ASX Release
31 October 2019

ABN
44 009 157 439

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Directors

Mr. Mark Gregory Kerr
(Managing Director/CEO

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
(Operations Manager)

Mr. Mourice Garbutt
(Company Secretary)

Mr Tony Amato
(CFO)

ASX Symbol: HAW

Hawthorn Resources Limited

September 2019 Quarterly Report

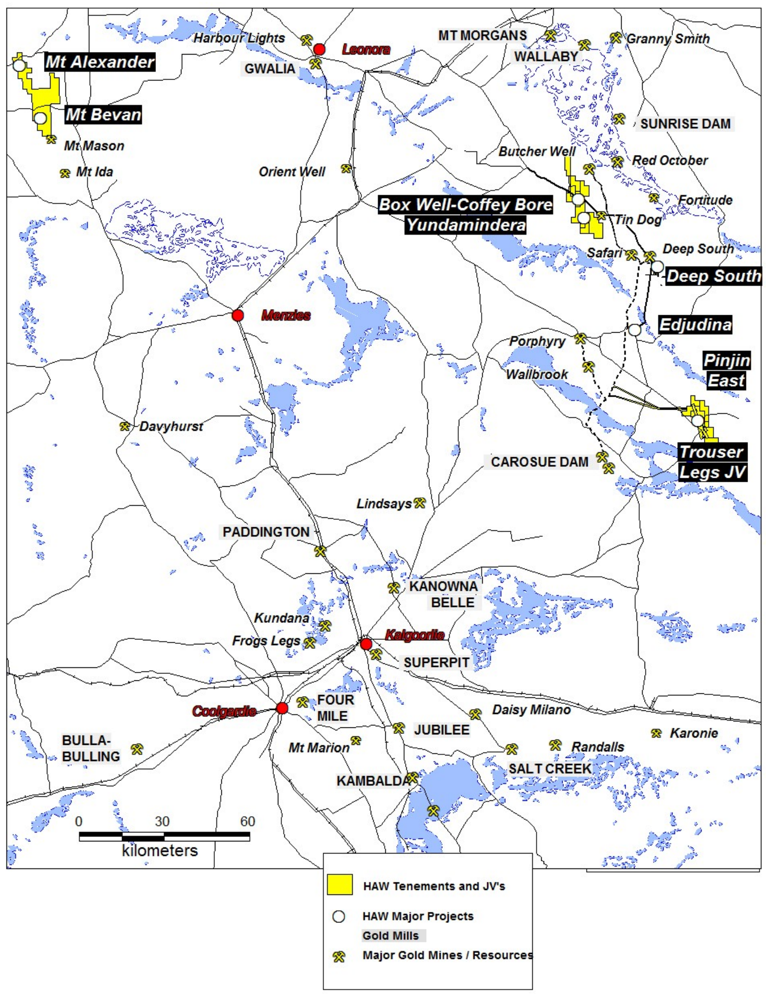

Figure 1. Eastern Goldfields, Western Australia – Project Locations

MINE DEVELOPMENT & PRODUCTION – TROUSER LEGS MINE

(A) Recovered Gold ounces finalized during the 2019 September quarter:

- ***Ore Parcel 14 – 27,798 dry tonnes processed – 2,037 gold ounces recovered***
- ***Ore Parcel 15 – 39,402 dry tonnes processed – 2,523 gold ounces recovered***

(B) Gold ounces recovered pending for Parcels processed in the September 2019 quarter:

- ***Ore Parcel 16 – 41,465 dry tonnes processed – Final recovered gold ounces pending.***
- ***Ore Parcel 17 – 22,415 dry tonnes processed – Final recovered gold ounces pending.***
- ***Ore Parcel 18 (from Coles Prospect mine) - 12,690 dry tonnes processed – Final recovered gold ounces pending.***
- ***Ore Parcel 19 – 38,029 dry tonnes processed – Final recovered gold ounces pending.***

(C) Haulage:

- ***Ore Parcel 20.- hauling commenced in September and has been completed in October – total Wet tonnes hauled approx. 38,283 tonnes – recovery details pending.***

(D) Mining

145,808 BCM (June: 346,054 BCM) of waste and ore was mined from the deposit,

72,651 tonnes (June: 110,822 tonnes) of ore was delivered to the minesite ROM pad,

45,789 tonnes (June: 50,861 tonnes) of ore was delivered to the minesite low grade stockpile.

NEAR MINE EXPLORATION

- ***Infill grade control drilling completed at the nearby Coles satellite pit during the June quarter lead to a decision to mine which commenced in July with the first delivery of ore for processing in August under the terms of the Trouser Legs Mining Joint Venture.***
- ***Progression of study work on underground resource at Pinjin***

EXPLORATION

As announced in the June 2019 Quarterly Activities Report with the Agreement to sell the Company's interests in the 18 Box Well / Deep South tenements was settled on 5 June.

The Company's exploration programs following the disposal of those interests was primarily focused on the underground resources at the Trouser Legs JV; the Mt Bevan / Mt Alexander tenements held in the JV with Legacy Iron Ore Limited and a strategic review of the Company's Edjudina project.

