

**ASX Release**

30 April 2021

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. 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)

**QUARTERLY ACTIVITIES REPORT – MARCH 2021**



**HAWTHORN RESOURCES LIMITED**  
**Quarterly Report – MARCH 2021**

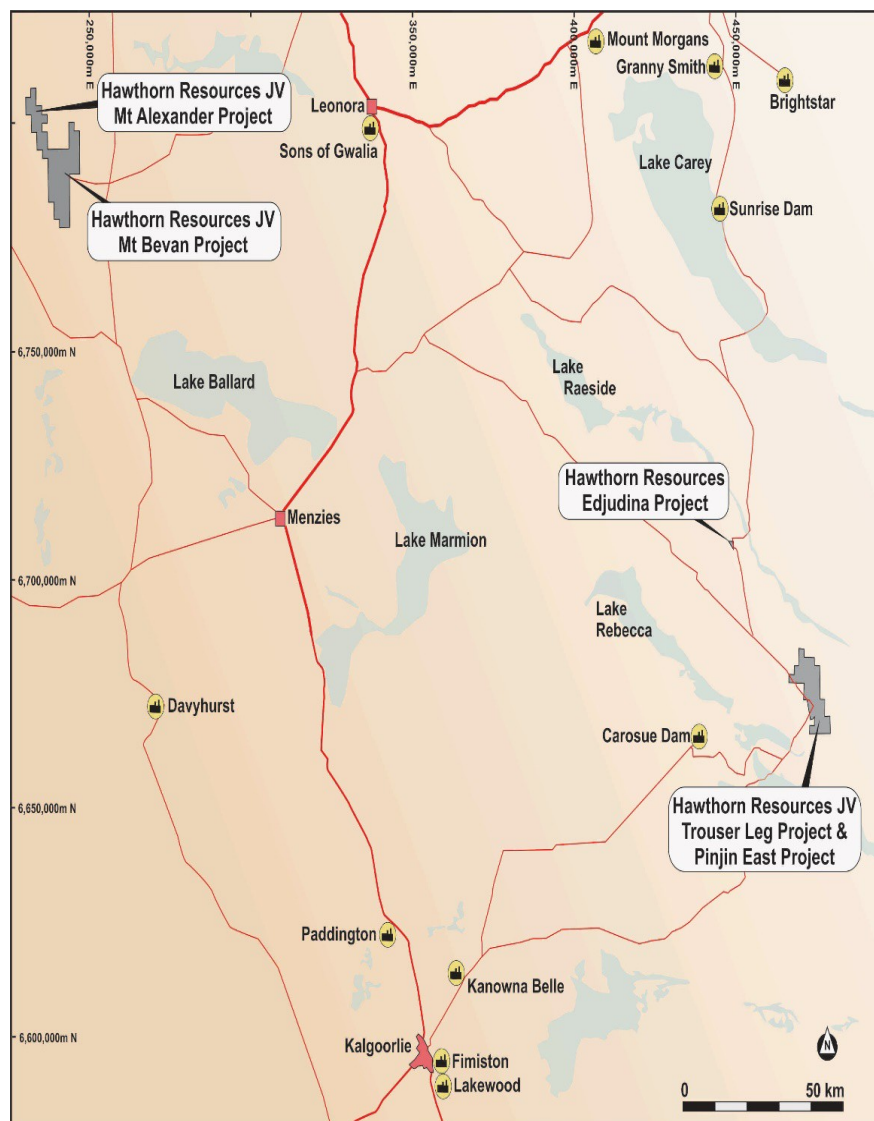


Figure 1 – Project location map – Western Australia Goldfields

## DEVELOPMENT

### Trouser Legs Joint Venture – Underground Project - Gold

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

Hawthorn Resources Limited ASX: HAW (“Hawthorn” or the “Company”), in its capacity as a participant and as Project Manager, is pleased to update shareholders and the market with works undertaken during the December 2020 quarter (“the quarter”) at the Trouser Legs Joint Venture underground gold project (“the Project”) at Pinjin in Western Australia.

The Project area as indicated on the Project location map (Figure 1) is 140 km north-east of Kalgoorlie in Western Australia and incorporates tenements:

G 31/4; L 31/32; L 31/65; L 31/66; L 31/68; M31/78; M 31/79; M 31/88; M 31/113; M 31/284

During the March 2021 quarter the Joint Venture undertook:

1. Continuing negotiations with potential toll treatment providers continue for the processing of the underground Project and stockpiled ore at the TLMJV;
2. Discussions with mining contractors with mining methods and inputs to the mine plan further enhanced; and
3. Follow up resource extension drilling has been planned following a thorough structural review of the TLMJV Resource.

