approval of contracts and financing arrangements within defined limits; and
- the appointment of an outsourced service provider, which is responsible for managing the Company's public image and communication with shareholders.

In conjunction with an ongoing review of the Board Charter, the Board will consider its responsibilities and delegated authorities to ensure they comply with best practice corporate governance.

BOARD COMMITTEES

The Board of Directors is responsible for the overall governance of the Company inclusive of its strategic development and the direction and the control of operations of the Company. Whilst the Board retains overall responsibility, it has established certain committees to assist in carrying out its responsibilities. Such committees include the Audit and Risk Committee and the Share Allotment Committee.

Matters normally delegated to Remuneration and Nomination Committees are addressed at Board of Directors meetings.

ROLE OF MANAGEMENT

The day to day management of the Company's activities and implementation of the corporate strategy and initiatives is delegated by the Board and vested in the Managing Director/CEO.

Day to day management of the Company's activities and the implementation of Board strategy, policy and decisions is delegated to the Chief Executive Officer. This includes the following:

- to develop and recommend internal control and accountability systems for the Company and if approved, ensure compliance with such systems
- to prepare mission systems, corporate strategy and performance objectives for approval by the Board of Directors
- to prepare systems of risk management and internal compliance and controls, codes of conduct, legal compliance and any other regulatory compliance and if approved, ensure compliance with such systems
- to monitor employee and service provider performance, recommend appropriate resources and review and approve remuneration
- to prepare all required financial reports, tax returns, budgets and any other appropriate financial reports, meet all statutory deadlines, monitor performance against budgets

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- prepare recommendations on acquisitions and divestments of assets
- to implement decisions of the Board of Directors on key standards of the Company covering such areas as ethical standards, reputation and culture of the Company and influence and provide guidance for employees on these areas
- to protect the assets of the Company.

DIRECTOR SELECTION AND APPOINTMENT

When considering a candidate for appointment as a director of the Company or recommends the appointment to shareholders the Company undertakes information checks which include the person's character, business, professional and educational qualifications, the existence of any criminal proceedings and probity. Such information, where considered material, is incorporated into the shareholder meeting documentation for shareholders consideration when voting on the election of directors. Save for the Executive Service Agreement with the Managing Director/CEO there are no formal letters of appointment for the Non-Executive directors.

As noted above, Messrs Liao, Li and Ye are directors as nominated by Feng Hua Mining Investment Holding (HK) Limited pursuant to its rights under the August 2012 Share Subscription Agreement. Dr Tyrwhitt has been a director of the Company since November 1996 and Mr Kerr a director since November 2007.

COMPANY SECRETARY

The position of Company Secretary is accountable directly to the Board through the Chairman, on matters relevant to the proper functioning of the Board. The Directors have direct access to the Company Secretary through electronic communications or in-person meetings.

DIVERSITY

The Hawthorn Board of Directors adopted a policy on Diversity in July 2011.

The Company's Diversity Statement can be viewed on the website at www.hawthornresources.com/governance.aspx

Whilst Hawthorn Resources Limited, as a small exploration entity, seeks to restrict the size of its staffing by the outsourcing of such functions as accounts preparation; secretarial and exploration services; mining tenement management and share registry services to experienced professionals it recognises the value contributed to an organisation by employing or engaging people with varying skills, cultural backgrounds, ethnicity and experience. Hawthorn Resources believes that the quality of the workforce is the key to its continued growth, improved productivity and performance. As at the date of this report apart from the members of the Board of Directors the Company has one direct employee. The Company is not a 'relevant employer' under the Workplace Gender Equality Act.

The Company actively values and embraces the diversity of our employees/out-sourced consultants and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. While Hawthorn Resources is committed to fostering diversity at all levels, the professional industry experience and quality of performance has been and continues to be a priority for the Company in engaging services to carry out the Company's works programme.

To this end, the Company supports and complies with the recommendations contained in the *ASX Corporate Governance Principles and Recommendations*. The Company has established a diversity policy outlining the Board's measurable objectives for achieving diversity. This is assessed annually to measure the progress towards achieving those objectives. The diversity policy is available in the corporate governance section on the Company's website.

