

QUARTERLY ACTIVITIES REPORT – JUNE 2022



Hawthorn Resources Limited ('HAW' or 'the Company') is pleased to provide its quarterly operational update for the period ended 30 June 2022.

MT BEVAN PROJECT – Iron Ore and Other Minerals

Details of the new joint venture arrangement were provided by way of ASX announcement on 7 April 2022 ('Mt Bevan Agreement Completion') and 3 May 2022 ('Mt Bevan Joint Venture Update').

During the quarter, the Company continued investigating the possible opportunities that may exist at Mt Bevan in respect of non-Fe minerals that are specifically not part of the new joint venture.

TROUSER LEGS JOINT VENTURE – Gold

90,000 tonnes of low-grade stockpile ore remains on-site unprocessed. This is expected to be sent for milling as soon as capacity for this is secured with a local operator.

The Board continues to review the future of TLJV looking at underground development as well as sale opportunities for these assets.

EXPLORATION

Edjudina Tenements: M31/481 (Hawthorn Resources Limited: 100%)

A program of 4 reverse circulation drill holes was completed in May for a total of 480 meters. The holes were drilled south of the Gibb River tenement and test an extension of the Calvert Lode recognised by Gibb River.

These results follow intersections made in last year's drilling to the north, closer to the Gibb River Lease boundary. This lode is believed to be a southern extension of the Calvert Lode extensively drilled by Gibb River.

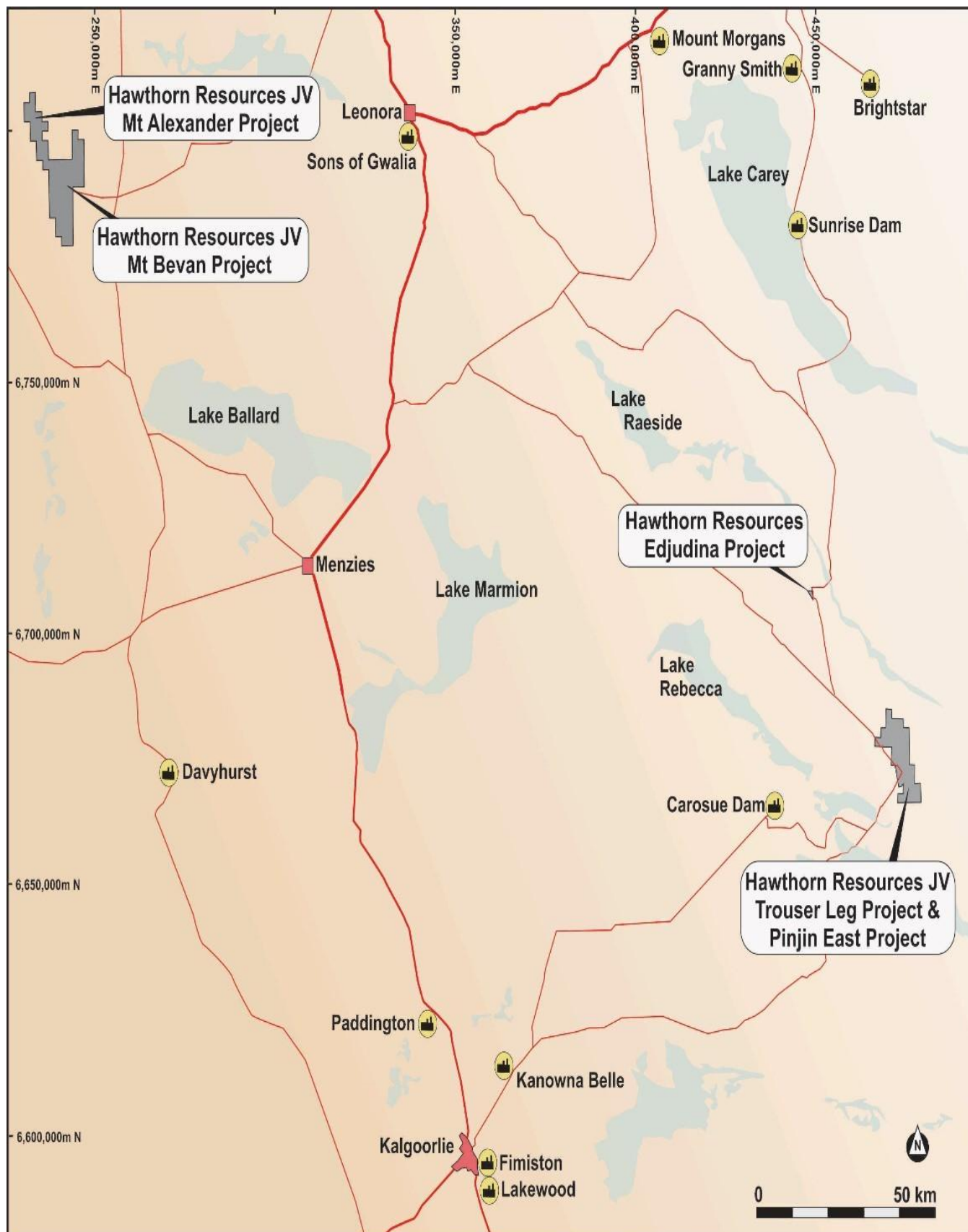
Deeper RC and diamond drilling is contemplated next year to test these intersections at depth and along strike to the south. This program maintains the lease block in good standing in regard to the annual expenditure commitment for 2022.