The Company also continued a review of a number of other development opportunities.

GOLD

Trouser Legs Gold Mine

During the September 2019 quarter, Hawthorn Resources Limited, as both a participant and Joint Venture Manager, continued mining of the ***Trouser Legs Gold Mine and the Coles Project.***

The September quarter indicates that a viable underground gold project may exist below and down plunge to the south of the current open pit. Further in-fill RC and diamond drilling is required to validate the current interpretation. This will enable a full Feasibility Study to be completed for this project.

Mining and Production

Trouser Legs Gold Mine *(Trouser Legs Mining JV) - Hawthorn Resources 70%, Gel Resources 30%*

Mining and gold production continued during the September 2019 Quarter at the ***Trouser Legs Gold Mine***.

Figure 2. Trouser Legs Gold Mine – October 2019

The Project area, 140 km north east of Kalgoorlie and 35 kilometres to the east of the Carosue Dam Mill of Saracen Mineral Holdings Limited, is a contributory Joint Venture with ***Gel Resources Pty Ltd***.

Gold ore mined at the ***Trouser Legs Mine*** continued to be hauled to the Carosue Dam Mill (operated by Saracen Gold Mines Pty Ltd).

Ore from the higher grade portions of the Stage 2 and 3 Pits is being mined; see Figures 2 and 3.

Figure 3. Trouser Legs Gold Mine – October 2019

During the September 2019 quarter mining operations have continued with:

Ore mining activities producing:

- ***145,808 BCM (****June: 346,054 BCM****)*** of waste and ore was mined from the deposit,
- ***72,651 tonnes (****June: 110,822 tonnes****)*** of ore was delivered to the minesite ROM pad,
- ***45,789 tonnes (****June: 50,861 tonnes)* of ore was delivered to the minesite Low Grade stockpile.

Gold grades and recoveries continue to remain at schedule.

June Quarter Parcel details updates:

- ***Ore Parcel #14 (27,798 tonnes) returned 2,037 ounces of gold at 2.37 g/t with 96.06% recovery. Parcel gold price - $ 1,848.57 AUD / ounce.***

- ***Ore Parcel #15 (39,402 tonnes) returned 2,523 ounces of gold at 2.07 g/t with 96.38% recovery. Parcel gold price - $ 1,957 33D AUD / ounce.***

September Quarter Parcels details:

- ***Ore Parcel #16 (41,465 tonnes) final gold grade and recovery pending. Parcel gold price - $2,022.38 AUD / ounce; provisional g/t 2.2.***
- ***Ore Parcel #17 (22,415 tonnes) final gold grade and recovery pending. Parcel gold price - $2,212.31 AUD / ounce; provisional g/t 2.6.***
- ***Ore Parcel #18 (12,690 tonnes) final gold grade and recovery pending. Parcel gold price - $2,212.31 AUD / ounce; provisional g/t 2.2. N.B. This Parcel was mined from the Coles Project pit.***
- ***Ore Parcel #19 (38,029 tonnes) final gold grade and recovery pending. Parcel gold price - $2,220.08 AUD / ounce; provisional g/t 1.9.***

**Note gold grades and recoveries reported above are as payable and follow grade top-cutting and recovery deductions as per the Ore Purchase Agreement with Saracen Gold Mines Pty Ltd.*

The planned cutback of waste and ore to the west of the Stage 1 and 2 pit as now complete provide access to oreblocks at and below the 320 m RL (+/- 55 metres below natural surface)

Mining and structural interpretation thereof continued to refine the structural and geological framework that controls mineralisation within the Trouser Legs Gold Mine.

Near Mine Exploration

Trouser Legs Gold Mine *(Trouser Legs Mining JV) - Hawthorn Resources 70%, Gel Resources 30%)*

As reported in the June 2019 Quarterly Report, a close spaced drilling program was undertaken at moderate depths on sections beyond and beneath the south end of the current final ***Trouser Legs Mine*** design. The drilling was carried out to assess further mining potential of known high gold grade lodes in either an expanded open cut pit or a potential underground mine development.

Trade off studies between open pit and underground mining methods confirmed that underground development is the preferred pathway for development of the remaining identified resource. A final round of drilling is scheduled to occur at the completion of open pit mining, allowing finalization of the PFS study.

Study work into the use of laser and optical ore sorting methods for the upgrading of low grade stockpiles and potentially higher grade underground ore was continued.

Coles Prospect *(Trouser Legs Mining JV) - Hawthorn Resources 70%, Gel Resources 30%*

Infill grade control drilling was undertaken during the June quarter which lead to mining of the satellite pit during the September quarter of 2019.

Joint Ventures

Mount Bevan Iron Ore / Base Metals Project
(Hawthorn 40%, Legacy 60% and managing)

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 previous quarterly results of RC drilling program carried out over magnetic anomalies on the Joint Venture tenement were announced.

