

ASX Code: **HAW**

ABN 44 009 157 439

**Hawthorn Resources Limited**

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**Directors**

Mr Li, Yijie

(Non-Exec. Director/Chairman)

Mr. Mark Gregory Kerr

(Managing Director/CEO)

Dr David Tyrwhitt

(Non-Exec. Director)

Mr. Christopher Corrigan

(Non-Exec. Director)

Mr. Liao, Yongzhong

(Non-Exec. Director)

Mr. Liu, Zhensheng

(Non-Exec. Director)

**Senior Management**

Mr. William Lloyd

(Operations Manager)

Mr. Mourice Garbutt

(Company Secretary)

Mr Tony Amato (CFO)



# HAWTHORN RESOURCES LIMITED

## Quarterly Report – June 2020



Figure 1: TLMJV – Underground Stage 3 and 4 drill positions looking north towards the TLMJV open-pit mine.

## DEVELOPMENT

### Trouser Legs Joint Venture - Underground

(Hawthorn Resources 70%, Gel Resources 30 %): Manager - Hawthorn Resources Limited.

During the quarter a 960m, three-hole diamond drilling program was undertaken stepping out 200m south from the existing Mineral Resource<sup>1</sup>. The results confirm the extension of the mineral system and the presence of high-grade vein intercepts at shallow depths with best results including TLDD-017: 0.4m at 25.4g/t Au from 118.7 metres, 0.55m at 46.9g/t Au from 131.45 metres and 0.35m at 51.3g/t Au from 146.3 metres<sup>2</sup>. The mineralisation remains open up dip and down plunge.

Field work and review of historical drill data confirmed the presence of ‘Anglo-Saxon’ style mineralisation along the corridor for a further 200m south of the Stage 3 program. Post quarter the two-hole Stage 4 diamond drill program was undertaken, a further 200m south of the Stage 3 program. Similar vein mineralisation was logged in both holes, confirming the extension of the mineralised corridor; assays are due in August.

