

## ASX Release

18 April 2023



### Hawthorn Resources Limited

ABN 44 009 157 439

ASX Code: HAW

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#### **Directors:**

Mr Li, Yijie

(Non-Executive Director/Chairman)

Mr Brian Thornton

(Managing Director/CEO)

Mr Liao Yongzhong

(Non-Executive Director)

Mr Liu Zhensheng

(Non-Executive Director)

Mr Joseph D Corrigan

(Non-Executive Director)

#### **Senior Management:**

Mr William Lloyd

(Operations Manager)

Mr Glenn Fowles

(Company Secretary)

Mr Tony Amato

(CFO)

## QUARTERLY ACTIVITIES REPORT – MARCH 2023

### HIGHLIGHTS

- Significant progress on the Mt Bevan Pre-Feasibility Study (PFS) for magnetite with our JV partners Hancock Group & Legacy Iron Ore (ASX: LCY) under the management of Atlas Iron.

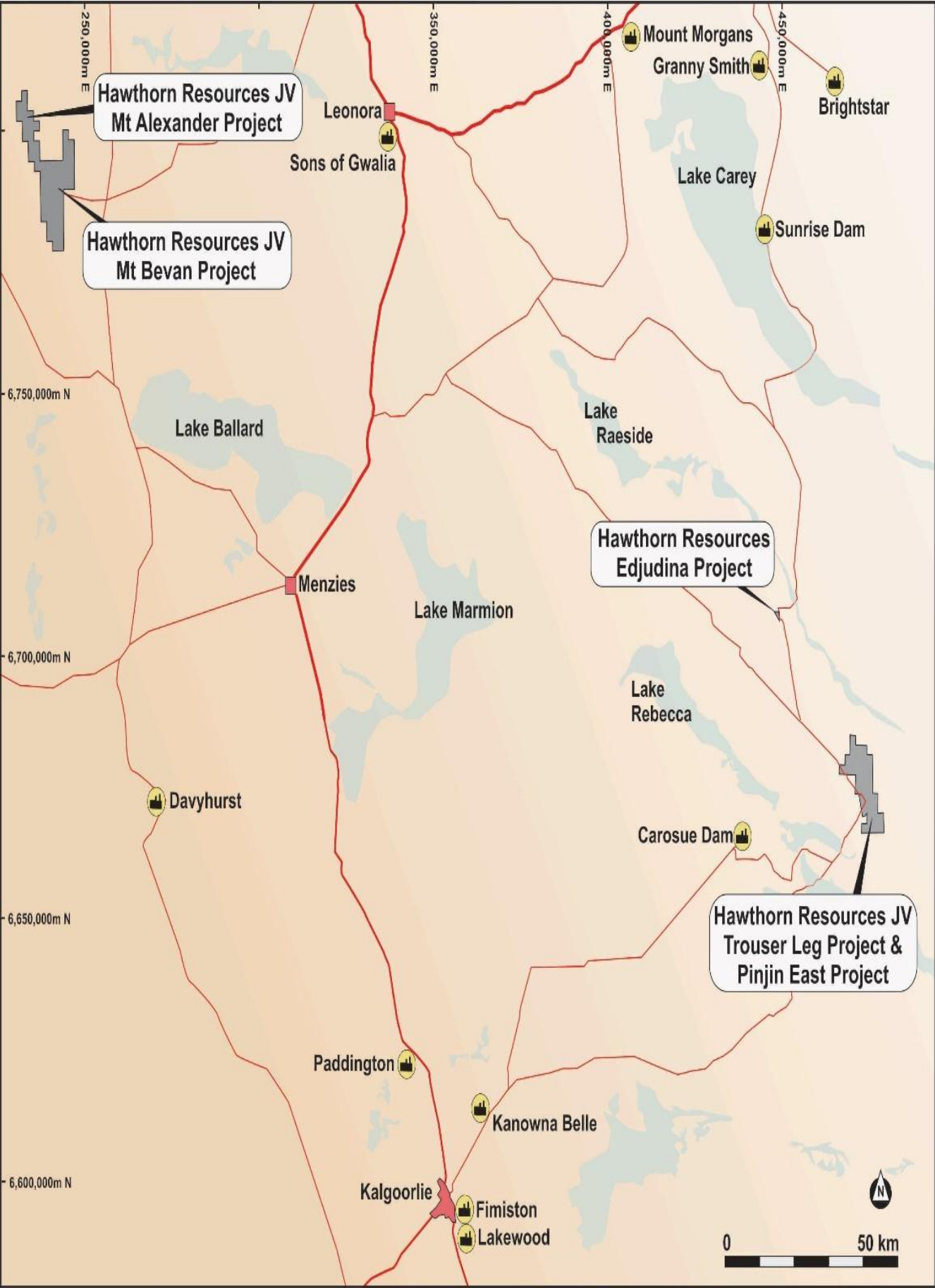
- Completion of the Desk Top Study (DTS) by Hancock Prospecting in February has highlighted the prospectivity of the Mt Bevan tenement to host lithium pegmatites along the Mt Ida granite contact to the north of Red Dirt Minerals (ASX: RDT).