Pinjin Tenements: E31/781, E31/782, E31/783, E31/1050, and E31/1094 (Hawthorn Resources Limited 70%; Gel Resources 30%)

Reverse Circulation drilling of 27 holes for a total of 1,740 meters was completed in May. The targets tested were from earlier soil-auger-air core drilling. The best intersection was on lease 783 showing 3.3 g/t gold over a two-meter interval 22-24 m depth. There was little alteration or silicification associated with this intersection. Deeper drilling will be required to follow this up. Narrow quartz veins with weak assays were recorded in the southeast area of lease 1050. They showed little alteration and silicification that encourages follow up drilling.

The program completed maintains the lease block in good standing in regard to the annual expenditure commitment for 2022.

Hawthorn Resources Limited - Project location map – Western Australia Goldfields



CORPORATE UPDATE

Board of Directors and Company Secretary

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

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 June 2022 was 333,515,613 fully paid ordinary shares (31 March 2022: 333,515,613 shares) as held in 1,675 shareholder accounts (31 March 2022: 3,772).

At 30 June 2022 the Top 20 Shareholdings held 241,848,139 shares (31 March 2022: 240,489,610 shares) being 72.5 per cent of the number of shares on issue (31 March 2022: 72.1 per cent).

Unmarketable Parcels Facility

During the quarter the Company completed a program to acquire unmarketable parcels of shares held by shareholders. For further information refer to ASX announcement ‘Finalisation of Unmarketable Parcels Facility’ released on 19 May 2022.

Funding/Cash Balance/Working Capital

At 30 June 2022 the Company held funds-on-hand of A\$13.78 million (31 March 2022: A\$11.36 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.

Company Directory

Hawthorn Resources Limited (ACN 099 157 439)

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T: + 61 3 9605 5902

W: www.hawthornresources.com

E: info@hawthornresources.com

Board of Directors

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

Mr Mark G Kerr (Managing Director/CEO)

Dr David Tyrwhitt (Non-Executive Director)

Mr Liao Yongzhong (Non-Executive Director)

Mr Liu Zhensheng (Non-Executive Director)

Mr Brian F Thornton ((Non-Executive Director)

Senior Management

Mr William Lloyd (Operations Manager)

Mr Tony Amato (CFO)

Mr Glenn Fowles (Company Secretary)

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 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers *	-	5,647
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(337)	(1,011)
	(b) development & maintenance	(166)	(491)
	(c) production *	(46)	(4,599)
	(d) staff costs	(112)	(396)
	(e) administration and corporate costs	(247)	(1,002)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	14
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)	-	175
	Other - JV Partner contributions/(payments)	(210)	(210)
1.9	Net cash from / (used in) operating activities	(1,113)	(1,873)

*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 (12 months) \$A'000
2.2	Proceeds from the disposal/dilution of:		
	(a) entities	-	-
	(b) tenements	3,520	3,520
	(c) property, plant and equipment	13	13
	(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	3,533	3,533

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	11,355	12,115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,113)	(1,873)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,533	3,533
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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13,775	13,775

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	4,392	1,674
5.2 Call deposits	8,133	8,132
5.3 Bank overdrafts	-	-
5.4 Other (Mine Rehabilitation Fund)	1,250	1,549
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,775	11,355

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
278
-

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 \$96,038 (Previous Quarter \$108,325)
Fully Serviced Office facility rental \$46,750 (Previous Quarter \$46,750)
Company requested Consulting Fees \$134,861 (Previous Quarter \$NIL)

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.</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	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)	(1,113)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,113)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	13,775
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	13,775
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	12
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A		

Compliance statement

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

Signed:  Date: 29/07/2022.
Name: Glenn Fowles – Company Secretary

Authorised by the Board.

Notes

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

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

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

Tenement Reference	Nature of Interest [note (4)]	Interest at beginning of quarter	Interest at end of quarter
E29/510-I	Reduced	40%	28%

**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 31/781		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		40%	28%	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
Edjudina - Pinjin Joint Venture	West Australia			
E 31/789		80%	80%	Karora Resources Pty Ltd
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			