

# Quarterly Report

For the period ended 31 March  
2022

- Hawsons Iron is answering the world's call for high-grade iron ore products
- The Company has a 100% interest in the Hawsons Iron Project, source of Hawsons Supergrade® product
- The Hawsons Iron Project will supply a product that will be in high demand from steelmakers who understand the benefits of producing "Green Steel"



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

# Highlights

## Hawsons Iron Project

- Bankable Feasibility Study (BFS) scope and budget extended to incorporate an assessment of a 20 million tonne per annum (Mtpa) option that potentially offers significantly lower operating costs, improved Environment, Social and Governance (ESG) outcomes, and increased project value.
- Key contracts awarded to global specialists to examine optimum infrastructure pathways, process engineering design and decarbonisation opportunities for the Hawsons Iron Project.
- Worley Services with Mineral Technologies engaged to manage process engineering studies, while Worley consulting business Advisian appointed to determine an ideal Energy Balance to optimise Project ESG and sustainability outcomes.
- As part of extended BFS studies to incorporate a 20 Mtpa production option, slurry pipeline specialist Fortin Pipelines appointed to examine an underground, direct-to-port slurry pipeline with global port infrastructure expert Royal HaskoningDHV engaged to examine port options.
- Specialist consultants JukesTodd (JT) and SLR Consulting (SLR) appointed to provide key BFS inputs, with JT engaged as Integrated Delivery Partner to offer commercial and technical advisory while SLR will lead environmental approvals in NSW and SA as Environmental Impact Statement (EIS) Consultant.
- Advisory Committee of specialists appointed to provide experienced and insightful strategic comment on the progress and quality of the Hawsons Iron Project BFS.
- Despite further heavy rains which hampered site works in February/March, the confirmatory drilling program remains largely on schedule and budget to further define the resource, and provide samples for metallurgical test work, groundwater and geotechnical data.
- The Company continues to work together with landholders and receive strong support from the NSW and South Australian Governments.
- During the period, site autumn ecology and cultural heritage surveys were completed for the proposed project footprint to inform the Environmental Impact Statement (EIS).
- Post March 31, 2022, the Company welcomed Federal Government renewal of the Hawsons Iron Project's Major Project Status (MPS). The granting of MPS recognises the Project's significant opportunity to supply quality magnetite product for low emissions steelmaking while supporting regional job creation and skill retention. MPS importantly affords access to the services of the Major Projects Facilitation Agency to help facilitate a timely and efficient approvals process.

## Corporate

- The Company executed an agreement to buy Starlight Investment Company Pty Ltd's 6.037 per cent interest in the Hawsons Iron Project Joint Venture for \$10 million to secure full beneficial ownership and control.
- Investor Relations activities intensified during the period culminating in a series of meetings in Sydney to brief merchant banks, institutional investors, broking houses and industry participants on recent material progress.
- As part of the Company's enhanced Investor Relations program, Independent Investor Research published a commissioned research report initiating coverage.
- The Company issued 71.5 million unlisted Options to LDA Capital pursuant to the terms of the A\$200 million equity funding agreement announced on 22 December 2021.
- Net cash used to fund activities during the quarter was \$13.509 million, with cash reserves at the end of the quarter standing at \$18.377 million.



# Hawsons Iron Project

## Hawsons Iron Project

### **HIO secures 100% control of project, extends BFS scope to assess a 20 Mtpa option; and appoints key consultants**

Hawsons Iron Ltd (ASX: HIO) is committed to completing the BFS to support development of its proposed, high-grade Hawsons Iron Project near Broken Hill, NSW.

To this end HIO gained significant momentum during the March quarter as a result of drilling progress on site, key strategic decisions and pivotal consulting appointments.

As announced on 24 March 2022, HIO has acquired Starlight Investment Company Pty Ltd's minority Joint Venture interest to secure full beneficial ownership and control of the Project. (Discussed further below)

This strategically important transaction paves the pathway for the future by allowing the Company to, among other things, manage the BFS and the project build, more efficiently and effectively.

Removing this potential complication at the joint venture level also opens all avenues for the Company to move forward, including the consideration of high-quality joint venture partners later.

Prior to this, the Board decided to extend the BFS scope and budget to incorporate an assessment of a 20 million tonne per annum (Mtpa) option that potentially offers significantly lower operating costs, improved Environment, Social and Governance (ESG) outcomes, and increased project value.

