ASX Release
31 October 2017

ABN
44 009 157 439

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Directors

Mr. Mark Gregory Kerr
(Chairman / Managing Director)

Dr David Tyrwhitt
(Non Exec. Director)

Mr. Christopher Corrigan
(Non Exec. Director)

Mr. Li, Yijie
(Non Exec. Director)

Mr. Liao, Yongzhong
(Non Exec. Director)

Mr. Liu, Zhensheng
(Non Exec. Director)

Senior Management

Mr. William Lloyd
(Mine Manager)

Mr. Ian Moody
(Exploration Manager)

Mr. Mourice Garbutt
(Company Secretary)

Mr Tony Amato
(CFO)

ASX Symbol: HAW

○

Hawthorn Resources Limited
September 2017 Quarterly Report

EXPLORATION AND DEVELOPMENT

Eastern Goldfields, Western Australia

- ***Ore Purchase Agreement signed 25 October 2017 - Anglo Saxon Gold Project ore to be treated at Saracen Mineral Holdings Ltd – Carosue Dam Processing Facility.***
- ***Haul Road Construction – haul road connecting Anglo Saxon Gold Project to Carosue Dam Haul Road network in construction – to be complete November 2017.***
- ***Grade Control Drilling at Anglo Saxon Gold Project to commence shortly.***
- ***RAB Drilling of Phase 1 targets along strike of Box Well Gold Resource complete – results pending.***
- ***Hawthorn Resource Limited Gold Resource Inventory***
    - ***8,195,000 t @ 1.90 g/t Au for 500,200 ounces of Gold***
- ***Mt Bevan Iron Ore/Base Metals Project – Nickel & Copper Sulphide Soil Anomaly Identified in Auger Drilling.***

CORPORATE

- ***Directorate – Mr C D Corrigan appointed as Non-Executive Director as of 5 October 2017***
- ***Equity Funding – through an Accelerated Pro Rata Non-Renounceable Rights Issue during September 2017 new equity capital of $6,000,0078.76 raised at $0.04 a share.***

Gold Exploration – Western Australia incorporating:

Yundamindera Project	*Hawthorn Resources 100% and Edjudina-Pinjin JV Tenements (Hawthorn Resources 80%, Westgold Resources 20%);*
Deep South Project	*Hawthorn Resources 80%, Westgold Resources 20%;*
Trouser Legs Project	*Hawthorn Resources 70%, Gel Resources 30%;*

Hawthorn Resourcesô Western Australian gold exploration programs are primarily focussed in four major project areas where Hawthorn Resources holds in its own right or has earned equity from joint venture partners in 48 granted exploration, mining, prospecting licences and applications. The Company believes that the major project areas, in close proximity to milling and transport infrastructure and potential mill sites, hold both exploration upside and near term potential for development.

