

Quarterly Report

For the period ended
31 December 2023

Strategic Investor Process commenced to secure
funding for the Hawsons Iron Project's BFS

hawsons.com.au
ASX: HIO

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Highlights

Hawsons Iron Project

- More than 50 per cent of the confirmation and definition drilling program in the southern Fold Zone completed.
- Correlation of drilling results with newly reinterpreted ground-magnetic data advanced geological understanding and 3D modelling of the Fold Zone to inform future resource drilling.
- New Exploration Licence (EL9620) granted, increasing the Project's tenement footprint to the south and mine infrastructure planning flexibility.

Corporate

- Experienced director and former investment banker Jeremy Kirkwood appointed as Chair, with Interim Executive Chair Bryan Granzien resuming his role as Managing Director.
- The Company's Annual General Meeting was held in Brisbane on Tuesday, 28 November 2023, and all resolutions were passed except Resolution 9 – Conditional Spill Resolution - which was not required.
- The Strategic Investor Process to secure funding for the Hawsons Iron Project's Bankable Feasibility Study (BFS) commenced with presentations to selected interested parties in December and continued in January.
- Cash outflows during the quarter totalled \$2.166 million, leaving cash reserves at the end of the quarter standing at \$3.192 million.



Hawsons Iron Project

As announced on 8 August 2023, exploratory drilling during the first half of 2023 identified prospective, near-surface magnetite mineralisation at targeted grades with potential to extend significantly along strike to the south-west.

This drilling program targeted shallower magnetite ore above a depth of 150 metres with a grade greater than 9 per cent Davis Tube Recovery (DTR) mass recovery to help accelerate the project's cash flow during the first few years of operation.

The positive assay results from 10 of 12 Reverse Circulation (RC) holes drilled within an out-cropping area referred to as the Fold Zone to the south of the existing mineral resource warranted further assessment.

An additional 21-hole confirmation and definition drilling program commenced in October to determine the extent, tonnage and grade of the near-surface mineralisation and potential to further improve the Project's economics.

Despite some weather interruptions, equipment issues and challenging ground conditions reflecting the structural complexity of the Fold Zone, 10 of 20 planned RC holes and one twin Diamond Drill core hole were drilled prior to the annual Christmas holiday break.

This program was initially designed to include a mineralised Limb Zone which continues to the south and south-west of the existing mineral resource.

However, further analysis determined that focusing exclusively on the Fold Zone would provide greater certainty for investors and reduce subsequent drilling costs required to complete the BFS.

The confirmed presence of mineable widths of targeted-grade mineralisation above the base of oxidation supports a change in mining strategy to materially shorten the Hawsons Iron Project's ramp-up period to full production.

Significantly, independent geological experts H&S Consultants have been incorporating newly reinterpreted ground magnetic data, initially collected in 2012, into the existing geological model.

This extensive historical ground magnetic data is helping improve the geological interpretation of the Fold Zone and accurately identify areas of higher magnetic intensity, near-surface material for future resource estimation drilling programs.

Importantly, leveraging this historical magnetic data has eliminated the need to conduct costly ground-borne magnetic survey campaigns, while improving the turnaround time to produce 3D magnetic imagery.

The current drilling program has been assessed against the updated model, indicating that all drill holes designed to target the near-surface mineralisation are optimally positioned.

The Company successfully applied to the NSW Government for an additional exploration tenement adjoining its existing lease EL7208.

This new tenement EL9620, granted on 5 December 2023, extends the Project's exploration footprint to the south. It significantly improves mine planning flexibility within the boundaries of a new Mining Lease Area application (MLA641) which was submitted on 18 December 2023. The previous MLA460, covering a smaller area, was withdrawn on 21 December 2023.

Corporate

Experienced director and investment banker Mr Jeremy Kirkwood was appointed as non-executive Chair on 16 October 2023. Mr Bryan Granzien simultaneously resumed his former role as Managing Director after serving as interim Executive Chair since April 2023.

The Company held its AGM in Brisbane on 28 November 2023. Resolutions 1-to-8 were all passed on a poll with the requisite majority of votes at the AGM.

As the votes recorded against Resolution 1 – Remuneration Report – were less than 25 per cent, Resolution 9 – Conditional Spill Resolution - was not required.

Mr Kirkwood and Mr Granzien thanked Shareholders for attending in person and through the webcast of the Company's AGM and for their continued support, trust and confidence.

On 28 November 5,000,000 unlisted Options were issued to Mr Kirkwood pursuant to Shareholder approval at the AGM.

Corporate, investor and community stakeholder relations activities were maintained during the period, including meetings with state and local government representatives, industry participants and Shareholders.

Preparation of a comprehensive investor Information Memorandum (IM) and Data Room was completed during the quarter to support ongoing discussions with potential strategic partners which commenced in December. The IM will be revised as further information becomes available.