This decision was enabled by the Mineral Resource upgrade announced on 19 October 2021, which increased Indicated and Inferred Resources by nine and 18 per cent respectively, compared to the 2017 Preliminary Feasibility Study (PFS).

Preliminary investigations had identified a direct-to-port slurry pipeline as a 20 Mtpa transport option.

The additional work entailed has increased the BFS budget by an estimated \$12.4 million, including \$5 million for the pipeline and port component and \$7.4 million for an associated Environmental Impact Study (EIS), process engineering and regulatory approvals.

While such an expansion would increase the total capital cost for developing the Project, the potential operating cost

and ESG benefits were considered so compelling that the option warranted thorough evaluation.

Subsequently, a panel of leading global consultants were appointed to examine optimum infrastructure pathways, process engineering design and decarbonisation opportunities to improve the Project's economics and ESG outcomes.

Worley Services with subcontractor Mineral Technologies was engaged to manage the process engineering studies while Worley consulting business Advisian will determine the ideal energy balance to optimise ESG and sustainability outcomes.

Slurry pipeline specialists Fortin Pipelines and global port infrastructure experts Royal HaskoningDHV will examine the underground, direct-to-port slurry pipeline and port development options as part of the extended BFS studies to incorporate a 20 Mtpa option.

Leading consultants SLR Consulting and JukesTodd (JT) were engaged earlier in the quarter to progress and accelerate the BFS. SLR is leading environmental approvals as EIS Consultant while JT is providing commercial and technical advisory as Integrated Delivery Partner.

An Advisory Committee of specialists was also appointed beforehand to provide experienced and insightful strategic comment on the progress and quality of the BFS.

The members of this Committee are Nick Jukes, the Chairman of BFS partner JukesTodd; independent company director and co-founder of Colinton Capital, Ms Genevieve Gregor; and independent consultants Dave Woodall and Richard Robinson.

They will provide independent advice to the HIO Executive Chairman on improving the completeness, quality and timeliness of the BFS work and increasing prospects for its success.

Following torrential rains on-site in mid-March, Hawsons rapidly evacuated 35 personnel by helicopter from the Burta and Wonga drilling camps when they became isolated by rising flood waters.

A subsequent review of the 11-hour operation against the Mine Safety Management Plan and associated Emergency Management Plan validated the controls and procedures which had been prepared in advance as part of the site risk assessment process.



Up to seven rigs were on-site during the period working 12-hour shifts with 5 rigs working around the clock to keep the drilling program largely on schedule.

This program, involving up to 160 drill holes, aims to further define the resource and capture groundwater and geotechnical data for the BFS. Almost 90 per cent of the planned geology drilling was completed by the end of March.

Core samples for the geology resource were sent to Bureau Veritas in Adelaide while additional core was sent to ALS Global laboratories in Perth for metallurgical test work. Laboratory analysis has been processed at a rate of 300 samples per week, with the results uploaded into the database concurrently.

This new data will assist in planning for the processing plant and mine design and is being provided to Simon Tear (Competent Person) at H&S Consultants Pty Ltd to update the project's Mineral Resource estimates.

The balance of the drilling program, including the geotechnical and hydrological work, is continuing at pace.

Geological data is expected imminently and a revised Mineral Resource estimate should be received during Q2 2022.

Site autumn ecology and cultural heritage surveys were completed for the proposed project footprint to inform the Environmental Impact Statement (EIS).

Despite some issues stemming from weather-related work program delays, the Company continues to enjoy positive relations with landholders regarding site access, equipment hire and provision of accommodation for drilling and field workers and looks forward to maintaining these relationships into the future.

During the quarter the Company held further positive and productive meetings with departmental representatives from the NSW and South Australian governments. The Project is recognised as a NSW State Significant Development and an application to the SA government for major project declaration is pending. The Executive Chairman also met with the Mayor of Broken Hill.

Based on 10Mtpa, the Project would provide some 1200-1500 jobs for the Broken Hill region during construction and 500 more once the mine is in operation. Preliminary studies have also shown the 20Mtpa slurry pipeline and port option could add a further 750 - 1,000 construction jobs in South Australia, as well as 90 - 110 positions once the port is in operation.

***"We owe it to our shareholders and stakeholders to investigate a 20 Mtpa operation to unlock the full potential of this large-scale iron ore resource." — Executive Chairman, Bryan Granzen***

## **Green steel and soft ore**

The global focus on "Green Steel" and the high-grade Fe feed stock so essential to decarbonising steelmaking continues to build momentum.

