

Company Announcement

22 November 2018

Trouser Legs Mine – Strong Drilling Results - including 2 metres @ 38.3 g/t Au – Potential for Further Mine Development

Hawthorn Resources Limited (ASX:HAW), on behalf of the Trouser Legs Joint Venture with Gel Resources Limited, is pleased to announce gold results from initial drill testing of deeper gold lodes at the **Trouser Legs Gold Mine**.

This close spaced drilling program was undertaken at moderate depths on two sections beneath the south end of the current final **Trouser Legs Mine** design in order to assess further mining potential of known high gold grade lodes.

Every hole drilled in the current program returned high grade gold intercepts.

Assay results obtained included:

- **3 metres @ 10.28 g/t Au from 148 metres depth in TLRC18001**
- **2 metres @ 9.31 g/t Au from 85 metres depth in TLRC18002**
- **2 metres @ 38.33 g/t Au from 155 metres depth, and**
- **2 metres @ 28.32 g/t Au from 182 metres depth in TLRC18003**
- **1 metre @ 50.30 g/t Au from 93 metres depth, and**
- **2 metres @ 8.01 g/t Au from 144 metres depth in TLRC18004**
- **2 metres @ 10.12 g/t Au from 97 metres depth in TLRC18005**
- **3 metres @ 12.07 g/t Au from 128 metres depth in TLRC18006**
- **1 metre @ 28.55 g/t Au from 155 metres depth in TLRC18007**
- **5 metres @ 9.54 g/t Au from 149 metres, and**
- **2 metres @ 13.45 g/t Au from 203 metres depth in TLRC18008**

These results have encouraged the Joint Venture to continue the examination of potential development of the multiple high grade gold lodes identified during the program.

Assessment of these results is ongoing and, following further step-out drilling along strike and at depth, a Pre-Feasibility study will be completed to initially assess the economic viability of underground development of the **Trouser Legs Gold Mine** following the completion of the current open pit.

Introduction

Open cut mining operations commenced at the **Trouser Legs Gold Mine**, 130 kilometres east of Kalgoorlie Western Australia, in late 2017. To date approximately 20,000 ounces of gold have been produced, with production and grades stabilised following ramp up to full production at, or above, modelled outputs.

The current mining is entirely focussed on near surface portions of the global **Trouser Legs Gold Mine Indicated and Inferred Resource** of **4.1 Mt @ 2.21 g/t Au** for **293,000 oz** contained gold.



Figure 1 – Trouser Legs Gold Mine Looking North – October 2018

Several blocks of high grade Indicated Resource occur outside the current optimised final pit design, but in close proximity to the final pit design that may be exploited by an expanded pit or underground development.

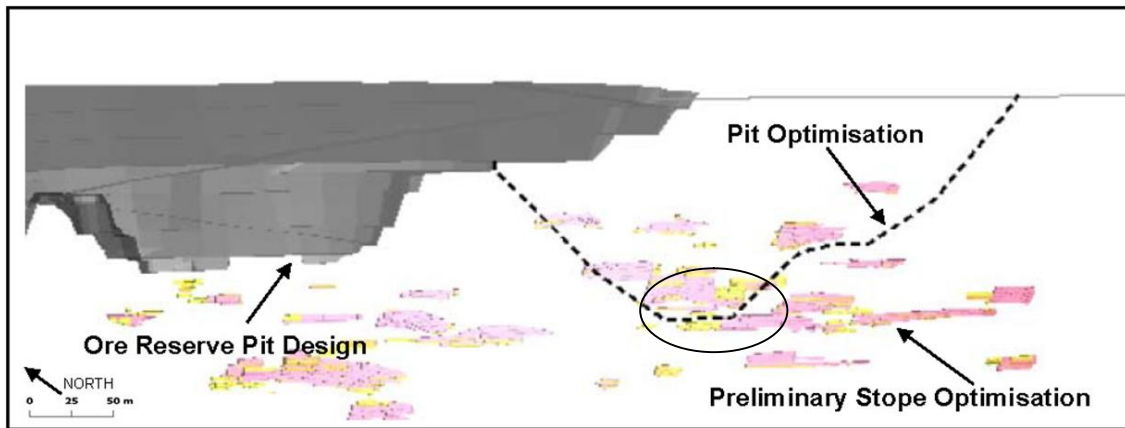


Figure 2 – Trouser Legs Gold Mine – Pit Design & Initial Deep Targets Drilling (Circled)

As per Figure 2 above resource blocks from the original resource model extend to the south of the current final pit design exhibiting some potential for an additional pit stage or underground stoping as the blocks identified are generally of high grade (resource blocks in diagram with a 5 g/t cutoff and magenta blocks > 8 g/t).

An initial high level study and design of potential underground mining was carried out during July 2018, based on the resource model as modified following several months of open cut mining.

Two main resources block areas, in close proximity to the floor of the final pit design, of potentially sufficient tonnage and grade to support economic underground exploitation were targeted for close space drill testing during October 2018

Initial Program

Open pit mining has revealed that gold ore lodes appear to exhibit expanded strike and dip continuity in the southern areas of the current mined pit, with in many cases, an increase in grade.