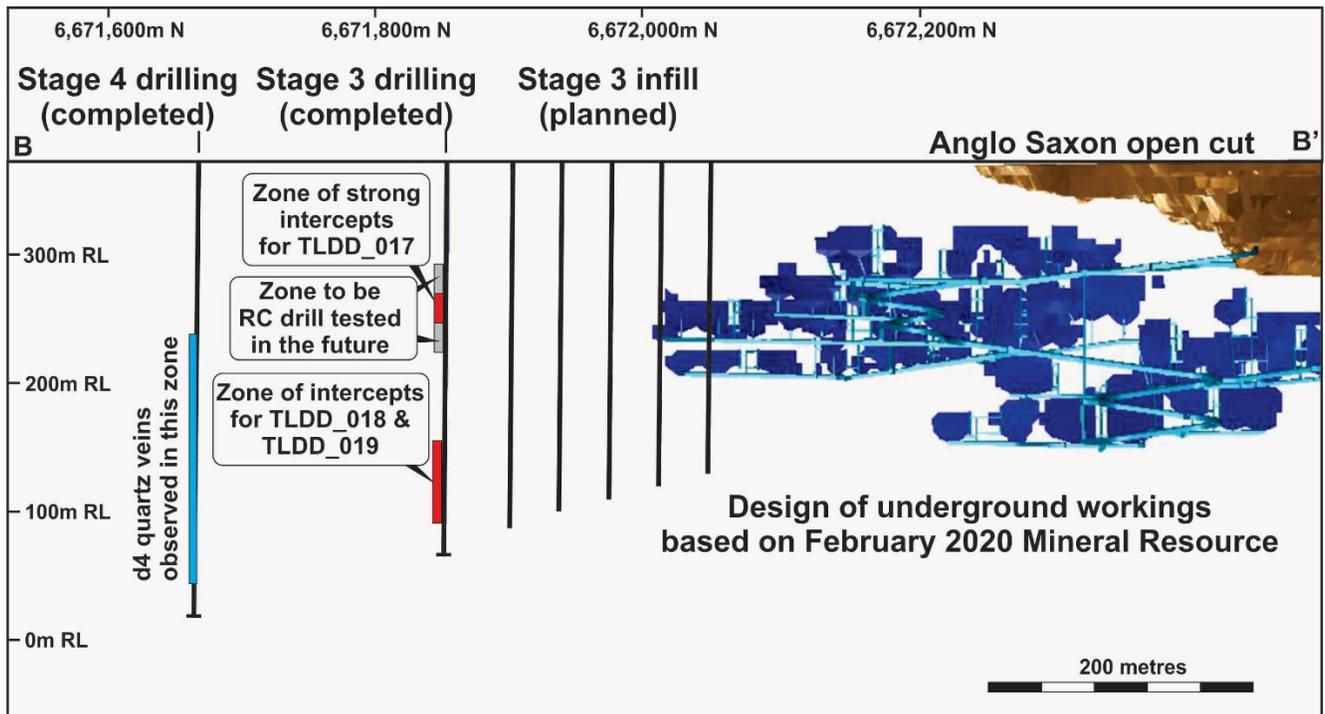


Figure 2: Long section showing the Stage 3 and 4 diamond core sections and proposed Stage 3 infill holes relative to the conceptual underground operation

Infill drilling to the Stage 3 section is under consideration for the coming quarter with the intention of improving the confidence category of the current Mineral Resource Estimate.

<sup>1</sup>Refer to ASX announcement Trouser Legs Gold Project Underground Update, released April 14 2020 and the Exploration Results and Mineral Resource compiled by Mr Darryl Mapleson contained therein.

<sup>2</sup>Refer to ASX announcement TLJV - Resource Extension Drilling Update, released July 7 2020.

## EXPLORATION

IN MEMORIAM - MOODY, Ian William (BSC (HONS), MAUSIMM)

This month has marked the first anniversary of the sad and untimely passing of the Company’s Exploration Manager, Ian Moody. As a mark of respect and to acknowledge the esteem in which Ian was held within the mining industry and his contribution made to the understanding of the geology in the Box Well area, as acquired from the Company in 2019, the Saracen Mineral Holdings Group has advised that it has renamed ‘Box Well’ as “Moody’s Reward”.

### Pinjin East – Gold – E31/782

(Hawthorn Resources Limited 100%)

A 480 meter RC drill program at the ‘Crossbow’ prospect is planned to be completed in the coming quarter. The target lies astride the Pinjin Shear which plays a role in control of the Anglo Saxon gold deposit and lies close to the small Coles open pit mined last year by the Trouser Legs Mining Joint Venture. The objective of this programme is to follow up on a bonanza gold-in-soil grades of 391 ppm Au and 9.35 ppm Au.

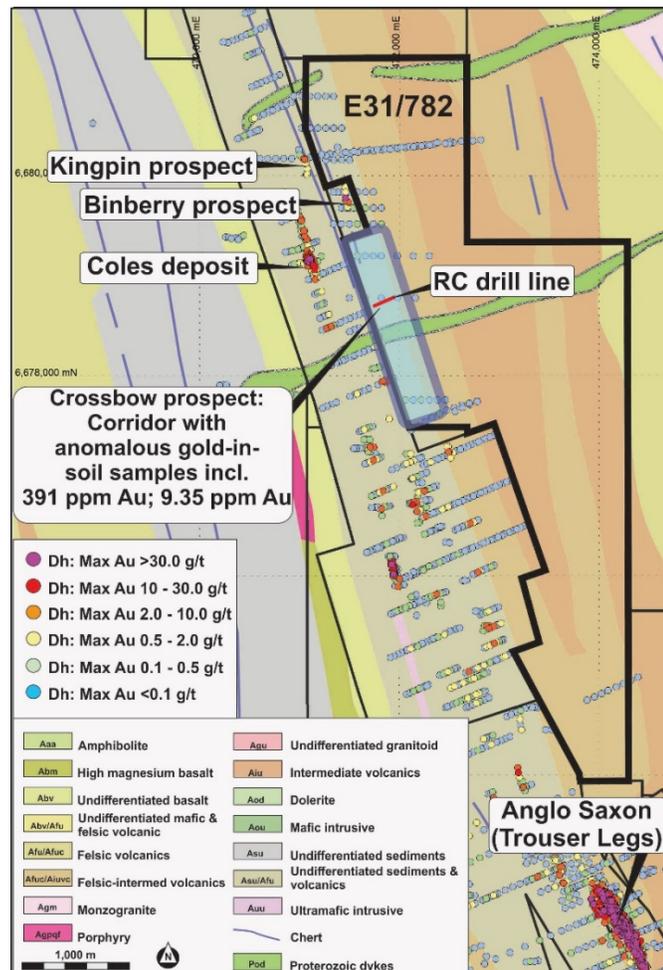


Figure 3: Plan showing the Crossbow bonanza gold in soils results and planned RC section

## Trouser Legs – Joint Venture – Gold

*(Hawthorn Resources Limited 70%; Gel Resources Pty Ltd 30 %): Manager – Hawthorn Resources Limited.*

Regional exploration within the Trouser Legs JV area is being considered in the coming quarter designed to better understand a zone of gold mineralisation south of the historical RC drill line and penetrates below the main intercepts assuming a subvertical north-south trend, implied from the airborne magnetic imagery.