Discussions are continuing among the partners which may lead to the formation of a new Critical Minerals JV at Mt Bevan.

- At the Anglo-Saxon gold project at Pinjin, the JV partners (HAW 70% & Gel Resources 30%) are continuing to evaluate options to monetise the project given the significant increase in the A\$ gold price and potential profitability of the project.

The JV parties have completed an extensive soil sampling program to test for gold and lithium pegmatites along the Pinjin East granite contact; results are pending.

PROJECT SUMMARY



## **Mount Bevan Magnetite Joint Venture**

Joint Venture Partners:

Hawthorn Resources Limited – 19.6%  
Legacy Iron Limited – 29.4%  
Hancock Magnetite Holdings Pty Ltd – 51%

Project focus: Magnetite

## **Mount Bevan Critical Minerals Joint Venture**

Joint Venture Partners:

Hawthorn Resources Limited – 40%  
Legacy Iron Limited – 60%

Project focus: Lithium pegmatites, Copper & Nickel

## **Anglo Saxon (Trouser Legs Gold) Joint Venture**

Joint Venture Partners:

Hawthorn Resources Limited – 70%  
Gel Resources Pty Ltd – 30%

Project focus: Gold

## **Pinjin East Joint Venture**

Joint Venture Partners:

Hawthorn Resources Limited – 70%  
Gel Resources Pty Ltd – 30%

Project focus: Gold and Lithium pegmatites

## **Edjudina**

Hawthorn Resources Limited - 100%

Project focus: Gold

## **Black Raven Mining**

Hawthorn Resources Limited – 10.6% Equity Investment

Project focus: Base metals, Gold, Lithium pegmatites WA

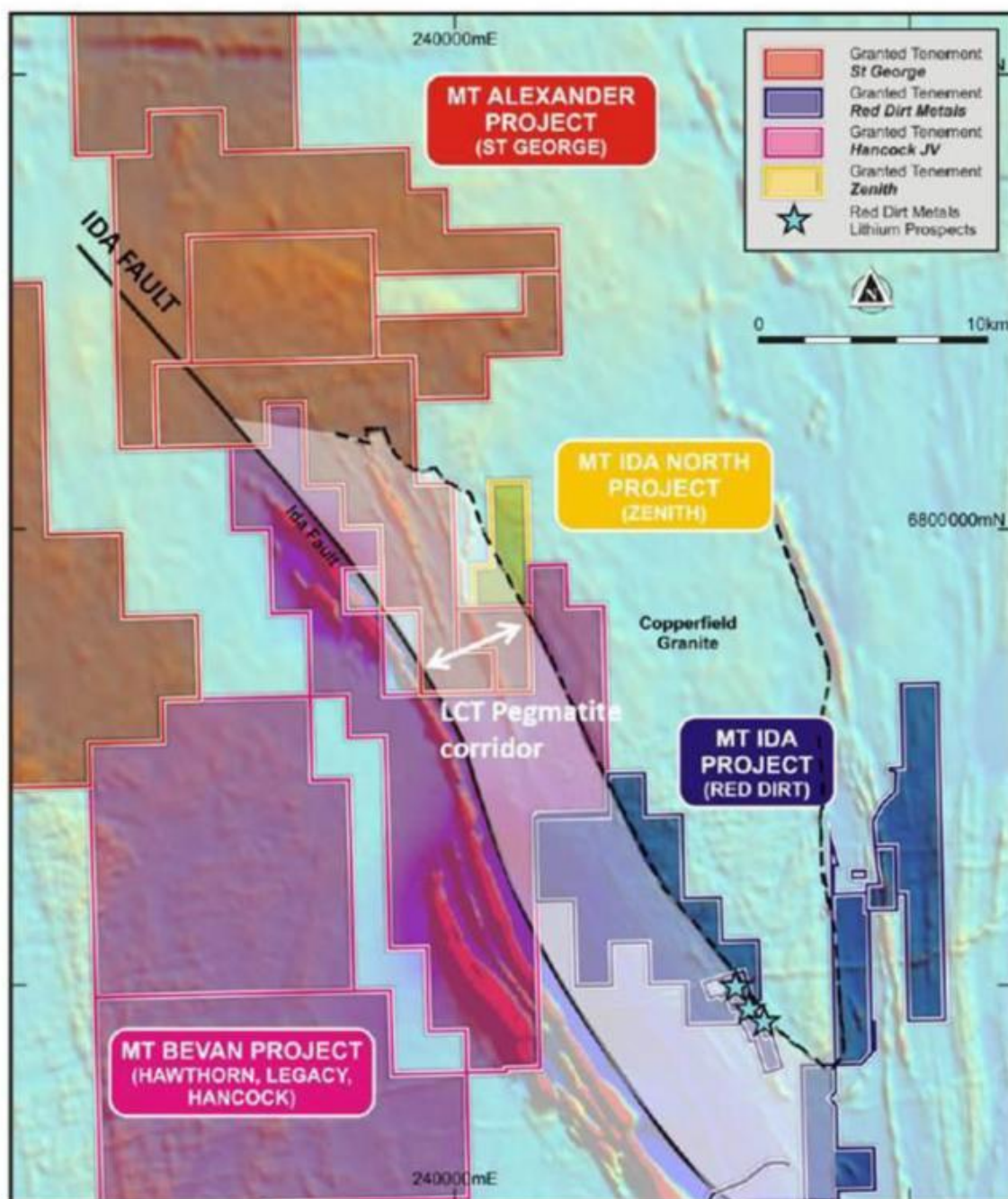
## ACTIVITIES UPDATE

As reported in the Quarterly Activities report on 27 January 2023, the Company underwent significant Board room and management changes during the December 2022 quarter.