A deeper resource block in south of the pit and beneath current final pit design was selected for initial detailed drilling as the block:

- commenced at relatively shallow depths (approx. 125 m BSL), that
- would be a relatively short underground drive from the final design open pit, and
- potentially may be exploited, if economically viable, by an open pit expansion

Two fences of RC holes (8 holes / 1518 metres total) were drilled as fans on sections 20 metres apart from the immediate east wall of the existing pit (pit depth in this area 25 metres) during October 2018.

Holes TLRC18001-18004 were drilled on the southern section and holes TLRC18005-18008 on the northern section.

The holes were relatively closely drilled to assess continuity of lodes along strike and down dip.

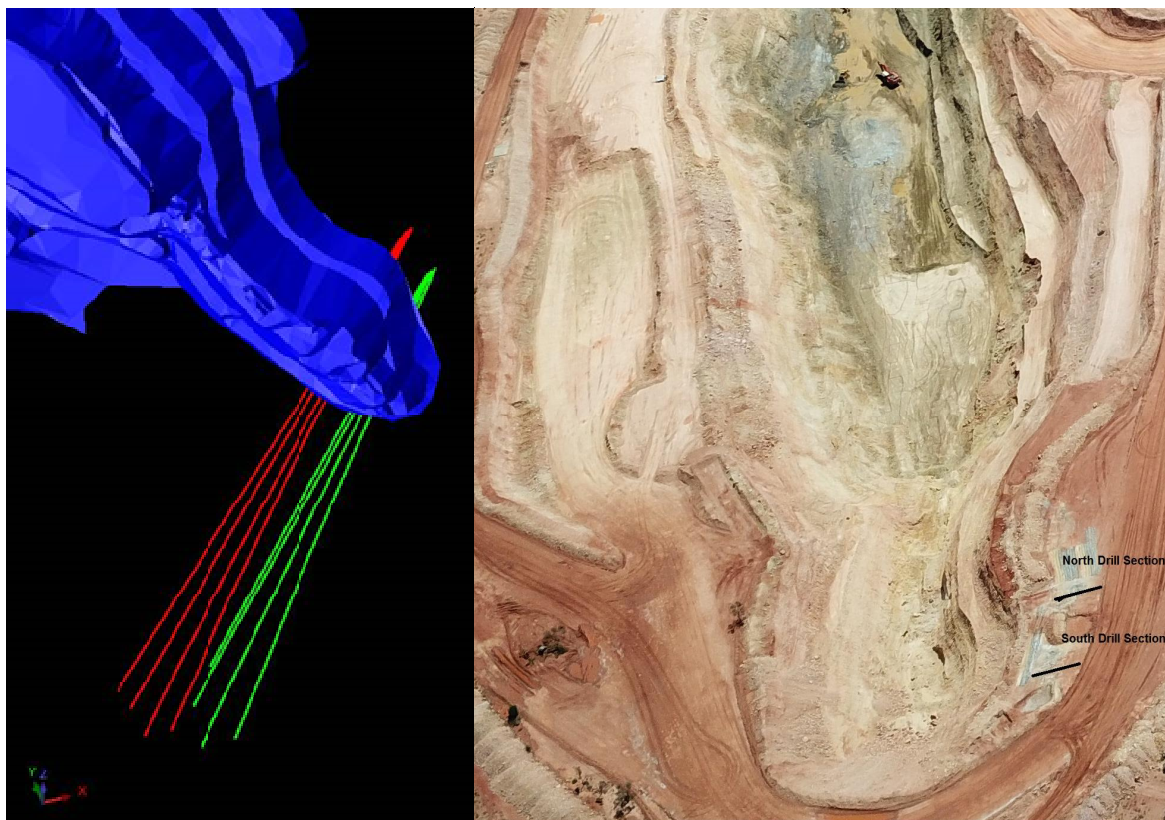


Figure 3 – Drill Section Locations – Trouser Legs Mine (South)

Each hole was:

- sampled, logged and assayed at 1 metre intervals
- surveyed using a downhole gyroscope at 5 metre intervals
- surveyed by a downhole OTV camera

Table 1. October 2018 – Trouser Legs South RC Drill Assays

<u>Hole No.</u>	<u>Prospect</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Type</u>	<u>From (m)</u>	<u>To (m)</u>	<u>Width (m)</u>	<u>Au g/t</u>
TLRC18001	Trouser South			RC	52	54	2	2.03
and					101	102	1	3.78
					108	110	2	1.00
					122	125	3	6.08
					138	140	2	1.59
					148	151	3	10.28
TLRC18002					85	87	2	9.31
					92	94	2	4.22
					99	102	3	1.15
					121	125	4	3.71
incl					123	125	2	6.36
					140	150	10	1.83
incl					149	150	1	8.69
					167	168	1	4.70
TLRC18003					84	88	4	1.56
					109	114	5	3.04
incl					109	111	2	6.07
					128	135	7	3.81
incl					134	135	1	14.75
					150	152	2	2.59
					155	157	2	38.33
					182	184	2	28.32
TLRC18004					84	86	2	2.81
					93	94	1	50.30

