



ABN 44 009 157 439

30 September 2020

Level 2, 90 William Street
Melbourne Victoria 3000
Australia

Telephone: +61 3 9605 5950

COMPANY ANNOUNCEMENT

HAWTHORN RESOURCES LIMITED

Email: info@hawthornresources.com
Website : www.hawthornresources.com

2020 ANNUAL GENERAL MEETING (“AGM”)

Attached for release to the market are the following documents that are today being dispatched to shareholders for the Company’s 2020 AGM which is to be held as a virtual meeting (*) on Friday 30 October 2020 starting at 2.00 p.m.:

- Managing Director’s covering letter; and
- Shareholders Proxy Voting Form

(*) In response to the global COVID-19 pandemic and governmental restrictions on physical gatherings the Company’s 2020 AGM is to be held as a virtual on-line meeting. As such, there will be no physical meeting where members and member’s proxies can attend in person. A virtual meeting is also permitted by amendments made under section 5 of the Corporations (Coronavirus Economic Response) Determination (N0. 1) issued by the Commonwealth Treasury dated 5 May 2020.

Accordingly, the Company’s 2020 AGM will be held as a virtual meeting via <https://agmlive.link/HAW20>.

Details on how to participate ‘virtually’ are provided in the Virtual Meeting Online Guide – a copy of which is attached together with a copy of the Notice of Meeting.

END

For further information: please contact Managing Director, Mark Kerr, or Company Secretary, Mourice Garbutt, on (03) 9605-5950.

This announcement was authorised for release by the Board of Directors, Hawthorn Resources Limited



ABN 44 009 157 439

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474
ASX Code: HAW
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

30 September 2020

Dear Shareholder

The Board of Directors ('the Board') of Hawthorn Resources Limited is pleased to provide you with details in relation to the 2020 Annual General Meeting ('AGM' or 'the Meeting') of Shareholders to be held on Friday, 30 October 2020 at 2.00 p.m. (Melbourne time) and which will be **held as a virtual meeting**.

In line with temporary amendments to the AGM requirements in Australia and current regulatory guidance, the meeting this year will be held entirely by technology given the uncertainty and potential health risks associated with large gatherings during the COVID-19 pandemic. There will not be a physical venue for shareholders to attend.

Additionally, the Determination issued by the Federal Treasurer permits a Notice of Meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. **Accordingly, this year the Notice of Meeting will not be mailed to shareholders.** Instead, it is available for you to view and download at the company's website at <http://www.hawthornresources.com/investor-centre.aspx>

Please note that a personalized Proxy form accompanies this letter and, for shareholders who do not have electronic access to the meeting, details of the business of the meeting are set out in Annexure A as attached hereto.

Your participation in the Meeting is important and all shareholders and proxy holders are encouraged where possible to participate in the AGM virtually via the online platform at <https://agmlive.link/HAW20>

To do this you will need a desktop or mobile/tablet device with internet access, and you will need to provide your details (including Shareholder Reference Number (SRN) or Holder Identification Number (HIN) to be verified as a security holder or proxy holder.

The online platform will allow you to fully participate in the proceedings and vote in real-time.

We recommend logging in to the online platform at least 15 minutes prior to the scheduled start time for the AGM using the instructions provided in the Notice of Meeting and in the Virtual Annual General Meeting Online Guide, which can be accessed online <http://www.hawthornresources.com/investor-centre.aspx>

Yours faithfully

Mark G Kerr
Managing Director
Hawthorn Resources Limited

Annexure A (page 1 of 3):

Hawthorn Resources Limited

2020 Annual General Meeting to be held as a virtual meeting of members on 30 October 2020 starting at 2.00 p.m.

Business of the meeting:

ORDINARY BUSINESS

1 Financial Statements and Reports

To receive and consider the Consolidated Financial Report and the Reports of the Directors and of the Auditor for the financial year ended 30 June 2020 which are contained in the 2020 Annual Report.

2 Election of Directors

To consider and, if thought fit, pass the following resolutions:

Resolution no. 1 - Mr Liao, Yongzhong

“That Mr Liao, Yongzhong, a Director retiring in accordance with Clause 63 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, is re-appointed as a Director of the Company”.

Resolution no. 2 – Mr Christopher D Corrigan

“That Mr Christopher D Corrigan, a Director retiring in accordance with Clause 63 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, is re-appointed as a Director of the Company”

3 Adoption of Remuneration Report

Resolution no. 3

To consider and, if thought fit, pass the following resolution

“That the Remuneration Report for the year ended 30 June 2020 as disclosed in the Directors’ Report be adopted”.

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

4 Reduction of capital

Resolution no. 4

To consider and, if thought fit, to pass the following resolution:

"The Shareholders approve the following reduction of the share capital of the Company:

Conditional on:

- (a) the number of Shares on issue as at the Record Date not exceeding [350 million]; and*
- (b) the payment by Company of the Special Dividend to Eligible Shareholders on the date the Capital Return is paid,*

that under sections 256B and 256C(1) of the Corporations Act and for all other purposes, the Company reduces its share capital without cancelling any Shares and without creating or increasing any unpaid amount in respect of any Shares by an amount equal to the Return Amount per Share in the manner specified below:

- (c) creating a debt due by the Company to each Eligible Shareholder as at the Record Date equal to the number of Shares held by that Eligible Shareholder on the Record Date multiplied by the Return Amount and rounding the resulting amount down to the nearest whole cent; and*
- (d) discharging that debt by paying to that Eligible Shareholder an amount equal to that debt, such payment to be made on the Payment Date in the same manner as provided in the constitution of the Company for the payment of the Special Dividend."*

In addition, in relation to the **Resolution No. 4 [Reduction of capital]** and as announced to the Australian Stock Exchange on 23 September 2020 please note the following extract from that announcement:

"...Capital Return and Special Dividend

In November 2019 the Company announced in the Managing Director's address to the Annual General Meeting that the Board of Directors announced an intention to make a return of funds equally to all shareholders from the \$13.5 million proceeds from the disposal of the Company's interest in the Yundamindera Project (Box Well and Deep South prospects). Such return to be subject to clarification from the Australian Taxation Office ("ATO") as to the inherent nature of the proposed return of funds for taxation purposes and subject to shareholder approval.

