

ASX Release

30 October 2023



Hawthorn Resources Limited

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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 Consultant)

Mr Glenn Fowles
(Company Secretary)

Mr Tony Amato
(CFO)

QUARTERLY ACTIVITIES REPORT – September 2023

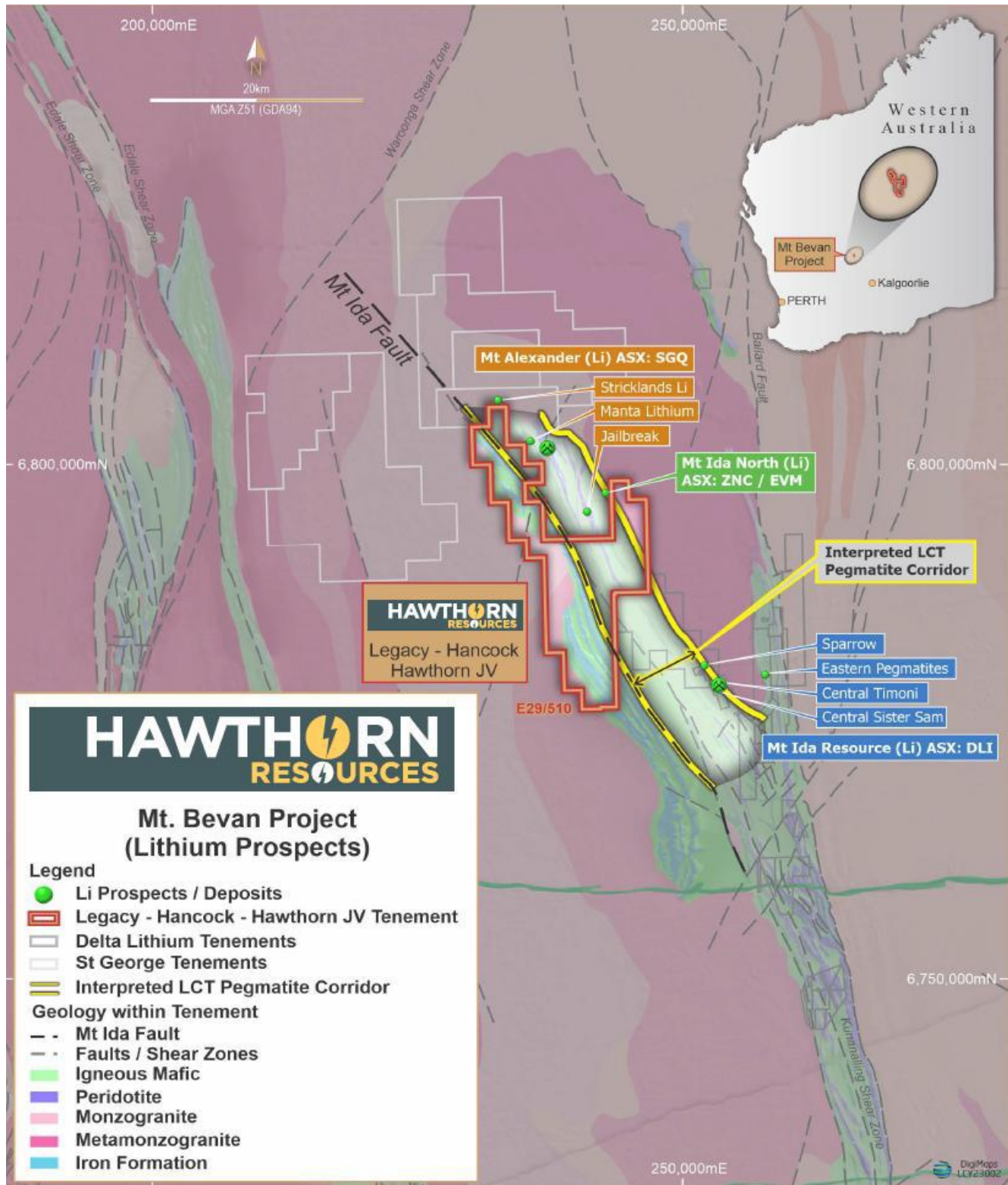
HIGHLIGHTS

- Lithium JV with Hancock Prospecting, Hawthorn Resources and Legacy Iron Ore on Mt Bevan formalised on 15th June 2023, where Hancock have earned an initial 7.5% interest in the JV.
- Focus of the JV is the exploration of all non-magnetite minerals, primarily lithium pegmatites along the Mt Ida fault at Mt Bevan.
- Hancock has commenced aerial and ground geophysics and rock chip sampling as part of its initial reconnaissance field work; the majority of this work expected to be completed in the current quarter.
- Hancock also completed an ethnographic survey as part of a Heritage study and in support of a POW for proposed future drilling.
- On the contiguous Mt Bevan magnetite JV with Hancock, significant progress was made on a range of issues and benchmark studies as part of the PFS.
- Benchmark studies and works completed during the quarter included a MRE update, metallurgical test work, a hydrogeological review and forward works, engineering of process plant and design, product logistics and power.
- At Hawthorn's other key JV asset, the Anglo-Saxon Gold project at Pinjin, an 1,800m RC drill program commenced to meet expenditure commitments and explore for shallow open-pittable extensions to the current underground resource.
- At the close of the quarter Hawthorn had a cash balance of \$13.72m.

ACTIVITIES UPDATE

MT BEVAN LITHIUM JOINT VENTURE (Hawthorn Resources 37%, Legacy Iron Ore 55.5%, Hancock 7.5%)

Map 1 - Mt Bevan JV tenement and interpreted lithium pegmatite corridor on the Mt Ida fault



The earn in and joint venture for lithium and other critical minerals, nickel and copper with Hancock Magnetite Holdings Pty Ltd (Hancock), which was signed on 15 June, is focused on the Mt Ida fault in the Central Yilgarn of Western Australia.

The Mt Ida fault is acknowledged as an emerging lithium pegmatite province following discoveries along the fault by neighboring companies, Delta Lithium (ASX: DLI) and St. George Mining (ASX: SGQ).

