ASX Release
30 October 2020

ASX Code: **HAW**

ABN 44 009 157 439

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Directors

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(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)

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HAWTHORN RESOURCES LIMITED
Quarterly Report – SEPTEMBER 2020

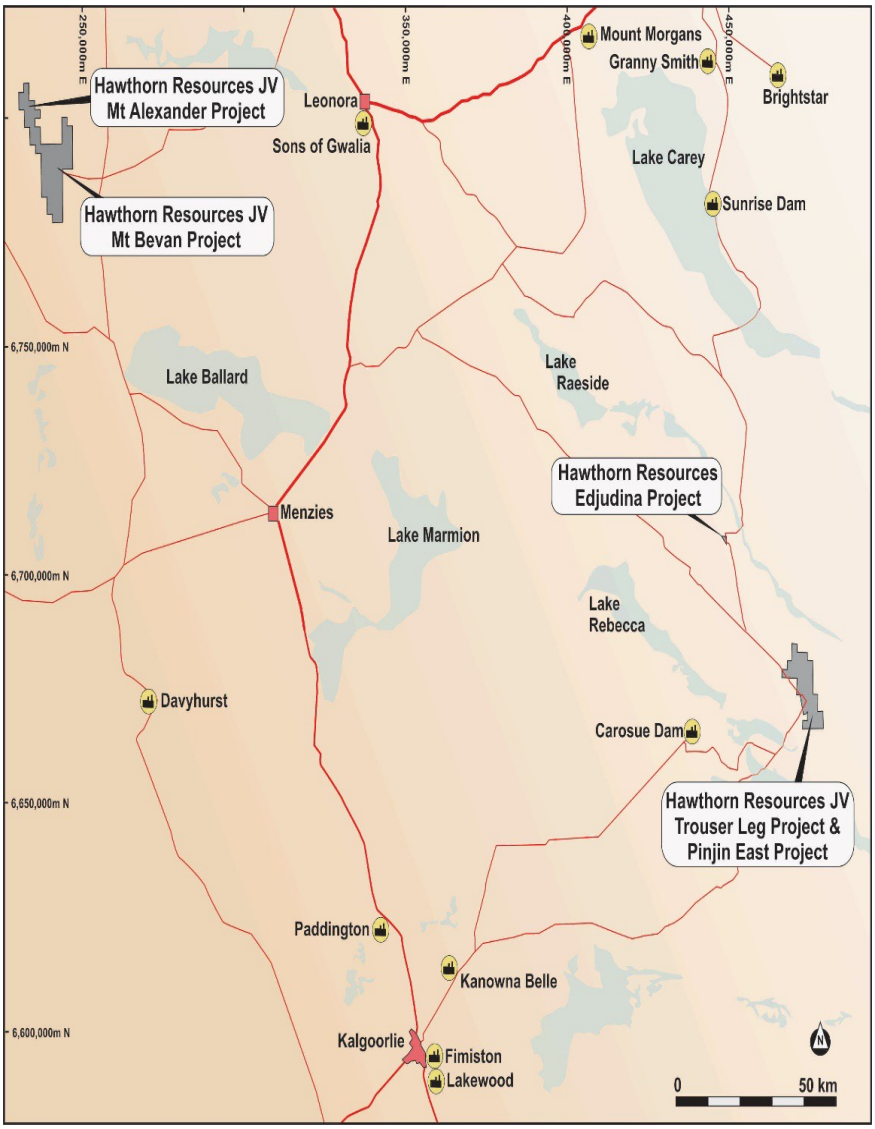


Figure 1: Project location map, Western Australian goldfields.

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DEVELOPMENT

Trouser Legs Joint Venture - Underground

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

During the quarter the Joint Venture continued with exploration drilling and evaluation of the underground gold mine project situated beneath and to the immediate south of the recently (December 2019) completed Anglo Saxon open-cut gold mine.

The field work undertaken in the quarter included the Stage 3 in-fill drilling programme and the evaluation of the results thereof.