Legacy Iron Ore Limited, as Manager, has commenced a RC drilling program testing magnetic targets very close to the St George Mining (ASX: SGQ) tenement areas adjacent to and adjoining the Joint Ventures northern tenement boundaries. The drilling program is expected to be completed in August with the results announced by the Manager. Since both assay results and petrographic reports will only be available later this month the manager can only report on these data later. The petrographic studies of RC rock chips are important to establish if we have intersected the favourable mafic rocks of Proterozoic age, significantly younger than the overall greenstone rocks of BIF and basic volcanic rocks which form the bulk of the Mt Bevan lease area. Should petrology establish that we have intersected the younger mafic rocks this will significantly increase the possibility of finding sulphide concentrations of Ni-Cu-PGM mineralisation similar to that being drilled by St George. In places this activity is less than a kilometre from our northern lease boundary.

CORPORATE

Board of Directors – The membership of the Board of Directors is unchanged.

Chairman of the Board of Directors – As announced, Executive Chairman; Managing Director and CEO Mr M Kerr has stepped down from the role as Executive Chairman of the Board. The Board of Directors will consider the appointment of an alternative Chairman of the Board of Directors at its November Board Meeting with Mr Kerr continuing to serve as Managing Director and CEO; *(see ASX announcement 30 October 2019).*

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 2019 was unchanged at 326,615,613 fully paid ordinary shares.

As at 30 September 2019 the Top 20 Shareholdings, as set out below, held 246,067,253 shares (March 2019: 249,483,166 shares) being 75.34 per cent of the number of shares on issue (June 2019: 76.39 per cent):

FENG HUA MINING INVESTMENT HOLDING (HK) LIMITED	120,788,101	36.98
BELFORT INVESTMENT ADVISORS LIMITED	56,095,028	17.17
LEGACY IRON ORE LIMITED	12,575,000	3.85
MR MARK GREGORY KERR & ASSOCIATES	11,100,456	3.40
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,777,488	2.08
MR BRIAN THORNTON	5,861,879	1.79
YELRIF INVESTMENTS PTY LIMITED <PENSION FUND A/C>	5,500,000	1.68
MR VICTOR LORUSSO	4,127,529	1.26
DR MARK THEO BLOCH	3,835,000	1.17
MR WILLIAM DONALD LLOYD	2,376,166	0.73
YELRIF INVESTMENTS PTY LIMITED	2,000,002	0.61
AUSTIC ENTERPRISES PTY LTD	2,000,000	0.61
MR MICHAEL ROBERT WELLARD	2,000,000	0.61
MR SHIJUN CHEN	1,922,295	0.59
MR MARK ANDREW MITCHELL & MRS LINDA JOAN MITCHELL <M & L MITCHELL S/F A/C>	1,800,000	0.55
MR LUKE MARGOCSY	1,791,861	0.55
MILA INVESTMENT CO PTY LTD <MILA INVESTMENT A/C>	1,420,000	0.43
MR LUCIO ANTHONY CONTE	1,403,938	0.43
MR NICHOLAS ANDREOU	1,346,256	0.41
MR TONY DOMENIC AMATO	1,346,254	0.41

Funding/Cash Balance/Working Capital

As at 30 September 2019 the Company held “clear” funds-on-hand of A$20.29 million (June 2019: A$15.97 million). For full details of Cashflow movements refer to the Appendix 5B Report accompanying this Quarterly Activities Report

Mining Tenements

September 2019 quarterly movements:

For full details of the movements in Mining Tenement interests during the period and held as at 30 September 2019 refer to the schedules attached to the Appendix 5B Report accompanying this Quarterly Activities Report.

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.

+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 2019

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	17,318	17,318
1.2	Payments for		
	(a) exploration & evaluation	(75)	(75)
	(b) development	-	-
	(c) production *	(11,219)	(11,219)
	(d) staff costs	(51)	(51)
	(e) administration and corporate costs	(208)	(208)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other – GST refunds/(payments)	(254)	(254)
	Other - JV Partner contributions/(payments)	(1,086)	(1,086)
1.9	**Net cash from / (used in) operating activities**	**4,434**	**4,434**

* Includes full repayment of mill processing concession

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	(112)	(112)
	(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**	**(112)**	**(112)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
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	-	-
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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,970	15,970
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,434	4,434
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(112)	(112)
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**	**20,292**	**20,292**

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	6,942	3,920
5.2	Call deposits	13,350	12,050
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)**	**20,292**	**15,970**

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	104
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 $39,741 (Previous Quarter $95,516)
Fully Serviced Office facility rental $52,250 (Previous Quarter $52,250)
Company requested Consulting Fees $12,375 (Previous Quarter $6,600)

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.

Please note that the below estimated cash flows for the upcoming quarter have been prepared specifically excluding the proceeds from the delivery and processing ore from the Trouser Legs Mining Joint Venture mining operations.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	450
9.2	Development	-
9.3	Production *	9,478
9.4	Staff costs	80
9.5	Administration and corporate costs	140
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**10,148**

* Revenue expected to be received during the quarter per the signed Ore Sale and Purchasing Agreement – see ASX announcement 27th October, 2017 and 12th June, 2018.

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: 31/10/2019.
(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

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 31/760		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%	
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**			
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
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			