During the quarter, Hancock commenced field work on the JV tenement (E29/510) including aerial and ground geophysics and rock chip sampling of pegmatite outcrops as part of its initial field reconnaissance program; the majority of this work is expected to be completed in the coming quarter. On behalf of the JV, Hancock also completed an ethnographic survey as part of a Heritage study and in support of a POW for proposed future drilling once targets have been established.



Pegmatite outcrop at the Mt Bevan JV

The key terms of the current lithium and other minerals Agreement with Hancock include:

- Hancock has made an initial investment of \$4 million for a 7.5 percent interest in the Project with \$2.4 million paid to Legacy Iron and \$1.6 million to Hawthorn
- Hancock may fund additional exploration and development activities totaling approximately \$22 million, to earn an additional 43.5 percent interest in the Project, in three stages:
 - expending at least \$5 million on exploration activities within 12 months, to earn an additional 7.5 percent;
 - expending \$7 million or more on drilling activities within a further 12 months, to earn an additional 20 percent; and
 - delivering a pre-feasibility study (**PFS**) on the Project within a further period of 18 months, which is expected to cost at least \$10 million, to earn an additional 16 percent
- If Hancock meets all three earn-in requirements, it will hold a 51 percent interest in the Project and Legacy Iron and Hawthorn will hold 29.4 percent and 19.6 percent respectively.
- Legacy and Hawthorn are entitled to receive an additional cash payment of up to \$10 million if a lithium pegmatite JORC resource of greater than 5,000,000 tons with an average grade of 1.2 percent Li_2O or above is delineated.

Furthermore, Legacy has a right to acquire up to 75 percent of the end-product produced by the joint venture, with Hawthorn retaining a right to take 10 percent and Hancock retaining a right to take 15 percent of the end product.

The Agreement for lithium follows the completion of a similar joint venture agreement in April 2022, between Hancock Magnetite Holdings Pty Ltd, Legacy and Hawthorn on the same tenement for iron ore minerals (including magnetite), as released to the ASX by Legacy and Hawthorn on 17 December 2022.

