
Hawthorn Resources Limited

ABN 44 009 157 439

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

**THIS REPORT SHOULD BE READ
IN CONJUNCTION WITH THE 2008 ANNUAL FINANCIAL REPORT**

Hawthorn Resources Limited
Chairman's Report
for the Half-Year ended 31 December 2008

CHAIRMAN'S REPORT

5th March 2009

Dear Shareholder

Following the successful completion of the Schemes of Arrangement with Ellendale Resources NL ("Ellendale") in June 2008 the Hawthorn Resources Limited group of companies ("Hawthorn") is now an Australian diversified base metal and gold explorer with significant strategic tenement holdings throughout the Eastern Goldfields of Western Australia, South Australia and Queensland.

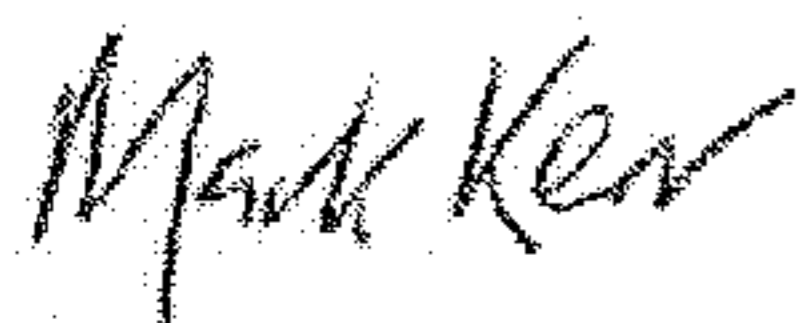
As reported in detail in the September and December 2008 Quarterly Activity Statements exploration activities have been focused at the Mt Bevan Iron ore project and on the Company's prospective and extensive gold tenements in the South Laverton gold zone of Western Australia. Geological mapping and sampling in the Wild Dog Dam area 120km NE of Kalgoorlie has identified potential volcanogenic massive sulphide style Cu-Zn mineralisation in existing RAB drill chips; shareholders can access these detailed reports and the September 2008 Shareholder Update by visiting the Company's website at www.hawthornresources.com

As with the exploration industry in general, Hawthorn has been reviewing its portfolio of tenements with a view to relinquishing some of the less prospective area whilst indentifying additional areas adjacent to the more highly prospective areas. This is an ongoing process which will see the number of tenements held ebb and flow as exploration decisions are made.

In the present global economic circumstances Hawthorn will continue exploration activities with concentration on those tenements with the greatest potential to generate near term economic return and give the maximum benefit for the exploration dollar.

Central management of Hawthorn is now located in Melbourne with a stable directorate and management unchanged since the integration of Ellendale in June 2008.

Shareholders are reminded that the Company has established a facility whereby they can register to receive electronic notification of announcements.



M G Kerr

Chairman

The technical information in this report has been reviewed and approved by Mr I Moody who is Member of the Australasian Institute of Mining & Metallurgy and who has over 20 years experience in the exploration field.

Hawthorn Resources Limited
Directors' Report
for the Half-Year ended 31 December 2008

DIRECTORS' REPORT

The Directors of Hawthorn Resources Limited present their report for the half year ended 31 December 2008.

1 Directors

The Directors of the Company in office since 1 July 2008 and up to the date of this Report are:

Mr Mark G Kerr LL.B

Chairman and Non-Executive Director – Appointed 22 November 2007

Mr Mark Kerr is a director of Ellendale Resources Pty Ltd. He specializes in public relations and reputation management consultancy. Mr Kerr has served as a member of a number of public company boards.

Mr Mark E Elliott LL.B B.COMM

Non-Executive Director – Appointed 22 November 2007

Mr Mark Elliott is a director of Ellendale Resources Pty Ltd. Mr Elliott is a former partner of the international law firm Minter Ellison specializing in corporate and securities law and a former director of Spotless Group Limited, E*trade Limited, Oakton Limited and Mineral Deposits Limited and a former executive director and legal counsel of Computershare Limited.

