

24 October 2024

Quarterly Activities Report

September 2024

Highlights

Hawthorn Resources Limited

ABN 44 009 157 439

ASX Code: HAW

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Melbourne VIC 3000

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Directors:

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

Mr Brian Thornton
(Managing Director/CEO)

Mr Liu Zhensheng
(Non-Executive Director)

Mr Joseph D Corrigan
(Non-Executive Director)

Senior Management:

Mr Tony Amato
(CFO & Company Secretary)

Mt. BEVAN MAGNETITE JV

- Mt Bevan Magnetite Pre Feasibility Study (PFS) successfully completed by Hancock Magnetite Holdings Pty Ltd (Hancock) and announced on 16 July 2024.
- Revised Mineral Resource Estimate of 1,291Mt of Magnetite announced on 1 July 2024.
- PFS has confirmed that the Mt Bevan magnetite resource is of high grade post beneficiation with a Direct Reduction Grade (DRI) of >70%Fe and <2.5%Si. at a 45um grind size.
- The JV committed to a Forward Works Plan to further refine the PFS and its key parameters with the intention of reaching a investment decision and financial close in approx. 24 months.
- Following completion of the PFS, the equity interests of the JV partners were Hancock 51%, Legacy Iron Ore 29.4%, and Hawthorn Resources 19.6%
- Post announcement of the Forward Works Plan, Hawthorn elected to convert its 19.6% equity interest to a 1% FOB royalty.

OTHER MINERALS JV

- Drilling finalised on the Mt Bevan lithium and other minerals JV with approx. 8,000m of RC drilling completed with final assay results pending.

ANGLO SAXON GOLD PROJECT

- Record gold prices have focused attention on the potential of the Anglo Saxon JV which has a current MRE of 154,000 ounces at 6.1g/t (see HAW's ASX release of April 2020).
- Following access to site and our data room, discussions with a number of parties are at an advanced stage.
- The JV undertook an augur program late in August to test a number of historical soil anomalies on the Coles - Sulphide and Binbury prospects with assays pending.
- The JV commenced treatment of its low grade oxides during the quarter following extended delays and haul road closures in the Goldfields.

CORPORATE

- Hawthorn's cash position at the close of the quarter was \$12.95m

Magnetite Joint Venture: Western Australia

Hawthorn Resources - Royalty of 1% FOB Revenue, Legacy Iron Ore – 36.57% and Hancock Magnetite Holdings – 63.43%

Pre-Feasibility Study (PFS) completed by the JV Partner Hancock Magnetite Holdings Pty Ltd (Hancock) announced by the JV partners on 16 July 2024.

The PFS confirmed exceptional grade, quantum of resource and positive metallurgical test results of the Mt Bevan magnetite which will produce a beneficiated premium DRI product of >70%Fe.