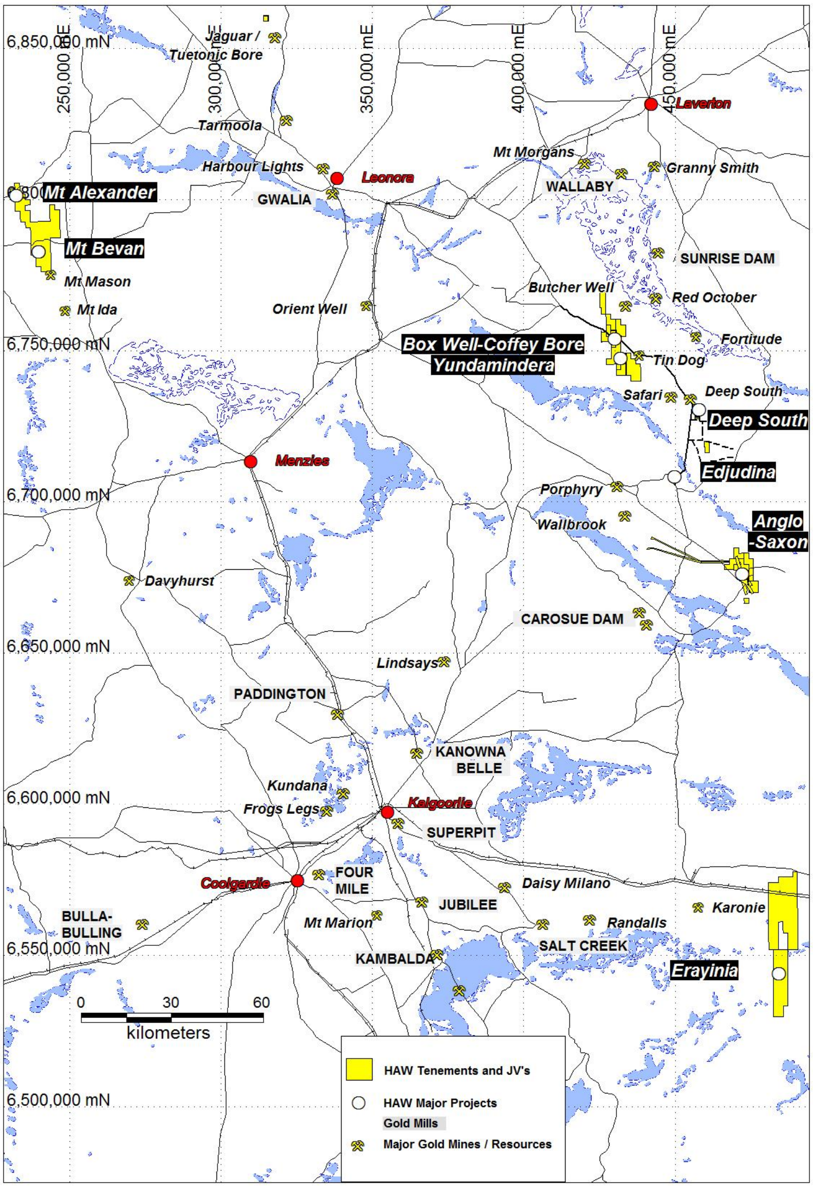

Figure 1. Eastern Goldfields, Western Australia – Project Locations

The major project areas are situated in a distinct and highly prospective geological and mineralogical domain, extending from Lake Carey to the historic Pinjin Mining Centre ï a strike length of approximately 125 kilometres.

To date in 2017, Hawthorn Resources Limited has announced an updated Resource estimate and Initial Ore Reserve statement at the ***Anglo Saxon Gold Project*** with mining scheduled to commence in the upcoming quarter. Construction of haul roads and minesite infrastructure is continuing and nearing completion.

Maiden Resource estimates at the highly prospective ***Box Well*** and ***Deep South*** prospects are being followed up with strike extensions drilling commenced designed to expand the resources.

The Resource base of Hawthorn Resources gold projects is over ***500,000 ounces of gold*** (Hawthorn Resourcesô***396,000 ounces of gold*** attributable).

Trouser Legs – Anglo Saxon Project

(*Hawthorn Resources70%, Gel Resources 30%*).

The Trouser Legs Project area is located 140 km north east of Kalgoorlie and is centred on the historic Anglo Saxon Mine area. The Trouser Legs - Anglo Saxon Gold Project (ñASGPò) area is situated 35 kilometres to the east of the Carosue Dam Mill of Saracen Mineral Holdings Limited.

The project has an Ore Reserve estimate of:

Table 1. Anglo Saxon Gold Project Ore Reserve

Classification	Tonnage (t)	Au (g/t)	Ounces
Proven Ore Reserve	-	-	-
Probable Ore Reserve	*730,000*	*2.66*	*62,000*
Total Ore Reserve	***730,000***	***2.66***	***62,000***

Since the end of the September Quarter reporting period an Ore Purchase Agreement has now been signed with Saracen Gold Mines Pty Ltd to treat up to 750,000 tonnes of ore from the project area at the Saracen Carosue Dam 2.4 Million Tonne per Annum Production facility 40 kilometres south west of the Anglo Saxon minesite.

Metallurgical testwork on gold recovery of Anglo Saxon gold ores using parameters and reagents designed to mirror those operating at Carosue Dam Mill has been successfully completed with excellent recovery rates reported.

Tenders for Mining and Haulage operations have been received with the successful contractors to be announced shortly for imminent commencement of operations. Grade control drilling of the deposit similarly will commence shortly. Initial ore production remains scheduled for the upcoming quarter.

