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HAWTHORN RESOURCES LIMITED

2024 ANNUAL REPORT

SNAPSHOT

Hawthorn Resources Limited (ASX: HAW) is a multifaceted explorer and gold producer in Western Australia. Its primary focus has been gold exploration and production at its Anglo Saxon Joint Venture project at Pinjin but more recently, magnetite and critical minerals - copper, lithium and nickel exploration have been added to its portfolio of developments.

Significant new joint ventures with Hancock Prospecting Pty Ltd and Legacy Iron Ore (ASX: LCY), a subsidiary of the Indian Government's NMDC, were announced in 2022 and 2023 on our Mt. Bevan JV tenement, firstly for magnetite (iron ore) and then for critical minerals, primarily lithium pegmatites adjacent to the Mt. Ida fault.

As a result of these new joint ventures, Hawthorn has been able to capitalise on the emerging electrification revolution for minerals and help meet its decarbonisation aspirations on behalf of shareholders with 2 significant global partners.

At a time of buoyant gold prices, Hawthorn has maintained its exposure to the gold sector via its 70% ownership and management of the high-grade Anglo-Saxon mine at Pinjin. Following completion of open pit mining, the JV is now focused on unlocking the significant value inherent in the high-grade Mineral Resource Estimate (MRE) via the introduction of a new JV partner or its outright sale.

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HAWTHORN RESOURCES LIMITED

ABN 44 009 157 439

Corporate Directory

DIRECTORS

Li, Yijie	Non-executive Director/Chairman
Brian Thornton	Managing Director/CEO
Liu, Zhensheng	Non-executive Director
Joseph Corrigan	Non-executive Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Tony Amato

REGISTERED OFFICE

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Link Market Services Ltd
Tower 4, 727 Collins Street
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+ 61 1300 554 474

AUDITORS

Connect National Pty Ltd
Level 14, 333 Collins Street
Melbourne VIC 3000

SOLICITORS

Thomson Geer
Rialto Towers, 525 Collins Street
Melbourne VIC 3000

BANKERS

National Australia Bank
Level 1, 99 Bell Street
Preston VIC 3072

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MANAGING DIRECTOR'S REPORT

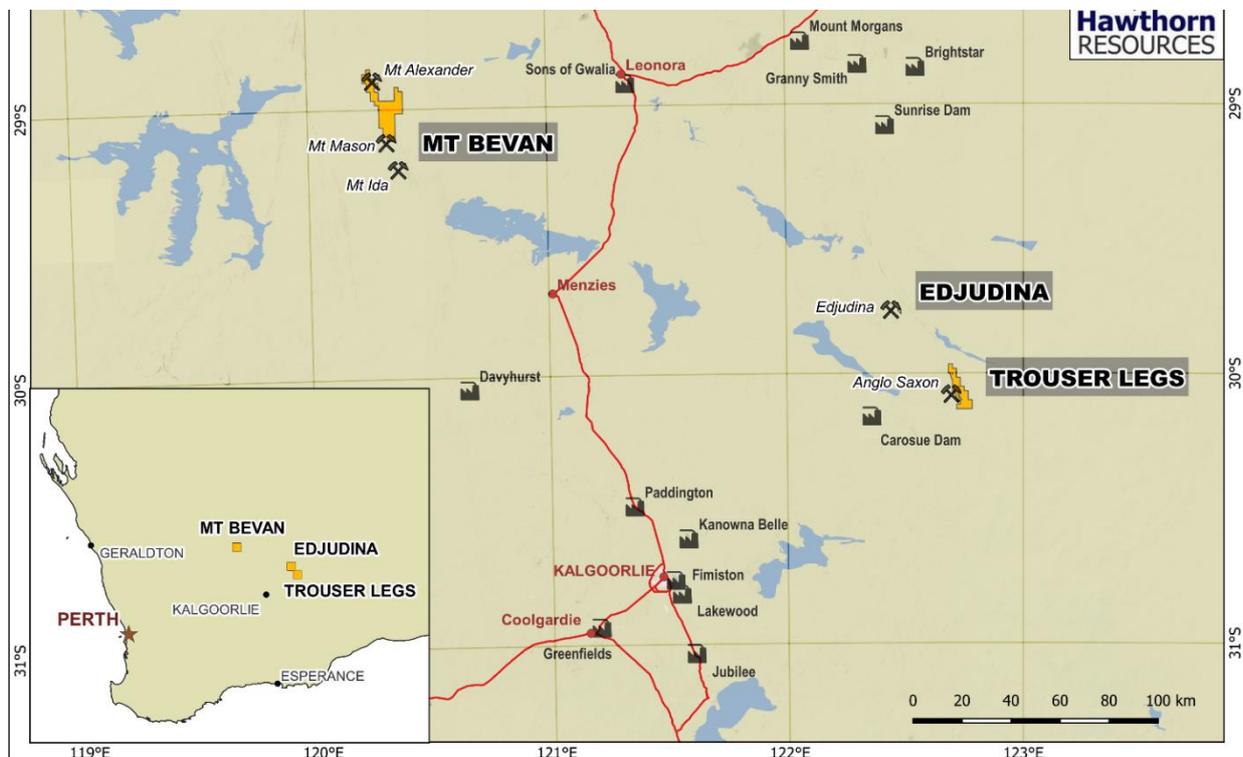
On behalf of the Chairman and the Directors of Hawthorn, I present the Annual Report of the company for the financial year ending 30 June 2024.

This year has continued to be among the most eventful for the company, with significant progress at our 2 next generation magnetite and critical minerals projects, at Mt Bevan in the Central Yilgarn of Western Australia.

Concurrently, the company has embraced the new challenges and cost pressures facing the resources sector by prudent management of its tenements, risk exposure and overheads whilst at the same time maintaining a significant cash buffer.

With respect to Mt Bevan, Hawthorn have been aware of the potential of our magnetite joint venture opportunity with Legacy Iron Ore (ASX: LCY) since the start of the JV in 2014, but it has been the global focus on decarbonization of steel and the production of 'cleaner steel' that has attracted our joint venture partner, Hancock Prospecting Pty Ltd (Hancock) to the project.

Fortuitously, the discovery of lithium pegmatites on our adjoining tenement at Mt Bevan, contiguous to the Mt Ida fault and other discoveries, has been a factor in the establishment of our Other Minerals JV with Hancock. This is on an area adjacent to our current magnetite resource and is now subject to an additional farm in agreement with Hancock and our existing partner Legacy.



MT BEVAN MAGNETITE JOINT VENTURE PROJECT

As reported previously, Hancock Prospecting Pty Ltd and their iron ore mining group Atlas Mining formed a JV on the Mt Bevan magnetite project with Hawthorn and Legacy Iron Ore in 2022. The project is located 250 kms north of Kalgoorlie and 100 kms west of Leonora in the Central Yilgarn of Western Australia.

Hancock acquired its initial 30% equity interest in the Mt Bevan JV by a cash payment of \$8million; \$3.2 million was paid to Hawthorn, \$4.8 million to Legacy and payment of a further \$1 million into the JV's bank account for working capital.

Hancock has now completed sole funding at a cost of almost \$20m of a Pre-Feasibility Study (PFS) which commenced on 14 April 2022. On completion of the PFS, the JV interests of the partners are Hancock 51%, Legacy 29.4% and Hawthorn 19.6%. Full details of this major strategic development for Hawthorn are contained in our ASX announcements commencing on November 15, 2021.

Since commencement of the PFS, Hancock have completed several programs and reviews on Mt Bevan. These includes resource definition drilling to validate the current JORC Indicated and Inferred resource, hydrogeology to confirm available water resources for processing, metallurgical studies including comminution test work, ore processing and plant options, ore transport and port studies, heritage and base line environmental studies including flora, fauna and soils.

The PFS was successfully completed by Hancock and announced to the market on 16 July 2024 following an earlier ASX release of 1 July of a revised Mineral Resource Estimate totalling 1,291Mt of magnetite. The PFS confirmed that the resource was high grade, post beneficiation generating a direct reduction grade (DRI) of more than 70%Fe and less than 2.5%Si at a 45um grind size; this is an exceptional grade by world standards and indicates that the Mt Bevan product should fetch a premium in the iron ore market as a feedstock for steel production.

Following completion of the PFS, the JV have committed to a Forward Works Plan and budget to further define, optimise and de risk the project. This plan involves acquiring tenements to support water sources and provide service corridors, further heritage and environmental surveys and other optimisation studies for transport and power supply.

The PFS determined that the eventual capex for the development of Mt Bevan was circa \$5B with significant interim costs to be incurred by the partners for the Forward Works Plan and completion of a Bankable Feasibility study (BFS). Despite its attractiveness and our support for the Mt Bevan magnetite project, the Board decided that Hawthorn did not have the financial capacity to maintain its equity position of 19.6% without depletion of its limited cash reserves ahead of the crucial BFS stage. Hence our decision to elect to convert our equity stake to a 1% FOB royalty on production. We believe this royalty will have significant value in the future and based on our own internal NPV calculations, will generate significant cash flows