As Manager, the Company released on 30 October 2020 a report to the ASX incorporating the results of the Stage 3/ 4 and Stage 3 in-fill drilling and an MRE update (1) which can be viewed on the Company's website, as noted above, or the Company's ASX webpage (ASX Code: "HAW").

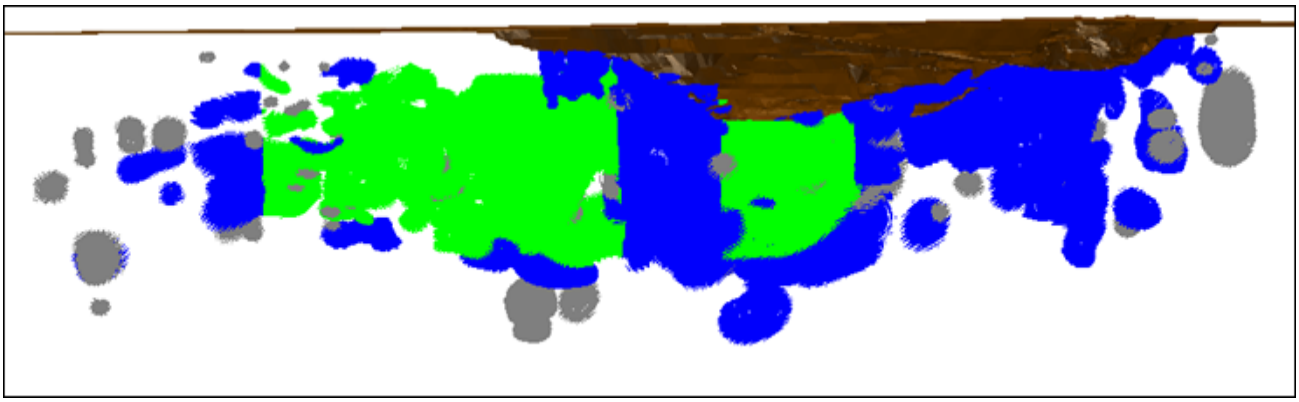


FIGURE 1. OBLIQUE VIEW (LOOKING WEST) DISPLAYING THE BLOCKMODEL CLASSIFICATION INDICATED (GREEN), INFERRED (BLUE) AND UNCLASSIFIED (GREY) BLOCKS.