For instance, Sweden's steel industry aims to achieve "fossil-free" production by 2045. The country's largest operator SSAB brought forward its own plans in January to largely eliminate carbon dioxide emissions in its steel-making processes by the end of the decade using hydrogen instead of coking coal after developing a successful pilot plant.

End-users such as European carmakers are also fueling demand, having committed to dramatically reducing their emissions.

Ongoing discussions with potential off-takers have confirmed strong demand and investment potential from Steel Mills and Traders to secure the Hawsons Supergrade® product, which at nearly 70% Fe, offers the highest iron content to be available on the seaborne market.

Hawsons Supergrade® product should attract a premium price and withstand the vagaries and volatility of the iron ore price cycle, making the project economically viable at expected iron ore price points.

Importantly, the Hawsons ore body is uniquely contained within a soft siltstone – rather than the hard, glass-like silica rock called "chert" common to the magnetite orebodies found in the Pilbara region of Western Australia.

The orebody's relative softness offers clear commercial advantages by requiring significantly less energy during crushing and grinding to extract the magnetite concentrate, while a higher grade is achieved because the ore breaks cleanly around the grain boundaries, easily separating from impurities and waste materials.

The project's Environmental and Social Governance (ESG) credentials will be further enhanced by the use of renewable energy – making it even more attractive to institutional investment funds with ESG mandates.

Subsequent to the quarter, the Company welcomed Federal Government renewal of the Hawsons Iron Project's Major Project Status (MPS) which recognises the Project's capacity to supply quality magnetite product for low emissions steelmaking while supporting significant regional jobs creation and skill retention in NSW and SA.



## Benefits



**World class mine**



**Best Iron Ore concentrate in the world**



**Strong market demand**



**Compelling ESG**



**Mining heartland**

**70%**

Iron percentage of Hawsons Supergrade® product.

**12.0**

Offtake demand for Hawsons Supergrade® product (Mtpa).

**400**

Total production of Hawsons Iron Project 400 Mt (million tonnes) per DTR Concentrate: Mineral Resource Upgrade ASX Release 19 October 2021.

## Corporate

Significantly, HIO executed a pivotal agreement with Starlight Investment Company Pty Ltd (Starlight) on 24 March 2022 to purchase its 6.037 per cent interest in the Hawsons Iron Project Joint Venture for \$10 million.

The strategic value and importance of this transaction cannot be overstated as the Company now has full control and beneficial ownership of the Project – enabling it to manage the BFS, capital raise and project build, more efficiently and effectively.

Removing this potential complication at the joint venture level paves the pathway for the future by opening up all avenues for the Company to move forward, including the consideration of high-quality joint venture partners later if, or when, required.

HIO agreed to make an initial payment of \$5 million from existing cash reserves on signing the agreement and 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.

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 has provided the Board with valuable time to consider a range of options on how best to satisfy the Company's future capital requirements and when.

As previously advised on January 4, 2022, the Company issued 71.5 million unlisted Options to LDA Capital pursuant to the terms of the A\$200 million equity funding agreement

with potential to deliver up to a further \$50.05 million if exercised.

During the quarter the Company's investor communications activities were substantially bolstered using a variety of channels - aided by a strong flow of positive news and material market announcements.

Executive Chairman Bryan Granzien and Capital Finance Lead Glenn Vassallo travelled to Sydney in late March to brief a variety of Sydney-based bankers, brokers, institutions and industry participants on the Project and provide an update on recent significant developments.

Mr Granzien also delivered a well-received Company Update presentation at the Ord Minnett East Coast Mining Conference in Sydney.

To help fill an information and analysis void in the absence of any formal broker research on the Hawsons Iron Project, the Company commissioned Independent Investment Research to prepare and publish an initiation of coverage research report.

This comprehensive report is available via the Investor navigation menu on the Company's website.

Importantly, the spot price for iron ore continued to rise during the quarter in response to increasing Chinese consumption, providing further support for a pleasing lift in the Company's share price.

## Cash Activities for the Quarter ending 31 March 2022

Hawsons Iron Ltd held cash of \$18.377 million at the end of the March 2022 quarter, down \$13.509 million from the December 2021 quarter. Expenditure included \$5 million paid to Starlight Investment Company Pty Ltd on the 24<sup>th</sup> of March 2022 as initial payment for their 6.037% interest in the Hawsons Iron Project Joint Venture.