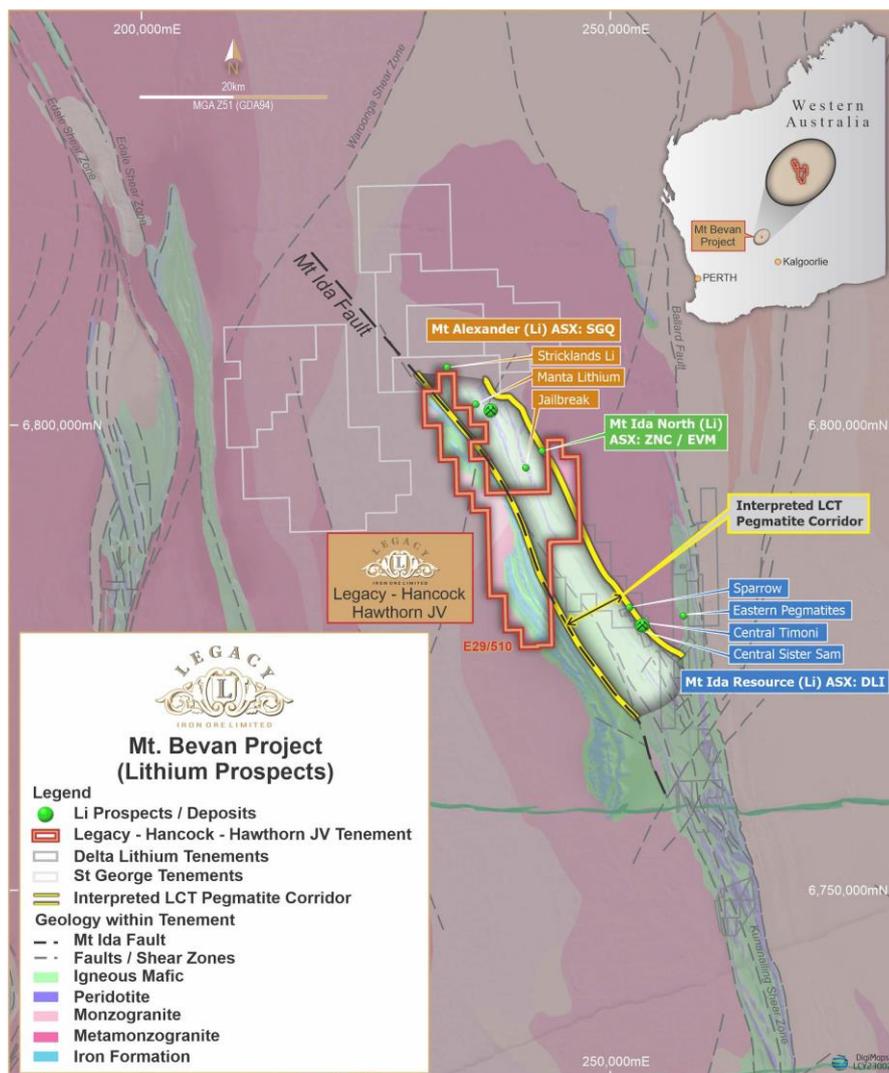
for Hawthorn over the life of mine and once production commences. This decision was announced to the market on 19 September 2024.

Commenting on the successful completion of the PFS, Hancock noted *“The completion of the Mt Bevan Magnetite Project PFS is a significant milestone for the Joint Venture and reflects the hard work of Hancock, Legacy Iron and Hawthorn Resources. The technical outcomes from the work done are positive and further work is being undertaken to optimise the design and costs for supply of power, transport of iron ore product from mine site to a port for export of the product and identification of water sources required for processing and production of the concentrates. However, Australian government tape and the approvals process in Australia add uncertainty to the project, despite its technical merit”.*

MT BEVAN OTHER MINERALS JOINT VENTURE WITH HANCOCK

Following the discovery of lithium-tantalum pegmatites along the Mt Ida fault by Delta Lithium (ASX: DLI) and others, the JV partners, Hawthorn and Legacy announced a new farm in JV with Hancock Magnetite Holdings Pty Ltd (Hancock) for other minerals including lithium, copper and nickel. The new lithium JV is in addition to and separate from the current magnetite JV with Hancock.

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Key elements of the Other Minerals JV include:

- Hancock's initial investment of \$4m for a 7.5% interest with payments to Hawthorn of \$1.6m and \$2.4m to Legacy.
- Hancock may fund additional exploration and development activities of \$22m in 3 stages to earn a further 43.5% of the project over 42 months.
- If Hancock meets all the staged payments and completes the earn in requirements, it will hold a 51% interest in the JV with Hawthorn holding a 19.6% and Legacy a 29.4% interest respectively.
- Furthermore, both Hawthorn and Legacy could receive additional bonus payments up to \$10m based on the confirmation of a JORC resource of Li₂O, greater than 5m tons @ at an average grade of 1.2%

The JV Agreement parallels a similar JV in April 2022 between Hancock Magnetite Holdings and Hawthorn and Legacy on the same tenement for iron ore minerals, details of which were released to the market on 17 December 2022. Hancock commenced a drilling program for lithium pegmatites on 15 April 2024 on areas identified as having outcropping pegmatites on our EL 29/510. The program has been delayed by significant rain events on the tenement preventing drill rig access to areas identified for drilling. Against backdrop of weak spodumene prices Hancock and the JV are currently reassessing the timetable for further work on the JV ground until the market improves.

THE ANGLO SAXON GOLD PROJECT

The Anglo Saxon gold mine is located on the South Laverton Tectonic zone (SLTZ), 140 kilometres north east of Kalgoorlie and 35 kilometres east of the Carosue Dam mill owned and operated by Northern Star (ASX: NST). Anglo Saxon is connected to Carosue Dam via a dedicated haul road.

The project is part of the Trouser Legs Joint Venture (TLJV) with Gel Resources Pty Ltd with Hawthorn controlling 70% of the JV and Gel 30% with Hawthorn as manager. The TLJV controls an extensive tenement package of MLs and surrounding EIs along and around the Pinjin fault which hosts the main Anglo Saxon orebody.

Despite extensive exploration work by the JV and earlier explorers, the tenements remain highly prospective for both open pitable and underground gold resources, including extensions of the current high grade underground gold resource. The major constraint to the development of the current resource has been the lack of available, nearby processing options, the nearest of which are at Kalgoorlie some 140 kms from Anglo Saxon. During our

earlier open pit operation, ore was hauled to the Carousue Dam mill some 35kms away, via the JV's own dedicated haul road which ensured a profitable and efficient operation.

Recent studies by the JV have confirmed that the Anglo Saxon underground is potentially a profitable undertaking at today's gold price of approx. A\$3800/ ounce with the major constraint being haulage and processing costs and a favourable ore purchasing agreement with a local mill. The current Mineral Resource Estimate (MRE) is 785,000t at a grade of 6.1g/t (cut) for 154,000 ounces using a cut-off grade of 4.5g/t (confirmed in Hawthorn's quarterly report to the ASX of March 2020). This is in addition to the 49,694 ounces successfully mined from the open pit, completed in 2021. Additional profits have been made from the successful treatment of the low-grade stockpiles at Anglo Saxon post completion of the open pit with approximately 100,000t of low-grade oxide and fresh ore remaining for treatment.

The TLJV embarked on an extensive drilling campaign during the December quarter of 2023 to follow up on a number of anomalies that have been revealed following a review of old soils and drill data and re interpretation thereof. Results were mixed but a number of prospects namely Binbury and Sulphide to the north of the Coles open pit will be followed up with both augur and RAB drilling before year end.

While progress in advancing the TLJV has been slow, the JV partners remain committed to development of the project either with a new JV partner or monetising it via a sale that captures today's record gold prices; to this end a number of discussions have taken place with potential partners and purchasers following access to our data room.



Pinjin road to the Anglo Saxon gold project

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Anglo Saxon Open pit, September 2024



Binbury Prospect on the northern flank of Anglo Saxon in flower following heavy rainfalls in the Goldfields

EDJUDINA GOLD PROJECT

Hawthorn has owned 100% of this small Mining Licence on the Triumph-Edjudina Greenstone belt, host to numerous old underground gold operations in the Triumph-Neta line of prospects for many years. It is located about 145 kilometres northeast of Kalgoorlie, and about 35 kilometres north -west of the Anglo Saxon gold mine.

Historic production records indicate 33,215 ounces gold at a grade of 46.9g/t was produced between 1898-1939. This was won from four shafts exploiting narrow but high-grade quartz vein lodes. In 1983, Paget Mining completed drilling both from surface and underground and estimated a resource of 195,500 tonnes at 12.4 g/t gold, or about 75,000 ounces. This was the aggregate tonnage based on several shafts and three parallel quartz reefs.

More recent exploration by Hawthorn has focused on testing narrow lode quartz veins mined from the Senate shaft. Best intersections were 0.47 metres @ 157 g/t gold at 35 metres vertical depth, 3.0 metres @ 11.3 g/t gold at 66 vertical metres depth and 0.25 metres at 189.2 g/t from 132 metres vertical depth. These encouraging results were followed up by further Reverse Circulation drill holes with lode widths of about 2 metres and grades of between 4-6 g/t with a few exceptional holes grading 15-20 g/t over 2 metre widths in the quartz carbonate lodes below the Senate shaft. This shaft exploited Reef 2.

In 2020 Gibb River Diamonds Ltd (ASX: GIB) reported the discovery of several shallow lodes north along strike of the Senate shaft that they termed the Neta lode. Follow up drilling further west of Neta demonstrated a narrow lode system referred to as Calvert. Given the small size and limited potential of the standalone Edjudina ML, Hawthorn finalised the sale of this small mining lease to Gibb River which will consolidate the ground into a potentially viable open pit operation. The sale terms comprised the issue of 3m Gibb River shares to Hawthorn, escrowed for a period of 12 months which have now been issued.

In conclusion, I would like to express my thanks and gratitude on behalf of the Board, to our management team, our former Company Secretary Glen Fowles and our principal geologist Joe Clarry for their service and counsel over the past year.

Despite the challenges facing the resources sector, Hawthorn remains in excellent shape with a strong balance sheet, exposure to next generation “green steel” and critical minerals with highly credentialed JV partners, Hancock and NMDC of India and its continuing exposure to the gold sector and record gold prices ,via its Anglo Saxon JV.

Brian Thornton



CEO and Managing Director
Hawthorn Resources Limited



Low grade stockpile haulage to Paddington Mill



Augur Sampling at the Binbury Prospect August 2024

Hawthorn Resources Limited

ABN 44 009 157 439

FINANCIAL REPORT YEAR ENDED 30 JUNE 2024

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Hawthorn Resources Limited

ABN 44 009 157 439

Directors' Report 2024

Hawthorn Resources Limited Directors' Report

The Directors of Hawthorn Resources Limited, a Company listed on the Australian Securities Exchange, present their report for the year ended 30 June 2024.

1. Directors

The Directors of the Company in office since 1 July 2023 and up to the date of this Report are:

Mr Li, Yijie

Non-Executive Chairman

Appointed 30 October 2012; last re-elected 2021 AGM

In November 2019 Mr Li was elected as Chairman of the Board of Directors.

Mr. Li is the Chairman of the Board of Lite Smooth Investment Limited. Mr. Li has been the President of Guangdong Carrinton Development Co., Ltd, a diversified business group, since 2001.

Indirect interest in securities (ordinary fully paid shares) are held through a greater than twenty per cent shareholding interest in Feng Hua Mining Investment Holding (Hong Kong) Limited.

Mr Liu, Zhensheng

Non-Executive Director

Appointed 9 December 2015; last re-elected 2022 AGM

Mr Liu, is a Geological professor-level senior engineer and a mineral processing senior engineer. He has worked on prospecting, exploration, mine construction, mine production and operation management, mining investment for 40 years.