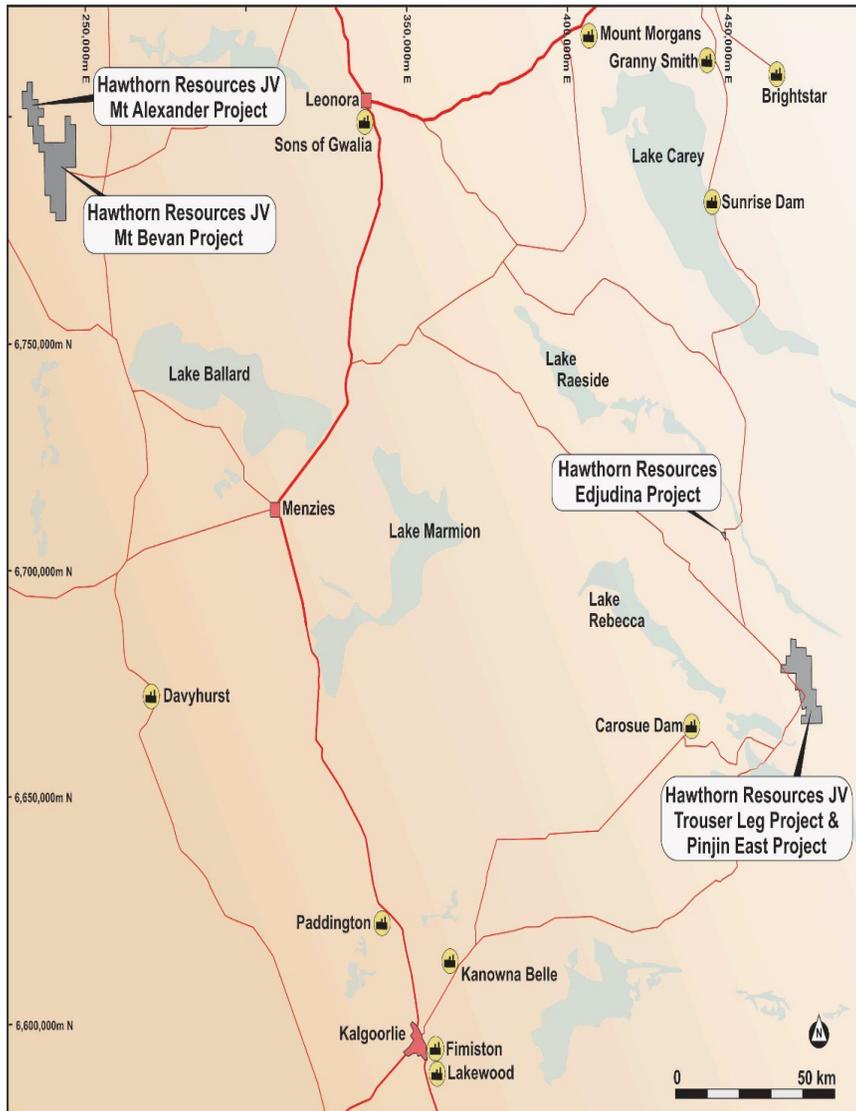


Figure 4: Project location map, Western Australian goldfields.

## Mount Bevan/ Mt Alexander – Joint Venture - Base Metals

*(Legacy Iron Ore Ltd 60%; Hawthorn Resources Limited 40 %): Manager- Legacy Iron Ore Ltd.*

The Joint Venture tenement area consists of Exploration Licence 29/510, being approximately 100 km west of Leonora in the Central Yilgarn region of Western Australia and is located immediately south of St George Mining Limited’s (ASX: SGQ) Mt Alexander Project;

For the June 2020 quarter no field activities were undertaken by the Joint Venture.

