

## QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2022



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

### **HIGHLIGHTS**

- Solid progress on Mt Bevan magnetite (iron ore ) project Pre-Feasibility Study (PFS)
  - diamond and RC rigs mobilised to the site; and
  - award of major works packages including hydrogeology, resource modelling, metallurgy and assessment started of transport and port options.
- Commencement of an exclusive Desk Top Study (DTS) by Hancock for Critical Minerals (i.e. Li, Ni & Cu) on the Mt Bevan JV tenements.
- A full review of the TLJV's options for the Anglo Saxon gold project including
  - a potential asset sale; and
  - commencement of a reconnaissance program for outcropping lithium pegmatites along the granite contact of the East Pinjin ELs.
- Strong cash position of \$13.18m

### **MT BEVAN PROJECT – Iron Ore and Other Minerals**

Following the execution of the Joint Venture agreement in April 2022, the pre-feasibility study (PFS) has progressed, with Hancock subsidiary and experienced iron ore miner, Atlas Iron, acting as project manager.

Key achievements during the quarter and to date include:

- Mobilisation of reverse circulation (RC) drilling rigs to site;
- Commencement of diamond drilling rig mobilisation;
- Completion of heritage survey; and
- The awarding of major packages of works, including hydrogeology and resource modelling and metallurgical testing.

Preliminary discussions have also been held with the Esperance Port Authority regarding infrastructure requirements as part of an assessment of suitable ports for the export of product. All possible transport options are being considered, including trucking and rail or pump and rail. This includes the potential of transporting to the Geraldton Port.

Activities planned for the coming quarter include additional RC and HQ-sized diamond drilling, resource modelling, metallurgical test work, and ongoing assessments of rail and port options.

Additionally, on the back of some promising announcements by explorers at neighbouring/nearby sites, such as St George Mining (ASX: SGQ) and Red Dirt Mining (ASX: RDT), the Joint Venture have granted Hancock an exclusivity period to undertake a preliminary study for critical minerals (Lithium, Nickel and Copper) presence at the JV's Mt Bevan site.

Further updates on both activities will be provided as matters progress.

## **TROUSER LEGS JOINT VENTURE – Gold**

The Board of HAW, along with its JV partner GEL Resources, is currently conducting a full review into the future of TLJV looking at all options to maximise and monetise the value of this asset - these include extension of the existing mine pit, underground development, critical minerals exploration, and the sale opportunities for these assets.

During the quarter the Company sought expressions of interest from potential buyers of the TLJV assets and on the exploration front, the JV partners agreed to commence a reconnaissance program for any outcropping lithium pegmatites or scree on its extensive east Pinjin tenements. This follows developments to the south of our Anglo Saxon gold project where a number of explorers including Alchemy (ASX:ALY), Global Lithium Resources (ASX:GL1) and Black Raven (unlisted) have discovered extensive outcropping pegmatites along the granite contact. This same granite intrusion extends north into the eastern flanks of the TLJV tenements. It appears that east-west cross-cutting structures control and potentially host the pegmatite intrusions along the granite contact. Beginning in October 2022, the reconnaissance program will test for any outcropping pegmatites along the entire east Pinjin tenement package. If successful, the next steps would be a soil sampling program followed by drilling to determine the extent and potential of the tenements to host any lithium pegmatites.

Further updates will be provided as aspects of this review complete.

## **EXPLORATION**

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

The drilling program reported in the June 2022 quarterly report maintains this lease block in good standing in regard to the annual expenditure commitment for 2022.

No additional exploration activity has been undertaken during the September quarter.

Deeper RC and diamond drilling is contemplated next year to test these intersections at depth and along strike to the south.

### ***Pinjin Tenements: E31/781, E31/782, E31/783, E31/1050, and E31/1094***

*(Hawthorn Resources Limited 70%; Gel Resources 30%)*

The drilling program reported in the June 2022 quarterly report maintains this lease block in good standing in regard to the annual expenditure commitment for 2022.

No additional exploration activity has been undertaken during the September quarter.

## **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 September 2022 was 333,515,613 fully paid ordinary shares (30 June 2022: 333,515,613 shares) as held in 1,658 shareholder accounts (31 March 2022: 1,675).

At 30 September 2022 the Top 20 Shareholdings held 242,110,521 shares (30 June 2022: 241,848,139 shares) being 72.6 per cent of the number of shares on issue (30 June 2022: 72.5 per cent).

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

At 30 September 2022 the Company held funds-on-hand of A\$13.18 million (30 June 2022: A\$13.78 million). For full details of Cashflow movements refer to the Appendix 5B Report accompanying this Quarterly Activities Report.