*Arising from an ATO draft class ruling the proposed return of funds **subject to the approval of shareholders in meeting** will consist in aggregate of a Return of Capital (approx. \$8.23 million) and a Special Dividend (approx. \$5.27 million) which represents on a per share basis:*

- Return of Capital: \$0.0246908737*
- Special Dividend: \$0.0157869914*

The approval of shareholder will be sought as an item of Special Business at the 2020 Annual General Meeting of shareholders on 30 October 2020..."

Subject to shareholders passing Resolution No. 4 the payment of both the Capital Return and the Special Dividend will be on 20 November 2020 per the following timetable:

Annexure A (page 3 of 3)

Date of AGM (shareholder approval of Capital Return)	30 October 2020
Effective date of the Capital Return / Special Dividend	2 November 2020
Last day for trading in 'cum Capital Return / Special Dividend' Shares	3 November 2020
Trading in Shares 'ex' entitlement to Capital Return / Special Dividend commences	4 November 2020
Capital Return Record Date – being the date for determining entitlements to participate in Capital Return and Special Dividend	5 November 2020
Payment Date for Capital Return and Special Dividend	20 November 2020

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Hawthorn Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Hawthorn Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:00pm (AEDT) on Friday, 30 October 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The meeting will be conducted as a virtual meeting and you can participate by logging in: Online at <http://agmlive.link/HAW20> (refer to details in the Virtual General Meeting Online Guide and Notice of Meeting).

Important for Resolution 3: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 3, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

For Against Abstain*

1 Re-Election of Mr Liao Yongzhong as a Director

☐	☐	☐
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2 Re-Election of Mr Christopher D Corrigan as a Director

☐	☐	☐
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3 Adoption of Remuneration Report

☐	☐	☐
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4 Reduction of capital

☐	☐	☐
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HAW PRX2001N

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. If you leave this section blank, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (AEDT) on Wednesday, 28 October 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN), Holder Identification Number (HIN) or Employee ID as shown on the front of the Proxy Form).



BY MAIL

Hawthorn Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

Virtual Meeting Online Guide

Before you begin

Ensure your browser is compatible.
Check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer 9 and up

Open your web browser and go to
<https://agmlive.link/HAW20>

To attend and vote you must have your
securityholder number and postcode.

Appointed Proxy: Your proxy number will be provided by Link before the meeting.

Please make sure you have this
information before proceeding.

Virtual Meeting Online Guide



Step 1

Open your web browser and go to <https://agmlive.link/HAW20>.

Step 2

Log in to the portal using your full name, mobile number, email address, and company name (if applicable).

Please read and accept the terms and conditions before clicking on the blue **'Register and Listen to Meeting'** button.

- On the left – a live audiocast of the Meeting
- On the right – the presentation slides that will be addressed during the Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

Note: If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

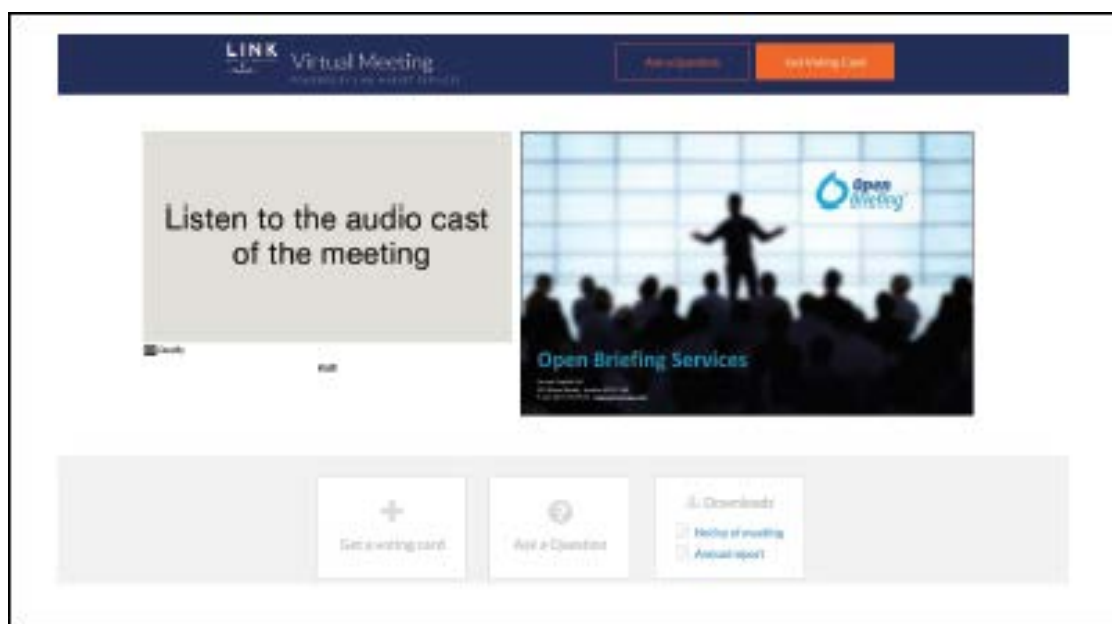
This will bring up a box which looks like this.

If you are an individual or joint securityholder you will need to register and provide validation by entering your securityholder number and postcode.

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.



ABC COMPANY PTY LTD X123456789

Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. If you would like to complete a partial vote, please specify the number of votes for each resolution in the Partial Vote section. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the Unitholder's voting instructions.

Full Vote **Partial Vote**

Resolution 2B For Against Abstain
RE-ELECTION OF MR. ABC AS A DIRECTOR

Resolution 2C For Against Abstain
RE-ELECTION OF MS XYZ AS A DIRECTOR

Resolution 3 For Against Abstain
INCREASE TO DIRECTORS' MAXIMUM FEE POOL LIMIT

Resolution 4 For Against Abstain
ADOPTION OF REMUNERATION REPORT

SUBMIT VOTE

Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

Once voting has been closed all voting cards will automatically be submitted and cannot be changed.