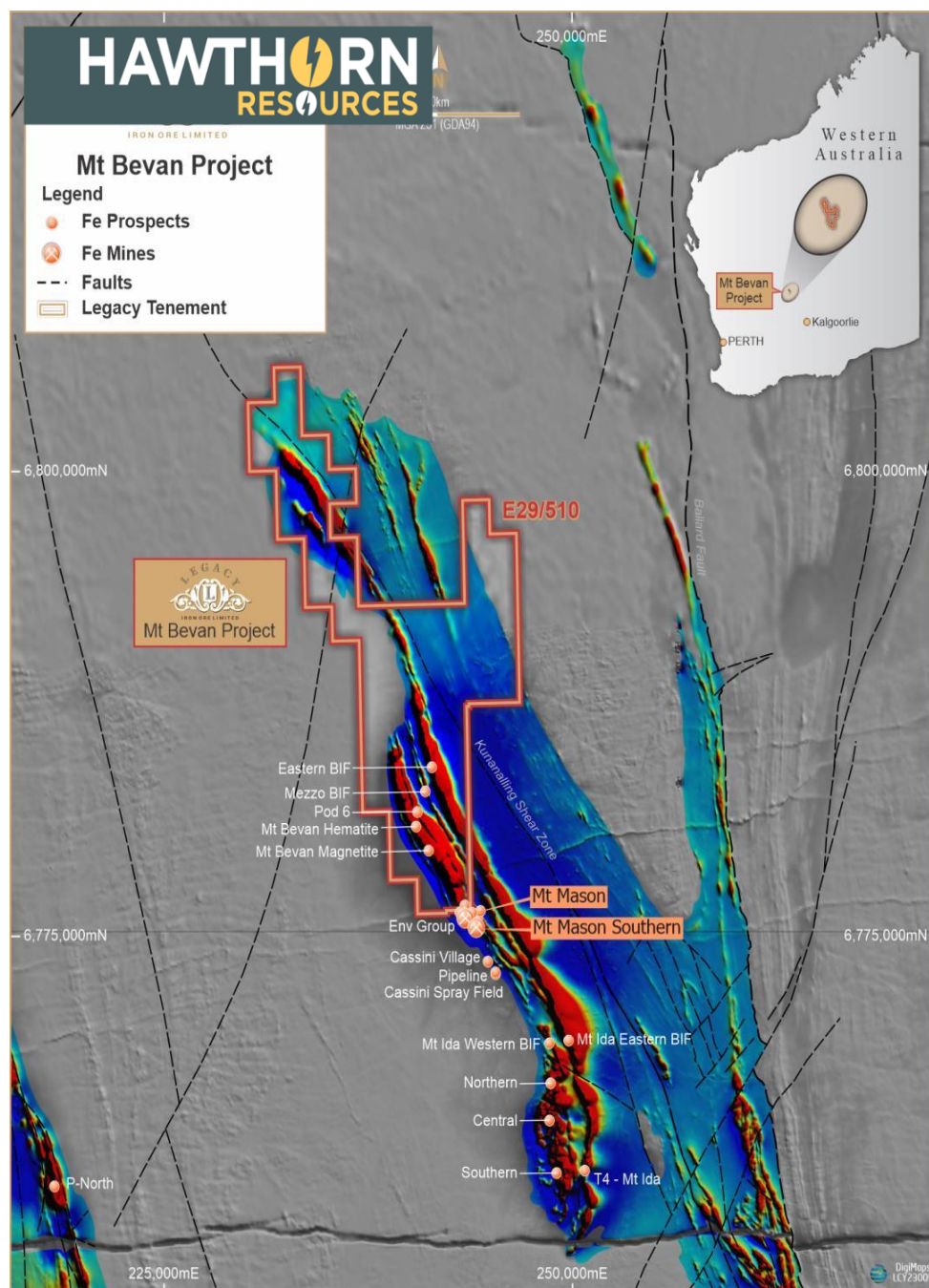


Figure : Mt Bevan Magnetite location map

During the quarter, the costs of the key capital items for Mt Bevan, including power, water, processing and transport have been confirmed by the JV partners, enabling completion of the financial model.

On completion of the PFS, equity interests were Hawthorn 19.6%, Legacy Iron Ore 29.4% and Hancock 51%.

The PFS Incorporated:

- Resource Drilling of a total of 41 drill holes for 9,008m including 31 RC holes (6,361m), 4 diamond holes (864m) and 6 RC with diamond tails (1,783m).
- Baseline environmental and heritage surveys
- Comprehensive metallurgical testwork program
- Development of a Mine Plan
- Process plant and infrastructure design to support a Class 4 Cost Estimate
- Third party engagement with Arc Infrastructure and Southern Ports for transport Logistics

Full details of the PFS are contained in our release to the ASX of 16 July 2024

FORWARD WORKS PLAN :

Following completion of the PFS, the Joint Venture partners committed to undertake a Forward Works Plan to further define, optimise and de-risk the project including:

- Acquiring tenure to support water exploration and service corridors.
- Continuing heritage and environmental surveys for approvals.
- Investigation of other optimisation avenues including:
 - Further assessment of transport options.
 - Further investigation of power supply alternatives.

In consultation with its JV partners, the Directors of Hawthorn agreed to elect to convert its 19.6% equity stake in the Mt Bevan JV to a 1% FOB royalty based on revenue which was announced to the market on 20 September, 2024.