Cash Activities for the Quarter ending 31 December 2023

Hawsons Iron Ltd held cash of \$3.192 million at the end of the December 2023 Quarter.

Expenditure was in line with planned operating and Investing activities.

Table 1: Quarterly summary of spending activities

	Current quarter \$A'000	Year to date \$A'000
1. Operating Activities		
1.2 (d) - Staff Costs	(192)	(369)
1.2 (e) - Administration Costs	(543)	(903)
1.4 – Interest received	17	42
1.5 – Interest and other costs of finance paid	(2)	(4)
Total Operating Activities	(720)	(1,234)
2. Investing Activities		
2.1 (c) - Plant and Equipment	(9)	(9)
2.1 (d) - Exploration & Evaluation, made up of:		
- Salaries & Wages	(223)	(446)
- EIS & Approvals	(23)	(48)
- Resource Upgrade	(285)	(568)
- Project maintenance	(158)	(163)
- Marketing	(44)	(80)
- Pilot Plant Test work	(75)	(276)
- Additional asset purchase	-	-
- Power supply	-	(7)
- Engineering & Design	(506)	(1,039)
- Community & Landowners	(69)	(99)
- Port/pipeline	(6)	(6)
- R&D tax concession received	-	-
Total Exploration & Evaluation	(1,389)	(2,732)
2.1 (f) – Security bonds	(10)	(10)
Total Investing Activities	(1,408)	(2,751)
3. Financing Activities		
3.1 - Proceeds from issue of equity securities	-	-
3.4 - Transaction costs	0	-
3.6 – Repayment of borrowings	(7)	(7)
3.9 – Lease principal repayments	(31)	(62)
Total Financing Activities	(38)	(69)

Payments to related parties of the entity and their associates

65% of Bryan Granzien's gross wages and superannuation was charged and capitalised within the activities outlined in Table 1 at 2.1 (d).

The balance of remuneration remains at item 6.1 of the attached Appendix 5B for Bryan Granzien and 100 per cent for non-executive director fees, totalling \$101,377.

Bryan Granzien Gross Wages	\$32,724
Bryan Granzien Bonus	\$20,000
Bryan Granzien Superannuation	\$2,403
Paul Cholakos Director Fee	\$12,500
Paul Cholakos Superannuation	\$1,375
Tony McGrady Director Fee	\$12,500
Tony McGrady Superannuation	\$1,375
Jeremy Kirkwood Director Fee	\$16,667
Jeremy Kirkwood Superannuation	\$1,833
Total	\$101,377

In relation to Listing Rule: 5.3.2 – There were no substantive mining production and development activities during the quarter. The statement of cash flows for the quarter and financial year to date are attached to this report at Appendix 5B.

Overview and outlook

Hawsons is in the process of inviting potential strategic partners to consider investing in the Hawsons Iron Project and funding the BFS.

The Company is independent of any major operator in the emerging Green Steel supply chain and seeking investors who share our vision and interest in developing the project to support decarbonisation of the global steel industry.

A supporting Information Memorandum and access to an accompanying Data Room will be made available on a confidential basis to selected parties.

The follow-up confirmation and definition drilling program continues to further define the extent, tonnage and grade of shallow magnetite mineralisation discovered in the Fold Zone south of the existing mineral resource. Wet weather has further delayed drilling in January. It is now unlikely that drilling will re-commence before early February 2024.

Outcomes from this drilling program will need to be included in the database which may extend the timeline for completing the strategic investor selection process.

In December, Hawsons commenced market soundings with potential strategic investors involving presentations on the Project and our selection process.

Feedback from these soundings, which are continuing, will help determine the interest of potential strategic investors in proceeding with the BFS and finalisation of the structure of the process.

Subject to feedback, the Company will then enter a Strategic Investor Process with a smaller group of 'qualified investors' in the March Quarter of 2024.

These parties will be provided with the comprehensive, confidential Information Memorandum. We will then select our preferred partners.

This group, with whom we aim to negotiate final agreements, will be given full due diligence access.

This process is anticipated to take up to six months, with completion targeted in the June Quarter of 2024.

Hawsons completed detailed BFS planning during the quarter, including the timeline and proposed budget. These plans may be amended following discussions with strategic investors in the first half of 2024.

The BFS will commence once Hawsons has secured the necessary funding. Current indications are that the BFS, resource drilling and other program work required to reach a Final Investment Decision will then take a further 18-24 months.

Hawsons Iron Ltd tenement schedule 31 December 2023

Licence	Notes	Name	Grant date	Expiry date	Equity	Units	Area – km2
EL6979	1,2	Redan	11/12/2007	11/12/2026	100%	62	180
EL7208	2	Burta	22/09/2008	22/09/2025	100%	100	290
EL7504	2	Little Peak	08/04/2010	08/04/2029	100%	14	41
EL9620	2	Wonga	05/12/2023	05/12/2029	100%	22	71
MLA641	3	Hawsons Iron	Under application	Under application	100%	n/a	287

- 1) 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
- 2) Title to 100% Hawsons Iron Ltd completed.
- 3) MLA submitted on 18 December 2023. Tenement application subject to unspecified grant date and conditions.

