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# Hawsons Iron Annual Report

30 June 2024

ABN 63 095 117 981  
ASX Code: HIO





## Hon. Tony McGrady AM

Non-executive Director

A member of the Australian Labor Party, Mr McGrady was elected to the Legislative Assembly of Queensland in 1989 as the Member for Mount Isa after 16 years from 1973 as an Alderman on the Mount Isa City Council and as Mayor for the last five years.

Tony was Minister for Mines and Energy from 1998 to 2001, moving to Police and Corrective Services in 2001 and then to State Development and Innovation in 2004. He was subsequently elected as Speaker of the Legislative Assembly in 2005 and retained that role until his retirement from State politics in 2006. Mr McGrady was awarded the Member of the Order of Australia in 2009 for service to the Parliament of Queensland, to the community of Mount Isa through local government roles and, to youth training and development programs. At the 2012 Queensland local government elections, he was again elected Mayor of Mount Isa and held the position until retiring in 2016.

He currently chairs the Queensland Premier's Ambassadors Council, the CopperString Regional Reference Group and LifeFlight's Advisory Committee for the North-West Region and is a Federal Government appointee to the Riversleigh World Heritage Committee.

Other ASX directorships in the past 3 years: Nil

## Former Directors

### Bryan Granzien

B. Business, GAICD

Former Managing Director – retired 28 May 2024

Bryan has more than 30 years' experience in the resources sector, with extensive leadership experience and success in ASX listed and unlisted environments across mining, agribusiness, information technology and steel manufacturing industries.

Other ASX directorships in the past 3 years: SQX Resources Limited (appointed November 2022, resigned August 2023)

## COMMITTEE MEMBERSHIP

As at the date of this report, Hawsons Iron has an Audit Committee, Remuneration Committee and Nomination Committee. Members acting on the Committees of the Board at the date of this report or at any time during the financial period were:

| Audit Committee                    | Remuneration Committee            | Nomination Committee *               |
|------------------------------------|-----------------------------------|--------------------------------------|
| Paul Cholakos (Chair) <sup>1</sup> | Tony McGrady (Chair) <sup>3</sup> | Jeremy Kirkwood (Chair) <sup>2</sup> |
| Jeremy Kirkwood                    | Paul Cholakos                     | Tony McGrady <sup>3</sup>            |
| Tony McGrady <sup>3</sup>          | Jeremy Kirkwood <sup>2</sup>      | Paul Cholakos                        |
|                                    | Bryan Granzien <sup>4</sup>       | Bryan Granzien <sup>4</sup>          |

\* The nomination committee was formed on 25 July 2023 and all members were appointed on that date.

1 P Cholakos was appointed as Chair of audit committee on 24 October 2023.

2 J Kirkwood was Chair of the remuneration committee up until 24 October 2023 and remains a member at the date of this report. Kirkwood was appointed as Chair of nomination committee on 24 October 2023.

3 T McGrady was appointed to the audit committee, remuneration committee (as Chair) and the nomination committee on 25 July 2023.

4 B Granzien was a member of the remuneration committee until his retirement on 28 May 2024. He was appointed to the nomination committee (as Chair) on 25 July 2023 until 24 October 2023 and remained a member through to his retirement on 28 May 2024.

## INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Hawsons Iron Ltd are shown in the table below:

| Director        | Ordinary Shares | Non-Recourse Employee Shares | Options   |
|-----------------|-----------------|------------------------------|-----------|
| Jeremy Kirkwood | 5,264,181       | -                            | 8,030,304 |
| Paul Cholakos   | 5,094,769       | -                            | 7,272,727 |
| Tony McGrady    | 2,272,727       | -                            | 7,272,727 |

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors and of the Committees held during the year ended 30 June 2024 and the number of meetings attended by each Director. There were no remuneration or nomination committee meetings held during the year; matters concerning remuneration, Board appointments and succession planning were determined by Directors at Board meetings.