Dr David Tyrwhitt – PhD (Geology) BSc (Hons) FSEG(USA) FAusIMM CPGeo

Non-Executive Director – Appointed November 1996

Dr Tyrwhitt has been a Director of the Company since 1996. He has more than 40 years experience in the mining industry. He is currently a Director of Northern Capital Resources Corporation (March 2005 to current), Quantum Resources Limited (November 1999 to current), Golden River Resources Corporation (November 1996 to current) and Legend International Holdings Inc., (March 2005 to current). He worked for over 20 years with Newmont Mining Corporation in Australia, South East Asia and the United States. During this time, he was responsible for the discovery of the Telfer Gold Mine in Western Australia. He was Chief Executive of Newmont Australia Limited between 1984 and 1988 and Chief Executive Officer of Ashton Mining Limited between 1988 and 1991. He established his own consultancy in 1991 and worked with Normandy Mining Limited on a number of mining projects in South East Asia.

Hawthorn Resources Limited
Directors' Report
for the Half-Year ended 31 December 2008

2 Review and Results of Operations

After allowing for the write-off of prior years exploration expenditures of \$769,684 (2007: \$nil) the Company recorded a consolidated net loss of \$1,249,861 for the half-year ended 31 December 2008 (2007: loss \$196,795).

Objectives

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.

Income Statement

As an exploration company, the Company does not have an ongoing source of revenue. Its revenue stream is normally from ad-hoc tenement/plant and equipment disposals and interest received on cash in bank and other entity loan. In the 2008 half-year, revenue has increased from \$56,353 in 2007 to \$87,249 in 2008.

Total consolidated expenses for the period amounted to \$1,337,110 (2007: \$253,148) inclusive of exploration expenditure written-off of \$769,684; in 2008, a number of previously granted exploration licenses and applications for mining leases were reverted into prospecting and/or exploration licenses and the reversions are pending; administration expenses were \$441,426 (2007: \$243,923); finance costs were \$nil (2007: \$60); and there were no 'other expenses' (2007: \$9,165); amortization of employee share options in 2008 were \$126,000 (2007: \$nil).

As a result, the consolidated loss for the period from continuing activities after income tax was \$1,249,861 in the 2008 half-year compared to a loss of \$196,795 in 2007.

Balance Sheet

At 31 December 2008, the consolidated entity had working capital of \$2,436,044 (30 June 2008: \$3,571,236) made up of cash at bank of \$2,326,732 (30 June 2008: \$3,761,907), receivables of \$272,246 (30 June 2008: \$100,235), other current assets of \$18,369 (30 June 2008: \$9,318) and payables of \$181,303 (30 June 2008: \$300,224).

Non-current assets totalled \$23,393,787 (30 June 2008: \$23,754,495) primarily made up of carried forward exploration expenditure of \$23,122,236 (30 June 2008: \$23,103,916).

Net assets at 31 December 2008 amounted to \$25,829,831 (30 June 2008: \$27,325,731).

Hawthorn Resources Limited
Directors' Report
for the Half-Year ended 31 December 2008

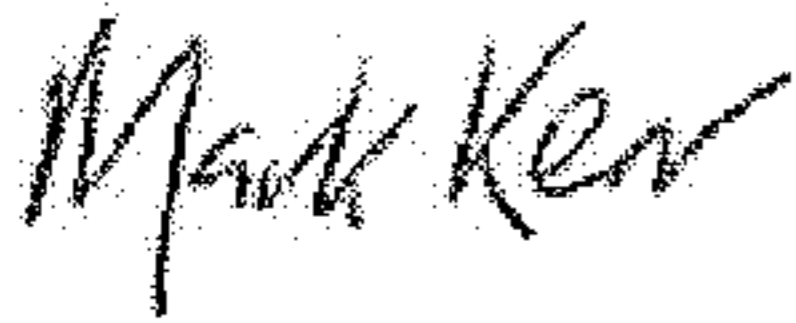
Cash Flow

During the half-year, the consolidated entity's cash and cash equivalents decreased by \$1,435,175 (2007: \$792,340) having paid \$732,902 (2007: \$178,937) in the normal course of operations and \$788,004 (2007: \$529,138) for exploration expenditure. There were no capital raising activities in the half-year. Cash and cash equivalents in hand at the 31 December 2008 totalled \$2,326,732 (2007: \$1,289,961).