Construction of minesite infrastructure and associated haul roads has commenced and will be completed in the upcoming quarter.

Figure 2 & 3. Anglo Saxon Haul Road construction – September - October2017

Preliminary underground mining studies have continued during the quarter with geology and economic models examined ï an announcement of the preferred development option regarding potential underground mining methods is expected in 2018.

In addition, to secure safe and timely project commencement, the Trouser Legs Joint Venture has been granted an interim injunction against persons interfering with works on the Anglo Saxon Mine tenements. The matter has been adjourned to a later date.

Yundamindera Project

(Hawthorn 100% and Hawthorn Resources 80%, Westgold Resources 20%).

In the ***Yundamindera Project*** area, located approximately 175 kilometres to the north east of Kalgoorlie, Western Australia, Hawthorn is exploring a contiguous tenement package covering over 145 km².

Exploration in the ***Yundamindera Project*** area has been focused towards the discovery of shear, BIF and porphyry associated gold mineralisation ï the host of major gold resources in the North East Goldfields of Western Australia at the ***Sunrise Dam (>10 Moz Au), Wallaby (>7 Moz Au)***, ***Jupiter – Mt Morgan (2.8 Moz Au)*** and ***Butcher Well (0.3 Moz)*** mining centres.

Significant gold mineralisation has been discovered within the project area both in outcrop and more importantly, beneath extensive and pervasive, transported cover sequences.