The company believes that the royalty stream from Mt Bevan magnetite revenue and our exposure to next generation greener DRI steel production, will be of significant value to shareholders once production of premium grade iron ore commences.

COMMENTARY :

Commenting on the successful completion of the PFS, Hawthorn's Managing Director and CEO Brian Thornton, complimented *"Hancock and their team for their professionalism in delivering a very complex PFS for a green fields, next generation iron ore project. Our commitment as joint venture partners in Mt Bevan, has been to unlock the potential of what is destined to be, one of Australia's highest grade in situ magnetite deposits for the benefit*

of our shareholders and the nation. At a beneficiated DRI product grade of >70% Fe, Mt Bevan magnetite will be a key ingredient for DRI in future steel making and result in a “cleaner greener steel” assisting in our universal goal of Net Zero economic development.

Hancock noted “The completion of the Mt Bevan Magnetite Project PFS is a significant milestone for the Joint Venture and reflects the hard work of Hancock, Legacy Iron and Hawthorn Resources. The technical outcomes from the work done are positive and further work is being undertaken to optimise the design and costs for supply of power, transport of iron ore product from mine site to a port for export of the product and identification of water sources required for processing and production of the concentrates. However, Australian government tape and the approvals process in Australia add uncertainty to the project, despite its technical merit.

Mt Bevan Lithium and Other Minerals Joint Venture.