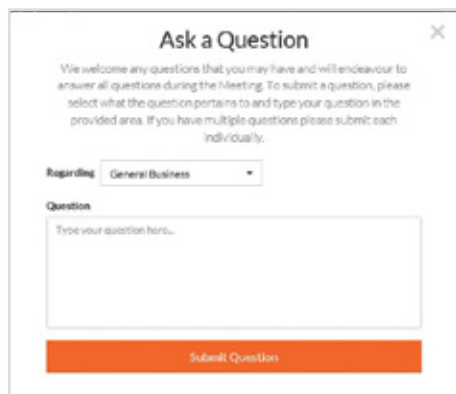
At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Slide window advising the remaining voting time. Please make any changes and submit your voting cards.

2. How to ask a question

Note: Only securityholders are eligible to ask questions.

You will only be able to ask a question after you have registered to vote. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The '**Ask a Question**' box will then pop up with two sections for completion.

A screenshot of a web-based 'Ask a Question' form. The title is 'Ask a Question' with a close button (X) in the top right. The text inside says: 'We welcome any questions that you may have and will endeavour to answer all questions during the Meeting. To submit a question, please select what the question pertains to and type your question in the provided area. If you have multiple questions please submit each individually.' Below this is a 'Regarding:' section with a dropdown menu currently showing 'General Business'. Underneath is a 'Question' section with a text input field containing the placeholder 'Type your question here...'. At the bottom is an orange button labeled 'Submit Question'.

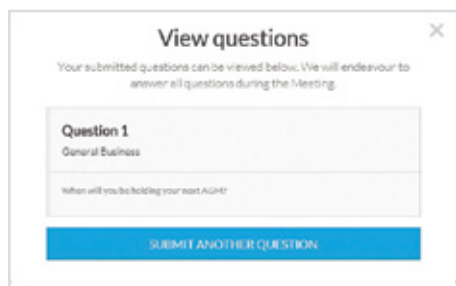
In the '**Regarding**' section click on the drop down arrow and select the category/resolution for your question.

Click in the '**Question**' section and type your question and click on 'Submit'.

A '**View Questions**' box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Meeting, but we will do our best to address your concerns.

A screenshot of a web-based 'View questions' box. The title is 'View questions' with a close button (X) in the top right. The text inside says: 'Your submitted questions can be viewed below. We will endeavour to answer all questions during the Meeting.' Below this is a box for 'Question 1' with the category 'General Business'. Underneath is a text input field containing the question 'When will you be holding your next AGM?'. At the bottom is a blue button labeled 'SUBMIT ANOTHER QUESTION'.

3. Downloads

View relevant documentation in the Downloads section.

Voting closing

Voting will end 5 minutes after the close of the Meeting.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Slide window advising the remaining voting time. If you have not submitted your vote, you should do so now.

At the close of the meeting any votes you have placed will automatically be submitted.

Contact us

Australia

T 1300 554 474

E info@linkmarketservices.com.au

New Zealand

T +64 9 375 5998

E enquiries@linkmarketservices.co.nz

Hawthorn Resources Limited

ABN 44 009 157 439

Notice of 2020 Annual General Meeting And Explanatory Memorandum

**The Annual General Meeting is to be held on
Friday 30 October 2020 at 2.00 p.m.**

Important Notice

Shareholders who opted in writing to receive a printed Annual Report will have received it.
All shareholders can view the Annual Report either by visiting the Company's website at:
www.hawthornresources.com

OR

by visiting the Company's webpage on the ASX website under the ASX Security Code "HAW"

THIS IS AN IMPORTANT DOCUMENT

If you are in doubt as to the action you should take, please consult with your stockbroker,
solicitor, accountant, bank manager or other professional adviser immediately

In response to the global COVID-19 pandemic and government restrictions on physical gatherings, the AGM will be held as a virtual meeting (online only). There will be no physical meeting where Shareholders and proxies can attend in person. A virtual general meeting is also permitted by amendments made under section 5 of the *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020* issued by the Commonwealth Treasurer dated 5 May 2020.

IMPORTANT NOTICE

(a) General

You should read this Notice of Annual General Meeting and accompanying Explanatory Statement in its entirety before making a decision on how to vote on the Resolutions set out in the Notice. The Notice is contained on page 5 and the Explanatory Statement on page 12 and the proxy form for this AGM accompanies this Booklet.

(b) Defined Terms

Capitalised terms in this Booklet are defined either in the Glossary or where the relevant term is first used.

(c) Purposes of the Explanatory Statement

The purposes of the Explanatory Statement which forms part of the Notice of Annual General Meeting are to:

- (a) explain the terms and effect of each Resolution to Shareholders;
- (b) explain the manner in which each Resolution is to be considered and, if approved, implemented; and
- (c) provide such information as is prescribed by the Corporations Act, Corporations Regulations and ASX Listing Rules or as is otherwise material to the decision of Shareholders about how to vote on the Resolutions.

(d) Investment Decisions

This document does not take into account the investment objectives, financial situation or particular needs of any Shareholder or any other person. This document should not be relied on as the sole basis for any investment decision in relation to Shares. Shareholders should consider obtaining independent advice before making any decision in relation to the Resolutions. The Company is not licensed to provide financial product advice in relation to its Shares or any other financial products.

(e) Forward Looking Statements

Certain statements in this document relate to the future. Such statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from expected future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties and other important factors include among other things, general economic conditions, specific market conditions, exchange rates, interest rates and regulatory changes. These statements reflect the expectations of relevant parties only as of the date of this Booklet.

(f) Glossary - In this document, including in the Notice:

AGM means the annual general meeting of Hawthorn Shareholders, notice of which is given in the Notice.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this document and the Company was the designated body.

ASX means ASX Limited ACN 008 624 691 or the financial market known as the Australian Securities Exchange that it operates, as the context requires.

ATO means the Australian Taxation Office.

Auditor means the Company's auditor, BDO- East Coast Partnership.

Board means the board of Directors of the Company.

Booklet means this Booklet, comprising the Notice of Annual General Meeting and the Explanatory Statement.

Business Day has the meaning given in the Listing Rules.