As forecast, the reduction in cash otherwise aligns with an increase in drilling activity during the quarter and the flow on expenses of testing, resourcing, travel, accommodation, camp supplies and consumables. During the period, the first finance lease payment was paid on the office tenancy.

Salaries and directors' fees paid during the quarter amount to \$97,659. Sixty-five percent of the Executive Chairman salary is charged and capitalised with the Exploration Activity outlined at 2.1(d). Thirty-five percent for the Executive Chairman and 100% for Directors' fees total \$43,931 for the quarter as disclosed at item 6.1 of the Appendix 5B.



**Table 1: Quarterly summary of spending activities**

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Operating Activities</b>		
1.2 (d) - Staff Costs	(93)	(238)
1.2 (e) - Administration Costs	(241)	(1,945)
1.4 - Interest	1	2
<b>Total Operating Activities</b>	<b>(333)</b>	<b>(2,181)</b>
<b>2. Investing Activities</b>		
2.1 (c) - Plant and Equipment	(6)	(43)
2.1 (d) - Exploration & Evaluation, made up of;		
- Salaries & Wages	(407)	(1,086)
- EIS & Approvals	(261)	(504)
- Resource Upgrade	(7,428)	(9,176)
- Project maintenance	(74)	(170)
- Additional asset purchase	(5,000)	(5,000)
<b>Total Exploration &amp; Evaluation</b>	<b>(13,170)</b>	<b>(15,936)</b>
2.5 - Other		
Cash Call contributions made by Starlight Investment Company Pty Ltd for the period July 2021 to November 2021 as per the Bankable Feasibility Study approved budget.	-	532
<b>Total Investing Activities</b>	<b>(13,176)</b>	<b>(15,447)</b>
<b>3. Financing Activities</b>		
3.1 - Proceeds from issue of equity securities	-	35,596
3.3 - Proceeds from exercise of options	-	110
3.4 - Transaction Costs	-	(2,051)
3.5 - Other	-	-
<b>Total Financing Activities</b>	<b>-</b>	<b>(33,655)</b>

## Payments to related parties of the entity and their associates

Total Director wages and fees for the quarter is \$97,659. Sixty-five percent of Bryan Granzien expense is charged and capitalised within the Joint Venture activities outlined at 2.1 (d). Thirty-five percent remains at item 6.1 for Bryan Granzien and 100% for the director fees, totalling \$43,931.

Bryan Granzien Gross Wages	\$	26,889
Bryan Granzien Superannuation	\$	2,042
Paul Cholakos (Director Fee)	\$	7,500
Jon Parker (Director Fee)	\$	7,500
Total	\$	43,931

The Executive Chairman, Mr Bryan Granzien had his salary package increased on the 4<sup>th</sup> of January 2022, from \$275,000 inclusive of superannuation to \$385,000 including superannuation.

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

We gained significant momentum during the past quarter in pursuit of our prime objective to complete the BFS by the end of the year and clear the path of regulatory approvals required to develop and bring the Hawsons Iron Project into production in line with our timeline (below).

On the strength of compelling preliminary analysis, the Company expanded the BFS scope and budget to include the assessment of a 20Mtpa direct-to-port underground slurry pipeline transport option.

A panel of leading global consultants were subsequently appointed to undertake the BFS work, including optimisation of ESG benefits.

Significantly the Company secured 100 per cent ownership and control of the Hawsons Iron Project by buying out minority Joint Venture Partner Starlight Investment Pty Ltd.

In regard to the NSW Environmental Impact Study (EIS) new Secretary's Environmental Assessment Requirements (SEARs), which specify EIS matters to be addressed, were issued and are being addressed.

Planning is also now underway to commence the remaining environmental studies for the mine with the bulk of these studies to be completed by early to mid-October 2022. Transport corridor studies encompassing port and pipeline pathways in South Australia will proceed following key consultant appointments.

Following their appointment as EIS Consultant, SLR has commenced and will manage EIS approvals works in South Australia as well as NSW.

An analysis of drilling results to date will provide improved confidence of indicated, inferred and measured resources to progress mine design and an updated Mineral Resource estimate is expected during Quarter 2, 2022.

Meanwhile preliminary discussions with potential product off-takers and project financiers, including financial institutions, steel mills and commodity trading houses remain on foot prior to completion of the BFS.