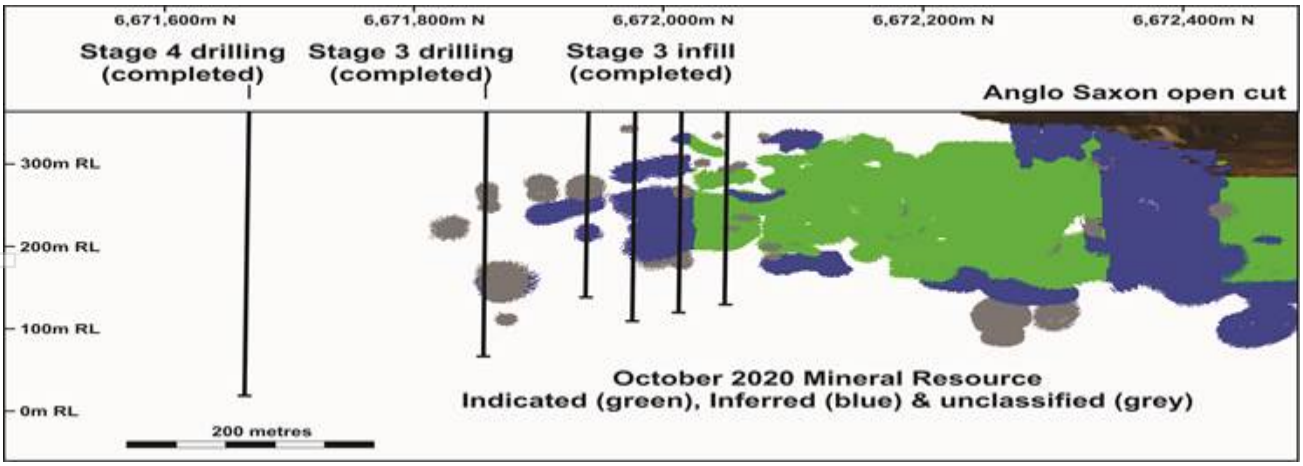


FIGURE 3 OBLIQUE VIEW (LOOKING WEST) DISPLAYING THE BLOCKMODEL CLASSIFICATION INDICATED (GREEN), INFERRED (BLUE) AND UNCLASSIFIED (GREY) BLOCKS SHOWING THE POSITIONING OF THE STAGE 3 / 4 AND STAGE 3 IN-FILLING DRILLING

[1] Refer to ASX announcement Trouser Legs Gold Project Underground Update, released October 29 2020

EXPLORATION

Trouser Legs – Joint Venture – Gold

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

Further 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.

Near Mine Exploration: Pinjin- East

Pinjin-East E 31/782 –Gold - Crossbow prospect.

(Hawthorn Resources Limited: 100%)

A total of six shallow Reverse Circulation drill holes were completed at this prospect testing a strong soil and near surface geochemical target which sits along the Pinjin Shear. No economical assays were recorded and it appears the weak gold mineralisation previously noted is lateral spread of secondary gold associated with deep weathering along the Pinjin shear zone. There is no basis for additional deeper drilling next year, however the proximity to the small Coles open pit requires we maintain this lease.

Pinjin-East E 31/783 –Gold

(Hawthorn Resources Limited: 100%)

This is a small area just east of the Anglo Saxon ROM pad-a cleared area used to stockpile ore from the open pit mining prior to haulage for toll processing. Whilst the targets selected were very weak near surface gold values this was regarded as sterilisation drilling pending a possible expansion of the ROM pad. No anomalous gold values were recorded.

Pinjin-East E 31/1094 –Gold - Tomahawk prospect

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

Is located south of the open pit on lease E31/1094 comprises a single angle Reverse Circulation drill hole testing below an historic drill hole that showed wide intervals of low grade gold mineralisation within the host felsic volcanic schists. Similar broad intervals grading 0.2-0.3 g/t gold were noted. There were no quartz veins or better mineralised intervals noted. It is planned to use geophysical surveys next year to target deeper and stronger mineralised zones.

Other

Edjudina M31 /481 -Gold Project Update

(Hawthorn Resources Limited: 100%)

Arising from shareholder and broker enquiries about the possible impact upon the prospectivity of tenement M31/481 following the recent announcement of drilling successes by Gibb River Diamonds Limited (ASX Code: "GIB") in tenement areas adjacent to M31/481 the Company's Board of Directors is pleased to provide the following resource review which is largely based on records from the Western Australian geological survey data base **which includes as previously announced all drilling by the Company since 2010** (i), both Rotary Air Blast and Reverse Circulation drilling. Much of the drill sections are spaced at 40 meters or more on strike, consequently the resource is subject to uncertainty and is classified as Inferred. Note the underground assay data is derived from records of mining of the Geneve and Senate shafts within tenement M31/481

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A summary of the resource tonnes and grade, as prepared for the Company by BM Geological Services Pty Ltd ("BMGS"), is presented in Table 1.

Cut-Off	Tonnes	Au g/t	Ounces
>1g/t	97,960	3.13	9,842
>3g/t	31,208	5.74	5,754

Table 1 Edjudina Resource Estimate

The values reported are based on top-cut composite values, reported above a cut-off of 1 g/t gold and have been depleted for previous mining. This entire resource should be considered as inferred due to sparse drill spacing and lack of known quality control.