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Broadly, the Company's measurable objectives are as follows:

- ▶ Hawthorn Resources state and re-state where necessary that there are no forms of discrimination/bias in considering anyone for a position with the Company either as an employee or service provider, i.e. on grounds of gender, age, physical appearance, origins, race, religion, marital status, sexual preference, pregnancy or likely pregnancy, political leanings, disabilities
- ▶ All new appointments or promotion/career enhancement and remuneration be on the basis of merit and ability to carry out the work responsibilities
- ▶ Within the broad ambit of ensuring that the Company's activities are best developed and to ensure harmony of working within the Company that there be flexibility in working hours to enable domestic/private lives to allow for a balance between career and family obligations
- ▶ Consideration be given to job sharing in such circumstances that would permit sharing.

The table below outlines the diversity within Hawthorn Resources Limited:

Level	Male		Female		Total
	Number	%	Number	%	
Board	6	100%	0	0%	6
Key Management personnel	0	0%	0	0%	0
Other staff	0	0%	1	100%	1
Total	6	100%	1	100%	5

As noted, the Hawthorn Resources Limited Board of Directors adopted the policy on diversity in July 2011.

The Board of Directors is responsible for the reviewing and reporting on diversity.

BOARD PERFORMANCE

A performance evaluation process has not yet been finalised but an informal performance monitoring session was undertaken during the 2015 financial year at the in-person Board meetings.

Arising from the informal monitoring, it is considered that the Board and the Board members are functioning in an appropriate manner in managing the affairs of the Company.

SENIOR EXECUTIVE PERFORMANCE

The process of assessing the performance of the Managing Director/Chief Executive Officer and the outsourced service providers within their delegated duties/services is reviewed by the Board of Directors when considering the Company's each half-year and annual budget forecasts; as was the case in the 2015 financial year.

Principle 2 STRUCTURE THE BOARD TO ADD VALUE

NOMINATION AND REMUNERATION COMMITTEE

Director Nomination and Membership

Nomination Committee

The Company does not have a Nomination Committee. The Board believes that with six directors of which only three directors on the Board are normally resident in Australia, the Board itself is the appropriate forum to deal with this function. Subject to the provisions of the Company's Constitution, Board composition and selection criteria for directors are addressed by the full Board.

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The Constitution provides for events whereby directors may be removed from the Board. Similarly, the Corporations Act provides shareholders with the ability to nominate, appoint and remove directors. The Constitution also provides for the regular rotation of directors, which ensures that directors seek re-election by shareholders at least once every three years.

Remuneration Committee

The Company does not have a Remuneration Committee. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the chief executive officer and executive team. A Remuneration Committee has not been separately established. Rather, the function is performed within the Board Meetings given that the Company at this time has a Board comprising six members of which only three members are normally resident in Australia

BOARD SKILL MATRIX

Although not yet formalised the Company has developed a matrix of skills and experiences necessary for the growth and development of the Company as an active explorer and mine developer in the Australian mining industries. The matrix is designed an ongoing review tool aids in noting the existing skills and experiences within the Company and those skills necessary to grow the Company as it expands in to mining activities such as, but not limited to:

- (a) industry experience in exploration activities in relation to identification of areas of geological interest
- (b) industry experience in Federal and State mining legislation
- (c) industry experience in developing and managing mining operations
- (d) experience in negotiating joint venture agreements
- (e) experience in capital raising and capital management
- (f) strategy planning to ensure the best usage of capital funds and over time, the ultimate delivery of returns to investors; and
- (g) Corporate governance – experience in holding office in listed entities

INDEPENDENT DIRECTORS

As noted in Principle 1 – the Company has a Board of six directors of which five are classified as Non-Executive directors. Of the Non-Executive directors only Dr Tyrwhitt has been considered to be Independent for the reasons stated.

In making this regular assessment the criteria applied included the factors set out in ASXCGPR to assess if a director is free of any interest, position, association or relationships that might influence or be perceived to influence in a material manner, the director's capacity to hold an independent view on matters before the Board.