He has held the following significant positions:

- Investment Director of a listed company (2018 to present);
- Director and General Manager of a Guangdong mineral resource company (2013-2018);
- Director, General Manager, and Chief Engineer of a gold-mining company (1989-2013); and
- Technician, Technical Manager of a Guangdong geological and exploration company (1983-1989);

Interest in securities (ordinary fully paid shares): Nil.

Mr B F Thornton

Managing Director and Chief Executive Officer

Appointed as Non-executive Director on 17 June 2021, elected 2021 AGM, appointed Managing Director and CEO on 24 November 2022

Mr Thornton is the Director and 100% shareholder of Gel Resources Pty Ltd, which holds a 30% interest in the Anglo-Saxon gold project. Mr Thornton has had a long association with the minerals and exploration industry in Australia and internationally, both at executive and advisory levels. He is the former Executive Chairman of Xanadu Mines Ltd (ASX: XAM), which he founded in 2004 and in which he remains a significant investor.

Mr Thornton is a graduate in Economics from the Australian National University and a Fellow of the Financial Services Institute (FINSIA) and, currently, is the Honorary Consul of Mongolia in New South Wales.

Interest in securities (ordinary fully paid shares): 5,761,879.

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Hawthorn Resources Limited Directors' Report

Mr J D Corrigan - BA, MA

Non-Executive Director

Appointed 24 November 2022

An experienced businessman and director, Mr Corrigan holds directorships and key investments in the agricultural and aerospace industries.

He is a director of Kooba Pty Ltd, an Agribusiness focusing on cotton and almond production as well as water rights.

Mr Corrigan is also the Executive Chairman of Australian Rainforest Honey Pty Ltd, an apiary business focused on crop pollination, honey production and international honey sales and distribution.

Mr Corrigan has not held any other ASX listed company directorships in the last 3 years.

FORMER DIRECTORS

During the financial year ended 30 June 2024 and up to the date of this Report the following directors resigned from the Board of Directors:

Mr Liao, Yongzhong – MBA

Non-Executive Director

Appointed 30 October 2012; retired 9 November 2023.

The Board thanks Mr Liao for his many years of service to Hawthorn.

DIRECTORSHIPS

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

2. Principal Activities and Review and Results of Operations

Hawthorn Resources Limited ("Hawthorn" or "the Company") and its controlled entities ("the Group") is an Australian diversified iron ore, base metals and gold mining and exploration company, with strategic and significant tenement holdings throughout the Central Yilgarn and the South Laverton Tectonic Zone of Western Australia.

The principal activities of the Group during the financial year centered around the Company's interests in:

- (i) the Mount Bevan magnetite and lithium Joint Venture projects ("Mt Bevan") and
- (ii) the 70% interest in the Trouser Legs Mining Joint Venture Project ("TLMJV"). GEL Resources Pty Ltd ("GEL") owns the remaining 30% interest in TLMJV.

Mt Bevan Iron Ore Joint Venture

At 30 June 2024, the Company held a 28% stake with Legacy Iron Ore Limited (ASX: LCY) ("Legacy") holding a 42% stake and Hancock Magnetite Holdings Pty Ltd ("Hancock") holding the remaining 30% in a joint venture to explore and develop magnetite on EL29/510. Subsequent to the year-end Hancock prepared the Pre-Feasibility Study ("PFS"), which was released to the ASX on 16 July 2024. Following a Joint Venture Committee meeting, the partners agreed to a Forward Works Plan over 24 months to further define, optimize and de-risk the project (see ASX announcement on 16 July 2024). Upon release of the PFS the Company's holding in the JV was reduced to 19.6%, with Legacy's holding reduced to 29.4% and Hancock's increased to 51%.

The Pre-Feasibility Study incorporated resource drilling of a total of 41 drill holes for 9,008m including 31 RC holes (6,361m), 4 diamond holes (864m) and 6 RC with diamond tales (1,783m). The Future Works Plan will include:

- acquiring tenure to support water exploration and service corridors;
- continuing heritage and environmental surveys for approvals;
- investigate optimization avenues, including further assessment of transport options and power supply alternatives.

Hancock has been appointed as the manager of the new joint venture.

Hawthorn Resources Limited

Directors' Report

Mt Bevan Other Minerals Joint Venture

At 30 June 2024, the Company held a 37% stake with Legacy Iron Ore Limited (ASX: LCY) a holding 55.5% stake and Hancock Magnetite Holdings Pty Ltd ("Hancock") holding the remaining 7.5% in a joint venture to explore and extract other critical minerals, including lithium. Hancock will earn an additional 43.5% in the joint venture by funding a series of exploration activities by December 2025. At completion of these activities, if successful, interests in the project will be Hancock 51%, LCY 29.4% and HAW 19.6% - refer to ASX announcement of 15 June 2023 for further details. An initial drilling campaign has been completed after significant weather delays with 8,000m of RC drilling and assays pending.

Trouser Legs Mining JV (TLMJV) Gold

This project's initial development and open pit mining operations were completed in FY2022. The Company also holds interests in surrounding exploration tenements and continues exploration and evaluation activities on these assets.

As Hawthorn is deemed to control the operation of the TLMJV it has accordingly consolidated in full the project assets and liabilities, plus income and expenditure, with the interests GEL Resources Pty Ltd ("Gel") holds being represented in the financial accounts as a cost to the project, and any amounts arising from the operation due to Gel presented as a liability to the Group, and any amounts due from Gel represented as an asset.

Objective

The Company's objective is to increase shareholder wealth through successful exploration activities whilst providing a safe workplace and ensuring best practice in relation to its environmental obligations.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Group made a loss after tax for the year of \$536,992 (2023: \$84,951 profit).

Exploration write-offs and impairment for the year amounted to \$404,160 compared to \$289,070 in 2023. Administration expenses for 2024 were \$788,812 (2023: \$1,075,760).

Consolidated Statement of Financial Position

The Group had cash funds on hand at 30 June 2024 of \$13,114,088 (2023: \$14,071,071), receivables of \$155,522 (2023: \$2,986) including accrued interest earned of \$138,541 (2023: \$nil) and current liabilities totaled \$1,639,147 (2023: \$1,796,731), mostly reflecting the provision for mine rehabilitation of \$1,081,683 (2023: \$1,087,404).

At 30 June 2024, the Group had working capital of \$11,630,463 (2023: \$12,277,326), being current assets less current liabilities, and net assets of \$13,893,951 (2023: \$14,430,943).

Cash Flow

In operations, the Group expended cash flows of \$415,429 (2023: \$426,764) from operating activities and paid \$523,952 (2023: \$867,280) for exploration activities. There was a return of funds and profit distributions in the current year of \$17,602 (2023: \$10,021) to the TLMJV partner, and this was offset against the GEL contribution for the year.

3. Significant Change in State of Affairs

Other than the matters noted in item 2 above and items 4 to 9 below, the Directors are of the opinion that there has not been any significant change in the state of affairs of the Company during the year under audit.

4. Dividends

No dividend was declared or paid during the year ended 30 June 2024. (2023: Nil)

5. Status of Operations at Reporting Date

Exploration and Development

The Company retains its interests in the Mount Bevan Joint Venture, with the Joint Venture operator, Hancock Magnetite Holdings Pty Ltd ("Hancock"), announcing a Pre-Feasibility Study on 16 July 2024. It also maintains its interest in the Anglo-Saxon gold Joint Venture and is continuing to review all opportunities relating to the project. The Company has taken the decision to dispose of its interest in the Edjudina mining lease which is under discussion.

Hawthorn Resources Limited

Directors' Report

6. Events After the Balance Date

On 16 July 2024 the Company announced that its Joint Venture partner, Hancock, had completed a Pre-Feasibility Study on the Mount Bevan Magnetite Joint Venture. Following on from the Study, the Joint Venture partners have committed to commence a Forward Works Plan to further define, optimise and de-risk the project over 24 months.

On 3 September 2024 it was announced that the Company had sold its interest in the Edjudina mining lease (permit M31/1481) to Gibb River Diamonds Limited (ASX: GIB). The terms of the sale were as follows:

- 1.5million GIB shares escrowed for 12 months for the purchase of the tenement M31/1481; and
- 1.5million GIB shares escrowed for 12 months for the purchase of the existing mining information and data.

At 3 September 2024 GIB shares were trading at \$0.0361 per share.

On 20 September 2024 the Company announced that a Forward Works Program for the Mt Bevan Iron Ore Joint Venture for \$20 million had been approved. It also announced that it had elected to convert its 19.6% holding into a 1% royalty in accordance with the Joint Venture Agreement.

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods. Refer to item 7 below.

7. Future Developments and Results

The current focus is exploring and evaluating underground gold reserves at the Trouser Legs Mining Joint Venture ("TLMJV") tenement areas.

The Group will also continue to develop its other exploration tenements and will fund such operations from existing reserves, cash flows from the TLMJV mining operation and, where necessary, capital raising. Other than this there are no likely developments of which the Directors are aware of which could be expected to significantly affect the results of the Group's operations in subsequent financial years.

8. Issued Securities

(a) Ordinary Shares

At the date of this Report this Company has on issue a total of 335,015,613 shares (2023: 335,015,613 shares).

(b) Options

At the date of this Report the Company has no options on issue (2023: nil).

(c) ESOP – Performance Rights

At the date of this Report the Company has no performance rights on issue (2023: nil)

9. Directors Interest in Issued Securities

The declared relevant interest of each Director of fully paid ordinary shares of the Company as at the date of this Report is:

	2024	2023
Li, Yijie *	-	-
Liu, Zhengsheng	-	-
Liao, Yongzhong	-	-
B F Thornton	5,761,879	5,761,879
J D Corrigan	-	-

* Mr Li, as the owner and controller of Lite Smooth Investment Limited, an entity which has a voting power in Feng Hua Mining Investment Holding (HK) Limited ("Feng Hua") of greater than 20%, has a relevant shareholding interest in Hawthorn Resources Limited ("HAW"). As declared, Feng Hua holds 120,788,101 ordinary fully paid voting shares (2023: 120,788,101 shares) in HAW currently being the equivalent of a 36.22 percentage voting interest in HAW (2023: 36.22 per cent).