Capital Return means a capital return by way of equal reduction of the Return Amount.

Capital Return Record Date or **Record Date** means 7.00pm on the record date for the Capital Return and the Special Dividend, as determined by the Company in accordance with Appendix 7A to the Listing Rules or as otherwise approved by ASX.

Company or **Hawthorn** means Hawthorn Resources Limited ACN 009 157 439.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Director means a director of the Company.

Eligible Shareholder means a Shareholder registered as such on the Record Date.

EPS means earnings per share.

Employee Share and Option Plan or **Plan** means the Company's Employee Share and Option Plan.

Explanatory Statement means the explanatory statement contained in this Booklet in relation to the Resolutions to be considered at the AGM and which accompanies and forms part of the Notice.

Implementation Date means the date that the Capital Return is implemented, in accordance with Appendix 7A to the Listing Rules, or in accordance with such other timetable as approved by ASX.

Independent Director means Dr D S Tyrwhitt.

Listing Rules means the Listing Rules of ASX.

Non-Executive Director means a Director other than Mr Mark G Kerr.

Notice means the notice of AGM contained in this Booklet.

NPAT means net profit after tax.

Ordinary Share or **Share** means a fully paid ordinary share in Hawthorn.

Ordinary Shareholder or **Shareholder** means a holder of at least one Ordinary Share.

Participant means a participant for the time being in the Plan.

Payment Date means the date that is the fifth Business Day after the Record Date.

Performance Right means an entitlement of a Participant to receive an Ordinary Share, subject to the satisfaction of applicable vesting conditions and performance hurdles.

Register of Members means the register of members of the Company.

Relevant Interest has the meaning given to that term in the Corporations Act.

Return Amount means \$0.0246908737 per Share.

Resolutions means the resolutions set out in the Notice.

Share Registry means the share registry engaged by the Company to maintain the Register of Members, being Link Market Services Limited.

Special Dividend means a dividend of \$0.0157869914 per Share.

Voting Entitlement Time means 7.00 p.m. Melbourne time on [] October 2019.

Voting Exclusion Statement means a statement set out in the Notice in this Booklet under the heading 'Voting Exclusion Statement'.

A reference to **dollars, \$, AUD, cents, A\$ or \$A** is to the lawful currency of Australia.

Hawthorn Resources Limited

ABN 44 009 157 439

Notice of Annual General Meeting

Notice is given that the 2020 Annual General Meeting (**AGM** or **Meeting**) of Hawthorn Resources Limited (**Company**) will be held on:

Date: Friday 30 October 2020

Time: 2.00 p.m.

In response to the global COVID-19 pandemic and government restrictions on physical gatherings, the AGM will be held as a virtual meeting (online only). There will be no physical meeting where Shareholders and proxies can attend in person. A virtual general meeting is also permitted by amendments made under section 5 of the *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020* issued by the Commonwealth Treasurer dated 5 May 2020 and extended 31 July 2020.

ORDINARY BUSINESS

1 Financial Statements and Reports

To receive and consider the Consolidated Financial Report and the Reports of the Directors and of the Auditor for the financial year ended 30 June 2020 which are contained in the 2020 Annual Report.

2 Election of Directors

To consider and, if thought fit, pass the following resolutions:

Resolution no. 1 - Mr Liao, Yongzhong

"That Mr Liao, Yongzhong, a Director retiring in accordance with Clause 63 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, is re-appointed as a Director of the Company".

Resolution no. 2 – Mr Christopher D Corrigan

"That Mr Christopher D Corrigan, a Director retiring in accordance with Clause 63 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, is re-appointed as a Director of the Company"

3 Adoption of Remuneration Report

Resolution no. 3

To consider and, if thought fit, pass the following resolution

"That the Remuneration Report for the year ended 30 June 2020 as disclosed in the Directors' Report be adopted".

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

4 Reduction of capital

Resolution no. 4

To consider and, if thought fit, to pass the following resolution:

"The Shareholders approve the following reduction of the share capital of the Company:

Conditional on:

- (a) the number of Shares on issue as at the Record Date not exceeding [350 million]; and*
- (b) the payment by Company of the Special Dividend to Eligible Shareholders on the date the Capital Return is paid,*

that under sections 256B and 256C(1) of the Corporations Act and for all other purposes, the Company reduces its share capital without cancelling any Shares and without creating or increasing any unpaid amount in respect of any Shares by an amount equal to the Return Amount per Share in the manner specified below:

- (c) creating a debt due by the Company to each Eligible Shareholder as at the Record Date equal to the number of Shares held by that Eligible Shareholder on the Record Date multiplied by the Return Amount and rounding the resulting amount down to the nearest whole cent; and*
- (d) discharging that debt by paying to that Eligible Shareholder an amount equal to that debt, such payment to be made on the Payment Date in the same manner as provided in the constitution of the Company for the payment of the Special Dividend."*

Dated: 30 September 2020

BY ORDER OF THE BOARD

Mourice Reginald Garbutt, FGIA, FCIS
Company Secretary

NOTES:

1 Voting Entitlements

The Board of Directors of the Company, pursuant to Section 1074E(2)(g) of the *Corporations Act 2001*, Regulation 7.11.37 of the *Corporations Regulations 2001* and ASX Settlement Operating Rule 5.6.1, and as the convenor of the meeting, has determined that the Shareholding of each Shareholder for the purpose of ascertaining voting entitlements for the AGM will be as it appears on the Register of Shareholders at 7.00 p.m. Melbourne time on Wednesday, 28 October 2020.

2 Voting in person

Shareholders wishing to vote in person or their attorneys or, in the case of a Shareholder or proxy which is a corporation, corporate representatives, should participate in the virtual AGM by logging in online at: <https://agmlive.link/HAW20>.

Shareholders, their attorneys or in the case of Shareholders or proxies which are corporations, corporate representatives, who plan to participate in the virtual AGM should log in online 15 minutes prior to the time designated for the commencement of the AGM, if possible, to register and to obtain a Voting Card.

Voting by attorney

If a Shareholder executes or proposes to execute a document, or do any act, by or through an attorney which is relevant to that Shareholder's Shareholding in the Company, that Shareholder must deliver the instrument appointing the attorney to the Share Registry for notation.