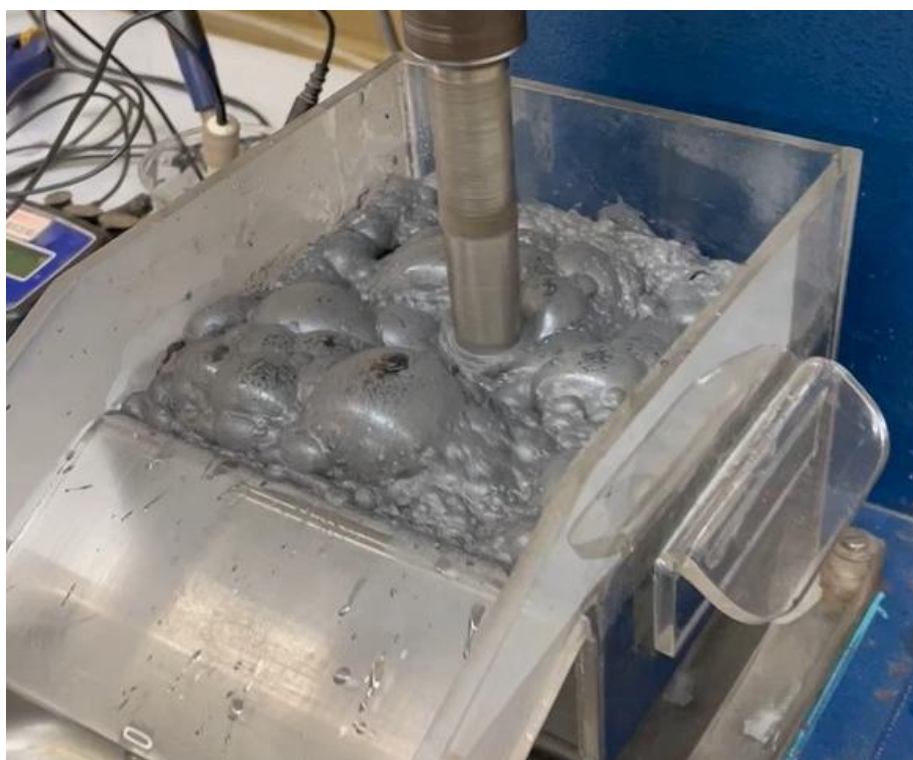
MT BEVAN MAGNETITE JOINT VENTURE (Hawthorn Resources 19.6 %, Legacy Iron Ore 29.4%, Hancock Prospecting 51.0 % on completion of a PFS).

Hancock Prospecting (HPPL) and their mining group Atlas Iron have farmed into the Mt Bevan magnetite JV with Hawthorn and Legacy Iron Ore. Legacy (ASX: LCY) is a subsidiary of the Government of India owned NMDC (National Minerals Development Corporation), India's largest Iron Ore producer.

Hancock has acquired an initial 30% interest in the Mt Bevan Magnetite by a cash payment of \$8m to the JV Partners with Hawthorn receiving \$3.3 million under the agreement which commenced in April 2022. Under the agreement Hancock will exclusively fund the PFS and potentially earn 51% interest in the magnetite resource, leaving Legacy with 29.4% and Hawthorn with 19.6%.

Earlier drilling by Hawthorn revealed the Western BIF deposit to have the thickest magnetite intersections coupled with a favorable flat lying (40 degrees) eastern dip. Subsequent drilling, both RC and diamond by Legacy led to the confirmation of a major, potentially low strip ratio magnetite resource.

Geology, mapping, sampling and aeromagnetic data have confirmed a strike distance of more than 25 kilometers of the 3 BIF horizons. The Mt Bevan indicated Magnetite Resource currently sits at 322 mt 34.7% Fe. (Refer HAW ASX Announcement of 17 December 2013).



Master composite test work of magnetite sample at Mt Bevan

ANGLO SAXON GOLD PROJECT – TROUSER LEGS JV

(Hawthorn Resources Limited – 70%; Gel Resources Pty Ltd – 30%)

Near the end of the quarter, Hawthorn commenced a 1,800m RC drilling program at Anglo Saxon which lies within the 30Moz South Laverton Tectonic Zone (SLTZ) of the eastern Yilgarn Craton. The project is approximately 170km NNE of Kalgoorlie and 35kms SE of Northern Star's Carosue Dam operation in Western Australia.

The current exploration program, which will enable Hawthorn and the JV to meet expenditure requirements, is to test for satellite or extensional resources to support the potential exploitation of an existing underground MRE at Anglo Saxon of 157,000 Oz at 5.7g/t. (see ASX Quarterly Report – March 2020)

Drilling of up to 25 holes, for approximately 1,800m is underway, testing 10 discrete targets spanning the length of the project area.