** Mr Liao is no longer director

Hawthorn Resources Limited Directors' Report

10. Meetings of Directors

The number of meetings of Directors held including meetings of Committees of the Board during the financial year including their attendance was as follows:

	BOARD	
	ELIGIBLE TO ATTEND	ATTENDED
Li, Yijie	3	3
Liu, Zhensheng	3	3
B F Thornton	3	3
J D Corrigan	3	3

Notes:

In between Board Meetings, Directors passed a total of 1 circulating resolution which are then noted and ratified at the next occurring Board meeting.

11. Company Secretary

Mr T Amato has been the Company Secretary since 2 April 2024, replacing Mr G Fowles.

Mr Amato has been the Company's CFO for 16 years.

12. Directors' and Officers' Indemnity and Auditor Indemnity

Directors:

The Company has entered into an Indemnity Deed with each of the Directors and with certain former Directors which will indemnify them against liability incurred to a third party (not being the Company or any related company) where the liability does not arise out of misconduct including a breach of good faith. The Indemnity Deed will continue to apply for a period of 10 years after a Director ceases to hold office and a Director's Access and Insurance Deed with each of the Directors pursuant to which a Director can request access to copies of documents provided to the Director whilst serving the Company for a period of 10 years after the Director ceases to hold office. There will be certain restrictions on the Directors' entitlement to access under the deed.

Pursuant to the requirements of the Indemnity Deed, the Company has taken out Directors and Officers Liability Insurance the terms of which are subject to confidentiality prohibiting disclosure of the terms and conditions of the policy cover.

Auditors:

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as an auditor.

13. Environment

The mining and exploration activities of the Hawthorn group are conducted in accordance with, and controlled principally by, Australian state and territory government legislation. The group has extensive land holdings in Australia for exploration and exploitation of resources. The Company employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. During the year, data on environmental performance was reported as part of the periodic exploration reporting regime. In addition, as required under state legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities. Mining activities are governed by licencing arrangements and the Company is committed to complying in full to all conditions and regulations associated with the TLMJV mining licence requirements.

The Company is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end the environment is a key consideration in our mining and exploration activities and during the rehabilitation of disturbed areas. Generally, rehabilitation occurs immediately following the completion of a particular phase of exploration or, in the case of TLMJV, after the completion of mining activities. In addition, the Company continues to develop and maintain mutually beneficial relationships with the local communities affected by its activities.

Hawthorn Resources Limited Directors' Report

14. Non-Audit Services

During the year Connect National Audit Pty Ltd, the Company's auditor, has not performed other services in addition to their statutory duties.

Details of the amounts paid to the auditor of the Company, Connect National Audit Pty Ltd, and its related practices, for audit and non-audit services provided during the year are set out below.

	2024 \$	2023 \$
Statutory audit		
Auditors of the Company – Connect (2023: Connect and BDO)		
- Audit and review of financial reports – Connect	45,000	30,000
- Audit and review of financial reports – BDO	-	40,562
Other Services – Connect (2023: BDO)		
- Other non-audit services – Connect	-	-
- Other non-audit services BDO	-	-
Total fees	45,000	70,562

15. Remuneration Report - Audited

The Remuneration Report sets out remuneration information for non-executive directors, executive directors and other key management personnel.

The Report contains the following sections:

- (i) Overview of Company Performance on Remuneration Structures;
- (ii) Non-Executive Directors;
- (iii) Executive Directors Remuneration;
- (iv) Details of Directors, Executives and Remuneration; and
- (v) Bonuses included in Remuneration
- (vi) Details of Directors and Executives Interest in Securities.
- (vii) Other Transactions with Key Management Personnel

(i) Overview of Company Performance on Remuneration Structures

The Group's performance, during the current year and over the past five years, has been as follows:

Consolidated	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Revenue	673,582	326,460	5,661,091	92,138	37,758,946
Net profit / (loss)	(536,992)	84,951	927,058	(1,660,433)	13,921,133
Basic earnings / (loss) per share – cents	(0.160)	0.025	0.278	(0.498)	2.715
Diluted earnings per share-cents	(0.160)	0.025	0.278	(0.498)	2.715
Net assets	13,893,951	14,430,943	14,210,992	13,283,934	28,727,314

The Directors do not believe the financial or share price performance of the Company is an accurate measure when considering remuneration structures as the Company is in the mineral exploration industry. Companies in this industry do not have an ongoing source of revenue, as revenue is normally from ad-hoc transactions.

The more appropriate measure is the identification of exploration targets, identification and/or increase of mineral resources and reserves and the ultimate conversion of the Company from explorer status to mining status.

(ii) Non-Executive Directors

Total remuneration for all Non-Executive Directors, last voted upon by shareholders in January 2008 at a General Meeting of shareholders and approved with a 99.65% acceptance in favour of the resolution, is not to exceed \$300,000 per annum. The current aggregate of Non-Executive Directors' base fees for the current year was \$105,000 per annum (2023: \$170,000). Non-Executive Directors do not receive

Hawthorn Resources Limited Directors' Report

performance related remuneration. Directors' fees cover all main Board activities and membership of Board committees. Non-Executive Directors do not receive any benefits on retirement.

However, and as permitted under the Company's Constitution, Non-Executive Directors are entitled to receive payment for services provided which are over and above their normal directorial duties and which have been specifically requested by the Board of Directors. For such additional services, consultancy fees are in addition to directors' fees and are outside of the shareholder approved aggregate for directors' fees.

There has been no change to the remuneration structure during the year, and as such no independent remuneration expert was engaged during the year.

(iii) Executive Directors Remuneration

The Company seeks to reward executives with a level of remuneration based upon their position and responsibilities.

The Company's MD/CEO was appointed on 24 November 2022. The key terms of his employment contract are as follows:

- Base salary \$185,000 plus statutory superannuation guarantee.
- Fixed term to 30 June 2024, all parties agreed to extend to continue to 30 June 2025, with option to extend or continue on a month-to-month basis beyond that date.
- Cash bonus of up to 50% of base salary, at the discretion of the Board.
- Termination – payment of 4 weeks salary for each year completed, pro-rated for part years completed.
-

(iv) Details of Directors, Executives and Remuneration

The names of the Directors and Executives in office during the year are as follows: -

Li, Yijie – Non-Executive Chairman

Liu, Zhensheng – Non-Executive Director

Liao, Yongzhong – Non-Executive Director, resigned 9 November 2023

J D Corrigan – Non-Executive Director

B F Thornton – Managing Director and Chief Executive Officer

Details of the nature and amount of each major element of remuneration of each Director of the Company and of each Executive of the Company are:

Year Ended 30 June 2024

	SHORT TERM Cash Salary and Fees \$	EMPLOYMENT Leave provision \$	BENEFITS Cash Bonus	POST EMPLOYMENT Superannuation Contributions \$	EQUITY BASED PAYMENTS Performance Rights \$	TOTAL \$
Non-Executive Directors						
Li, Yijie	30,000	-	-	-	-	30,000
Liu, Zhensheng	30,000	-	-	-	-	30,000
Liao, Yongzhong ⁽¹⁾	15,000	-	-	-	-	15,000
J D Corrigan	30,000	-	-	3,300	-	33,300
Sub-Total	105,000	-	-	3,300	-	108,300
Executive Directors						
B F Thornton	185,000	-	-	20,350	-	205,350
Sub-Total	185,000	-	-	20,350	-	205,350
Total	290,000	-	-	23,650	-	313,650

1. Mr Liao retired during the year

Year Ended 30 June 2023

Hawthorn Resources Limited
Directors' Report

	SHORT TERM EMPLOYMENT Cash Salary and Fees \$	EMPLOYMENT BENEFITS Leave provision \$	Cash Bonus	POST EMPLOYMENT Superannuation Contributions \$	EQUITY BASED PAYMENTS Performance Rights \$	TOTAL \$
Non-Executive Directors						
Li, Yijie	30,000	-	-	-	-	30,000
Liu, Zhensheng	30,000	-	-	-	-	30,000
Liao, Yongzhong	30,000	-	-	-	-	30,000
J D Corrigan (1)	17,962	-	-	1,886	-	19,848
D S Tyrwhitt (3)	25,000	-	-	2,625	-	27,625
Sub-Total	132,962	-	-	4,511	-	137,473
Executive Directors						
B F Thornton (2)	137,106	-	-	12,191	-	149,297
M G Kerr (3)	86,217	-	-	9,053	-	95,270
Sub-Total	202,323	-	-	21,244	-	244,567
Total	356,285	-	-	25,755	-	382,040

1. Mr Corrigan was appointed during the year
2. Mr Thornton was previously a non-executive director and was appointed managing director and CEO during the year. Salary and fees include consulting fees for consulting services provided.
3. Mr Tyrwhitt and Mr Kerr resigned during the year.

(v) **Bonuses included in Remuneration**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	2024			2023		
	Fixed remuneration	At risk - STI	At risk - LTI	Fixed remuneration	At risk - STI	At risk - LTI
Non-Executive Directors						
Li, Yijie	100%	-	-	100%	-	-
Liu, Zhensheng	100%	-	-	100%	-	-
Liao, Yongzhong	100%	-	-	100%	-	-
J D Corrigan	100%	-	-	100%	-	-
D S Tyrwhitt	-	-	-	100%	-	-
Executive Directors						
B F Thornton*	100%	-	-	100%	-	-
M G Kerr	-	-	-	100%	-	-

* B F Thornton was a non-executive director in 2022 and was appointed as MD and CEO during the previous year

(vii) **Details of Directors and Executives Interest in Securities**

Fully paid ordinary shares:

Directors:	01.07.2023	Exercise of performance rights	Other movements	30.06.2024
Li, Yijie	-	-	-	-
Liu, Zhensheng	-	-	-	-
Liao, Yongzhong	-	-	-	-
B F Thornton	5,761,879	-	-	5,761,879
J D Corrigan	-	-	-	-
Total Directors	5,761,879	-	-	5,761,879

(1) Mr Liao retired during the year. No other movements in interests held prior to resignation.

(viii) **Other transactions with Key Management Personnel**

There were no other transactions with Key management Personnel.

This concludes the Remuneration Report, which has been audited.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Hawthorn Resources Limited
Directors' Report

Auditor's Independence Declaration:

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 12.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 25th day of September 2024.



B F Thornton
Managing Director and CEO

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the audit of Hawthorn Resources Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hawthorn Resource Limited and its controlled entities.