CHAIR

The Chairman is responsible for the efficient organisation and conduct of the Board and the proper briefing of Board members on the activities of the Company and any specific responsibilities or duties assigned to Board members. The Chairman is also the bridge between the Board and the Company's executive officers.

The Chairman of the Board of Directors is Mr M G Kerr who has been the Chairman of the Board since 2008.

Mr Kerr acknowledges that as the Chairman of a junior exploration company there is a significant time commitment and has confirmed that the other positions that he holds do not and will not hinder his effectiveness in the role of the Company's Chairman.

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TERM OF OFFICE

The Company's Constitution requires that all directors other than the Managing Director submit themselves for re-election every three years and may not hold office beyond the third Annual General Meeting following the Director's election/re-election. In addition, at every Annual General Meeting not less than one third of the previously elected directors must retire by rotation. Directors appointed during the period since the last Annual General Meeting of the Company must submit themselves for election at the next Annual General Meeting.

The term of office of each director is as incorporated into Principle 1 above and as noted on page 13 of the Annual Report.

BOARD INDUCTION AND PROFESSIONAL DEVELOPMENT

All new directors participate in an informal induction to the Company's activities, procedures, key strategies and staffing. The Board encourages all directors to participate in industry conferences and presentations that are particularly appropriate the Company's exploration and mining activities.

INDEPENDENT PROFESSIONAL ADVICE

Directors, in carrying out their duties as directors or as members of Board Committees, may, after prior consultation with the Chairman, seek independent professional advice at the expense of the Company. If appropriate, such advice will be available to all directors.

<p>Principle 3 ACT ETHICALLY AND RESPONSIBLY</p>
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CODE OF CONDUCT

The Company operates under an informal code of conduct that sets out the ethical standards under which the Company operates when dealing with internal and external parties. This code requires parties to act with integrity, fairness and honesty in all dealings and to treat other parties with dignity at all times. The code covers:

- discrimination against any staff member or potential employee
- carrying out of duties in respect to the law at all times
- use and protection of the Company's assets responsibly
- respect for the confidentiality of the Company's business dealings
- responsibility for their own actions and for the consequences surrounding their own actions
- trading in securities
- a commitment to shareholders interests
- conflicts of interest; and
- reporting of violations of the code

The Company has drafted a Code of Conduct which is yet to be approved and adopted by the Board of Directors.

<p>Principle 4 SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</p>

AUDIT AND RISK COMMITTEE ("Audit Committee")

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

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The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Committee. However, as the Board of Directors comprises six only directors of which three are normally resident in Australia, the functions of the committee are carried out within the structure and conduct of Board Meetings but under the Chairmanship of Dr Tyrwhitt. An Audit and Risk charter has been drafted and is subject to final review and approval by the Board.

The committee, as at the date of this statement, comprises:

Chairman	Dr D S Tyrwhitt (Independent Director)
Member	Mr M G Kerr (Non-Executive Director)
Member	Mr M E Elliott (Managing Director/CEO)

Each of the Committee members is financially literate and having served in senior positions within mining industry entities – their personal qualifications are set out in detail in the Directors' Report contained in the 2015 Annual Report at page 3 together with the details of Committee meetings attended during the 2015 financial year are shown on page 8.

The Company's Auditors are invited to attend meetings and to participate in committee discussions. The Company Secretary and the Group Financial Officer attend committee meetings.

The main duties of the Committee have been established as and include:

- the review of the Audit Programme and all matters relevant to the financial affairs of the Company's activities together with the production of Statutory Financial Reports inclusive of the Reports and Declarations by Directors
- to review and advise on procedures in place to record the Company's activities and to ensure the safety of the Company's records and assets
- to review Internal Control Procedures; the External Auditor Engagement letter and the Auditor's Management Representation letter
- to review the half-yearly and yearly reports to the ASX Limited together with a review of the scope and quality of the annual statutory audit and the half-year audit review
- to monitor Compliance with the provisions of the Corporations Act 2001, Australian Securities and Investment Commission guidelines and practice notes, ASX Listing Rules, taxation requirements and all regulatory bodies
- carry out the functions of the Remuneration Committee
- carry out the functions of Group Risk management
- to review the performance of the external auditor and the level of fees charged for audit services.