Hawthorn Resources 37%, Legacy Iron 55.5% and Hancock Magnetite Holdings 7.5%

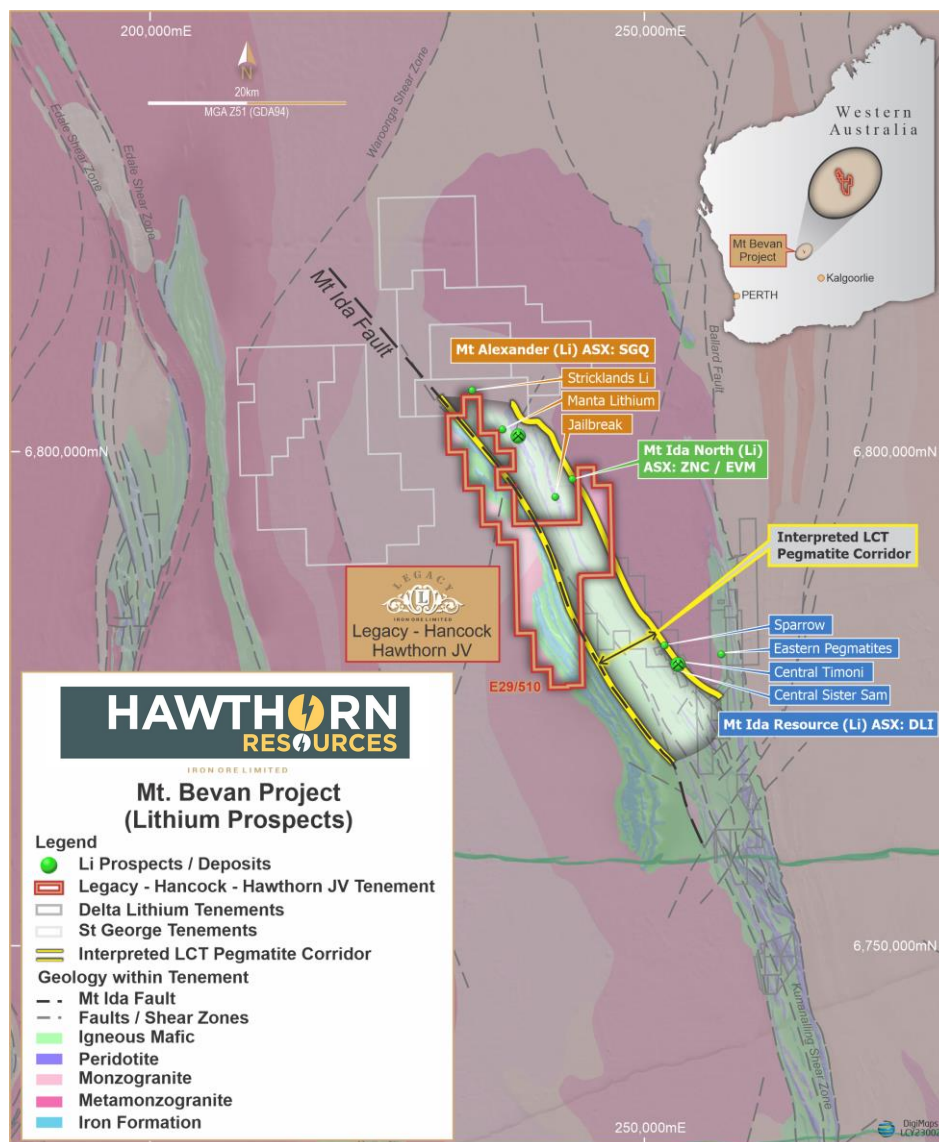


Figure : Mount Bevan Project, LCT pegmatite corridor.

Following early-stage field reconnaissance and regional geophysics, drilling commenced on the Mt Bevan tenement for lithium and other minerals in the third quarter of 2024 with significant delays due to rain and access. Hancock finalised an approximate 8000m drilling program on areas identified with outcropping pegmatites by earlier reconnaissance and rock chip samples that could host lithium pegmatites along the Mt Ida fault.

Thus far Hancock has earned a 15% interest in the Other Minerals JV at the end of the quarter, awaiting execution of formal equity transfers.

Against a backdrop of continuing weak spodumene pricing, a decision will be made in the current quarter on further spending on the Other Minerals JV. The drilling program for the lithium pegmatites on E 29/510 is north of the JV's magnetite JV with Hancock (see tenement map above).



Augur Sampling at the Binbury Prospect August 2024

Anglo Saxon Gold Project – Trouser Legs Joint Venture : Pinjin, Western Australia.

(Hawthorn Resources Limited - 70% : Gel Resources Pty Ltd - 30% and known as the Trouser Legs JV)

Anglo Saxon hosts a Mineral Resource Estimate (MRE) of 154,000 ozs @6.1g/t cut; (refer ASX report of 14 April, 2020). Given the record A\$ gold price of >A\$3800 an ounce, the JV continues to assess a number of options for the high grade Anglo Saxon gold project.

These include remodelling of the underground resource to reflect cost changes and the higher gold price, revisiting the Hiller underground cost model and assessment of the potential for a cut back of the current pit shell. The previous modelling of the underground was carried out by Hiller and Associates in 2021 at a gold price of A\$2,150 oz versus the current A\$ gold price in excess of A\$3,800 an ounce.

The intention of this work is to assess the viability of Anglo Saxon under various development scenarios including an underground or open cut operation. These development scenarios may lead to an increase in potential mineable ounces, a reduction in project risk and cash costs per ounce and enhance overall project viability.

Following the reestablishment of a Data Room, discussions are at an advanced stage with a number of potential JV funding partners or for the outright sale of the project.

In August, the JV commenced a 250 hole augur sampling program on E31/782, part of the Pinjin East group of tenements, to infill and generate further, more robust drilling targets around the former Sulphide and Binbury anomalies which have only been partially tested. Assay results are still pending and expected in the current quarter.



Anglo Saxon open pit April 2024 looking south

A contract was signed in late December for the treatment of 35,000 tons of low grade stockpiled ore with Paddington Gold Pty Ltd at their Paddington mill near Kalgoorlie.

Given recent weather events and road closures in the Goldfields, this ore will now be treated in the September quarter generating a surplus for the JV. Discussions are also underway to treat further low grade stockpiles on the JV's tenements.