George Georgiou FCA
Managing Director
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
Date: 25 September 2024

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Hawthorn Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2024

		Consolidated	
		2024	2023
		\$	\$
	Note		
Continuing operations			
Revenue	11	673,582	326,460
Other income	12	-	1,331,250
Expenses			
Exploration expenditure impaired	4	(298,320)	(282,861)
Exploration expenditure written off	4	(105,840)	(6,209)
Administration expenses		(788,812)	(1,075,760)
Impairment of investments		-	(197,908)
Profit attributable to Joint Venture partner	13	(17,602)	(10,021)
(Loss) / Profit before income tax expense from continuing operations		(536,992)	84,951
Income tax expense	14	-	-
(Loss) / Profit for the year after tax from continuing operations		(536,992)	84,951
Other comprehensive income		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) / income for the year		(536,992)	84,951
(Loss) / Earnings per share			
Basic (loss) / earnings per share for the year attributable to ordinary equity holders (cents)	15	(0.1603)	0.0254
Diluted (loss) / earnings per share for the year attributable to ordinary equity holders (cents)	15	(0.1603)	0.0254

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes

Hawthorn Resources Limited
Consolidated Statement of Financial Position as at 30 June 2024

		Consolidated	
		2024	2023
		\$	\$
ASSETS	Note		
Current Assets			
Cash and cash equivalents	2(a)	13,114,088	14,071,071
Trade and other receivables	3	155,522	2,986
Total Current Assets		13,269,610	14,074,057
Non-Current Assets			
Exploration expenditure	4	2,263,488	2,153,617
Total Non-Current Assets		2,263,488	2,153,617
TOTAL ASSETS		15,533,098	16,227,674
LIABILITIES			
Current Liabilities			
Trade and other payables	7	519,974	669,283
Provisions	8	1,119,173	1,127,448
Total Current Liabilities		1,639,147	1,796,731
TOTAL LIABILITIES		1,639,147	1,796,731
NET ASSETS		13,893,951	14,430,943
EQUITY			
Contributed equity	9	54,219,505	54,219,505
Accumulated losses		(40,325,554)	(39,788,562)
TOTAL EQUITY		13,893,951	14,430,943

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The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes

Hawthorn Resources Limited
Consolidated Statement of Cash Flows for the year ended 30 June 2024

		Consolidated	
		2024	2023
		\$	\$
	<u>Note</u>		
Cash flows from operating activities			
Payments in the course of operations (inclusive of GST)		(950,470)	(753,224)
Interest received		535,041	326,460
Net cash (used in) / provided by operating activities	2 (b)	(415,429)	(426,764)
Cash flows from investing activities			
Payments for exploration expenditure		(523,952)	(867,280)
Receipts from farm-out of permit	4(a)	-	1,600,000
Net cash provided by investing activities		(523,952)	732,720
Cash flows from financing activities			
Return of cash calls to JV partner		(17,602)	(10,021)
Net cash used in financing activities		(17,602)	(10,021)
Net increase / (decrease) in cash and cash equivalents		(956,983)	295,935
Cash and cash equivalents at beginning of year		14,071,071	13,775,136
Cash and cash equivalents at end of year	2 (a)	13,114,088	14,071,071

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes

Hawthorn Resources Limited
Consolidated Statement of Changes in Equity for the year ended 30 June 2024

	Contributed Equity	Accumulated Losses	Total Equity
	\$	\$	\$
CONSOLIDATED			
At 1 July 2022	54,084,505	(39,873,513)	14,210,992
Profit for the year after income tax expense	-	84,951	84,951
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	84,951	84,951
<i>Transactions with shareholders during the year:</i>			
Shares issued during the year	135,000		135,000
At 30 June 2023	54,219,505	(39,788,562)	14,430,943
At 1 July 2023	54,219,505	(39,788,562)	14,430,943
Loss for the year after income tax expense	-	(536,992)	(536,992)
Other comprehensive income for the year, net of tax	-		
Total comprehensive income for the year	-		
<i>Transactions with shareholders during the year:</i>			
At 30 June 2024	54,219,505	(40,325,554)	13,893,951

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The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes

1. **SUMMARY OF MATERIAL ACCOUNTING POLICIES**

(a) Reporting Entity

Hawthorn Resources Limited (the "Company") is a public company incorporated and domiciled in Australia. The principal activity of the Company during the financial year was development and mining of gold ore, as well as exploration and evaluation of various base metals and gold.

The consolidated financial report of the Company as at, and for the year ended, 30 June 2024, comprises the Company and its subsidiaries. The financial report was authorised for issue by the Directors on the date of this report.

The registered office of the entity is Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000, and the principal place of business is 6/11 Chester Street, Oakleigh VIC 3166.

(b) Basis of Preparation

The financial report is presented in Australian dollars. The financial report has been prepared on a historical cost basis, except for the valuation of financial assets at fair value through profit or loss that have been measured at fair value in accordance with Australian Accounting Standards.

Separate financial statements for Hawthorn Resources Limited as an individual entity are no longer presented as a consequence of a change in the *Corporations Act 2001*, however limited information for Hawthorn Resources Limited as an individual entity is presented at Note 18.

The accounting policies set out in the notes to the financial statements have been applied consistently to all periods presented in the financial report.

The financial statements have been prepared on a going concern basis.

(c) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations) issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

The financial report complies with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board.

(d) Critical Accounting Estimates and Judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make significant judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards have a significant effect on the financial report and estimates made in accordance with these Standards have a significant risk of material adjustment in the next year. The areas most impacted include:

- Exploration expenditure in note 4.
- Provision for land rehabilitation in note 8.

(e) Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets, liabilities and results of the Company, and the entities it controlled at the end of, or during, the financial year. The Company and its controlled entities together are referred to in this financial report as the Company or Group.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

Subsidiaries are all those entities over which the consolidated Group has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The balances and effects of transactions between entities in the Group have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The accounting policies adopted in preparing the financial statements have been consistently applied by all entities in the Company.

The acquisition of Ellendale Resources NL (“Ellendale”) on 10 June 2008 was treated as a reverse acquisition in accordance with AASB 3 “Business Combinations” whereby Ellendale is considered the accounting acquirer on the basis that Ellendale is the controlling entity in the transaction. As a result, Ellendale is the continuing entity for consolidated accounting purposes and the legal parent, Hawthorn Resources Limited, is the accounting subsidiary.

Investments in subsidiaries are accounted for at cost or recoverable amounts in the individual financial statements of Hawthorn Resources Limited.

2. CASH AND CASH EQUIVALENTS

(a) *Cash and cash equivalents*

Cash at bank
Term deposits

Total cash and cash equivalents

2024	2023
\$	\$
187,311	2,010,624
12,926,777	12,060,447
13,114,088	14,071,071

(b) *Reconciliation of profit after tax to net cash generated in operating activities*

(Loss) / Profit for the year after tax

Adjustment for:

Write off of exploration expenditure
Impairment of exploration expenditure
Profit on disposal of property, plant and equipment
Gain on farm-out of permit
Impairment of investment
Allocation of profit to JV partner

Net cash from operating activities before change in assets and liabilities

Change in assets and liabilities:

(Increase) / Decrease in receivables and other assets
(Increase) / Decrease in accrued interest
Increase / (Decrease) in trade and other payables
Decrease in provisions

Net cash (used in) / from operating activities

2024	2023
\$	\$
(536,992)	84,951
105,840	6,209
298,320	282,861
-	-
-	(1,331,250)
-	197,908
17,602	10,021
(115,230)	(749,300)
(150,262)	394,844
(138,541)	-
(3,121)	49,398
(8,275)	(121,706)
(415,429)	(426,764)

(c) *Reconciliation of cash*

For the purpose of the Consolidated Statement of Cash Flows, cash includes cash on hand and at bank.

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Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

(d) *Non-cash financing and investing activities*

During the year, there was no non-cash financing activities (2023: \$135,000 share-based payment to consultant). Also, there was no non-cash investing activities (2023: \$135,000 share-based payment to consultant for exploration expenditure).

Accounting policy

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and short-term deposits whose maturity is within three months or less from the reporting date, net of bank overdrafts.

3. TRADE AND OTHER RECEIVABLES

	2024 \$	2023 \$
CURRENT		
GST recoverable	15,226	-
Sundry debtors	1,755	2,986
Accrued interest	138,541	-
Total trade and other receivables	155,522	2,986

Accounting policy

Receivables are recognised initially at the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Any impairment or expected loss allowance is recorded in a separate account and any write off is offset against this account in the future.

4. EXPLORATION EXPENDITURE

	2024 \$	2023 \$
Areas in the exploration phase		
At cost	2,263,488	2,153,617

Movement in the carrying value of exploration expenditure during the year was:

	2024 \$	2023 \$
Opening balance at 1 July	2,153,617	2,018,317
Costs incurred during the year	531,633	683,099
Non-controlling interest contribution	(17,602)	10,021
Exploration expenditure written off during the year	(105,840)	(6,209)
Exploration expenditure impaired during the year	(298,320)	(282,861)
Farm-out of permit (a)	-	(268,750)
Balance at 30 June	2,263,488	2,153,617

(a) Hancock Joint Venture Agreement

During the year Hancock completed drilling works to prepare a Pre-Feasibility Study. Subsequent to the year end the release of the Study triggered Hancock's earn-in increase to 51% of the Iron Ore Joint Venture, with the Company's share diluted to 19.6%.

During the previous year Hawthorn entered into an arrangement with Hancock Magnetite Holdings Pty Ltd ("Hancock") and Legacy Iron Ore Ltd ("Legacy") in relation to the rights for all minerals in the Mt Bevan exploration permit other than iron ore. The agreement provides that Hancock paid \$4 million for a 7.5% interest in these rights. Hawthorn received \$1.6 million to transfer 3% to Hancock. In accordance with its accounting policy, Hawthorn recorded the receipts against the permit. At the

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

date of the agreement \$268,750 of expenditure had been recorded against the permit. As the receipt exceeded the expenditure the excess was taken to profit and loss, resulting a gain of \$1,331,250 recorded in other income.

Accounting policy

Exploration expenditure is capitalised for each separate area of interest where rights to tenure are current and:

- (a) such costs are expected to be recovered through successful development and exploitation or by sale; or
- (b) where activities in the area of interest have not yet reached a stage, which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

The carrying values of expenditures carried forward are reviewed for impairment at each reporting date when the facts, events or changes in circumstances indicate that the carrying value may be impaired. Accumulated expenditures are written off to the Profit or Loss to the extent to which they are considered to be impaired.