|                 | Directors' Meetings |                    | Audit    |                    | Remuneration |                    | Nomination |                    |
|-----------------|---------------------|--------------------|----------|--------------------|--------------|--------------------|------------|--------------------|
|                 | Attended            | Eligible to Attend | Attended | Eligible to Attend | Attended     | Eligible to Attend | Attended   | Eligible to Attend |
| Jeremy Kirkwood | 13                  | 13                 | 2        | 2                  | -            | -                  | -          | -                  |
| Paul Cholakos   | 13                  | 13                 | 2        | 2                  | -            | -                  | -          | -                  |
| Tony McGrady    | 13                  | 13                 | 2        | 2                  | -            | -                  | -          | -                  |
| Bryan Granzien  | 13                  | 13                 | -        | -                  | -            | -                  | -          | -                  |

## CHIEF EXECUTIVE OFFICER

### Thomas Revy

*BAppSc (Metallurgy), GradDipBus, MAusIMM*

*Appointed 27 May 2024*

Mr Revy is an executive and company director with more than 35 years' resource sector experience in corporate, project development, study, and technical and operational management roles across a wide variety of commodities, including magnetite projects in both Australia and Africa.

Having previously held senior positions with MIM Holdings Ltd, GRD Minproc and Worley Parsons, his most recent role was as Managing Director of ASX-listed graphite developer Evion Group NL (ASX Code: EVG). Mr Revy, who founded Evion in August 2016 and only recently left the Company in April 2024, is a metallurgist and process engineer who will bring important skills, experience and perspectives to the Hawsons team.

## COMPANY SECRETARY

### Michael Harvey

*BBus, B AppSci, Grad Dip ICAA, Grad Dip CSA, CA, GAIA*

*Chief Financial Officer & Company Secretary – Appointed 14 February 2024*

Mr Harvey is a Chartered Accountant and Chartered Secretary. Mr Harvey holds Bachelor degrees in Business and Property Economics and post Graduate Diplomas in Accounting and Corporate Governance.

He has more than 20 years in the accountancy profession in Australia, having worked in audit and commercial roles as CFO for several listed companies. Mr Harvey has experience in all aspects of company financial reporting, internal control, corporate regulatory and governance areas, business acquisition and disposal, due diligence, and company secretarial responsibilities.



## Richard Stephens

B Comm, CA, MAICD

Former Chief Financial Officer & Company Secretary – resigned 14 February 2024

Richard is a Chartered Accountant with extensive senior executive experience at ASX-listed companies in the Testing, Inspection & Certification (TIC) and Banking & Finance sectors. From 2010 to 2018 he was Chief Financial Officer of ALS Limited – the global provider of laboratory focused TIC services. Richard was heavily involved in extensive acquisition and funding activities at ALS during that time. Previously he held senior finance roles with Suncorp and Metway Bank.

## CORPORATE INFORMATION

Hawsons Iron Limited is a company limited by shares and incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange (ASX).

## CURRENCY

The financial report is presented in Australian dollars and amounts are rounded to the nearest dollar.

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was mineral exploration.

Following listing on the ASX on 17 November 2007, the Company has continued exploration activity on its projects in Queensland, New South Wales and South Australia. Its principal focus is completion of the bankable feasibility study (**BFS**) into the Hawsons Iron Project (**HIP**) and, if economically and technically viable, the financing, construction and operation of that project.

There was no significant change in the nature of the activity of the Company during the year.

## OPERATING RESULTS

### Commentary and comparison with prior year

For the year ended 30 June 2024, the loss after tax for the Company was \$3,640,493 (2023: profit of \$10,362,157). The movement in profit between the periods is primarily attributed to:

- Net loss on the fair value movements on the LDA financial instruments of \$229,617 versus a net gain in 2023 of \$13,312,136;
- Net gain/loss of \$Nil on the Consultant share based payments versus a gain in 2023 of \$553,462; and
- Decrease in employment expenses of \$475,993 due to a reduction in Director share based payments.

### Cash Position

The Company's cash position as at the end of the reporting period was \$3,299,421 (2023: \$7,246,403). Cash expenditure, net of the R&D incentive grant, on the Hawsons Iron Project during the year was \$4,191,554 (2023: \$14,490,943). The Company raised cash proceeds of \$2,707,426 (after costs) from the capital raise during the year (2023: \$20,323,242).

## BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

### Strategic Investor Process

During the year, Hawsons Iron commenced a process with a number of potential Strategic Investors to assist in funding engineering, further Resource definition drilling and other activities to deliver a Definitive Feasibility Study (DFS).

Strategic Investors were provided a comprehensive Information Memorandum, financial model, market study by consultant AME Mineral Economics Pty Ltd and other associated documents. Hawsons Iron has been assisting these parties with their due diligence review of this material.

Stage 2 of the process has now commenced with a smaller group of selected parties and will involve site visits and a detailed data room shared under strict confidentiality. Stage 2 is anticipated to take several months with a targeted outcome later this year.

Further updates on the strategic investor process will be announced as soon as the Company is able to do so.

### Project Optimisation

A range of activities are currently underway designed to optimise the Hawsons Iron Project with a focus on further reducing capital and operating costs, including:

- Processing plant review to investigate options to potentially reduce power and water costs, and reduce plant footprint;
- Ore variability studies to optimize mine scheduling to maximise early phase cashflows; and
- Investigation of potential secondary products from waste materials.

## REVIEW OF FINANCIAL POSITION

### Liquidity and funding

As at 30 June 2024 the Company had cash reserves of \$3,299,421, net current assets of \$1,457,186 and net assets of \$60,885,184.

During the year the Company had net cash outflows of \$2,338,336 from operating activities and net cash outflows used in investing activities of \$4,138,757. Investing activities includes payments for exploration and evaluation assets.

The ability of the Company to continue as a going concern is principally dependent upon one or more of the following:

- the Company has access to an equity facility with LDA Capital;
- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Company's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Company has funded its activities through issuance of equity securities, and it is expected that the Company will be able to fund its future activities through further issuances of equity securities;
- Access to the LDA equity facility through to December 2025; and
- The level of existing cash reserves.

### LDA equity facility:

The Company has access to an equity facility with LDA Capital through to December 2025, on which it can put Call Notices to fund future exploration activity, feasibility studies, initial development works and meet other necessary corporate expenditure. Based on the historical trading volumes and the HIO share price at 30 June 2024, Hawsons has estimated the total capital limit of the facility at 30 June 2024 at \$7,492,000.

As part of the financing facility, the Company also issued 71,500,000 options to LDA Capital with an exercise price of \$0.055 which if exercised, will contribute further equity.

## CAPITAL STRUCTURE

At 30 June 2024, the Company had 1,008,925,610 shares on issue (including 5,500,000 non-recourse employee shares) and 204,364,551 options on issue, including the 71,500,000 options issued to LDA Capital as part of the Put Option Agreement.

Subsequent to year end, following approval at a shareholder meeting, the Company issued an additional 7,575,758 ordinary shares and 7,575,758 options to Directors.

## TREASURY POLICY

The Board controls the funds, which are handled on a day-to-day basis through approvals provided by the CEO and CFO.

## DIVIDENDS

No dividends were paid during the financial year ended 30 June 2024 (2023: Nil), and no dividend is recommended for the current year.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes during the year.

## REVIEW OF OPERATIONS

### Strategic Investor Information Memorandum

During the year the Company compiled a comprehensive technical Information Memorandum (IM) for potential Strategic Investors. The IM provided detailed information on all key areas of the Hawsons Iron Project such as:

- Geology and Resources;
- Mining, processing and infrastructure;
- Logistics;
- Environment, community and stakeholders;
- Capital and operating costs.

### Drilling Program

The Company undertook a 42 hole, 6,696m drilling program in the Project's southern "Fold Zone".

The drilling program confirmed the prospectivity of the Fold Zone as a shallow, higher-grade resource, still open to the south, showing additional magnetite resources at a depth of 30 - 150 metres with a grade of 9 per cent Davis Tube Recovery (DTR%) or higher. These resources will help to further improve the Project's cash flow during the first critical years of operation.