3 Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this Report.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 5th day of March 2009.



M G Kerr
Director



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Hawthorn Resources Limited for the half-year ended 31 December 2008, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hawthorn Resources Limited and the entities it controlled during the half-year ended 31 December 2008.

D J Garvey
Partner
PKF

5 March 2009
Melbourne

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Hawthorn Resources Limited
Condensed Income Statement
for the Half-Year ended 31 December 2008

	Consolidated	
	2008 \$	2007 \$
Revenue from Continuing Operations		
Other income	87,249	56,353
	87,249	56,353
Exploration expenditure written off	(769,684)	-
Administration expenses	(441,426)	(243,923)
Share option expense	(126,000)	-
Other expenses	-	(9,165)
Finance costs	-	(60)
Loss before income tax	(1,249,861)	(196,795)
Income tax benefit/(expenses)	-	-
Loss for the period after tax from continuing operations	(1,249,861)	(196,795)
Loss attributable to members	(1,249,861)	(196,795)
Earnings per share	Cents	Cents
Basic loss per share for the year attributable to ordinary equity holders	(0.11)	(0.12)
Diluted loss per share for the year attributable to ordinary equity holders	(0.11)	(0.12)

The condensed income statement is to be read in conjunction with the accompanying notes to the condensed financial statements.

Hawthorn Resources Limited
Condensed Balance Sheet
as at 31 December 2008

	Consolidated	
	31 Dec 2008 \$	30 Jun 2008 \$
ASSETS		
Current Assets		
Cash and cash equivalents	2,326,732	3,761,907
Receivables	272,246	100,235
Other current assets	18,369	9,318
Total Current Assets	2,617,347	3,871,460
Non-Current Assets		
Other financial assets	228,516	601,278
Exploration expenditure	23,122,236	23,103,916
Plant and equipment	43,035	49,301
Total Non-Current Assets	23,393,787	23,754,495
TOTAL ASSETS	26,011,134	27,625,955
LIABILITIES		
Current Liabilities		
Trade and other payables	181,303	300,224
Total Current Liabilities	181,303	300,224
TOTAL LIABILITIES	181,303	300,224
NET ASSETS	25,829,831	27,325,731
EQUITY		
Share capital	34,057,764	34,057,764
Reserves	1,174,548	1,420,587
Retained losses	(9,402,481)	(8,152,620)
TOTAL EQUITY	25,829,831	27,325,731

The condensed balance sheet is to be read in conjunction with the accompanying notes to the condensed financial statements.

Hawthorn Resources Limited
Condensed Cash Flow Statement
for the Half-Year ended 31 December 2008

	Consolidated	
	2008 \$	2007 \$
Cash flows from operating activities		
Payments in the course of operations	(732,902)	(178,937)
Interest received	85,731	50,307
Borrowing costs paid	-	(60)
Net cash used in operating activities	(647,171)	(128,690)
Cash flows from investing activities		
Payments for exploration expenditure	(788,004)	(529,138)
Net cash used in investing activities	(788,004)	(529,138)
Cash flows from financing activities		
Proceeds from issue of shares	-	481
Payment of share issue costs	-	(134,993)
Net cash used in financing activities	-	(134,512)
Net decrease in cash and cash equivalents	(1,435,175)	(792,340)
Cash and cash equivalents at beginning of period	3,761,907	2,082,301
Cash and cash equivalents at end of period	2,326,732	1,289,961

The condensed cash flow statement is to be read in conjunction with the accompanying notes to the condensed financial statements.