The key points that are considered in this review include:

- planned drilling programs and data evaluation;
- environmental issues that may impact the underlying tenements; and
- the estimated market value of assets at the review date.

Information used in the review process is rigorously tested to externally available information as appropriate.

The Group conducted a review of its exploration areas of interest at Mt Bevan and its Trouser Leg Joint Venture, considering planned exploration activity over the next twelve months, which is over and above the expenditure requirements to maintain the tenements in good standing. In addition, the Group has other areas of interests, classified as a lower priority over the next twelve months. These lower priority areas of interests have been fully impaired in the current year.

Key estimates and judgements

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off to profit or loss in the period when the new information becomes available.

5. INTEREST IN JOINT OPERATIONS

The Company has an interest in the following joint operations:

	2024 \$	2023 \$
Edjudina – Pinjin (Avoca Resources Pty Ltd) (i)	80%	80%
Mt Bevan Iron Ore (Legacy Iron Ore Limited) (ii)	28%	28%
Mt Bevan Other Minerals (Legacy Iron Ore Limited) (ii)	37%	37%

- (i) Edjudina – Pinjin: Avoca Resources Pty Ltd has a non-contributory 20% interest that is free carried to decision to mine. Avoca Resources Pty Ltd was acquired by RNC Minerals from Westgold Resources Limited;
- (ii) Mt Bevan: As noted in note 4 (a) the Mt Bevan permit is subject to an arrangement to farm-out the iron ore rights of the permit, resulting in Hawthorn's interest being reduced to 19.6% subsequent to the balance date, after the publication of a Pre-Feasibility Study ("PFS"). Subsequent to the release of the PFS a work programme was proposed to the Joint Venture partners.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

The principal activity of these joint operations is mineral exploration all of which are located within Australia. The Company's interest in these projects is included in exploration expenditure (Note 4). Included in the assets and liabilities of the Group are the following assets and liabilities employed in the joint operations:

	2024 \$	2023 \$
Assets		
Exploration expenditure	-	-
Total Assets	-	-
Liabilities		
Trade and other payables	59,000	59,000
Total Liabilities	59,000	59,000

Included in the Group commitments (Note 6) are the following commitments in relation to the joint operations:

	2024 \$	2023 \$
Exploration		
Not later than 1 year	189,210	189,210
Later than one year but not later than five years	686,840	686,840
More than five years	410,060	564,270
Total	1,286,110	1,440,320

Accounting policy

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

6. COMMITMENTS

(a) *Exploration*

The Group must perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Group's tenement portfolio management through expenditure exemption approvals and expenditure reductions through relinquishment of parts or the whole of tenements deemed non prospective.

Should the Group wish to preserve interests in its current tenements the amount which may be required to be expended is as follows:

	2024 \$	2023 \$
Not later than one year	302,810	392,810
Later than one year but not later than five years	741,240	881,240
More than five years	437,260	605,070
Total commitments	1,481,310	1,879,120

The terms and conditions under which the Group has title to its various mining tenements oblige it to meet tenement rentals and minimum levels of exploration expenditure as gazetted by the Department of Industry and Resources of Western Australia, as well as Local Government rates and taxes.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

The "More than five years" component represents commitments of up to sixteen years in respect of mining licences which are granted for a period of twenty-one years, but in common with prospecting licences and exploration licences they may be relinquished or sold by the Group before the expiry of the full term of the licence.

(b) Operating Leases

The Group moved premises during the year, entering into a short term lease agreement for offices in Oakleigh, Victoria. The lease agreement is for a minimum period of 6 months and costs \$2,420 per month. As the amount is not material and the length of the lease considered short term the Group has applied the relief available in AASB 16 to short-term leases and low-value assets.

7. TRADE AND OTHER PAYABLES

2024 \$	2023 \$
519,974	669,283

Trade and other payables

Accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

8. PROVISIONS

2024 \$	2023 \$
37,490	40,044
1,081,683	1,087,404
1,119,173	1,127,448

Employee entitlements

Land rehabilitation

Provisions

Reconciliation of Land Rehabilitation provision

2024 \$	2023 \$
1,087,404	1,121,622
-	-
(5,721)	(34,218)
1,081,683	1,087,404

Opening balance

Provision made in the year

Costs incurred during the year

Closing balance

Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the risks specific to the liability. Where provisions result from legislative measures amounts are recorded as current.

Key estimates and judgements

Land rehabilitation

The Group makes provision for the rehabilitation of the land used in its mining operations. The provision is required to estimate the costs that the Group will incur to rehabilitate the land in the future. The quantum of the rehabilitation work is uncertain, and therefore the estimates are subject to a number of factors that can vary. These factors include of the costs of performing the work, the area of land to be rehabilitated, regulatory changes, technological changes and discounting factors. Expenses incurred on land rehabilitation are offset against the provision and the outstanding costs estimated to complete the land rehabilitation are re-assessed.

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Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

9. CONTRIBUTED EQUITY

	2024		2023	
	No. of shares	\$	No. of shares	\$
Ordinary shares	335,015,613	54,219,505	335,015,613	54,219,505

The reconciliation of opening and closing equity is as follows:

	No. of shares	\$
At 30 June 2022	333,515,613	54,084,505
Issued in lieu of services provided at \$0.09 per share ¹	1,500,000	135,000
At 30 June 2023	335,015,613	54,219,505
At 30 June 2024	335,015,613	54,219,505

- ¹ On 6 January 2023 1.5 million shares were issued to settle an invoice in relation to consulting services on the farm out of the mineral rights of the Mt Bevan permit to Hancock. The work was completed with the signing of the agreement in June 2023. Shares were issued at market price and the value of the service was considered to be equal to the value of the shares issued to the service provider.

Terms and Conditions of Issued Capital

Ordinary Shares (quoted): HAW

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and options are shown in equity as a deduction, net of tax, from the proceeds.

Capital Management

The Company's policy in relation to capital management is for management to regularly and consistently monitor future cash flows against expected expenditures. The Board determines the Company's need for additional funding by way of either share placements or loan funds depending on market conditions at the time. Management defines working capital in such circumstances as its excess liquid funds over liabilities and defines capital as being the ordinary share capital of the Company.

There were no changes in the Company's approach to capital management during the year.

10. DIVIDENDS

No dividend was declared or paid during the year ended 30 June 2024.

11. REVENUE

	2024 \$	2023 \$
Interest	673,582	326,460
Total revenue	673,582	326,460

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Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

12. OTHER INCOME

	2024 \$	2023 \$
Gain from farm-out of permit (i)	-	1,331,250
Total other income	-	1,331,250

(i) Refer note 4(a)

13. EXPENSES

Profit before income tax expense includes the following expenses whose disclosure is relevant in explaining the performance of the Group:

	2024 \$	2023 \$
(i) Payroll and contractor expenses		
Salaries and other employee costs	298,256	352,912
Superannuation	23,650	32,200
Insurance	32,297	69,608
Consulting and contractor fees	10,500	56,500
Total payroll and contractor expenses	364,703	511,220
(ii) Fully serviced office rental expense	33,824	162,252
(iii) Profit attributable to Joint Venture Partner ¹	17,602	10,021

1. Profit attributable to Joint Venture Partner relates to 30% of the of the profits derived from the Anglo-Saxon mining operation. The Anglo-Saxon mining permit is subject to a Joint Venture agreement with Hawthorn holding a 70% interest in the operation and controlling the resources and activities of the operation as JV manager. Accordingly Hawthorn has recorded 100% of the revenues and expenses, and assets and liabilities of the mining operation (see notes 11 and 13). A total profit of \$58,673 (2023: \$33,402) was recorded in the mining operation for the current year. \$17,602 (2023: \$10,021) is attributable to the Joint Venture partner and has been recorded as an expense and was offset against the GEL contribution for the year.

14. TAXATION

(a) **Income tax recognised in profit or loss Tax expense comprises:**

	2024 \$	2023 \$
Current tax benefit	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Income tax expense	-	-

(b) **The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:**

	2024 \$	2023 \$
(Loss) / Profit from operations	(536,992)	84,951
Income tax (benefit) / expense at 25% (2023: 25%)	(134,248)	21,238
Non-deductible expenditure	403,436	436,476
Non-assessable income	(34,635)	

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

Capital expenditure deduction	(132,908)	(139,530)
Allowable deductions	(312,226)	(333,692)
Tax base of assets disposed of	-	67,188
Tax and capital losses (utilised) /generated	210,581	(51,680)
Income tax expense	-	-

(c) Deferred tax assets and liabilities

	2024 \$	2023 \$
Deferred tax liability comprises:		
Exploration costs	270,891	243,424
Interest accrued	34,635	-
Amounts not recognised due to offset of deferred tax assets (detailed below)	(305,526)	(243,424)
	-	-
Deferred tax asset comprises:		
Accruals and payables	99,336	111,919
Employee entitlements	9,372	10,011
Provisions	270,421	271,851
	379,129	393,781
Deferred tax liabilities not recognised	(73,603)	(150,357)
Deferred tax assets offset against deferred tax liabilities	305,526	243,424
Unused tax losses for which no deferred tax asset has been recognised *	7,765,714	6,923,390
Potential tax benefit at 25% (2023: 25%)	1,941,429	1,730,822

*At 10 June 2008, the Company formed a tax consolidated group. These losses are subject to further review by the Company to determine if they satisfy the necessary legislative requirements under the income tax legislation for the carry forward and recoupment of tax losses. Additionally, a deferred tax asset has not been recognised in respect of these items because at this stage of the Company's development, it is not currently considered probable that future taxable profits will exceed the value of the gross value of the deferred tax assets available to the Company. This is due to the uncertainties and risks associated with estimating economic benefits arising from the Trouser Legs Mining Joint Venture, due to the risk factors discussed related to the Company's assets and operations.

Accounting policy

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax is the expected tax payable on the taxable income for the period. The Company has not derived taxable income in either the current or previous period.

Deferred income tax is determined using the balance sheet method which calculates temporary differences on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Hawthorn Resources Limited (the 'head entity') and its wholly owned Australian entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

15. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per share is calculated as follows:

	2024 \$	2023 \$
(Loss) / Profit for the year attributable to members	(536,992)	84,951
	Number of shares	Number of shares
Weighted average number of ordinary shares at the end of the financial year	335,015,653	334,234,791
Basic and Diluted (Loss) / Earnings Per Share (cents)	(0.1603)	0.0254

There were no outstanding options at the reporting date (30 June 2023: \$nil). Outstanding performance rights are considered non-dilutive as the rights have not vested due to the vesting conditions not being satisfied as at 30 June 2024.