### Resource Update

Following completion of the drilling program, the Mineral Resource modelling and reporting conducted by Helman and Schofield Consultants from the data produced in the recent drilling programs has confirmed an increase in Mineral Resource and product tonnes (DTR Mt). Recent mining studies being undertaken in parallel, have demonstrated that the marginal economic cut-off grade for the project is now 4% DTR.

| Res Class    | Mt           | DTR %       | DTR Mt     | Density t/m <sup>3</sup> | Fe % Conc   | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | TiO <sub>2</sub> % | P ppm     | S ppm     | LOI %        |
|--------------|--------------|-------------|------------|--------------------------|-------------|--------------------|----------------------------------|--------------------|-----------|-----------|--------------|
| Measured     | 528          | 12.9        | 68         | 3.04                     | 69.0        | 3.36               | 0.26                             | 0.05               | 73        | 42        | -2.81        |
| Indicated    | 1,882        | 11.2        | 210        | 2.94                     | 68.6        | 3.62               | 0.30                             | 0.06               | 83        | 54        | -2.60        |
| Inferred     | 2,005        | 11.3        | 226        | 2.89                     | 68.2        | 4.18               | 0.32                             | 0.06               | 84        | 60        | -2.67        |
| <b>Total</b> | <b>4,415</b> | <b>11.4</b> | <b>504</b> | <b>2.93</b>              | <b>68.4</b> | <b>3.85</b>        | <b>0.30</b>                      | <b>0.06</b>        | <b>82</b> | <b>56</b> | <b>-2.66</b> |

*Mineral Resource Update at June 2024*

## Resource Statement

The data in this report that relates to Mineral Resource estimates for the Hawsons Magnetite Project is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who 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 is a director of H & S Consultants Pty Ltd and he consents to the inclusion in the ASX release of the Mineral Resources in the form and context in which they appear.

## Material Business Risks

| <b>Exploration and Resources</b>                | <p>The Company may undertake additional exploratory work with the aim of extending and further defining the resources at the Hawsons Iron Project. No assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.</p> <p>Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.</p>   |
|---|--|
| <b>Results of Studies</b>                       | <p>The Company may progressively undertake bankable feasibility studies in respect of the Hawsons Project. These studies will be completed within parameters designed to determine the economic feasibility of the relevant Project within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Project, or the results of other studies undertaken by the Company.</p>  |
| <b>Mine Development</b>                         | <p>Possible future development of mining operations are dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.</p> <p>If the Company commences production at the Hawsons Iron Project, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the project.</p>  |
| <b>Tenure, Access and grant of Applications</b> | <p>Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.</p> <p>Access to land in NSW for mining and exploration purposes can be affected by land ownership, including private (freehold) land, pastoral leases and regulatory requirements within the jurisdiction where the Company operates. Several of the Tenements overlap certain third-party interests including private land, pastoral leases, petroleum licences and mining tenure held by third parties, and areas covered by native title determinations or native title claims. Any non-compliance by or dispute with the contract counterparty could affect the Company's ability to access its projects and associated infrastructure which will affect operations and financial performance generally.</p> |
| <b>Environmentally Sensitive Areas</b>          | <p>The Project contains areas that may be identified as environmentally sensitive areas. Whilst mining is not prohibited within these areas additional consents and approvals prior to conducting activities on the reserves may be required. Delays in obtaining, or the inability to obtain, these consents and approvals may significantly impact on the Company's operations.</p>  |



|                     |  |
|---------------------|--|
| <b>Climate Risk</b> | <p>Climate-related factors that may affect the operations and proposed activities of the Company include:</p> <ul style="list-style-type: none"> <li>• the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage; and</li> <li>• climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.</li> </ul> |
| <b>Funding</b>      | <p>The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of activities and the Company's proposed strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.</p>  |
| <b>Economic</b>     | <p>General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates, iron prices and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.</p>   |

The Company monitors risk through an established risk management framework including a Risk Management Policy, regular reviews and an integrated reporting software solution. Risks, responses, classifications and mitigation strategies are maintained on a monthly basis and presented to the Board of the Company at each Board meeting. The Company will continue to monitor commodity markets and review its strategy periodically and adjust as required.