## EXPLORATION

### Trouser Legs – Joint Venture – Gold

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

Pending completion of the proposed underground development study referred to above, the further regional exploration within the Trouser Legs Joint Venture area has been deferred.

### Near Mine Exploration: Pinjin- East

**Pinjin-East E 31/782 –Gold - Crossbow prospect.** *(Hawthorn Resources Limited: 100%)*

As reported in the December 2020 Quarterly Activities Report there is no basis for additional deeper drilling next year, however the proximity to the small Coles open pit requires the Company to maintain this lease.

### Pinjin-East E 31/783 –Gold

*(Hawthorn Resources Limited: 100%)*

As reported previously this is a small area just east of the Anglo-Saxon ROM pad - a cleared area that was 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 and no anomalous gold values were recorded this was regarded as sterilisation drilling pending a possible expansion of the ROM pad.

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

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

As previously reported, it is planned to use geophysical surveys during 2021 to target deeper and stronger mineralised zones.

### **Other**

### **Edjudina M31 /481 -Gold Project Update**

*(Hawthorn Resources Limited: 100%)*

The Company has been experiencing difficulty in securing an Air Core drill rig to complete the next stage of shallow drilling along the Neta and Carlsen line of lodes. A POW for this program has been received from the W.A. DMIRS and it is hoped that this work can be completed over the coming quarters. It is likely this will lead to deeper drilling of selected higher grade gold targets by Reverse Circulation drilling.

### **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 north of Kalgoorlie and approximately 100 km west of Leonora in the Central Yilgarn region of Western Australia; it is located immediately south of St George Mining Limited's (ASX: SGQ) Mt Alexander Project.

The Joint Ventures objectives include an aim to progress a potentially world class magnetite project and is also exploring for nickel-copper mineralisation at an early stage.

The project is on a large tenement E29/510 which hosts 1,170 Mt of magnetite resource @ 34.9% Fe as well as potential for discovery of nickel–copper mineralisation in the northern most part of the tenement.

Although no major field activities were carried out on the project during the March 2021 quarter development for Mt Bevan included continued collaboration with Legacy (LCY) regarding the scope, timing, and funding of next phases in the project.

## **CORPORATE**

### **Board of Directors**

As announced to the ASX on 9 February 2021 Non-Executive Director Mr C D Corrigan resigned from the Board of Directors; as noted Mr Corrigan joined the Board of Directors in October 2017 and was a member of the Company's Audit Committee.

### **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 31 March 2020 was 333,515,613 fully paid ordinary shares (December 2020: 326,615,613 shares).

As at 31 March 2021 the Top 20 Shareholdings held 246,387,720 shares (December 2020: 247,212,120 shares) being 72.16 per cent of the number of shares on issue (December 2020: 74.12 per cent) and as held in 3,786 shareholder accounts (December 2020: 3,780).

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

As at 31 March 2021 the Company held funds-on-hand of A\$12.56 million (December 2020: A\$12.89 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 31 March 2021 refer to the schedules attached to the Appendix 5B Report accompanying this Quarterly Activities Report.

For further information, please contact Mourice Garbutt, Company Secretary, on (03) 9605 5902



**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 his 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.*

**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

44 009 157 439

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	(223)	(1,963)
	(b) development & maintenance	(11)	(135)
	(c) production *	-	-
	(d) staff costs	(54)	(197)
	(e) administration and corporate costs	(192)	(845)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	128
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)	140	263
	Other- JV Partner contributions/(payments)	-	(178)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(331)</b>	<b>(2,927)</b>
* includes full repayment of mill processing concession			
<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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	<b>Net cash from / (used in) investing activities</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	-	(5,265)
3.9	Other (Return of Capital)	-	(8,235)
3.10	<b>Net cash from / (used in) financing activities</b>	-	<b>(13,500)</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	12,891	28,987
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(331)	(2,927)
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)	-	(13,500)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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>12,560</b>	<b>12,560</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	842	1,081
5.2	Call deposits	10,171	10,165
5.3	Bank overdrafts	-	-
5.4	Other (Mine Rehabilitation Fund)	1,547	1,645
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,560</b>	<b>12,891</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	101
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 \$42,491 (Previous Quarter \$88,866)  
 Fully Serviced Office facility rental \$52,250 (Previous Quarter \$52,250)  
 Company requested Consulting Fees \$6,600 (Previous Quarter \$9,900)

7.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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)	(331)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(331)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	12,560
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	12,560
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	37
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: 30/04/2021.

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.

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

**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 31/781		100%	100%	
E 31/782		100%	100%	
E 31/783		100%	100%	
E 31/1050		100%	100%	
E 31/1176		100%	100%	
<b>Edjudina</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>			
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
<b>Edjudina - Pinjin Joint Venture</b>	<b>West Australia</b>			
E 31/789		80%	80%	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			