



# Hawsons IRON

WORLD'S BEST IRON ORE PRODUCT

## Hawsons secures 100% control of the Hawsons Iron Project

Hawsons Iron Ltd (**HIO**) is pleased to announce the Company has executed an agreement with Starlight Investment Company Pty Ltd (**Starlight**) to purchase its 6.037 per cent interest in the Hawsons Iron Project Joint Venture for \$10 million and secures full beneficial ownership and control of the Hawsons Iron Project.

### Key Points

- **Strategic transaction gives HIO 100% control of the Hawsons Iron Project**
- **HIO to pay Starlight \$10 million for its 6.037% JV interest**
- **Significantly enhances the decision-making process during development and production**
- **Delivers material flexibility for offtake agreements and project financing options**
- **Initial \$5 million payment being met from existing funds, with normal security provided for the \$5 million balance**
- **Balance via two instalments: \$3 million within three months and the final \$2 million within six months**
- **Funding available through LDA Capital \$200 million equity facility, if required**

Executive Chairman Bryan Granzien said Starlight's exit enabled HIO to assume 100 per cent ownership of the Hawsons Iron Project, including its tenements and 400 million tonne Mineral Resource. (*Refer to ASX announcement dated 19 October, 2021: Hawsons Iron Mineral Resource upgrade.*)

"This is another significant milestone for the Company and all of its shareholders as we now have full control and ownership of the Project - allowing us to, among other things, manage the Bankable Feasibility Study (BFS) and the project build, more efficiently and effectively," Mr Granzien said.

"No doubt, removing this potential complication at the joint venture level, opens all avenues for the Company to move forward, including the consideration of high-quality joint venture partners later if, or when, we wish to.

"We see this as a strategically important transaction as it really paves the pathway for the future," he said.

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Mr Granzien said Starlight's failure to meet its share of the Joint Venture's cash calls since November 2021 had triggered Hawsons' approach to discuss an offer to buy them out. (Refer to ASX Announcement dated 13 December, 2021: HIO to increase Joint Venture Interest).

"The \$10 million sale price really represents a full reimbursement of their contributed capital, as well as a modest premium which partly recognises potential upside value foregone," he said.

"Starlight has not been paying their cash calls which we are paying and will have to continue to, so this does involve some additional cost, but we see the true value as significantly more than the \$10 million we are paying."

Mr Granzien said the Company was making an initial payment of \$5 million from existing cash reserves on signing the agreement and committing to pay the \$5 million balance in two instalments, the first of \$3 million within three months and the second of \$2 million within six months from the execution date.

"We have also provided Starlight with security over the project assets pending final settlement, but Hawsons also has the right to make these outstanding payments earlier than the agreed payment tranche dates at our absolute discretion," Mr Granzien said.

"Importantly, if required, the equity financing Put Option Agreement with LDA Capital Limited announced on 22 December, 2021, can be used to cover the cost of this strategic acquisition. However, the agreed settlement schedule provides the Board with valuable time to consider a range of options on how best to satisfy the Company's future capital requirements and when."

Mr Granzien said the Company was currently in discussions with a number of potential Hawsons Supergrade® product off-takers regarding Letters of Intent with some also interested in potential opportunities to invest either directly in the Company or the Project.

"The off-take and end-user selection process is exactly where we had planned it to be, and we will keep the market updated as this selection process moves closer towards its final stages," he said.

**Released by authority of the Board**

Hawsons Iron Limited  
24 March 2022

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### **About Hawsons Iron Limited**

Hawsons Iron Limited (ASX: HIO) is an iron ore developer and producer listed on the Australian Stock Exchange. The company is focussed on developing its flagship Hawsons Iron Project near Broken Hill into a premium provider of high-quality iron ore products for the global steel industry.

**The Hawsons Iron Project** is situated 60km southwest of Broken Hill, New South Wales, Australia in the emerging Braemar Iron Province. Prefeasibility Study (PFS) results for its Hawsons Iron Project completed in 2017 showed it capable of producing the world's highest-grade iron product (70% Fe). Leading research firm Wood Mackenzie in Q2 FY 2019 rated the project one of the world's best high-grade iron ore development projects excluding replacement or expansion projects owned by the established miners.

For more information go to <https://hawsons.com.au>.

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