Activity	2021				2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
BFS funding secured																
Approvals																
Bankable Feasibility Study																
Resource upgrade																
Demonstration plant run																
Engineer and design																
Procurement and Contracts																
Cap Raise - Mine Build																
Construction																
First Production																



# Hawsons Iron Ltd tenement schedule 31 March 2022

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	08/04/2023	100%	14	41
MLA460	3,4	Hawsons Iron	Under application	Under application	100%	n/a	187

- 1) 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
- 2) Application to amend title to 100% Hawsons Iron Ltd, in progress.
- 3) MLA made on 18 October 2013. Tenement application subject to unspecified grant date and conditions.
- 4) Application to amend Mining License Application to 100% Hawsons Iron Ltd, in progress.

This report references Mineral Resource information released to the ASX on 19 October 2021 “Hawsons Iron - Mineral Resource Upgrade”. The company is not aware of any new information which would materially affect the outcome of the Mineral Resources reported 19 October 2021.

Release authorised by the Board

## Corporate directory

### Business Office

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Phone: +61 (0)7 3220 2022

### Postal address

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Brisbane QLD 4000

Web: [www.hawsons.com.au](http://www.hawsons.com.au)  
Email: [info@hawsons.com.au](mailto:info@hawsons.com.au)  
ABN: 63 095 117 981  
ACN: 095 117 981

### Australian Securities Exchange Ltd

ASX Code: HIO Ordinary Shares

### Share Registry

Link Market Services Limited  
Level 21, 10 Eagle Street  
Brisbane, QLD, 4000  
Phone: 1300 737 760

### Contact information

Executive Chairman Bryan Granzien  
Phone: +61 (0)7 3220 2022  
Company Secretary & Chief Financial Officer  
Gregory Khan  
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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 Australian Institute of Mining and Metallurgy (MAusIMM) 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 March 2022**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(93)	(238)
(e) administration and corporate costs	(241)	(1,945)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(333)</b>	<b>(2,181)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(6)	(43)
(d) exploration & evaluation	(13,170)	(15,936)
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$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	Other (provide details if material) Starlight Investment Company Pty Ltd cash call contribution for July to Nov 21.		532
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(13,176)</b>	<b>(15,447)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		35,596
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		110
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(2,051)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>		<b>33,655</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	31,886	2,350
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(333)	(2,181)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13,176)	(15,447)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		33,655

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	18,377	18,377

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	18,273	31,766
5.2	Call deposits Term deposits for office lease guarantee	104	120
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)	18,377	31,886

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	44
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
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.		

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

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (Put Option Agreement)	200,000	0
7.4	<b>Total financing facilities</b>	200,000	0
7.5	<b>Unused financing facilities available at quarter end</b>		200,000
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.		
<p>A\$200 million equity financing Put Option Agreement with United States investment group LDA Capital Limited. The company may access up to A\$200m in equity capital over four years at its sole discretion. Hawsons Iron (HIO) will be entitled to flexibly draw down up to A\$200 million by issuing put options to LDA Capital over the duration of the four-year Agreement.</p> <p>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.</p> <p>The number of Shares subject to a call notice is limited to a maximum of 10 times the average daily number of the Company's Shares traded on the ASX during the 15-trading day period before its issue. The issue price of the capital call Shares will be 90% of the higher of the average VWAP of Shares in the 30-trading day period prior to the issue of the put option notice by HIO (subject to any applicable adjustments) and the minimum acceptable price (MAP) notified to LDA Capital by the Company upon exercise of the put option. The VWAP calculation is subject to adjustment as a result of certain events occurring including trading volumes falling below an agreed threshold level or a material adverse event occurring in relation to the Company.</p> <p>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 125% of the 90-day VWAP at the two-year anniversary of the issue of the options, or if the 90-day VWAP at the two-year anniversary of the issue of the options is at least \$0.55c, then \$0.70c. Each option has an exercise period of four years. Options exercised by LDA Capital will inject up to a further A\$50.05 million in equity capital into HIO.</p> <p>The Company has agreed to pay an Option Premium Fee (2%) to LDA Capital of A\$4 million payable within 12 months of the date of execution of the Agreement – 50% (A\$2 million) to be in cash and 50% in 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 US\$15,000 on 16<sup>th</sup> December to cover LDA Capital legal costs which were capped at US\$25,000.</p>			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(333)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(13,170)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(13,503)
8.4	Cash and cash equivalents at quarter end (item 4.6)	18,377
8.5	Unused finance facilities available at quarter end (item 7.5)	200,000
8.6	Total available funding (item 8.4 + item 8.5)	218,377
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	16.17
<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: 29 April 2022.....

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

### 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

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

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.