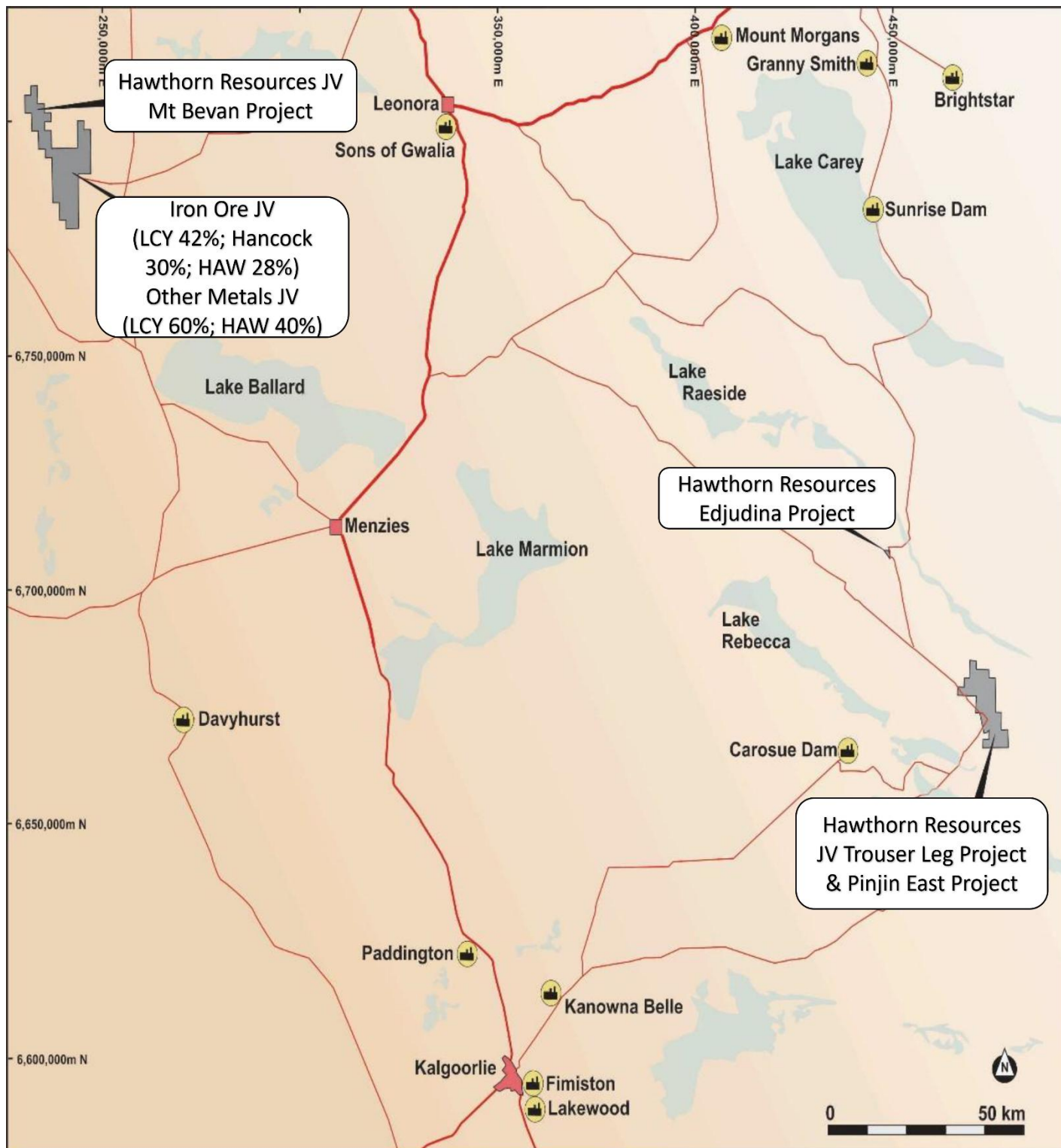
The above reported funds on hand at quarter end relate to the movement in cash during the quarter under review and are not to be confused with the accrual accounting system applicable in the preparation and audit of financial statements.

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**

## Hawthorn Resources Limited – Project location map – Western Australia



## 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 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	(451)	(451)
	(b) development & maintenance	(62)	(62)
	(c) production *	-	-
	(d) staff costs	(51)	(51)
	(e) administration and corporate costs	(290)	(290)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	45	45
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)	210	210
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(599)</b>	<b>(599)</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 (3 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	13,775	13,775
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(599)	(599)
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 (3 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>13,176</b>	<b>13,176</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	3,762	4,392
5.2	Call deposits	8,163	8,133
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,251	1,250
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>13,176</b>	<b>13,775</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>
100
-

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 \$51,077 (Previous Quarter \$96,038)  
 Fully Serviced Office facility rental \$46,750 (Previous Quarter \$46,750)  
 Company requested Consulting Fees \$2,475 (Previous Quarter \$134,861)

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

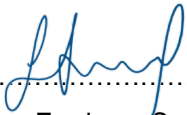
7. <b>Financing facilities</b>		<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance 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)	(599)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(599)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	13,176
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	13,176
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	21
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: 28/10/2022.

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>
E31/789	Surrendered	80%	0%

**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>Edjudina - Pinjin Joint Venture</b>	<b>West Australia</b>			
E 31/789		80%	0%	Karora Resources Pty Ltd
<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			