### Mount Bevan

The Mount Bevan magnetite PFS project is progressing extremely well under the management of Atlas Iron, as reported in the ASX release of 6 March 2023.

After the completion of the Desk Top Study (DTS) by Hancock during the quarter, the Company continues to discuss the other critical minerals opportunities, notably lithium, at Mount Bevan with its JV partner Legacy Iron Limited (ASX: LCY) and the terms of what a transaction with Hancock might involve on this opportunity. An ASX announcement on this matter will be made if and when such terms are agreed to.



Map showing the interpreted prospective LCT pegmatite corridor and the location of lithium projects along strike to St George's Mt Alexander Project (against RTP 1VD).

## **Anglo Saxon (Trouser Legs Gold) Joint Venture**

The rising gold price has also meant the Company is reviewing its options in regards to the Anglo-Saxon gold project where its key considerations are to:

- Develop the underground mining operation on its own under the current JV structure; or
- Engage in a new joint venture to develop the asset further and de-risk the project; or
- Sell the asset to a third-party.

Discussions regarding the future of Anglo-Saxon are ongoing.

At Pinjin East, the JV has undertaken an extensive soil sampling program to test for gold and lithium in pegmatites on the granite contact. The area has never been tested for lithium pegmatites and assay results for both gold and lithium are expected shortly. This soils program was undertaken to ensure that decisions regarding the overall project were made with a full understanding of the potential of the asset for gold and other minerals.

## **Other**

The Company's other assets - the exploration tenement at Edjudina and Hawthorn's 10% equity interest in Black Raven Mining - are both under review by the Board to determine next steps.