Shareholders wishing to vote by attorney at the AGM must, if they have not already presented an appropriate power of attorney to the Company for notation, deliver to the Share Registry (at the address or facsimile number set out at []) the original instrument appointing the attorney or a certified copy of it by 2pm on Wednesday, 28 October 2020.

Any power of attorney granted by a Shareholder will, as between the Company and that Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Shareholder is lodged with the Company.

Corporate Shareholders and Proxies

Corporate shareholders and proxies wishing to appoint a representative to attend and vote at the meeting on their behalf must provide the representative with:

- (a) a properly executed letter or certificate authorising the person to act as the corporate shareholder's or proxy's representative; or
- (b) a copy of the resolution of the corporate shareholder or proxy appointing the representative, certified by a secretary or director of the shareholder or proxy.

3 Proxies

A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies. If two proxies are appointed, each proxy may be appointed to represent a specific proportion or number of the member's voting rights. If no proportions are specified, each proxy may exercise half the available votes. A proxy need not be a member of the Company. A proxy may be an individual or a body corporate.

You may appoint a proxy to vote on your behalf by either:

- completing and returning the proxy form which accompanies this document; or
- appointing a proxy online via <https://agmlive.link/HAW20> by following the instructions on that website.

For your proxy appointment to be effective:

- your proxy form must be received by the Share Registry (whether by mail, by fax, or by lodging your proxy form online) by 2.00 p.m. (Melbourne time) on Wednesday 28 October 2020; or
- if you choose to appoint a proxy online – this appointment must be done by 2.00pm (Melbourne time) on Wednesday, 28 October 2020.

Please note that if you wish to revoke your proxy appointment, you will need to inform the Share Registry of this revocation before the commencement of the AGM. You may do so by contacting the Share Registry on +61 1300 554 474 Monday to Friday between 9.00am and 5.00pm (Melbourne time). Unless your proxy's appointment is revoked, you will not be allowed to vote at the AGM in any other capacity. This means that if you appoint a proxy prior to the AGM but you then decide to attend the AGM yourself, your proxy retains the ability to vote, not you.

Proxies participating in the virtual AGM will receive an email from the Share Registry prior to the AGM containing details of their Proxy Number which they will need to use for the online registration process. Proxies are asked to log in online 15 minutes prior to the time designated for the commencement of the AGM. If possible, to register and to obtain a Voting Card.

4 Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement. The Explanatory Statement forms part of the notice of meeting.

5 Guide to participating in the virtual AGM

In order to watch and participate in the virtual AGM, please follow the steps below:

Before you begin

Ensure your browser is compatible. You can easily check your current browser by going to the website: whatismybrowser.com

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari OS X v10.9 "Mavericks" & OS X v10.10 "Yosemite" and after
- Internet Explorer 9 and up (please note Internet Explorer 8 is not supported).

The AGM is viewable from desktop and laptop computers. To attend and vote at the AGM you must have your Shareholder number and postcode. If you are an appointed proxy you will need your proxy number which will be provided to you by the Share Registry via email prior to the AGM. Please make sure you have this information before proceeding.

Step 1

Open your web browser and go to the following link: <https://agmlive.link/HAW20>

The link will take you to an online virtual meeting guide.

Step 2

You will need to log into the portal using your full name, email address, and company name (if applicable). Please read and accept the terms and conditions before clicking on the blue '**Register and Watch AGM**'. Once you have logged in you will see the presentation slides that will be addressed during the AGM.

Note, after you have logged in you should keep your browser open for the duration of the AGM. If you close your browser, your session will expire. If you attempt to log in again, you will be sent a recovery link by email for security purposes.

Note: Registration for the AGM opens 30 minutes before the AGM is scheduled to begin.

Navigating

At the bottom of the webpage under the presentation there are three boxes. Refer to each section below for operating instructions:

- Get a voting card
- Ask a question
- Downloads

Get a voting card

To get a voting card – click on the 'Get a voting card' box at the top of the webpage or below the speaker image. See further the Link online guide at the above website.

If you are an individual or joint Shareholder you will need to register and provide validation by entering your details in the top section:

- **ASX registered holders:** Shareholder number and postcode
- **Proxy holders:** If you are appointed proxy, please enter the Proxy Number previously sent to you by email by the Share Registry in the PROXY DETAILS section. Once you have entered your appropriate details, click the blue '**SUBMIT DETAILS AND VOTE**' button.

Once you have registered, your voting card will appear with the relevant resolution to be voted on by Shareholders at the AGM. Shareholders and proxies can either submit a Full Vote or a Partial Vote. You can move between the two tabs by clicking on '**Full Vote**' or '**Partial Vote**' at the top of the voting card. See further the Link online guide at the above website.

Full Votes

To submit a full vote on a resolution ensure that you are in the '**Full Vote**' tab. Place your vote by clicking on the '**For**', '**Against**' or '**Abstain**' voting buttons.

Partial Votes

To submit a partial vote on a resolution, ensure that you are in the '**Partial Vote**' tab. You can enter the number of votes you would like to vote on the resolution. The total amount of votes you are entitled to vote for will be listed under the resolution. When you enter the number of votes that you are entitled to vote for will be listed under the resolution. When you enter the number of votes in a certain box it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as "No Instruction" and therefore will not be counted.

Once you have finished voting on the resolution, scroll down to the bottom of the box and click the blue 'Cast Vote' or 'Cast Partial Vote' button.

Note: You are able to close your Voting Card during the AGM without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up your Voting Card. The Voting Card will appear on the bottom left corner of the webpage. The message 'Not yet submitted' will appear at the bottom of the page. You can edit your Voting Card at any point while voting is open by clicking on 'Edit Card'. This will reopen the Voting Card with any previous votes made. If at any time you have submitted your Voting Card and wish to make a change while voting is still open you can do so by clicking the 'Edit Card' button and making the required change. Once you have completed your Voting Card select the blue 'Cast Vote' or 'Cast Partial Vote' button. The Voting Card remains editable until the voting process is closed. Once voting has been closed, all Voting Cards, submitted and un-submitted, will automatically be submitted and cannot be changed.