					116	118	2	1.72
					127	128	1	7.58
					135	136	3	1.51
					144	149	5	4.73
<i>incl</i>					144	146	2	8.01
TLRC18005					76	77	2	3.47
					90	103	13	3.07
<i>incl</i>					97	99	2	10.12
					121	122	1	9.24
					125	135	10	1.65
					147	148	1	4.12
					151	152	1	5.98
TLRC18006					47	52	5	1.04
					58	59	1	6.61
					89	105	16	2.16
<i>incl</i>					89	90	1	14.98
					128	131	3	12.07
					138	140	2	2.00
					157	160	3	7.44
TLRC18007					90	91	1	11.98
					93	94	1	2.68
					98	99	1	10.02
					131	132	1	6.07
					155	156	1	28.55
					191	193	2	1.58
TLRC18008					84	85	1	12.58
					91	94	3	3.03
					113	114	1	5.18
					139	140	1	5.91
					149	154	5	9.54
<i>incl</i>					152	153	1	40.70
					160	161	1	2.35
					166	167	1	2.28
					191	192	2	2.04
					203	205	2	13.45

All RC samples collected as 1 metre splits through rotating splitter.

All RC Assays ALS, Kalgoorlie. 0.30 g/t Au lower cut - < consecutive 2.0m of internal waste for each intercept. No grade topcut

Interpretation of lode orientations is ongoing using the OTV camera data and when complete will form the basis of further lode definition drilling programs, however the presence of high grade gold lodes with strike and depth potential is considered encouraging.

Interpretation and Resource Modelling

Hawthorn are currently integrating OTV and assay data to interpret, model and estimate an updated resource in the drilled target area.

Following the establishment of the resource, potential underground mine designs will be revised, contractor rates will be confirmed, geotechnical studies undertaken, enabling the financial model to be updated to a PFS level.

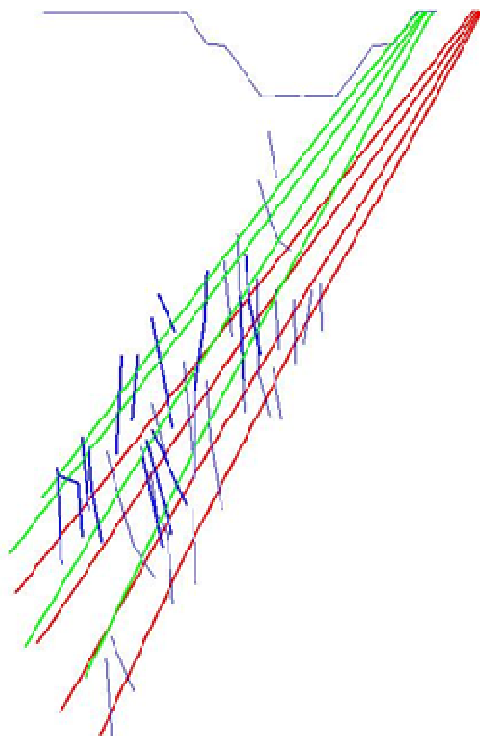


Figure 4 – Trousers Legs Gold Lodes Steep East Interpretation.
Green Holes = Southern Fence, Deepest Hole TLRC18008 = 175m Vertical Depth. North View
with existing pit profile.

Further resource blocks at depth that may be targeted for underground extraction remain largely undrilled and open. Assessment of these blocks is ongoing.

Any underground development of the **Trousers Legs Mine** will not be without challenges, however the high gold grades returned from the current program advance the potential for such development to occur.

For further information please contact

Mourice Garbutt Company Secretary 03 9605 5917

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 an mining industry consultant who has been engaged 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, Mineral Resources or Ore Reserves is based on information compiled by Mr Ian Moody, who is a member of the Australasian Institute of Mining and Metallurgy and a full time consultant geologist with First Principle Mineral Exploration Company Pty Ltd. Mr Moody 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 2004 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Moody consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 1

October 2018 – Trouser Legs Mine
Drillhole Collars

<i>Hole_id</i>	<i>Drill_code</i>	<i>Project</i>	<i>Zone</i>	<i>MGA_N</i>	<i>MGA_E</i>	<i>Elevation</i>	<i>Total_depth</i>	<i>Dip</i>	<i>Azimuth</i>
TLRC18001	RC	TLUGRC	51	6672294.019	474375.201	374.199	156	-50	247
TLRC18002	RC	TLUGRC	51	6672294.75	474376.353	374.115	173	-53	245
TLRC18003	RC	TLUGRC	51	6672295.045	474376.882	374.184	191	-57	243
TLRC18004	RC	TLUGRC	51	6672295.819	474378.271	374.113	191	-60	243
TLRC18005	RC	TLUGRC	51	6672314.47	474374.319	374.389	191	-50	250
TLRC18006	RC	TLUGRC	51	6672314.801	474375.298	374.446	198	-53	249
TLRC18007	RC	TLUGRC	51	6672315.283	474375.963	374.376	209	-57	248
TLRC18008	RC	TLUGRC	51	6672315.648	474376.506	374.323	209	-60	251