Low grade stockpile haulage to Paddington Mill

Other Assets

The company's other gold asset was the small Edjudina Mining Lease (HAW 100%), located approx. 40 kms north of Anglo Saxon. During the quarter, the Edjudina asset was sold to our neighbour Gibb River Diamonds Limited (ASX:GIB) who control all the contiguous tenements around Hawthorn's ML. This sale would enable Gibb to unlock the residual value of the ML and surrounding tenements to the benefit of Hawthorn and Gibb. The sale terms involved the issue of 3m Gibb shares escrowed for a period of 12 months, valuing the transaction at \$120,000.

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 30 September 2024 was 335,015,613 fully paid ordinary shares (30 June 2024: 335,015,613 shares) as held across 1,631 shareholder accounts (30 June 2024: 1,626).

At 30 September 2024 the Top 20 Shareholdings held 247,782,143 shares (30 June 2024: 247,537,183 shares) being 74.0 per cent of the number of shares on issue (30 June 2024: 73.9 per cent).

Funding/Cash Balance/Working Capital

At 30 September 2024 the Company held funds-on-hand of A\$12.950 million (30 June 2024: A\$13.114 million). For full details of Cashflow movements refer to the Appendix 5B Report accompanying this Quarterly Activities Report.

The 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.

Appendix 5B

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

Name of entity

HAWTHORN RESOURCES LIMITED

ABN

44 009 157 439

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers *	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(97)	(97)
	(b) development, rehab & maintenance	(6)	(6)
	(c) production *	-	-
	(d) staff costs	(75)	(75)
	(e) administration and corporate costs	(159)	(159)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	172	172
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)	1	1
1.9	Net cash from / (used in) operating activities	(164)	(164)

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

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,114	13,114
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(164)	(164)
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)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	12,950	12,950

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	102	188
5.2	Call deposits	11,485	11,586
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,363	1,340
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,950	13,114

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

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

Current quarter \$A'000
75
-

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 \$75,155 (Previous Quarter \$44,302)

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(164)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(164)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	12,950
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	12,950
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	78

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: 24/10/2024.

Name: Tony Amato – 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.

Competent Person Statement

The information in this report that relates to the Trouser Legs Gold Project in Western Australia is based on information compiled by Mr Joseph Clarry, an employee of BM Geological Services. Mr. Clarry is a Member of the Australian Institute of Geoscience (AIG). Mr Clarry has been engaged as consultant by Hawthorn Resources Limited. Mr Clarry has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Clarry consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

Tenement Reference	Nature of Interest [note (4)]	Interest at beginning of quarter	Interest at end of quarter
M31/481	Sale	100%	0%
E29/510-I	Conversion to Royalty	28%	0%

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

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

Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3.

Project / Tenement	Location	Interest at beginning of quarter	Interest at end of quarter	Joint Venture Partner / Farm-In Partner / Farm Out Partner
Pinjin East	West Australia			
E 31/782		100%	100%	
E 31/1050		100%	100%	
Edjudina-Triumph	West Australia			
M 31/481		100%	0%	
Mt Bevan Iron Ore Joint Venture *	West Australia			
E 29/510 –I		28%	0% *	Legacy Iron Ore Limited Hancock Magnetite Holdings Pty Ltd
	* 1.0% Net Free-On-Board (FOB) Royalty			
Mt Bevan Other Minerals Joint Venture	West Australia			
E 29/510		37%	37%	Legacy Iron Ore Limited Hancock Magnetite Holdings Pty Ltd
Pinjin – Trouser Legs Joint Venture	West Australia			
E 31/1094		70%	70%	GEL Resources
G 31/4		70%	70%	GEL Resources
L 31/32		70%	70%	GEL Resources
L 31/65		70%	70%	GEL Resources
L 31/66		70%	70%	GEL Resources
L 31/68		70%	70%	GEL Resources
L 31/69 (A)		0%	0%	GEL Resources
M 31/78		70%	70%	GEL Resources
M 31/79		70%	70%	GEL Resources
M 31/88		70%	70%	GEL Resources
M 31/113		70%	70%	GEL Resources
M 31/284		70%	70%	GEL Resources
Teutonic Bore Royalty *	West Australia			
E 37/902		0%	0%	Round Oak Jaguar Pty Ltd
	* Royalty up to a maximum of \$1m subject to conditions			