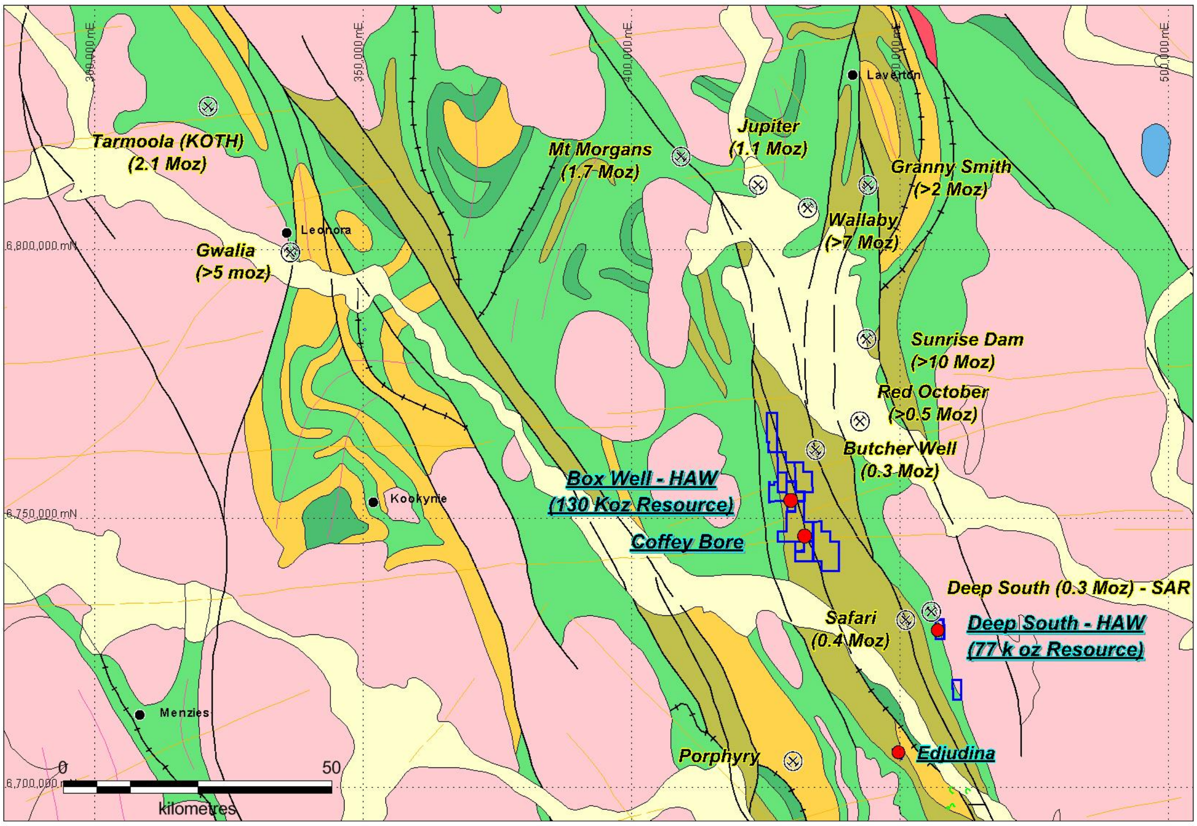

Figure 4. Box Well and Coffey Bore Prospects – Geology of North East Goldfields of Western Australia

At the ***Box Well Prospect*** a strongly gold mineralised, silicified shear zone has been discovered within a broader, gold mineralised, altered stockwork quartz veined package of felsic volcanics and volcaniclastic sediments. Similar lithologies and alteration are also observed at the gold mineralised ***Coffey Bore Prospect*** ï 7.0 kilometres along strike to the south-east of ***Box Well***.

An initial Indicated and Inferred Mineral Resource Estimate for the ***Box Well*** prospect of ***130,000 ounces of gold*** has been announced.

This resource remains open to the North and at depth, commences at or very near surface and demonstrates significant, coherent lode widths that should be amenable to open-cut mining. Significant potential exists to expand this resource along strike and at depth.

During the quarter Heritage, Flora and Fauna surveys were completed in the ***Box Well*** to ***Coffey Bore*** area in preparation for the lodgement of a Mining Proposal to the Western Australian Department of Mines, Industry Regulation and Safety in early 2018.

A 167 hole / 6297 metre RAB drilling program, designed to initially test targets between ***Box Well*** and ***Coffey Bore,*** was completed following the end of the quarter. Result from this program are pending.

Deep South Project

(Hawthorn Resources 80%, Westgold Resources 20%).

The **Deep South Project** is approximately 180 kilometres north east of Kalgoorlie with the project area situated along strike of known economic gold mineralisation hosted in the **Deep South-Mexico** gold orebodies owned by Saracen Mineral Holdings Limited ("Saracen"). Saracen continues commercial production from the underground mine on a Probable Reserve base of 125,000 ounces of gold in a Mining Inventory of 174,000 ounces of gold.

Hawthorn has identified a gold mineralised horizon analogous to the adjacent ***Deep South*** gold orebodies within its tenement package.