Immediately prior to the conclusion of the voting process, a red bar with a countdown timer will appear at the top of the Slide windows noting the remaining voting time available to Shareholders. Please make any changes required to your Voting Cards at this point and submit your Voting Cards. If an additional resolution is proposed during the AGM, there will be a short delay while the resolution is added to the Voting Card. Once the resolution has been added, you will be notified by the Chair during the AGM. In order to vote on the additional resolution, you will need to reopen your Voting Card to cast your vote by clicking the 'Edit Card' button.

How to ask a question

A reasonable opportunity will be given to Shareholders and proxyholders to ask questions about or make comments on the management of the Company at the AGM.

Note: Only Shareholders are eligible to ask questions.

You will only be able to ask a question after you have registered to vote. If you would like to ask a question, click on the 'Ask a Question' box either at the top or the bottom of the webpage. See further the Link online guide at the above website.

The 'Ask a Question' box will then pop up with two sections for completion.

In the 'Regarding' section, click on the drop-down arrow and select the resolution.

After you have selected the resolution category, click in the 'Question' section and type your question. When you are ready to submit your question, click the 'Submit Question' button. This will send the question to the Management / Board of the Company. Note that not all questions are guaranteed to be answered during the AGM, but we will do our best to answer your question.

Once you have asked a question, a 'View Questions' box will appear. At any point you can click on 'View Questions' and see all the questions you have submitted. All Shareholders will be able to view the response to the questions you have asked.

Note: You can submit your questions by this method from 30 minutes before the AGM begins, if you have registered to vote. You may continue to submit questions up until the close of the AGM. If your question has been answered and you would like to exercise your right of reply, you can do so by submitting another questions. See further the Link online guide at the above website.

Documents

If you would like to refer to the notice of AGM or Explanatory Statement at any stage during the AGM, you can do so by clicking the 'Downloads' link and then clicking the 'Notice of Meeting' link..

When you click on these links the file will open in another tab in your browser.

Closing of voting process

You will be notified prior to the closing of the voting process.

Prior to the conclusion of the voting process, a red bar with a countdown timer will appear at the top of the Slide screens noting the remaining voting time. If you have not yet submitted your vote at this point, you will be required to do so now.

Once the timer reaches zero, any votes you have placed will automatically be submitted.

6 Remuneration Report

At the 2019 AGM of the Company shareholders resolved to adopt the Remuneration Report. Of the votes cast at the 2019 AGM on the resolution, less than 25% of the votes cast were against adoption of the report. As such, a "first strike" was not recorded.

7 Voting Exclusion and Restriction Statements

There are no voting exclusions in relation to – Election of Directors (resolutions no's 1 and 2) or the item of Special Business (Reduction of Capital).

As noted below in Item no. 8

Voting exclusions apply in relation to voting on the Remuneration Report (resolution no. 3).

The Company will disregard all votes cast on the resolution to adopt the Remuneration Report by or on behalf of;

- (a) a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (KMP); and
- (b) a closely related party of a KMP, whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast on the resolution by a KMP or a closely related party of a KMP if:

- (a) the vote is cast as a proxy;
- (b) the proxy:
 - (i) is appointed by writing that specifies how the proxy is to vote on the resolution; or
 - (ii) is the chair of the meeting and the appointment of the chair as proxy; and
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company; and
- (c) the vote is not cast on behalf of a member of the key management personnel of the Company or a closely related party of such a member.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include directors (both executive and non-executive) and certain senior executives.

A closely related party of a member of key management personnel is defined as:

- (a) a company the member controls;
- (b) the member's spouse, child or dependant or a child or dependant of the member's spouse; or
- (c) anyone else who is one of the member's family and may be expected to influence or be influenced by, the member in the member's dealings with the Company.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company must disregard.

8 Undirected Proxies

The chairman of the Company or if the chairman is not present at the meeting or unable or unwilling to act, [] will chair the meeting.

The chairman of the meeting will vote all available undirected proxies **in favour of** all resolutions put to the.

The Company recommends that shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution.

9 Voting – General Comment

Each resolution will be moved, and then will be open to the meeting for discussion.

Following the completion of discussions the Chairman will inform the meeting of the details of the valid proxy voting received by the Company. The resolutions will then be put to the vote.

Voting at the AGM will be conducted by poll.

10 Questions and Comments by Members and Proxyholders at the AGM

Similarly, a reasonable opportunity will be given to shareholders and proxyholders to ask the Company's external Auditor, BDO, questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditors' Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to BDO via the Company, no later than 5 business days before the meeting, if the question is relevant to the content of BDO Audit Report or the conduct of its audit of the Company's Financial Report for the year ended 30 June 2020.

Relevant written questions for BDO must be received no later than 5.00 p.m. (Melbourne time) on Friday, 23 October 2020. A list of those relevant written questions will be made available to shareholders attending the AGM. BDO will either answer the questions at the meeting or table written answers to them at the AGM. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the AGM.

Please send any written questions for BDO to the Company @ Hawthorn Resources Limited, Level 2, 90 William Street, Melbourne 3000, or email to mgarbutt@krcc.com.au by no later than 5.00 p.m. (Melbourne time) on **Friday, 23 October 2020**

Hawthorn Resources Limited

ABN 44 009 157 439

Explanatory Statement

*This Explanatory Statement accompanies and forms part of the
Notice of Annual General Meeting dated 30 September 2020*

ORDINARY BUSINESS

Item 1 - Receive and Consider the Financial and Other Reports

This item of business is intended to provide members with the opportunity to raise and discuss any matter on the reports themselves and on the performance of the Company generally.

Item 2 - Election of Directors (Resolution 1 and 2)

Details of the Directors seeking election and all other Directors are contained in the 2020 Annual Report.

Resolution 1

Re-Election of Mr Liao, Yongzhong as a Director

Information about Mr Liao, Yongzhong

Mr Liao, Yongzhong

Non-Executive/Independent Director

Appointed 30 October 2012, last re-elected 2017 AGM

Mr. Liao, Yongzhong has served Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. for more than 20 years. Since joining it in 1993, he has held the following significant posts: Vice General Manager and Secretary of the Board of Directors from October 2003 to July 2007, Director and Vice General Manager from January 2007 to August 2008, Vice General Manager from August 2008 to May 2018.