Hawthorn Resources Limited
Condensed Statement of Changes in Equity
for the Half-Year ended 31 December 2008

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
CONSOLIDATED				
At 1 July 2007	23,855,637	(7,766,584)	1,458,849	17,547,902
Loss for the period	-	(196,795)	-	(196,795)
Net loss on available-for-sale investments	-	-	(7,469)	(7,469)
Options Granted	481	-	-	481
At 31 December 2007	23,856,118	(7,963,379)	1,451,380	17,344,119
At 1 July 2008	34,057,764	(8,152,620)	1,420,587	27,325,731
Loss for the period	-	(1,249,861)	-	(1,249,861)
Share based payments	-	-	126,000	126,000
Net loss on available-for-sale investments	-	-	(372,039)	(372,039)
At 31 December 2008	34,057,764	(9,402,481)	1,174,548	25,829,831

The condensed statement of changes in equity is to be read in conjunction with the accompanying notes to the condensed financial statements.

Hawthorn Resources Limited
Notes to the Financial Statements
for the Half-Year ended 31 December 2008

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Reporting Entity

Hawthorn Resources Limited (the "Company") is a company domiciled in Australia. The condensed financial report as at and for the half-year ended 31 December 2008 is for the consolidated entity which consists of Hawthorn Resources Limited and its controlled entities.

The annual financial report of the consolidated entity as at and for the year ended 30 June 2008 is available upon request from the Company's registered office at Level 2, 90 William St, Melbourne VIC 3000.

(b) Basis of preparation

The half-year financial report is a general purpose condensed financial report for the half-year ended 31 December 2008, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134 "Interim Financial Reporting".

The half-year financial report does not include all the information required for a full annual financial report, and should be read in conjunction with the annual Financial Report of Hawthorn Resources Limited as at and for the year ended 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Hawthorn Resources Limited during the half-year ended 31 December 2008 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was approved by the Board of Directors on 5th March 2009.

(c) Summary of significant accounting policies

The accounting standards, estimation methods and measurement bases used in this report are the same as those used in the last Hawthorn Resources Limited Annual Report.

2. SEGMENT INFORMATION

The principal business and geographical segment of the Company is mineral exploration within Australia.

3. EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the consolidated entity, the results of the operations, or the state of affairs of the consolidated entity in future financial periods.

Hawthorn Resources Limited
Notes to the Financial Statements
for the Half-Year ended 31 December 2008

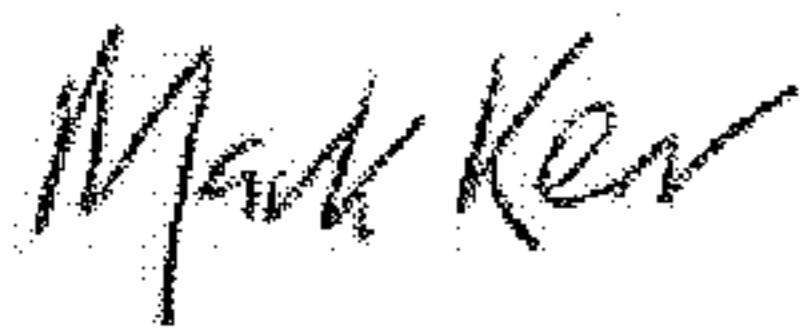
**DIRECTOR'S DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

In the opinion of the directors' of Hawthorn Resources Limited:

1. the financial statements and notes to the financial statements, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 5th day of March 2009.

Signed in accordance with a resolution of the directors:



M. G. Kerr
Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HAWTHORN RESOURCES LIMITED**



Chartered Accountants
& Business Advisers

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hawthorn Resources Limited, which comprises the condensed consolidated balance sheet as at 31 December 2008, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Hawthorn Resources Limited and the entities it controlled at 31 December 2008 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of Hawthorn Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hawthorn Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hawthorn Resources Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF

PKF

D J Garvey
Partner

5 March 2009
Melbourne

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