16. RELATED PARTIES

(a) Key Management Personnel Disclosures

The key management personnel for the Company for all or part of the year are set out as follows: -

Directors

Li, Yijie	Non-Executive Chairman (re-elected at 2021 AGM)
Liu, Zhensheng	Non-Executive Director (re-elected at 2022 AGM)
Liao, Yongzhong	Non-Executive Director (resigned 9 November 2023)
B F Thornton	Non-Executive Director until 24 November 2022; joint Managing Director from 25 November 2022 until 31 December 2022 and sole Managing Director thereafter
J D Corrigan	Non-Executive Director appointed at 2023 AGM on 24 November 2022

The key management personnel compensation is as follows:

	2024 \$	2023 \$
Short-term employee benefits	290,000	356,285
Post-employment benefits	23,650	25,755
	313,650	382,040

At year end, no amounts were due to or from key management personnel (2023: \$nil).

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Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

(b) Wholly Owned Group Transactions

During the year there were no transactions with controlled entities, other than movements in the respective inter-company loan accounts.

As at 30 June 2024, Hawthorn Resources Limited loan balances with its subsidiary companies were:

Payable to Ellendale Resources Pty Ltd	\$513,448 (2023: \$514,068)
Receivable from Northern Resources Australia Pty Ltd	\$263,356 (2023: \$262,659)
Receivable from Trouser Leg Mining Joint Venture	\$47,991 (2023: \$8,274)

As at 30 June 2024, Ellendale Resources Pty Ltd loan balances with its subsidiary companies were:

Payable to Sunderland Pty Ltd	\$476,275 (2023: \$476,584)
Receivable from Northern Resources Australia Pty Ltd	\$140,738 (2023: \$140,738)

All loan balances have been provided on an interest free basis and have no fixed repayment date.

Movements in loan account during the year relate to payment of expenses. Expenses paid and charged through the loan accounts during the year relate to exploration, tenement costs and Company administration expenses.

17. PARENT ENTITY INFORMATION

As at, and throughout the financial year ended 30 June 2024, the legal parent entity of the Group was Hawthorn Resources Limited.

	2024	2023
	\$	\$
Current assets	11,953,948	12,693,206
Non-current assets	2,513,580	2,405,026
Total assets	14,467,528	15,098,232
Current liabilities	323,485	415,879
Non-current liabilities	10,331,034	10,291,280
Total liabilities	10,654,519	10,707,159
Net assets	3,813,009	4,391,073
Issued capital	105,953,795	105,953,795
Accumulated losses	(102,140,786)	(101,562,722)
Total equity	3,813,009	4,391,073
(Loss) / Profit of the parent entity	(578,064)	61,570
Comprehensive (Loss) / Profit of the parent entity	(578,064)	61,570

The parent Company has not provided any guarantees for its subsidiaries, nor does it have any contingent liabilities or contractual commitments to purchase plant and equipment. This is consistent with prior years.

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18. CONSOLIDATED ENTITIES

Name	Country of Incorporation	Ordinary Share Consolidated Equity Interest	
		2024 %	2023 %
Parent entity			
Hawthorn Resources Limited	Australia		
Controlled entities			
Ellendale Resources Pty Ltd	Australia	100%	100%
Sunderland Pty Ltd *	Australia	100%	100%
Northern Resources Australia Pty Ltd *	Australia	100%	100%
Trouser Leg Mining Joint Venture**	Australia	70%	70%

* Sunderland Pty Ltd and Northern Resources Australia Pty Ltd are non-operating 100% owned subsidiaries of Ellendale Resources Pty Ltd.

** Trouser Legs Mining Joint Venture is a contractual arrangement set up upon a decision to mine within exploration tenements previously subject to farm-out arrangements.

19. FINANCIAL RISK MANAGEMENT

The Group's operations expose it to various financial risks including market, credit, liquidity and price risks. Financial risk management is carried out by the Board on an informal basis using a variety of methods as deemed appropriate, including performance analysis, cash flow and operating/capital expenditure forecasts, to manage market, credit, liquidity and price risk.

(a) Market Risk

Foreign Exchange Risk

Foreign currency risk is the risk of exposure to transactions that are denominated in a currency other than the Australian dollar.

The Group's operations are currently solely within Australia, and therefore are not exposed to any material foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Fluctuations in interest rates will not have any material risk exposure to the cash held in bank deposits at variable rates.

The Group's exposure to market interest rates relates primarily to the Group's short-term cash deposits held.

Sensitivity Analysis on Cash and Cash Equivalents

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the average monthly closing balances. A 100-basis point increase or decrease is used when reporting interest rate risk internally and represents Management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables held constant, the Group's net result and net assets would increase by \$134,782 (2023: \$128,768) and decrease by \$134,782 (2023: \$128,768). This is mainly attributable to the Group's exposure to interest rates on its cash and cash equivalents.

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, only major Australian banking institutions are used. For customers, individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets (refer Notes 2 and 3). The Group's cash assets are held with large Australian banks. The Group's

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Hawthorn Resources Limited
Notes to the Consolidated Financial Statements for the year ended 30 June 2024

receivables are mainly from the Australian Tax Office. Accordingly the directors are satisfied there is no significant credit risk in relation to current financial assets.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group does not have any committed credit lines. As at the reporting date, the Group has no significant liquidity risk, as available cash assets significantly exceed amounts payable.

(d) Price Risk

The Group currently does not have any exposure to price risk.

(e) Maturities of Financial Liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – 30 June 2024

	<i>Less than 3 months</i>	<i>3 months to 1 year</i>	<i>1 - 5 years</i>	<i>5 + Years</i>	<i>Total</i>
	\$	\$	\$	\$	\$
Non-Interest Bearing	(519,974)	-	-	-	(519,974)

Group - 30 June 2023

	<i>Less than 3 months</i>	<i>3 months to 1 year</i>	<i>1 - 5 years</i>	<i>5 + Years</i>	<i>Total</i>
	\$	\$	\$	\$	\$
Non-Interest Bearing	(669,283)	-	-	-	(669,283)

(f) Net Fair Values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value at the reporting date of financial assets and financial liabilities, such as receivables and payables, are assumed to approximate fair values due to their short-term nature. For other financial assets, such as financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset.

The financial instruments recognised at fair value in the Consolidated Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets and liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3)

The Group's financial assets held at fair value comprise the investment in ordinary shares of a private entity. These have been valued using Level 2 inputs. The risk related to these assets are considered minimal based on the low level of resources invested.

Accounting policy

The Group's principal financial instruments comprise receivables, payables, cash and term deposits. These instruments expose the Group to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

Management manages the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate risk and by being aware of market forecasts for interest rate and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through general business budgets and forecasts.

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20. EVENTS AFTER THE BALANCE DATE

On 16 July 2024 the Company announced that its Joint Venture partner, Hancock, had completed a Pre-Feasibility Study on the Mount Bevan Magnetite Joint Venture. Following on from the Study, the Joint Venture partner have committed to commence a Forward Works Plan to further define, optimise and de-risk the project.

On 3 September 2024 it was announced that the Company had sold its interest in the Edjudina mining lease (permit M31/1481) to Gibb River Diamonds Limited (ASX: GIB). The terms of the sale were as follows:

- 1.5million GIB shares escrowed for 12 months for the purchase of the tenement M31/1481; and
- 1.5million GIB shares escrowed for 12 months for the purchase of the existing mining information and data.

At 3 September 2024 GIB shares were trading at \$0.0361 per share.

On 20 September 2024 the Company announced that a Forward Works Program for the Mt Bevan Iron Ore Joint Venture for \$20 million had been approved. It also announced that it had elected to convert its 19.6% holding into a 1% royalty in accordance with the Joint Venture Agreement.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

21. REMUNERATION OF AUDITORS

The auditor of Hawthorn Resources Limited is Connect National Audit Pty Ltd (In 2023 the auditor was BDO Audit Pty Ltd).

	2024 \$	2023 \$
Statutory audit		
Auditors of the Company – Connect (2023: Connect/BDO)		
- Audit and review of financial reports – Connect	45,000	30,000
- Audit and review of financial reports – BDO	-	40,562
Other Services – Connect (2023: Connect/Connect)		
- Other non-audit services – Connect	-	-
- Other non-audit services BDO	-	-
Total fees	45,000	70,562

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets in existence at 30 June 2024 and 30 June 2023.

23. OPERATING SEGMENTS

The Group has adopted AASB 8 Operating Segments whereby segment information is presented using a “management approach”. Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Makers, in the Group’s case being the Board of Directors, that are used to make strategic decisions. The Group operates predominately in one geographical location. The Group does not have any operating segments with discrete financial information. The Group does not have any customers outside Australia, and all the Group’s assets and liabilities are located within Australia.

The Board of Directors review internal management reports at regular intervals that are consistent with the information provided in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. As a result, no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decision including assessing performance and in determining the allocation of resources.

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24. IMPACT OF ADOPTING NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE

(a) New, Revised or Amending Accounting Standards and Interpretations Adopted

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the year.

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Hawthorn Resources Limited
Consolidated entity disclosure statement as at 30 June 2024

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with s295(3A)(a) of the *Corporations Act 2001* and includes the required information for Lightning Minerals Limited and the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

Tax residency

S295(3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency may involve judgement as there are different interpretations that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the consolidated entity as applied the following interpretations:

Australian Tax Residency

Current legislation and judicial precedent has been applied, including having regard to the Tax Commissioner's public guidance.

Foreign Tax Residency

Where appropriate, independent tax advisors have been engaged to assist in the determination of the tax residency to ensure applicable foreign tax legislation has been complied with.

Name of entity	Entity Type	Trustee, partner or participant in a Joint Venture	Country of incorporation	Ownership interest	Australian or foreign tax resident	Foreign Jurisdiction of foreign residents
Hawthorn Resources Ltd	Body Corporate	Partner	Australia	N/A	Australian	N/A
Ellendale Resources Pty Ltd	Body Corporate	N/A	Australia	100.00%	Australian	N/A
Sunderland Pty Ltd	Body Corporate	N/A	Australia	100.00%	Australian	N/A
Northern Resources Australia Pty Ltd	Body Corporate	N/A	Australia	100.00%	Australian	N/A
Trouser Leg Mining Joint Venture	Joint Venture	N/A	Australia	70.00%	Australian	N/A
Edjudina – Pinjin	Joint Venture	N/A	Australia	80%	Australian	N/A
Mt Bevan Iron Ore	Joint Venture	N/A	Australia	28%	Australian	N/A
Mt Bevan Other Minerals	Joint Venture	N/A	Australia	37%	Australian	N/A

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Hawthorn Resources Limited
Directors Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1 (c);
- (d) the information disclosed in the consolidated entity disclosure statement is true and correct; and
- (e) the audited Remuneration Report set out on pages 9 to 12 of the Directors' Report is in accordance with the *Corporations Act 2001*.