## SHARE OPTIONS

Details of options issued, exercised and lapsed during the financial year and up to the date of this report are set out below:

| Tranche | Grant Date | Expiry Date | Exercise Price | Opening Balance | Granted | Exercised | Lapsed      | Balance at report date | Vested and / or exercisable |
|---------|------------|-------------|----------------|-----------------|---------|-----------|-------------|------------------------|-----------------------------|
| 11      | 15-Oct-18  | 14-Oct-23   | \$0.15         | 1,500,000       | -       | -         | (1,500,000) | -                      | -                           |
| 12      | 15-Oct-18  | 14-Oct-23   | \$0.25         | 1,800,000       | -       | -         | (1,800,000) | -                      | -                           |
| 13      | 15-Oct-18  | 14-Oct-23   | \$0.40         | 800,000         | -       | -         | (800,000)   | -                      | -                           |
| 14      | 15-Oct-18  | 14-Oct-23   | \$0.50         | 1,400,000       | -       | -         | (1,400,000) | -                      | -                           |
| 25      | 20-Aug-21  | 20-Aug-26   | \$0.15         | 2,000,000       | -       | -         | (1,000,000) | 1,000,000              | 1,000,000                   |
| 26A     | 20-Aug-21  | 24-Sep-23   | \$0.25         | 750,000         | -       | -         | (750,000)   | -                      | -                           |
| 26B     | 20-Aug-21  | 03-Oct-24   | \$0.25         | 1,000,000       | -       | -         | -           | 1,000,000              | -                           |
| 26C     | 20-Aug-21  | 05-Jul-24   | \$0.25         | 2,000,000       | -       | -         | -           | 2,000,000              | -                           |
| 26D     | 20-Aug-21  | 20-Aug-26   | \$0.25         | 1,000,000       | -       | -         | -           | 1,000,000              | -                           |
| 27A     | 20-Aug-21  | 24-Sep-23   | \$0.35         | 750,000         | -       | -         | (750,000)   | -                      | -                           |
| 27B     | 20-Aug-21  | 03-Oct-24   | \$0.35         | 1,000,000       | -       | -         | -           | 1,000,000              | -                           |
| 27C     | 20-Aug-21  | 05-Jul-24   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000              | -                           |
| 27D     | 20-Aug-21  | 20-Aug-26   | \$0.35         | 1,000,000       | -       | -         | -           | 1,000,000              | -                           |
| 28A     | 20-Aug-21  | 24-Sep-23   | \$0.35         | 1,000,000       | -       | -         | (1,000,000) | -                      | -                           |
| 28B     | 20-Aug-21  | 03-Oct-24   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000              | -                           |
| 28C     | 20-Aug-21  | 05-Jul-24   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000              | -                           |
| 28D     | 20-Aug-21  | 20-Aug-26   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000              | -                           |
| 29      | 6-Sep-21   | 30-Jun-24   | \$0.25         | 250,000         | -       | -         | (250,000)   | -                      | -                           |
| 30      | 6-Sep-21   | 30-Jun-24   | \$0.35         | 250,000         | -       | -         | (250,000)   | -                      | -                           |
| 31      | 6-Sep-21   | 30-Jun-24   | \$0.50         | 500,000         | -       | -         | (500,000)   | -                      | -                           |
| 32      | 25-Oct-21  | 25-Oct-26   | \$0.25         | 250,000         | -       | -         | -           | 250,000                | -                           |
| 33      | 25-Oct-21  | 25-Oct-26   | \$0.35         | 250,000         | -       | -         | -           | 250,000                | -                           |
| 34      | 25-Oct-21  | 25-Oct-26   | \$0.50         | 500,000         | -       | -         | -           | 500,000                | -                           |
| 35      | 29-Nov-21  | 29-Nov-26   | \$0.25         | 250,000         | -       | -         | -           | 250,000                | -                           |
| 36      | 29-Nov-21  | 29-Nov-26   | \$0.35         | 250,000         | -       | -         | -           | 250,000                | -                           |
| 37      | 29-Nov-21  | 29-Nov-26   | \$0.50         | 500,000         | -       | -         | -           | 500,000                | -                           |
| 38      | 6-Dec-21   | 30-Jun-24   | \$0.25         | 150,000         | -       | -         | (150,000)   | -                      | -                           |
| 39      | 6-Dec-21   | 30-Jun-24   | \$0.35         | 150,000         | -       | -         | (150,000)   | -                      | -                           |
| 40      | 6-Dec-21   | 30-Jun-24   | \$0.50         | 200,000         | -       | -         | (200,000)   | -                      | -                           |
| 41      | 13-Dec-21  | 07-Oct-23   | \$0.15         | 400,000         | -       | -         | (400,000)   | -                      | -                           |
| 42      | 13-Dec-21  | 07-Oct-23   | \$0.25         | 400,000         | -       | -         | (400,000)   | -                      | -                           |
| 43      | 13-Dec-21  | 07-Oct-23   | \$0.35         | 200,000         | -       | -         | (200,000)   | -                      | -                           |
| 44      | 13-Dec-21  | 07-Oct-23   | \$0.50         | 475,000         | -       | -         | (475,000)   | -                      | -                           |
| 45      | 21-Dec-21  | 21-Dec-25   | \$0.055        | 71,500,000      | -       | -         | -           | 71,500,000             | 71,500,000                  |
| 49      | 20-May-22  | 16-Apr-25   | \$0.80         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |
| 50      | 20-May-22  | 16-Apr-25   | \$1.00         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |
| 51      | 20-May-22  | 16-Apr-25   | \$1.20         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |
| 52      | 20-May-22  | 16-Apr-25   | \$1.00         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |
| 55      | 15-Nov-22  | 15-Nov-27   | \$0.65         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |
| 56      | 15-Nov-22  | 15-Nov-27   | \$0.85         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |
| 57      | 15-Nov-22  | 15-Nov-27   | \$0.85         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |
| 58      | 15-Nov-22  | 15-Nov-27   | \$1.05         | 1,250,000       | -       | -         | -           | 1,250,000              | -                           |