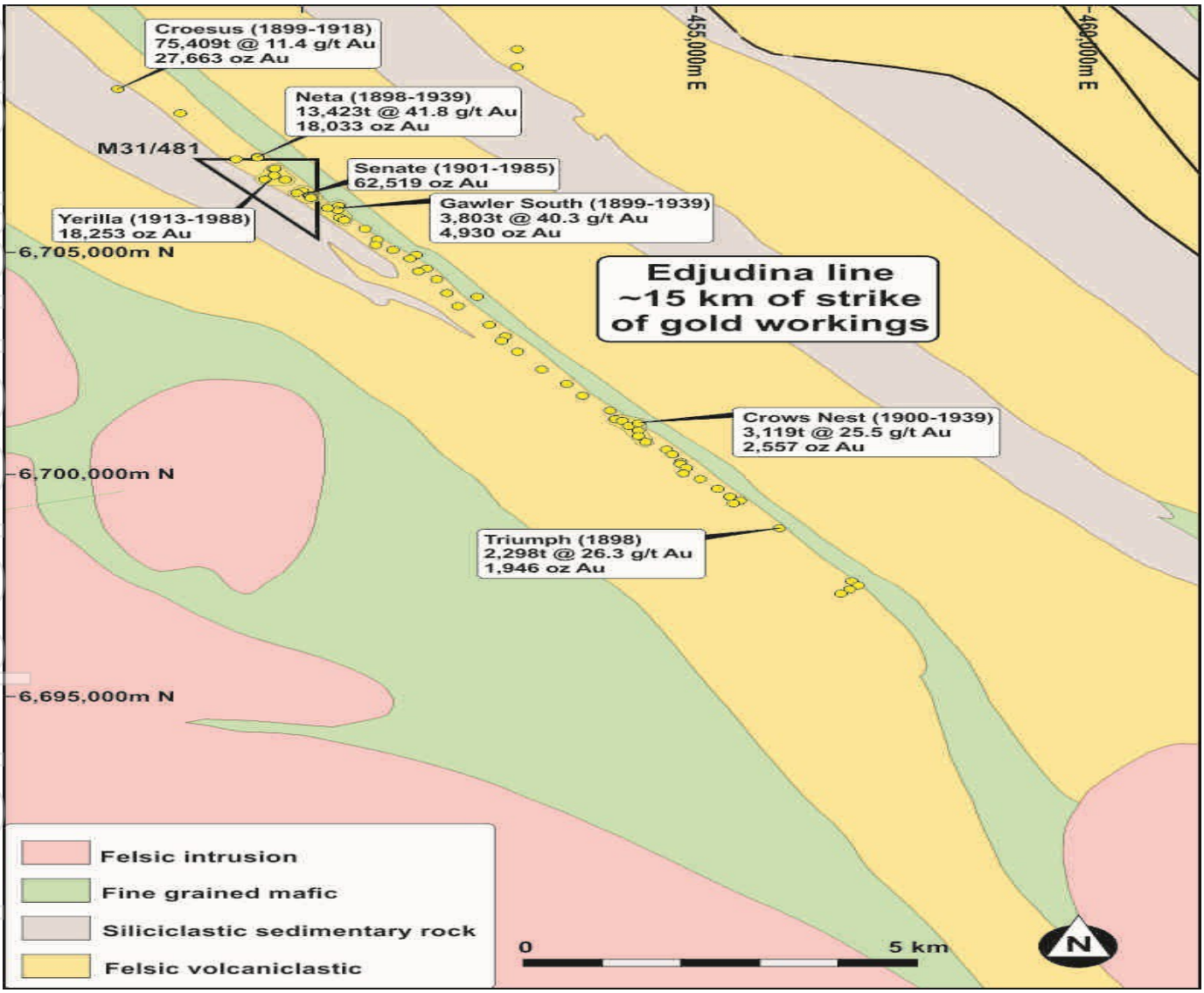


Figure 4: Edjudina Gold Project – M31/481- Project Area Location Map

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