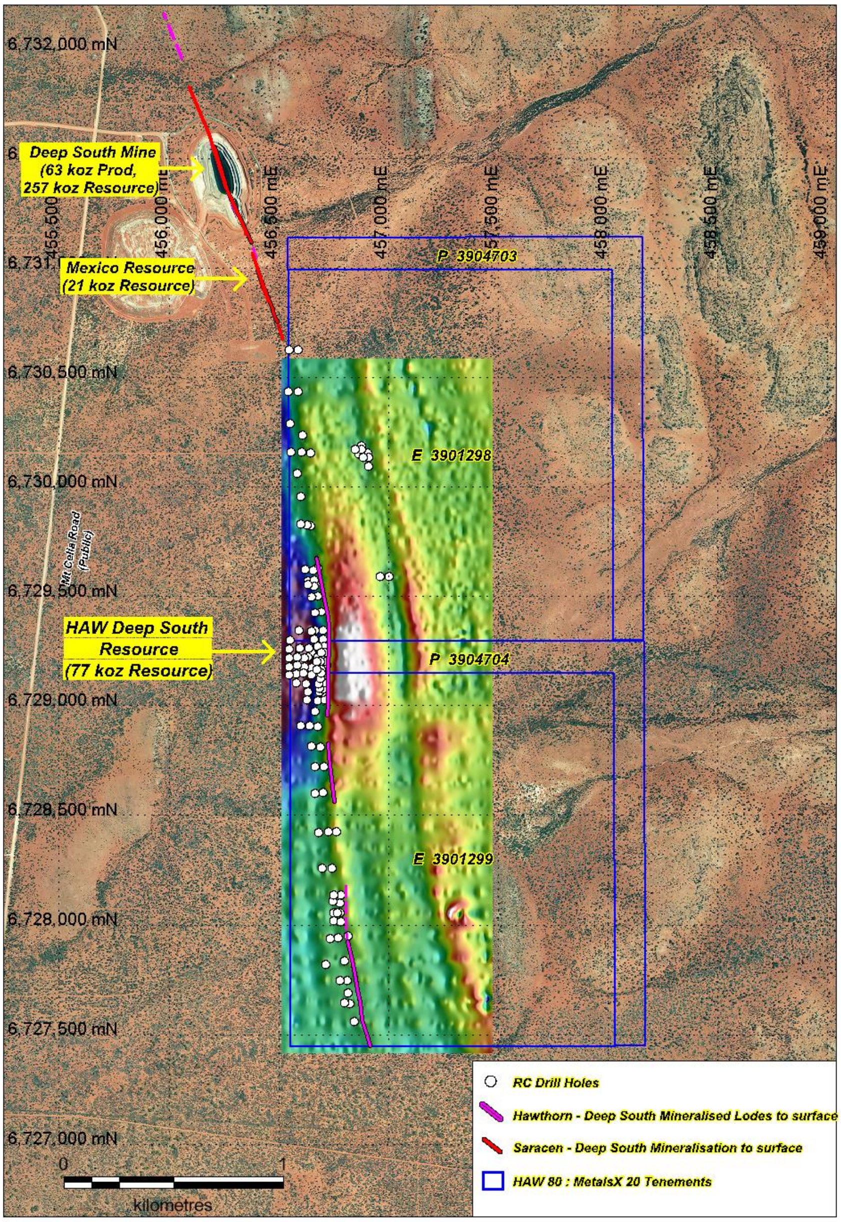

Figure 5. Deep South Resource Plan view on 1VD of EM image

During the previous quarter an initial Indicated and Inferred Mineral Resource Estimate for the ***Deep South*** prospect of ***76,800 ounces of gold*** was announced.

During the quarter Heritage, Flora and Fauna surveys were completed in the ***Deep South resource*** area in preparation for the lodgement of a Mining Proposal to the Western Australian Department of Mines, Industry Regulation and Safety in early 2018.

Joint Ventures – Western Australia

Mount Bevan Iron Ore / Base Metals Project

(Hawthorn 40%, Legacy 60%)

The **Mount Bevan Project,** comprising Exploration Licence 29/510, is located approximately 100 km west of Leonora in the central Yilgarn region of Western Australia.

Iron Ore

Several substantial BIF horizons have been identified within the tenement, the westernmost of these horizons hosts the ***Mt Bevan Indicated Magnetite Resource*** of ***322Mt @ 34.7% Fe*** within a larger ***Inferred Magnetite Resource*** of ***1,117 Mt @ 34.9% Fe***. In addition the northern extension of the Jupiter Mines Limited (“Jupiter”) ***Mt Mason Resource DSO Haematite Resource (9.4Mt @ 57.6% Fe)*** extends into the Joint Venture tenement.

Base Metals

During the quarter results of an Auger drilling program carried out over EM (“Electro-Magnetic”) anomalies on the Joint Venture tenement were received. The EM anomalies targeted appear similar to those identified by St George Mining Limited (ASX: SGQ) in the “Mt Alexander and Cathedrals Belts” that adjoins the Joint Venture tenement

Coherent, low-level combined Ni-Cu-Co±Zn±Pb±Ag soil geochemical anomalies identified require Reverse Circulation [RC] drill testing in the upcoming quarter.