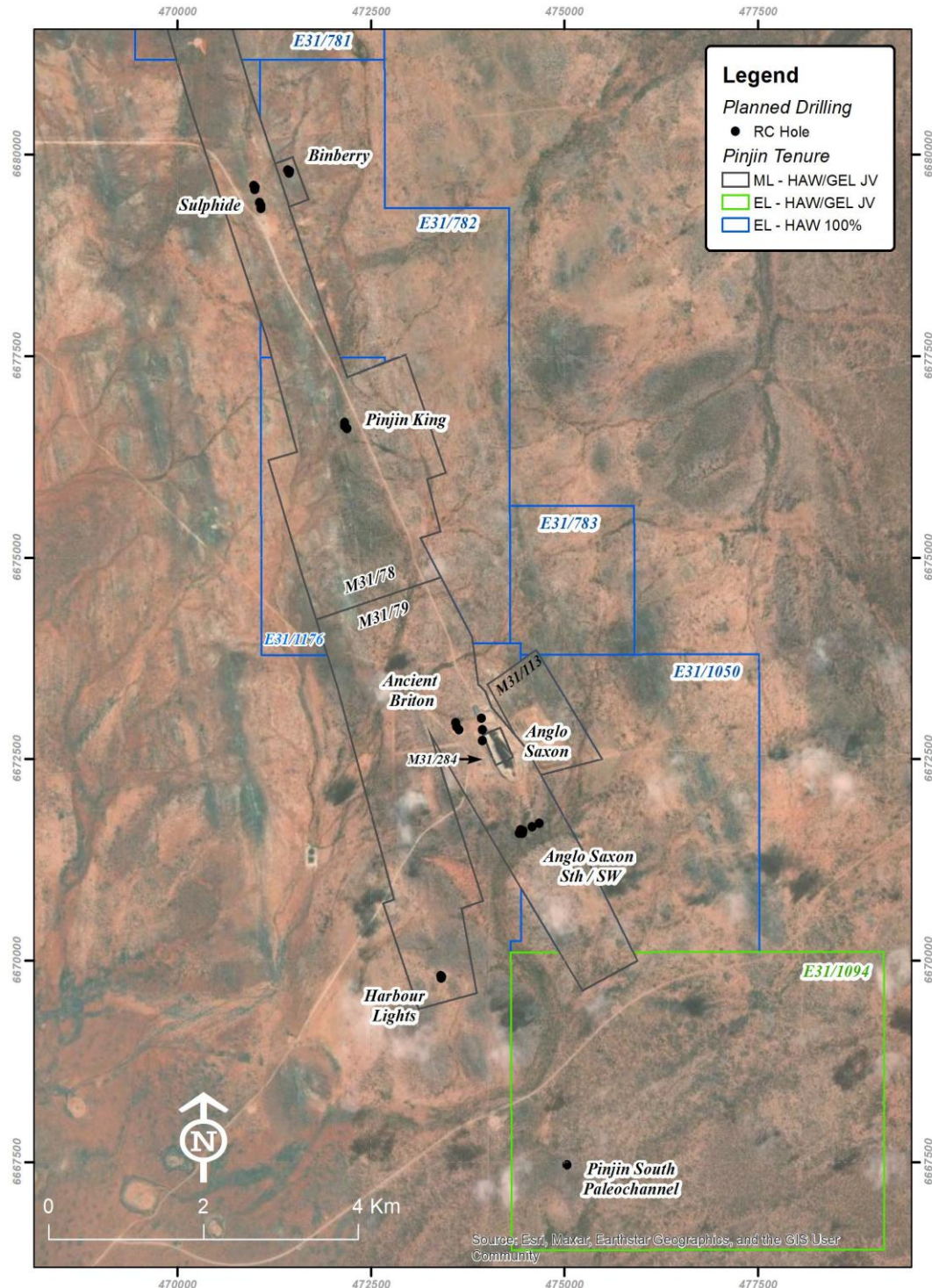


RC drilling at the Sulphide prospect, September 2023.

The planned holes are a follow up of historical drilling where results were incomplete or ended in mineralisation and which could provide an opportunity to either extend the known mineralisation or prove continuity between existing drill intercepts. Some of these historical drill intercepts and potential prospects include:

- Binberry: RC intercept of 5m @ 17.84 g/t from 8m in AFXTRC004. 2-3 RC holes planned.
- Sulphide: RAB intercept of 2m @ 8.9m in AFXPDH011 from 54m and 9m @1.38g/t from 21m in RC hole AFXLRC114. 3-6 holes planned.