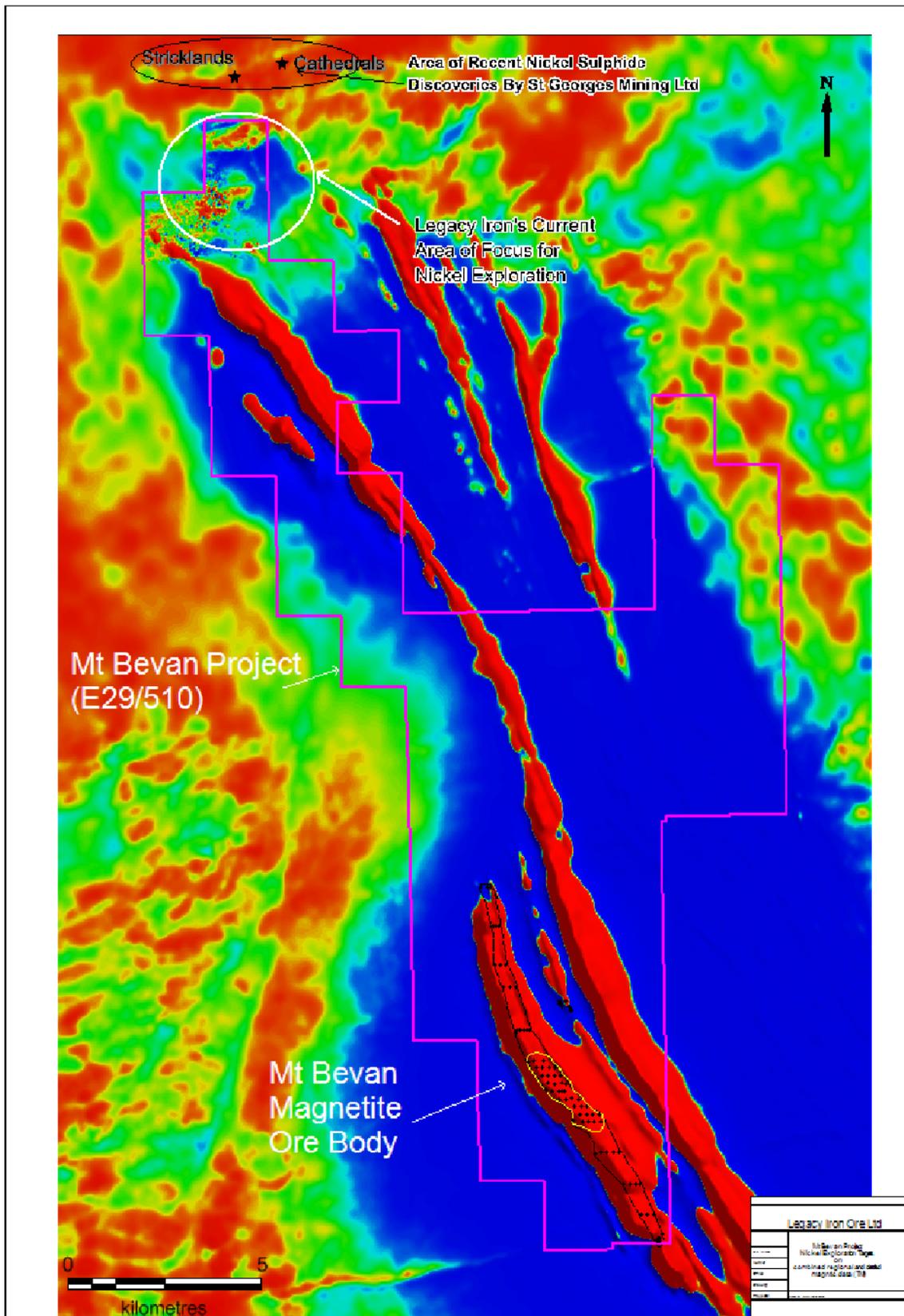


Figure 5: Mt Bevan Project – airborne magnetics data (TMI) showing area of interest for nickel sulphide mineralisation

## CORPORATE

### **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 as at 30 June 2020 was 333,515,613 fully paid ordinary shares (March 2020: 326,615,613 shares).

As at 30 June 2020 the Top 20 Shareholdings held 250,190,597 shares (March 2020: 245,363,986 shares) being 75.02 per cent of the number of shares on issue (March 2020: 75.11 per cent):

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

As of 30 June 2020 the Company held funds-on-hand of A\$29.98 million (March 2020: A\$30.84 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.

### **Mining Tenements**

For full details of the movements in Mining Tenement interests during the period and held as at 30 June 2020 refer to the schedules attached to the Appendix 5B Report accompanying this Quarterly Activities Report.

### **Return of Funds to Shareholders**

As at the date of this Report the Company is still waiting on the draft ruling from the Australian Taxation Office and upon its receipt an update will be issued to shareholders together with details of the required General Meeting of shareholders to consider and, if thought fit, approve the return of funds to shareholders.