The balance sheet, in particular the strong cash position, puts the Company in a very healthy position to consider more projects and look at undervalued assets during a time when many other mining companies in the market are under significant capital distress.

## **CORPORATE UPDATE**

### **Issued Securities – ASX Limited securities code: “HAW”**

The number of ordinary fully paid shares on issue and quoted on the official lists of the ASX at 31 March 2023 was 335,015,613 fully paid ordinary shares (31 December 2022: 333,515,613 shares) as held across 1,629 shareholder accounts (31 December: 1,632).

At 31 March 2023 the Top 20 Shareholdings held 242,942,809 shares (31 December 2022: 242,670,648 shares) being 72.5 per cent of the number of shares on issue (31 December 2022: 72.8 per cent).

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

At 31 March 2023 the Company held funds-on-hand of A\$12.485 million (31 December 2022: A\$12.720 million). For full details of Cashflow movements refer to the Appendix 5B Report accompanying this Quarterly Activities Report.

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

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

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

**END**

## Appendix 5B

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

Name of entity

HAWTHORN RESOURCES LIMITED

ABN

44 009 157 439

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers *	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(143)	(685)
	(b) development & maintenance	(7)	(73)
	(c) production *	-	-
	(d) staff costs	(94)	(261)
	(e) administration and corporate costs	(98)	(655)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	83	150
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other- GST refunds/(payments)	24	234
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(235)</b>	<b>(1,290)</b>

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

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



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal/dilution of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

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

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	12,720	13,775
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(235)	(1,290)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>12,485</b>	<b>12,485</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	291	3,297
5.2	Call deposits	10,925	8,164
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,269	1,259
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,485</b>	<b>12,720</b>

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

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

<b>Current quarter \$A'000</b>
95
-

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

Directors fees & salary \$94,543 (Previous Quarter \$94,242)  
 Fully Serviced Office facility rental \$ - (Previous Quarter \$46,750)  
 Company requested Consulting Fees \$ - (Previous Quarter \$4,125)



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

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

8. <b>Estimated cash available for future operating activities</b>		<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(235)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(235)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	12,485
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	12,485
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	53
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	

## Compliance statement

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

Signed: .....  Date: 18/04/2023.  
Name: Glenn Fowles – Company Secretary

Authorised by the Board.

## Notes

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

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

**10.1 Interests in Mining  
Tenements relinquished,  
reduced or lapsed**

<b>Tenement Reference</b>	<b>Nature of Interest [note (4)]</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>

**10.2 Interests in Mining  
Tenements acquired  
Or increased**

<b>Tenement Reference</b>	<b>Nature of Interest [note (4)]</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>

## Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3.

Project / Tenement	Location	Interest at beginning of quarter	Interest at end of quarter	Joint Venture Partner / Farm-In Partner / Farm Out Partner
<b>Pinjin East</b>	<b>West Australia</b>			
E 31/781		100%	100%	
E 31/782		100%	100%	
E 31/783		100%	100%	
E 31/1050		100%	100%	
E 31/1176		100%	100%	
<b>Edjudina-Triumph</b>	<b>West Australia</b>			
M 31/481		100%	100%	
<b>Mt Bevan Iron Ore Joint Venture</b>	<b>West Australia</b>			
E 29/510 –I		28%	28%	Legacy Iron Ore Limited Hancock Magnetite Holdings Pty Ltd
<b>Pinjin – Trouser Legs Joint Venture</b>	<b>West Australia</b>			
E 31/1094		70%	70%	GEL Resources
G 31/4		70%	70%	GEL Resources
L 31/32		70%	70%	GEL Resources
L 31/65		70%	70%	GEL Resources
L 31/66		70%	70%	GEL Resources
L 31/68		70%	70%	GEL Resources
L 31/69 (A)		0%	0%	GEL Resources
M 31/78		70%	70%	GEL Resources
M 31/79		70%	70%	GEL Resources
M 31/88		70%	70%	GEL Resources
M 31/113		70%	70%	GEL Resources
M 31/284		70%	70%	GEL Resources
<b>Teutonic Bore Royalty *</b>	<b>West Australia</b>			
E 37/902		0%	0%	Round Oak Jaguar Pty Ltd
	* Royalty up to a maximum of \$1m subject to conditions			