CEO AND CFO DECLARATION

The Managing Director/CEO and Chief Financial Officer provided assurance to the Board prior to the release of the 31 December 2014 and the 30 June 2015 financial statements that, in their opinion:

- (a) the financial records of the company/disclosing entity have been properly maintained in accordance with section 286 of the Corporations Act 2001

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- (b) the financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company and the consolidated entity.
- (c) any other matters prescribed by the Regulations for the purposes of section 295A have been satisfied in relation to the financial statements and notes for the financial year, and
- (d) the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the Managing Director/CEO and Chief Financial Officer can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures. In response to this, internal control questions are required to be completed by the key management personnel of all significant business units, including finance managers, in support of these written statements.

EXTERNAL AUDITOR

As noted, the duties of the Committee include reviewing the performance of the external auditor and the level of fees charged for audit services to ensure the quality and independence of the External Auditor.

The Company's External Auditor is BDO – East Coast Partnership which has audited the Company's financial affairs since 2012 when it merged its activities with those of PKF (Pannell Kerr Foster) which had been the Company's Auditors since incorporation.

In line with legislation the BDO- East Coast Partnership rotate the audit engagement partner on listed entities at least every five years. The current audit engagement partner was appointed on and as from the financial year ended 30 June 2013.

The level of remuneration/fees paid to the External Auditor are reported in the Annual Report on page 41; there were no fees paid for non-audit services. As required and as included in the Annual Report, the Auditor provides an annual declaration of independence – see page 15 of the Annual Report.

The External Auditor will be in attendance at the Annual General Meeting and will be available to answer shareholders questions relative to the conduct of the audit and the preparation and content of the Auditor's Independent Report – see pages 43 and 44 of the Annual Report.

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Principle 5 MAKE TIMELY AND BALANCED DISCLOSURES

CONTINUOUS DISCLOSURE

While the Company's policy on continuous disclosure for complying with the disclosure obligations recommended by the ASXCGPR (Recommendation 5.1) has been drafted, it has not yet been approved for adoption. Pending its adoption the Company has its procedure in place to ensure that the Company identifies and discloses any matter that a reasonable person would expect to have a material effect on the price of the Company's shares.

All such disclosure matters as released to the ASX are posted onto the Company's website.

The Company's continuous disclosure compliance procedure enables it to meet its obligations and to ensure that all matters, which may require announcement to the Australian Securities Exchange, are brought to the attention of directors immediately. Corporate Governance and Compliance is a 'standing' Agenda item for Board of Directors meetings.

Principle 6 RESPECT THE RIGHTS OF SECURITY HOLDERS

COMPANY WEBSITE

The Company maintains a website at www.hawthornresources.com providing shareholders with up to date information on the Company's activities inclusive of management, news, projects, governance and market/investor information.

Shareholders may also communicate with the Company through its e-mail address info@hawthornresources.com

INVESTOR RELATIONS

Shareholder Communication Policy/Shareholder Meetings/Electronic Communications

Hawthorn's objective is to promote effective communication with its shareholders at all times. Hawthorn Resources Limited is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Hawthorn's activities in a balanced and understandable way
- complying with continuous disclosure obligations contained in applicable ASX listing rules and the Corporations Act in Australia, and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with Hawthorn Resources Limited.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX
- through the distribution of the annual report and Notices of Annual General Meeting
- through shareholder meetings and investor relations presentations
- through letters and other forms of communications directly to shareholders
- by posting relevant information on the Hawthorn website www.hawthornresources.com.

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The Company's website www.hawthornresources.com has a dedicated Investor Relations section for the purpose of publishing all important company information and relevant announcements made to the market. The Company has also established an e-mail directory for the direct distribution of announcements made to the ASX.