The directors have been given declarations, as required by section 295A of the *Corporations Act 2001*, by the chief executive officer and the chief financial officer for the financial year ended 30 June 2024.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 25th day of September 2024.



Brian F Thornton
Managing Director and CEO

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**Independent Auditor's Report
To the Members of Hawthorn Resources Limited
Report on the Audit of the Financial Report**

Opinion

We have audited the accompanying financial report of Hawthorn Resources Limited and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration of the company as set out on page 33.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Capitalisation of Exploration and Evaluation Assets	
We focus on the capitalisation of exploration and evaluation asset as this represents a significant asset of the Group and that the capitalisation of this amount is significantly affected by management's judgement	We carried out the following work in accordance with the guidance set out in AASB 6 Exploration for and Evaluation of Mineral Resources:
The Group has incurred significant exploration and evaluation expenditures. The	We reviewed the Group's accounting policy specifying which expenditures are recognised as exploration and evaluation assets and its

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<p>accounting treatment of these expenditures (whether as capital or expense) can have a significant impact on the financial report. This is particularly relevant as this Group is in an exploration stage with no production activities. As such it is necessary to assess whether the facts and circumstances existed to suggest that these expenditures were properly capitalised in accordance with accounting standard</p>	<p>consistent application of the policy. We tested a sample of capitalised expenditures to ensure that these expenditures are associated with finding specific mineral resources</p> <p>We obtained evidence that the rights to tenure of the area of interest are current and that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by reviewing supporting documents of a sample of the Group's tenement holdings</p> <p>We evaluated whether the exploration and evaluation expenditures are expected to be recouped, either through successful development and exploitation or through sale</p> <p>We enquired with management and evaluated whether exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.</p> <p>We enquired with those charged with governance whether they monitor that these expenses are capitalised as per AASB6</p> <p>We have obtained sufficient appropriate audit evidence with regards to the capitalised amount as disclosed in the note to financial statements.</p> <p>We also considered the appropriateness of the related disclosure in Notes 4 and 6 to the financial statements.</p>
<p>Assessment of Carrying Value of Exploration and Evaluation Assets</p>	
<p>We focus on the assessment of the carrying value of the exploration and evaluation asset as this represents a significant asset of the Group. We need to assess whether the facts and circumstances existed to suggest that the carrying value of this asset may exceed its recoverable amount. Significant judgement is involved in considering if there was impairment indicator and estimating the value of the asset and the potential material impact on the financial report.</p>	<p>We ensured the Group has tested at the level of area of interest where the following indicators are present: (a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned (c) exploration for and evaluation of mineral</p>

<p>As part of their annual impairment review management prepared a list of all its exploration and evaluation assets and reviewed these against their list of impairment indicators. Where impairment indicators existed, management performed an impairment review in accordance with AASB 136 Impairment of Assets. No impairment issue was identified by the management and subsequently no amount was written off during this year in respect of areas of exploration in the exploration and evaluation assets.</p>	<p>resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.</p> <p>We enquired with management and reviewed budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the Group's areas of interest were planned.</p> <p>We enquired with management, reviewed announcements made and reviewed minutes of the directors' meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest.</p> <p>We evaluated management's assessment of impairment indicators including the conclusion reached.</p> <p>We also considered the appropriateness of the related disclosure in Notes 4 and 6 to the financial statements.</p>
<p>Assessment of the provision for rehabilitation of the land used in mining operation</p>	
<p>We focus on the assessment of the provision for rehabilitation of the land used in mining operation as this represents a significant liability of the Group and the quantum of the rehabilitation work is uncertain.</p> <p>The Group makes provision for the rehabilitation of the land used in its mining operations. The provision is required to estimate the costs that the Group will incur to rehabilitate the land in the future. The estimates are subject to a number of factors that can vary. These factors include of the costs of performing the work, the area of land to be rehabilitated, regulatory changes, technological changes and discounting factors.</p>	<p>We assessed the reasonableness of the rehabilitation earthworks cost estimate for the land used in mining operations.</p> <p>We evaluated the work of management's expert.</p> <p>We tested the \$26k Mining Rehabilitation Fund payment in FY24, which correlates with this provision and reflects a percentage for the full rehabilitation cost.</p> <p>Additionally, we reviewed the appropriateness of the related disclosures in Note 8 of the financial statements.</p>

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of Hawthorn Resources Limited for the year ended 30 June 2024 included on Hawthorn Resources Limited's web site. The directors are responsible for the integrity of the Hawthorn Resources Limited's web site. We have not been engaged to report on the integrity of the Hawthorn Resources Limited's web site. The audit report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report resent on this web site.

Responsibilities of the directors for the financial report

The directors of the consolidated entity are responsible for the preparation of :

- a) The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

For such internal control as the directors determine is necessary to enable the preparation of :

- c) The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- d) The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In the basis of preparation, the directors also state that the financial statements have been prepared in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 10 of the directors' report for the financial year ended 30 June 2024.

In our opinion the Remuneration Report of Hawthorn Resources Limited for the financial year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Connect National Audit

CONNECT NATIONAL AUDIT PTY LIMITED
Authorised Audit Company No. 521888



GEORGE GEORGIU FCA RCA
MANAGING DIRECTOR

Date: 25 September 2024

HAWTHORN RESOURCES LIMITED

Additional Information for Shareholders

ASX Listing Rule 4.10 at 09 October 2024

1. 20 Largest Shareholders – HAW ordinary shares

Registered holder	Holding	%	Rank
FENG HUA MINING INVESTMENT HOLDING (HK) LIMITED	120,788,101	36.05	1
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	54,694,572	16.33	2
LEGACY IRON ORE LIMITED	12,575,000	3.75	3
MR M KERR & MRS L KERR <LINDMARK STAFF SUPER A/C>	11,854,088	3.54	4
MR BRIAN THORNTON	5,761,879	1.72	5
BAGBO PTY LTD	5,280,415	1.58	6
DR MARK THEO BLOCH	4,418,938	1.32	7
MR VICTOR LORUSSO	4,320,492	1.29	8
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,150,605	1.24	9
YELRIF INVESTMENTS P/L <YELRIF INV P/L P/FUND A/C>	4,000,000	1.19	10
NEWMEK INVESTMENTS PTY LTD	2,991,950	0.89	11
MR MICHAEL ROBERT WELLARD	2,500,000	0.75	12
NATIONAL NOMINEES LIMITED	2,468,587	0.74	13
CITICORP NOMINEES PTY LIMITED	2,390,548	0.71	14
AUSTIC ENTERPRISES PTY LTD	2,250,000	0.67	15
MR MA & MRS LJ MITCHELL <M & L MITCHELL S/F A/C>	1,800,000	0.54	16
BERKELEY CONSULTANTS PTY LTD <THE BERKELEY A/C>	1,500,000	0.45	17
MR BRENDAN PHYLAND	1,382,537	0.41	18
MS JANET ELIZABETH WELLARD	1,328,319	0.40	19
KRISHNAJIPITALE PTY LTD <KRISHNAJI PITALE S/F A/C>	1,326,112	0.40	20
Total – 20 largest holders	247,782,143	73.96	20
Total – all others	87,233,470	26.04	1,609
TOTAL	335,015,613	100.00	1,629

2. Range of Shareholdings – HAW ordinary shares

Range	Holding	%	No. of holders	%
100,001 and over	304,675,423	90.94	188	11.54
10,001 to 100,000	26,613,460	7.94	715	43.89
5,001 to 10,000	2,560,201	0.76	326	20.01
1,001 to 5,000	1,141,125	0.34	282	17.31
1 to 1,000	25,404	0.01	118	7.24
Total	335,015,613	100.00	1,629	100.00

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3. Marketable Parcels

There were 601 holders with less than a marketable parcel (market value less than \$500) of the Company's ordinary shares (being 8,474 shares at the closing market price of \$0.059 per share on 09 October 2024). These holdings totalled 2,514,937 shares or 0.75% of all shares on issue.

4. Buy-Back

The Company has not undertaken any buy-back during or since the end of the period under review.

5. Substantial Shareholdings

At 09 October 2024, the following substantial shareholdings have been declared to the Company:

Declared entity	No. of shares	%
Feng Hua Mining Investment Holding (HK) Ltd	120,788,101	36.05
Li, Yijie (indirect)	120,788,101	36.05
Christopher D Corrigan	54,694,572	16.33

6. Other Securities

At 09 October 2024, HAW has no options, performance rights, or other securities on issue.

7. Corporate Governance

The Board of Directors of Hawthorn Resources Limited are responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period.

The Corporate Governance Statement and the Appendix 4G statement have been released to the ASX and can be found on the Company's website at www.hawthornresources.com

HAWTHORN RESOURCES LIMITED

Table of Interests in Mining Tenements

Project/Tenement	Interest at 30-Jun-24	Interest at 30-Jun-23	Joint Venture Partner / Farm-In/Out Partner
Pinjin East			
E 31/781	0%	100%	
E 31/782	100%	100%	
E 31/783	0%	100%	
E 31/1050	100%	100%	
E 31/1176	0%	100%	
Edjudina-Triumph			
M 31/481	100%	100%	
Mt Bevan JV			
E 29/510 (magnetite)	28%	28%	Legacy Iron Ore Limited & Hancock Magnetite Holdings Pty Ltd
E 29/510 (lithium)	37%	37%	Legacy Iron Ore Limited & Hancock Magnetite Holdings Pty Ltd
Trouser Legs JV			
E 31/1094	70%	70%	GEL Resources
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 JV			
E 31/789	80%	80%	Karora Resources Pty Ltd
Teutonic Bore Royalty *			
E 37/902	0%	0%	Round Oak Jaguar Pty Ltd

* Royalty up to \$1m subject to conditions

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Flora at Anglo Saxon following recent rains



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Drilling for lithium pegmatites by Hancock Prospecting on Hawthorn's Mt Bevan Joint Venture.

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