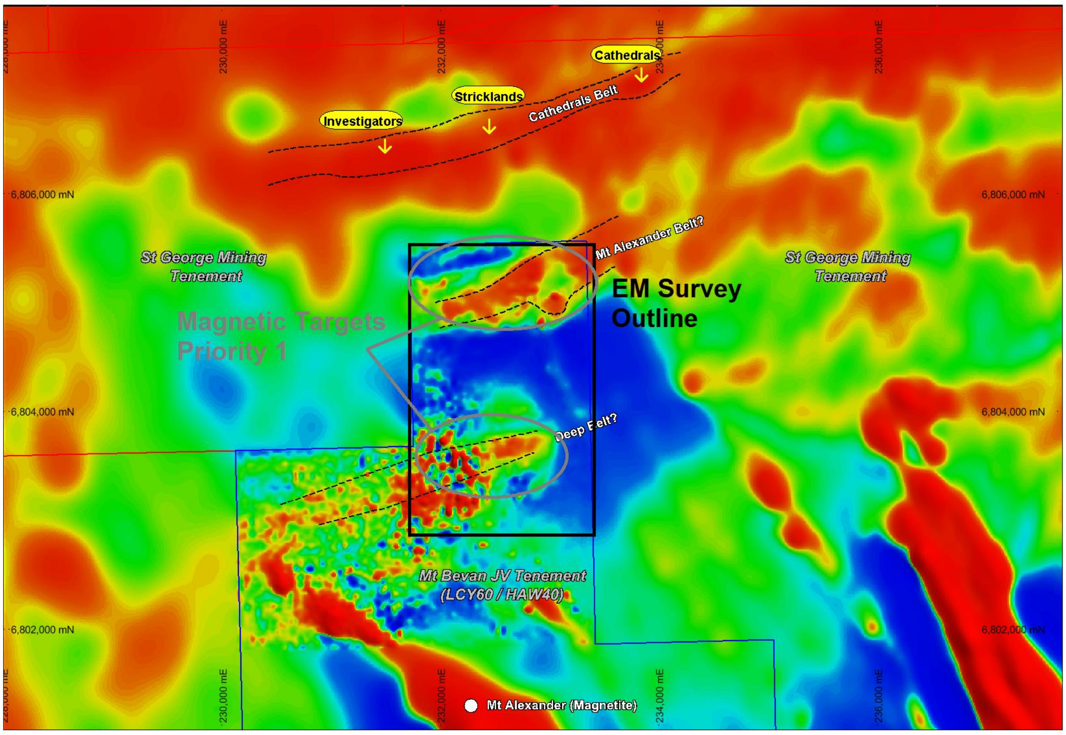

Figure 5. Mt Bevan JV – North End of JV Tenement – Detailed Ground Magnetics merged with Regional TMI Data. St George Mining Limited "Cathedrals Belt Prospects" and Hawthorn / Legacy Target Areas

CORPORATE

Board of Directors

Membership ï whilst there were no changes during the September 2017 Quarter the Board of Directors, in October 2017, announced the appointment of Mr Christopher D Corrigan as Non-Executive Director thereby increasing the number of Board members to six comprising an Executive Director and five Non-Executive Directors.

Issued Securities – ASX Limited securities code: "HAW"

During the quarter ended 30 September 2017 the Company announced an Accelerated Pro Rata Non-Renounceable Rights Issue (ñNRRIò) seeking to raise approximately $6,000,000 through the issue of 150,000,000 new fully paid shares at an issue price of $0.04 a share on the basis of one new share for each 1.141757626 shares held at the Record Date of 28 August 2017. The underwritten NRRI consisted of an Institutional Entitlement Offer and a Retail Entitlement Offer.

The Institutional and Retail Entitlement Offers were completed in September 2017 through the issue of 150,001,969 new shares, raising $6,000,078.76 and increasing the number of fully paid shares on issue and quoted on the official lists of the ASX as at 30 September 2017 to 321,625,613 shares. The Companyõs major shareholder, Feng Hua Mining Investment Holding (HK) Limited, fully supported the NRRI and maintains its 37.60 percentage interest.

Funding/Cash Balance

As at 30 September 2017 the Company held ñclearò funds-on-hand of A$6.22 million (June 2017: A$1.29 million) representing a cash backing of A$0.02 a share (June 2017: A$0.007) following the raising of $6,000,078.76 in new equity in September 2017 through the Institutional and Retail components of the NRRI. The Company has no debt.