- Pinjin King: RAB intercept of 2m @ 8.79g/t in AFRRB347 from 32m. 2-3 RC holes planned.
- Pinjin South Paleochannel: RAB intercept of 1m @ 1.55g/t from 44m in paleochannel sediments in BHPPR107 (ended in mineralisation). 1 RC hole planned.
- Ancient Briton: RAB intercept of 20m @ 2.31g/t from 20m (inc. 4m @ 5.77g/t from 32m) in GKRPINB215 and 10m @ 1.59g/t from 39m in GKRPINB37. 2-3 RC holes planned.
- Harbour Lights South: RC intercept of 13m @ 9.20g/t from 30m in AFXLRC300, including 1m at 100g/t. 2-3 RC holes planned.
- Anglo Saxon Southwest: RAB intercept of AFXPRB518: 6m @ 3.10g/t from 49m and AFXPRB725: 4m @ 3.09g/t from 47m (ended in mineralisation). 2-4 RC holes planned.



HAWTHORN RESOURCES	Date:	15/10/2023	Pinjin Exploration Program 2023 Planned RC Hole Locations	Project:	Pinjin /Trouser Legs
	Drafted By:	BMGS		License:	All
	Company:	Hawthorn Res.		Region:	Eastern Goldfields
	Commodity:	Gold		State:	Western Australia

Map 2 – Planned drilling at Anglo-Saxon

At Anglo Saxon, near surface mineralisation has been largely exploited by recent open pit mining activity and closed off by shallow drilling along strike to the immediate north and south of the open pit. Deeper drilling though, has identified mineralisation both beneath and within the footwall of the open pit as well as along strike to the south in a shallow-plunging trend of a narrowing structural corridor. The footwall target, which could be drillable from surface, may provide an opportunity to add ounces to the current underground resource.

Assay results are expected to be available progressively over the next month and will be reported to the market as they become available.

The Joint Venture partners continue to explore avenues for the development of the current underground resource with the main constraint being a lack of nearby processing facilities to treat the high-grade ore.

The current underground at Anglo Saxon hosts a MRE of 157,000 ounces at 5.7g/t (see HAW ASX release of 30 October 2020).

Concurrently, discussions are also continuing for the treatment of the remaining low-grade stockpiles of both oxide and primary material which should generate additional cash flow at the current higher A\$ gold price.

OTHER ASSETS

The company's remaining assets include the small Edjudina mining lease (HAW 100%) and a 10.6% interest in Black Raven Mining Limited, which is unlisted.

Given the company's focus on the Mt Bevan magnetite and lithium joint ventures with Hancock, both Edjudina and the Black Raven investment are under review.

No work was carried out or reported on these assets during the quarter.

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 2023 was 335,015,613 fully paid ordinary shares (30 June 2023: 335,015,613 shares) as held across 1,728 shareholder accounts (30 June 2023: 1,722).

At 30 September 2023 the Top 20 Shareholdings held 245,922,672 shares (31 March 2023: 246,143,449 shares) being 73.4 per cent of the number of shares on issue (30 June 2023: 73.5 per cent).

Funding/Cash Balance/Working Capital

At 30 September 2023 the Company held funds-on-hand of A\$13.716 million (30 June 2023: A\$14.071 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.

For further information contact:

Managing Director /CEO
Company Secretary

Brian Thornton
Glenn Fowles

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Appendix 5B

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

Name of entity

HAWTHORN RESOURCES LIMITED

ABN

Quarter ended ("current quarter")

ABN

Quarter ended ("current quarter")

44 009 157 439

30 September 2023

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)		(77)	(77)
(b) development, rehab & maintenance		(45)	(45)
(c) production *		-	-
(d) staff costs		(44)	(44)
(e) administration and corporate costs		(197)	(197)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		147	147
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)		(139)	(139)
1.9 Net cash from / (used in) operating activities		(355)	(355)

*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		-	-

Appendix 5B

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (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	14,071	14,071
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(355)	(355)
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)	-	-

Appendix 5B

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (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	13,716	13,716

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	14	2,010
5.2	Call deposits	12,405	10,779
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,297	1,282
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,716	14,071

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**

44

-

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 \$43,562 (Previous Quarter \$48,273)

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

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	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)	(355)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(355)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	13,716
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	13,716
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	38
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:
Name: Glenn Fowles – Company Secretary

Date: 30/10/2023.

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 Persons 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
N/A			

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

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

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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 31/781		100%	100%	
E 31/782		100%	100%	
E 31/783		100%	100%	
E 31/1050		100%	100%	
E 31/1176		100%	100%	
Edjudina-Triumph	West Australia			
M 31/481		100%	100%	
Mt Bevan Iron Ore Joint Venture	West Australia			
E 29/510 –I		28%	28%	Legacy Iron Ore Limited Hancock Magnetite Holdings Pty Ltd
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

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

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			