He holds concurrent posts of investment adviser of Guangdong Ligguang New Material Co., Ltd. and Fenghua Mining Investment Holding (HK) Limited.

Other Directorships

Other than the directorships noted above there have been no other directorships of listed entities held in the past three years.

Directors' Recommendations

The Board of Directors (with the exception of the relevant director) unanimously recommends that members vote in favour of the re-election of Mr Liao.

Resolution 2

Re-Election of Mr Christopher D Corrigan as a Director

Information about Mr Corrigan

Mr Christopher D Corrigan, BEc

Non-Executive Director

Appointed 5 October 2017; first elected as a Director 29 November 2017 AGM

Mr Corrigan has indirect involvement in Hawthorn's Anglo-Saxon project through Hawthorn's joint venture partner.

Mr Corrigan directly holds 56,095,028 shares in Hawthorn Resources Limited.

Mr Corrigan is a member of the Company's Audit Committee.

Prior to his appointment to the Board of Directors of Hawthorn Resources Limited, Mr Corrigan has during the past three years held directorships in listed entities:

- Webster Limited – Chairman from February 2016 to February 2020

Other Directorships

Other than the directorships noted above there have been no other directorships of listed entities held in the past three years.

Directors' Recommendations

The Board of Directors (with the exception of the relevant director) unanimously recommends that members vote in favour of the re-election of Mr Corrigan.

Item 3 - Adoption of the Remuneration Report (Resolution 3)
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The Company must put to a vote a resolution to adopt the Remuneration Report as disclosed in the Directors' Report. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Directors' Report must include a Remuneration Report containing prescribed information about the Board's policy for determining the nature and amount of the remuneration of Directors and other key management personnel. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. The Remuneration Report of the Company for the year ended 30 June 2020 is set out in of the Directors' Report as incorporated in to the Company's 2020 Annual Report.

The vote on this resolution is advisory only and non-binding. However, if at least 25% of the votes cast on the resolution are voted against the Remuneration Report at the meeting (a "first strike"), then:

- (a) if comments are made on the report at the meeting, the Company's Remuneration Report for the following financial year will be required to include an explanation of the board's proposed action in response or, if no action is proposed, the board's reasons for this; and

- (b) if at the following year's annual general meeting, at least 25% of the votes cast on the resolution for the adoption of the Remuneration Report for that year are against adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting be called to consider the election of directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the directors (other than the managing director, if any) will cease to hold office at a subsequent general meeting (**Spill Meeting**), unless re-elected at that meeting; such meeting to be held within 90 days of the Annual General Meeting (AGM) that passed the Spill Resolution.

If at the Spill Meeting, the resolutions are all passed against re-electing the relevant directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 directors. After the managing director, the remaining two positions will be filled by the directors whose re-election resolutions at the Spill Meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two directors, the Managing Director and any other director whose re-election has been confirmed at this Spill Meeting, can choose who is to become the third director, with such appointment to be confirmed by shareholders at the 2021 AGM.

At the 2019 AGM of the Company shareholders resolved to adopt the Remuneration Report for the year ended 30 June 2019. Of the votes cast at the 2019 AGM on the resolution less than 25% of the votes cast were against adoption of the Report. As such, a "first strike" was not recorded at the 2019 AGM.

The resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the meeting. As noted above the Remuneration Report is set out in the Directors' Report contained in the Company's 2020 Annual Report.

The report:

- explains the Board's policies in relation to the nature and level of remuneration paid to directors, secretaries and senior managers within the Hawthorn Resources Limited group;
- discusses the link between the Board's policies and the Company's performance;
- provides a detailed summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- identifies the companies that the Company's performance is measured against for the purpose of its long term incentive plan;
- sets out remuneration details for each director and for each member of the Company's senior executive management team; and
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors;

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Directors' Recommendation

Remuneration Report

The Board unanimously recommends that shareholders vote in favour of Resolution 3. The Chairman has informed the Board that he intends to vote any open and available proxies given to him in favour of Resolution 3.

SPECIAL BUSINESS

Resolution 4 is an item of Special Business for the approval of a proposed Capital Return.

Introduction

The proposed Capital Return is an equal reduction of the Company's share capital under which \$0.0246908737 cash per Share will be paid by way of return of capital without cancelling any Shares and without affecting the nature of the Shares as fully paid Shares. The Capital Return is conditional on the Company paying on the same date as the Capital Return is paid a Special Dividend of \$0.0157869914 per Share, with the Capital Return and the Special Dividend having the same Record Date.

Resolution 4 must be passed by a simple majority of the Shareholders present in person or by proxy at the AGM.

Timetable

The timetable currently proposed for the Special Dividend and Capital Return if Resolution 4 is passed is as follows:

Date of AGM (shareholder approval of Capital Return)	30 October 2020
Effective date of the Capital Return / Special Dividend	2 November 2020
Last day for trading in 'cum Capital Return / Special Dividend' Shares	3 November 2020
Trading in Shares 'ex' entitlement to Capital Return / Special Dividend commences	4 November 2020
Capital Return Record Date – being the date for determining entitlements to participate in Capital Return and Special Dividend	5 November 2020
Payment Date for Capital Return and Special Dividend	20 November 2020

All dates and times following the date of the meeting are indicative only and, among other things, are subject to all necessary approvals from ASX. Any changes to this timetable will be announced through ASX and notified on Hawthorn's website at (<http://www.hawthornresources.com>).

Background to the Capital Return and Special Dividend

On 18 April 2019, the Company announced to ASX that it had entered into an Asset Sale and Purchase Agreement for the sale of its interests in Box Well and Deep South mining leases and exploration tenements and leases (collectively, **Assets**).

The consideration receivable by the Company for the sale of the Assets was \$13.5 million. Settlement of the sale of the Assets was announced on 4 June 2019.

The sale gave rise to an accounting gain of \$8,367,709. The Assets had been impaired over their lives.