This report references Mineral Resource information released to the ASX on 26 July, 2022: “Hawsons delivers Mineral Resource upgrade”. This report references Mineral Resource information released to the ASX on 30 September, 2022: “Updated Mineral Resource Estimate”. The Company is not aware of any new information which would materially affect the outcome of the Mineral Resources reported on 26 July and 30 September 2022.

Release authorised by the Board

Hawsons Iron Limited

24 January 2024

Corporate directory

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Contact information

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Australian Securities Exchange Ltd

ASX Code: HIO Ordinary Shares

Share Registry

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Disclosure

The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information evaluated by Mr Simon Tear of H&S Consultants Pty Ltd who is a member of the Australasian Institute of Mining and Metallurgy (MAAusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). Mr Tear consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HAWSONS IRON LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(192)	(369)
	(e) administration and corporate costs	(543)	(903)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	42
1.5	Interest and other costs of finance paid	(2)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(720)	(1,234)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(9)	(9)
	(d) exploration & evaluation	(1,389)	(2,732)
	(e) investments	-	-
	(f) other – security bonds	(10)	(10)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	R&D tax concession received	-	-
2.6	Net cash from / (used in) investing activities	(1,408)	(2,751)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(7)	(7)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – lease principal repayments	(31)	(62)
3.10	Net cash from / (used in) financing activities	(38)	(69)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,358	7,246
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(720)	(1,234)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,408)	(2,751)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	(69)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,192	3,192

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,192	5,358
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,192	5,358

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	167
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> Item 6.1 - Non-executive director fees \$46,250 - Executive director fees \$35,127 (35% of total fees for the quarter) - Executive director bonus \$20,000 Item 6.2 - Executive director fees \$65,236 (65% of total fees for the quarter)		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities – insurance premium funding	80	80
7.2	Credit standby arrangements	-	-
7.3	Other (Put Option Agreement)	22,226	-
7.4	Total financing facilities	22,306	80
7.5	Unused financing facilities available at quarter end		22,226
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Insurance Premium Funding Insurance premium funding facility provided by Hunter Premium Funding. The amount is unsecured, repayable in monthly instalments by October 2024 and bears interest at 13% per annum. LDA Capital Hawsons Iron has entered into a Put Option Agreement with United States investment group LDA Capital Limited. The company may access equity capital over four years at its sole discretion. The Company can draw down funds during the term of the Agreement by issuing ordinary shares of the Company (Shares) for subscription to LDA Capital. The Company may issue call notices to LDA Capital with each call notice being a put option on LDA Capital to subscribe for and pay for those Shares. A Call Notice draws upon the Companies placement capacity which there must be available capacity to initiate a Call Notice on LDA Capital. The issue price of the Shares is calculated at the completion of the 30-Day pricing period, following the Capital Call Notice as the higher of 90% of the 30-day Volume Weighted Average Price (VWAP) after the issue of the Call Notice, and the 'minimum acceptable price' (as defined in the LDA facility) notified by Hawsons to LDA Capital, in each case subject to adjustments for various factors. Based on the historical trading volumes and the HIO share price at the end of the quarter ending 31 December 2023, Hawsons has estimated the total capital limit of the facility at 31 December 2023 at \$22,226,000 (refer 7.3). LDA has the right to reduce the Proposed Capital Call Shares (Subject to adjustments) by up to 50% or increase the number of Proposed Capital Call Shares by up to 100%. Except for option shares, LDA must not, on any Trading Day during the Pricing Period sell Collateral Shares representing more than 1/30th of the Shares specified in the Capital Call Notice. The Agreement includes unlisted share options under which HIO will issue 71,500,000 options to LDA Capital. The strike price of the options is \$0.055. Each option has an exercise period of four years. The Company paid an Option Premium Fee to LDA Capital of A\$4 million on 21 December 2022 – 50% (A\$2 million) in cash and 50% in shares (9,173,897 shares) based on 90% of the average VWAP of Shares in the 90-trading day period preceding the 12-month anniversary date from signing of the Agreement. HIO has paid AUD\$21,258 on 16th December 2021 to cover LDA Capital legal costs which were capped at US\$25,000, and AUD\$14,423 on 24th August 2022 for costs related to the Call Notice.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(720)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,389)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,109)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,191
8.5	Unused finance facilities available at quarter end (item 7.5)	22,226
8.6	Total available funding (item 8.4 + item 8.5)	25,417
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	12.05
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 January 2024

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.