

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Hawthorn Resources Limited (**Company**)

ABN

44 009 157 439

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	⁺ Class of ⁺ securities issued or to be issued	1 New -Ordinary Fully Paid Shares 2 Cancelled Non-Quoted Vested Performance Rights as Exercised
2	Number of ⁺ securities issued	1. 5,350,000 new ordinary shares issued and 2. (5,350,000) Vested Performance Rights have been cancelled upon exercise
3	Principal terms of the ⁺ securities (e.g. if options, exercise price and expiry date; if partly paid ⁺ securities, the amount outstanding and due dates for payment; if ⁺ convertible securities, the conversion price and dates for conversion)	5,350,000 new shares have been issued following the exercise of vested Performance Rights (ASX Code: HAWAA – subsets PR 01 and PR 02) totalling 5,350,000 on the basis of one new shares for each (one) Performance Right exercised. The remaining 14,815,000 non-vested unlisted Performance Rights are subject to future milestone events and vesting as announced to the market on 10 October 2018. No amount is payable upon the issue or exercise of the Performance Rights. Performance Rights that vest upon the achieving of the related milestones may be exercise.

4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	New Shares – YES Performance Rights – NO. Following the achievement of any of the stated milestones Performance Rights will vest and upon their exercise and conversion into ordinary fully paid shares such shares will be allotted and will rank equally in all respects with an existing class of ordinary fully paid shares as quoted on the Official Lists of the ASX. The Performance Rights have no rights as to voting nor any rights to participate in dividend distributions.
5 Issue price or consideration	The Performance Rights are issued as long-term incentives under the Company's Employee Share Option Plan to eligible persons, including Directors where prior approval of shareholders has been received. As noted in Part 1.3 no amount is payable upon the issue or exercise of the Performance Rights.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The Performance Rights are issued as long-term incentives to eligible persons under the Company's Employee Share Option Plan for the exploration, discovery and winning of JORC compliant mineral resources.
6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i	Not Applicable
6b The date the security holder resolution under rule 7.1A was passed	Not Applicable
6c Number of ⁺securities issued without security holder approval under rule 7.1	Not Applicable
6d Number of ⁺securities issued with security holder approval under rule 7.1A	Not Applicable
6e Number of ⁺securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not Applicable

⁺ See chapter 19 for defined terms.

6f	Number of ⁺ securities issued under an exception in rule 7.2	Not Applicable	
6g	If ⁺ securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the ⁺ issue date and both values. Include the source of the VWAP calculation.	Not Applicable	
6h	If ⁺ securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not Applicable	
7	⁺ Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	16 October 2018	
8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		326,615,613	Fully paid ordinary shares ASX Code: HAW

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
			Performance Rights - ASX Code: HAWAA
		Now Exercised	PR 001 Performance Rights: vested . Milestone – \$6 million new equity capital raising completed - 18 September 2017.
		Now Exercised	PR 002 Performance Rights: vested . Milestone - first Gold Ore delivery/sale ex Anglo Saxon Gold Project by - 28.02.2018.
		3,450,000	PR 003 Performance Rights: NON-vested . Milestone – Subject to budget and KPI factors the 50 per cent completion mining Anglo Saxon Gold Project Stage 3 Pit by 30.11.2018.
		4,200,000	PR 004 Performance Rights: NON-vested . Milestone – Subject to budget and KPI factors the completion of mining Anglo Saxon Gold Project Stage 3 Pit by 28.02.2019.
		2,450,000	PR 005 Performance Rights: NON-vested . Milestone – Within exploration budget and KPI's the discovery of additional 130,000 ounces of JORC compliant gold resource; and
		4,715,000	PR 006 Performance Rights: NON-vested . Milestone - Within exploration budget and KPI's the discovery of further and additional 240,000 ounces of JORC compliant gold resource.
		14,815,000	Total Performance Rights

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company's dividend policy in respect of its fully paid ordinary shares is unchanged. The fully paid ordinary shares noted in this Appendix 3B will participate in full for future dividends.
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⁺ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	Not Applicable
12	Is the issue renounceable or non-renounceable?	Not Applicable
13	Ratio in which the +securities will be offered	Not Applicable
14	+Class of +securities to which the offer relates	Not Applicable
15	+Record date to determine entitlements	Not Applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not Applicable
17	Policy for deciding entitlements in relation to fractions	Not Applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents. Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not Applicable
19	Closing date for receipt of acceptances or renunciations	Not Applicable
20	Names of any underwriters	Not Applicable
21	Amount of any underwriting fee or commission	Not Applicable
22	Names of any brokers to the issue	Not Applicable

23	Fee or commission payable to the broker to the issue	Not Applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not Applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not Applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not Applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not Applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not Applicable
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not Applicable
33	⁺ Issue date	Not Applicable

⁺ See chapter 19 for defined terms.

rt 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

39 ⁺Class of ⁺securities for which quotation is sought

- 40 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?

If the additional ⁺securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

- 42 Number and ⁺class of all ⁺securities quoted on ASX (including the ⁺securities in clause 38)

Number	⁺ Class

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 16 October 2018
(Company secretary)

Print name: Mourice Garbutt