The Directors have determined that the proceeds of the sale of the Assets should be applied towards payment of the Special Dividend and the Capital Return, subject to the passing of Resolution no.4 at the AGM.

Legal elements of Capital Return and Special Dividend

Capital Return

The Capital Return involves the Company conducting a reduction of its Share capital under section 256B of the Corporations Act. This section provides that a company may only reduce its share capital if:

- it is fair and reasonable to the company's shareholders as a whole;
- it does not materially prejudice the company's ability to pay its creditors; and
- it is approved by shareholders in accordance with section 256C of the Corporations Act.

The Capital Return will be an 'equal reduction' under the Corporations Act in that:

- it relates only to ordinary shares;
- it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- the terms of the reduction are the same for each holder of ordinary shares.

On this basis, it must be approved by resolution passed at a general meeting.

If Resolution 4 is passed and the Directors resolve that the Company pay the Special Dividend, the Return Amount will be paid in respect of each Share on issue as at the Record Date.

Special Dividend

The Directors have resolved that the Company will pay the Special Dividend subject to the passing of Resolution 4, with payment to be made in respect of each Share on issue as at the Record Date.

The Capital Return and the Special Dividend will both be paid (if they are paid) on the same payment date.

Control effect of the Capital Return and Special Dividend

As the proposed Capital Return will be an equal reduction of share capital that does not involve the cancellation of any Shares, it is not expected that there will be any control effect on the Company arising from the Capital Return and Special Dividend.

Funding of the Capital Return and Special Dividend

Under the Capital Return and Special Dividend, the Company will be required to pay a total of approximately \$13.5 million to Shareholders (based on a total number of 326,615,613 Shares). This maximum aggregate amount will be funded primarily by way of the Company's existing cash reserves (representing the proceeds received by the Company from the sale of the Assets).

The Directors have formed the view that the Capital Return and the Special Dividend will not materially prejudice the Company's ability to pay its creditors. This view has been formed having regard to the value of the Company's assets and its expected cash flows.

Taxation implications

The following is a general outline of the Australian taxation implications for Shareholders in relation to the receipt of the Return Amount and the Special Dividend. The outline is general in nature and should not be relied on by Shareholders as tax advice. Shareholders should obtain their own professional advice on the taxation implications relevant to them arising from the receipt of the Return Amount under the Capital Return and of the Special Dividend.

This outline is based on the Australian income tax laws in force and the practice of the ATO applicable as at the date of the Notice. The outline does not take account of subsequent changes to the tax legislation, case law, rulings and determinations issued by the Commissioner of Taxation or other practices of revenue authorities.

References to Australian resident Shareholders are to Shareholders of the Company who are residents of Australia for Australian income tax purposes and are not tax resident in any other jurisdiction.

Class Ruling – Capital Return

The Company has lodged an application with the ATO for a class ruling to confirm the income tax consequences of the proposed Capital Return for Shareholders who hold their Shares on capital account for tax purposes.

The ATO has provided the Company with a draft class ruling. It is expected that the ATO will issue a final class ruling in relation to the Capital Return on the same terms as the draft class ruling shortly after the payment of the Return Amount. When the class ruling is issued, it will be available both on the ATO's website (<http://www.ato.gov.au>) and on the Company's website (<http://www.hawthornresources.com>).

Once the class ruling has been issued by the ATO, a Shareholder will be able to rely on the class ruling when preparing their Australian income tax return.

The class ruling will apply only to Shareholders that:

- were registered on the Register of Members on the Record Date and continued to hold their Shares on the date that the Return Amount is paid to Shareholders;
- held their Shares on capital account; and
- are not subject to the taxation of financial arrangement rules.

Accordingly, this outline of the taxation implications of the Capital Return applies only to those shareholders.

Return Amount

There are integrity provisions under the Australian income tax legislation which give the Commissioner of Taxation the power to deem certain distributions which would otherwise be capital in nature to be treated as dividends for Australian tax purposes.

Based on the terms of the draft class ruling provided to the Company by the ATO, it is expected that the Commissioner of Taxation will not make a determination that any part of the Return Amount be deemed to be treated as dividends for Australian tax purposes.

On this basis, a CGT event will likely occur for Shareholders on the date that the Company pays the Return Amount.

For Australian resident Shareholders:

- where the proceeds from the Capital Return are equal to or less than the Shareholder's cost base in the Shares, there should be no immediate tax liability related to the Capital Return as the proceeds from the Return Amount should first be applied to reduce the Shareholder's cost base in the Shares; and
- where the Return Amount exceeds the Shareholder's cost base in the Shares, a capital gain may arise.

For Shareholders who are not tax residents of Australia:

- a Shareholder with at least 10% shareholding in the Company on the Payment Date cannot disregard any capital gain in relation to their Shares (because those Shares are 'taxable Australian property'); and
- a Shareholder with less than 10% shareholding in the Company may disregard any capital gain provided that the particular Shareholder's Shares are not 'taxable Australian property'.

Shareholders who are not tax residents of Australia should seek specific advice in relation to the tax consequences arising from the Capital Return under their own laws.

A Shareholder may be able to treat a capital gain which occurs when the Company pays the Return Amount as a 'discount capital gain'. To do so, the Shareholder must have acquired their Shares at least 12 months prior to the Payment Date and the other relevant conditions in Subdivision 115-A of the *Income Tax Assessment Act 1997* (Cth) must be satisfied.

Special Dividend

The class ruling which the ATO is expected to issue in relation to the Capital Return does not rule on the Australian tax consequences of the Special Dividend.

The Special Dividend will be unfranked and this means that no franking credits will be attached to the Special Dividend.

Shareholders who are residents of Australia for Australian tax purposes should be required to include the entire amount of the Special Dividend in their assessable income in the income year ending 30 June 2021.

For Shareholders who are not residents of Australia for Australian income tax purposes, a final dividend withholding tax should be imposed on the amount of the Special Dividend (unless the dividend is declared to be conduit foreign income). The withholding tax will be deducted by the Company before the Special Dividend is paid. The rate of withholding tax will vary depending on the country in which each Shareholder is resident for tax purposes.