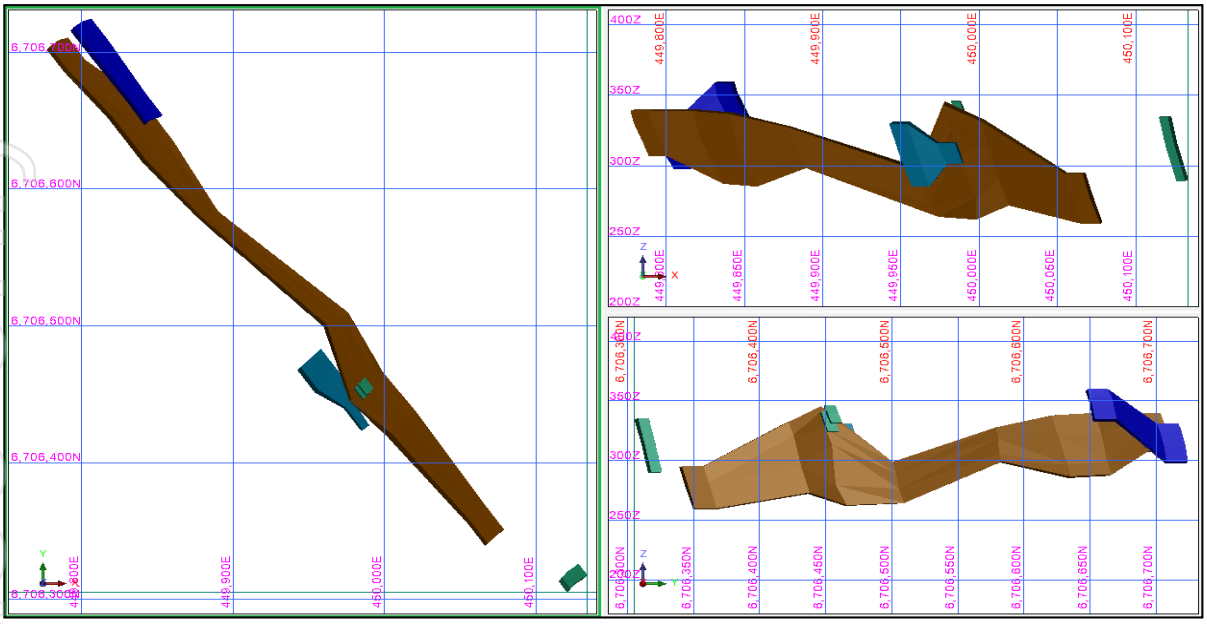


FIGURE 5: M31/481- PLAN, SECTION AND LONG SECTION VIEWS OF THE MINERALISATION INTERPRETATION.