Mining Tenements

During the quarter ended 30 September 2017 the total number of the Companyõs Mining Tenement interests decreased by a net five tenements as described in Notes (i); (ii); and (iii) below:

Balance of Tenement interests held 30 June 2017	48
Add	
Tenement interests acquired, increased or applications (i) + (ii)	1
Sub-Total	49
Less	
Tenements interests relinquished, reduced, amalgamated or lapsed (iii)	6
Balance of Tenement interests held 30 September 2017	43

Notes:

(i) During the September 2017 Quarter Applications made in previous quarterly periods for tenements M39/1109; M39/1110 and M39/1112 together with P39/5817; P39/5821 and P39/5822 were granted;

(ii) In the September Quarter the Company made an Application for P39/5846; and

(iii) In the September Quarter tenements E39/1298; E39/1299; P39/4697; P39/4703; P39/4704 and P39/4714 all expired.

For full details of the movements in Mining Tenement interests during the period and held as at 30 September 2017 refer to the schedules attached to the Appendix 5B Report accompanying this Activities Report.

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Mourice R Garbutt
Company Secretary

+Rule 5.5

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	**Quarter ended ("current quarter")**
44 009 157 439	30 September 2017

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	(239)	(239)
	(b) development	(313)	(313)
	(c) production	-	-
	(d) staff costs	(69)	(69)
	(e) administration and corporate costs	(193)	(193)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other GST Refundable)	-	-
1.9	**Net cash from / (used in) operating activities**	**(806)**	**(806)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	6,000	6,000
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	(274)	(274)
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**	**5,726**	**5,726**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,298	1,298
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(806)	(806)
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)	5,726	5,726
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**6,218**	**6,218**

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	6,168	490
5.2	Call deposits	50	808
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**6,218**	**1,298**

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	111
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 $58,750 (Previous Quarter $96,250)
Fully Serviced Office facility rental $52,250 (Previous Quarter $38,500)
Company requested Consulting Fees $Nil (Previous Quarter $4,950)

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

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**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.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	280
9.2	Development	2,100
9.3	Production	750
9.4	Staff costs	70
9.5	Administration and corporate costs	180
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**3,380**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**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: .... Date: 31/10/17.
(Company secretary)

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.

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
E39/1298	Expired	80%	0%
E39/1299	Expired	80%	0%
P39/4697	Expired	100%	0%
P39/4703	Expired	80%	0%
P39/4704	Expired	80%	0%
P39/4714	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
M39/1109	Granted	0%	80%
M39/1110	Granted	0%	80%
M39/1112	Granted	0%	100%
P39/5817	Granted	0%	100%
P39/5821	Granted	0%	100%
P39/5822	Granted	0%	100%
P39/5846	Application	0%	0%

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 31/760		100%	100%	
E 31/781		100%	100%	
E 31/782		100%	100%	
E 31/783		100%	100%	
E 31/882		100%	100%	
E 31/1049		100%	100%	
E 31/1050		100%	100%	
Triumph	**West Australia**			
M 31/481		100%	100%	
Yundamindera	**West Australia**			
E 39/1292		100%	100%	
E 39/1297		100%	100%	
E 39/1351		100%	100%	
E 39/1673		100%	100%	
E 39/1674		100%	100%	
E 39/1791		100%	100%	
E 39/1804		100%	100%	
E 39/1810		100%	100%	
E 39/1881		100%	100%	
P 39/4713		100%	100%	
P 39/5817		0%	100%	
P 39/5821		0%	100%	
P 39/5822		0%	100%	
P 39/5846 (A)		0%	0%	
M 39/1112		0%	100%	
Mt Bevan Iron Ore Joint Venture	**West Australia**			
E 29/510 -I		40%	40%	Legacy Iron Ore Limited
Deep South Edjudina - Pinjin Joint Venture	**West Australia**			
E 39/1301		80%	80%	Westgold Resources Ltd
M 39/1109		0%	80%	Westgold Resources Ltd
M 39/1110		0%	80%	Westgold Resources Ltd
Pinjin – Trouser Legs Joint Venture	**West Australia**			
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
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%	Westgold Resources Ltd

Yundamindera Edjudina - Pinjin Joint Venture	**West Australia**			
E 39/1294		80%	80%	Westgold Resources Ltd
E 39/1295		80%	80%	Westgold Resources Ltd
Yindana - Erayinia Joint Venture	**West Australia**			
E 28/1228		30%	30%	Black Raven Mining
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			