The external auditors are required to attend the Annual General Meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Annual Reports are provided to all shareholders who have elected to receive the Report. In addition the Company has established an electronic advice directory in which shareholders may register to receive by e-mail copy announcements.

At the meetings of shareholders, directors are subject to questioning by shareholders about the Directors' stewardship of the Company's affairs and it is shareholders who ultimately vote upon the financial statements and reports, the election of directors, appointment of Auditors and any matters of Special Business.

The Company does not web-cast shareholder meetings and does not believe that at this stage the cost-benefit of web casting is worthwhile to a Company of its size.

Principle 7 RECOGNIZE AND MANAGE RISK
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AUDIT AND RISK COMMITTEE

Structure – refer to Principle 4 for details composition, structure and membership.

Risk

The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value.

In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy. The Audit and Risk Committee reviews policies, internal compliance and internal control.

The Audit and Risk Committee, pursuant to the mandate by the Board of Directors, oversees on an ongoing basis the assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Chief Executive Officer and Chief Financial Officer, including responsibility for the day to day design and implementation of the Company's risk management and internal control system.

Management reports to the Audit and Risk Committee on the Company's key risks and the extent to which it believes these risks are being adequately managed. The reporting on risk by Management is a standing agenda item at Board meetings.

A formal Risk Management Policy and Framework have been drafted for consideration and, if thought fit, adoption by the Board of Directors. Pending such adoption the Board and the Committee have applied the informal policies noted herein prior to and during the 2015 financial year.

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Business Risk

The main areas of business risk, which are considered on an ongoing basis by the Board are:

- failure to identify and develop commercial undertakings from the exploration research and development activities
- failure to secure and ensure the integrity and good standing of the Company's interests in mining tenements
- ability to raise capital or generate free cash flow to fund future exploration and development activities
- failure to market the company's mining resources
- general economic factors including those affecting interest rates, mineral commodity prices and exchange rates
- changes in Corporations and Taxation Laws.

INTERNAL AUDIT FUNCTION

Given the size of the Company as a junior exploration entity, an internal audit function has not been established. However, through the internal practices applied by the Company and the half-year and annual external audit programs, the Board considers that there is proper conduct of the Company's affairs.

ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The Company through management and the Board monitors its risks be they economic, environmental or social; refer to pages 39 and 40 of the 2015 Annual Report.

<p>Principle 8 REMUNERATE FAIRLY AND RESPONSIBLY</p>
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NOMINATION AND REMUNERATION COMMITTEE

As noted in Principle 2 the Company has not established such committees. Rather such matters are dealt within the meetings of the Board of Directors. In carrying out these functions the Board receives regular briefings and advices from external advisers on remuneration and related human resources matters.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Refer to pages 12 to 14 in the 2015 Annual Report

EXECUTIVE DIRECTOR REMUNERATION POLICY

Refer to pages 12 to 14 in the 2015 Annual Report

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SHARE TRADING POLICY

In December 2011 the Company, in accordance with the requirements of the ASX, adopted a Share Trading Policy which was released to the ASX and which can be viewed on the Company's website at www.hawthornresources.com/governance.aspx

Under the Policy, an executive or director must not trade in any securities of the Company at any time when the Company is in a designated 'Blackout Period' being the ten business days immediately preceding the release of the half-year or the full year trading results to the ASX OR for the two consecutive business days following the release of a material announcement to the ASX OR when they are in possession of unpublished, price-sensitive information in relation to those securities.

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company. The Company has in place with each director an agreement in the form required under Listing Rule 3.19B.

OCCUPATIONAL HEALTH AND SAFETY

The Company is committed to providing a safe and healthy working environment for all staff. It considers that safety is a collective responsibility and ensures that regular training in safe working methods is undertaken and encourages participation and involvement in the development of workplace safety programs. Individual employees and employees of contractors are required to practice safe working habits, to take all reasonable care to prevent injury to themselves and their colleagues and to report all hazards and accidents.

New staff and contractors (where appropriate) are required to undergo an induction program to familiarise themselves with policies, procedures and work practices prior to commencing work. All staff are covered against injury under the various Workers' Compensation Acts.