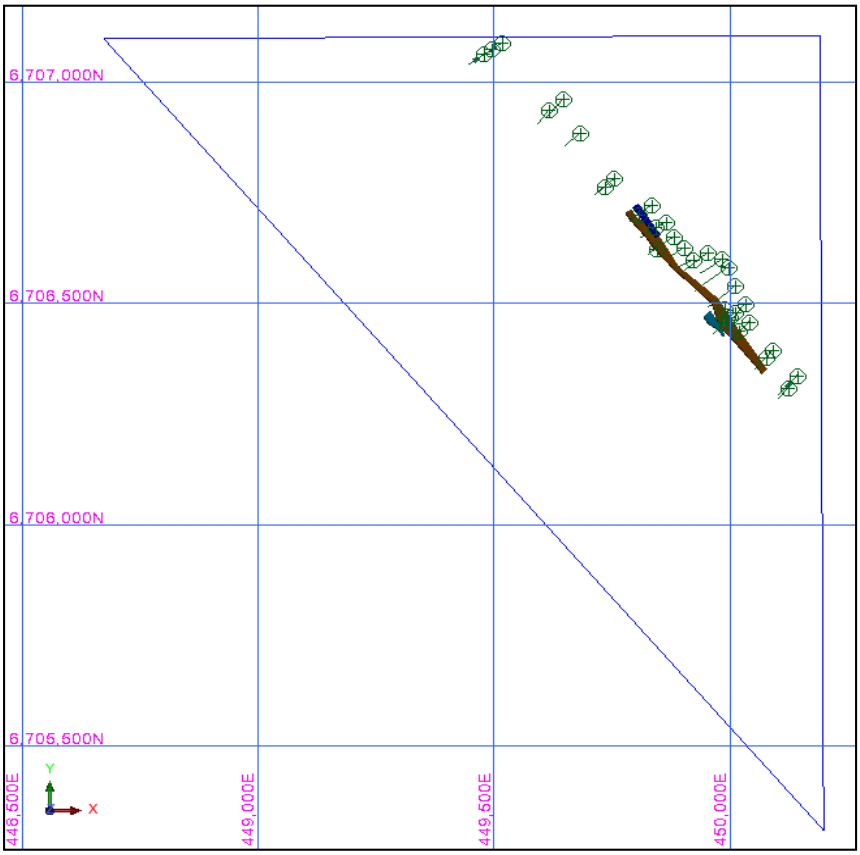


FIGURE 6: M31/481 -DRILLING AND INTERPRETATION WITH TENEMENT BOUNDARY.

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

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 September 2020 was 333,515,613 fully paid ordinary shares (June 2020: 326,615,613 shares).

As at 30 September 2020 the Top 20 Shareholdings held 250,269,029 shares (June 2020: 250,190,597 shares) being 75.04 per cent of the number of shares on issue (March 2020: 75.02 per cent) and as held in 3,724 shareholder accounts (June 2020: 3,735).

Funding/Cash Balance/Working Capital

As of 30 September 2020 the Company held funds-on-hand of A$27.98 million (June 2020: A$29.98 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 September 2020 refer to the schedules attached to the Appendix 5B Report accompanying this Quarterly Activities Report.

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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 June 2020.

Since then and following the receipt of the draft ruling announcements to the market by the Company on 23 and 25 September 2020 have advised that the proposed return of funds **subject to the approval of shareholders in meeting** will consist in aggregate of a Return of Capital (approx. $8.23 million) and a Special Dividend (approx. $5.27 million) which represents on a per share basis:

- Return of Capital: $0.0246908737
- Special Dividend: $0.0157869914

According, the resolution seeking the approval of shareholders for the Return of Capital has been included in the Notice of Meeting for the Company's 2020 Annual General Meeting being held on Friday 30 October 2020 and will be put as an item of Special Business requiring a simple majority of members present and voting at the Meeting electronically or by Proxy for it to be passed.

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 or oil and gas exploration entity quarterly cash flow report

Name of entity	
HAWTHORN RESOURCES LIMITED	
ABN	**Quarter ended ("current quarter")**
44 009 157 439	30 September 2020

	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)	(689)	(689)
	(b) development & maintenance	(55)	(55)
	(c) production *	-	(24,493)
	(d) staff costs	(55)	(55)
	(e) administration and corporate costs	(255)	(255)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	94	94
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)	138	138
	Other- JV Partner contributions/(payments)	(178)	(178)
1.9	**Net cash from / (used in) operating activities**	**(1,000)**	**(1,000)**

* includes full repayment of mill processing concession

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-

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	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal 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 (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

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	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	28,987	28,987
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,000)	(1,000)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**27,987**	**27,987**

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	5,991	7,079
5.2	Call deposits	20,354	20,271
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	1,642	1,637
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**27,987**	**28,987**

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	102
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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 $43,866 (Previous Quarter $141,466)
Fully Serviced Office facility rental $52,250 (Previous Quarter $52,250)
Company requested Consulting Fees $5,775 (Previous Quarter $4,950)

7.	Financing facilities *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.*	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)	1,000
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	1,000
8.4	Cash and cash equivalents at quarter end (Item 4.6)	27,987
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	27,987
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	27

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

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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: 30/10/2020.

Name: Mourice Garbutt – 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.

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

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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

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%	
Triumph	**West Australia**			
M 31/481		100%	100%	
Mt Bevan Iron Ore Joint Venture	**West Australia**			
E 29/510 –I		40%	40%	Legacy Iron Ore Limited
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
P 31/2034		70%	70%	GEL Resources
Edjudina - Pinjin Joint Venture	**West Australia**			
E 31/789		80%	80%	Westgold Resources Ltd
Teutonic Bore Royalty *	**West Australia**			
E 37/902		0%	0%	Jabiru Metals
P 37/7351		0%	0%	Jabiru Metals
	* Royalty up to a maximum of $1m subject to conditions			

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