Background.

In the Managing Director's address to shareholders at the 2019 Annual General Meeting held on 29 November 2019 Mr Kerr advised that:

*"...the Company has resolved, subject to a satisfactory tax ruling, to distribute funds of \$13.5m that are surplus to the Company's current and 2020 obligations/funding requirements. This would amount to a capital return of approximately 4.1 cents per share based on the number of shares on issue as at today..."*

In December 2019, the Company lodged an application with the Australian Taxation Office seeking a draft ruling on the proposed return of capital and there have been ongoing discussions therewith throughout January to July 2020.

For further information, please contact Mourice Garbutt on (03) 9605-5950.



**Mourice Garbutt**  
**Company Secretary**

*The information in this report that relates to the Mineral Reserve estimation is based on information compiled by Mr William Lloyd, a Competent Person who is a Member of Australasian Institute of Mining and Metallurgy. Mr Lloyd is employed by BM Geological Services. Mr Lloyd has been engaged as an external independent consultant by Hawthorn Resource Limited. Mr Lloyd 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 Lloyd consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.*

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr David Tyrwhitt, a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Tyrwhitt 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. Dr Tyrwhitt consented 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 Exploration Results and Mineral Resources has been compiled by Mr Darryl Mapleson, a full time employee of BM Geological Services. Mr Mapleson is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Mapleson has been engaged as a consultant by Hawthorn Resources Limited. Mr Mapleson 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 Mapleson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

***This announcement was authorised for release by the Board of Directors, Hawthorn Resources Limited***

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

#### Name of entity

HAWTHORN RESOURCES LIMITED

#### ABN

44 009 157 439

#### Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	48,463
1.2 Payments for		
(a) exploration & evaluation	(980)	(1,687)
(b) development & rehabilitation	(275)	(275)
(c) production *	-	(24,493)
(d) staff costs	(161)	(332)
(e) administration and corporate costs	(337)	(993)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	82	271
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – GST refunds/(payments)	150	(2,207)
Other - JV Partner contributions/(payments)	(332)	(5,618)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,853)</b>	<b>13,129</b>
* Includes full repayment of mill processing concession		
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	(112)
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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>(112)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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 (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</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	30,840	15,970
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,853)	13,129
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(112)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>28,987 *</b>	<b>28,987 *</b>

\* 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 and mining operations closure and rehabilitation of mine site.

<b>5. 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	7,079	9,006
5.2 Call deposits	20,271	20,198
5.3 Bank overdrafts	-	-
5.4 Other (Mine Rehab Fund)	1,637	1,636
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>28,987</b>	<b>30,840</b>

**6. Payments to directors of the entity and their associates**

**Current quarter  
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

199

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors fees & salary \$141,466 (Previous Quarter \$43,866)  
Fully Serviced Office facility rental \$52,250 (Previous Quarter \$52,250)  
Company requested Consulting Fees \$4,950 (Previous Quarter \$6,600)

**7. Payments to related entities of the entity and their associates**

**Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	800
9.2 Development	-
9.3 Production, Mine Closure & Rehabilitation	300
9.4 Staff costs	120
9.5 Administration and corporate costs	210
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,430</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		See attached		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		See attached		

**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.



Sign here: .....  
(Company secretary)

Date: 31/07/2020

Print name: MOURICE GARBUTT

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

***This announcement was authorised for release by the Board of Directors, Hawthorn Resources Limited.***

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
E31/760	Expired	100%	0%
E31/882	Expired	100%	0%
E31/1049	Expired	100%	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
<b>Pinjin East</b>	<b>West Australia</b>			
E 31/760		100%	0%	
E 31/781		100%	100%	
E 31/782		100%	100%	
E 31/783		100%	100%	
E 31/882		100%	0%	
E 31/1049		100%	0%	
E 31/1050		100%	100%	
E 31/1176		100%	100%	
<b>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		40%	40%	Legacy Iron Ore Limited
<b>Pinjin – Trouser Legs Joint Venture</b>	<b>West Australia</b>			
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>Edjudina - Pinjin Joint Venture</b>	<b>West Australia</b>			
E 31/789		80%	80%	Westgold Resources Ltd
<b>Teutonic Bore Royalty *</b>	<b>West Australia</b>			
E 37/902		0%	0%	Jabiru Metals
P 37/7351		0%	0%	Jabiru Metals
	* Royalty up to a maximum of \$1m subject to conditions			