Details of options issued, exercised and lapsed (continued):

| Tranche | Grant Date | Expiry Date | Exercise Price | Opening Balance | Granted            | Exercised          | Lapsed    | Balance at report date | Vested and / or exercisable |                    |
|---------|------------|-------------|----------------|-----------------|--------------------|--------------------|-----------|------------------------|-----------------------------|--------------------|
| 59      | 10-May-23  | 28-Nov-28   | \$0.65         | 1,250,000       | -                  | -                  | -         | 1,250,000              | -                           |                    |
| 60      | 10-May-23  | 28-Nov-28   | \$0.85         | 1,250,000       | -                  | -                  | -         | 1,250,000              | -                           |                    |
| 61      | 10-May-23  | 28-Nov-28   | \$0.85         | 1,250,000       | -                  | -                  | -         | 1,250,000              | -                           |                    |
| 62      | 10-May-23  | 28-Nov-28   | \$1.05         | 1,250,000       | -                  | -                  | -         | 1,250,000              | -                           |                    |
| 63      | 03-Jul-23  | 03-Jul-28   | \$0.15         | 250,000         | -                  | -                  | (250,000) | -                      | -                           |                    |
| 64      | 03-Jul-23  | 03-Jul-28   | \$0.65         | 250,000         | -                  | -                  | (250,000) | -                      | -                           |                    |
| 65      | 03-Jul-23  | 03-Jul-28   | \$0.85         | 250,000         | -                  | -                  | (250,000) | -                      | -                           |                    |
| 66      | 03-Jul-23  | 03-Jul-28   | \$1.05         | 250,000         | -                  | -                  | (250,000) | -                      | -                           |                    |
| 67      | 03-May-24  | 30-May-26   | \$0.05         | -               | 5,010,000          | -                  | -         | 5,010,000              | 5,010,000                   |                    |
| 68      | 03-May-24  | 30-May-26   | \$0.05         | -               | 59,551,518         | -                  | -         | 59,551,518             | 59,551,518                  |                    |
| 69      | 27-May-24  | 01-Jun-29   | \$0.05         | -               | 1,000,000          | -                  | -         | 1,000,000              | -                           |                    |
| 70      | 27-May-24  | 01-Jun-29   | \$0.15         | -               | 2,500,000          | -                  | -         | 2,500,000              | -                           |                    |
| 71      | 27-May-24  | 01-Jun-29   | \$0.25         | -               | 2,500,000          | -                  | -         | 2,500,000              | -                           |                    |
| 72      | 29-May-24  | 30-May-26   | \$0.05         | -               | 30,303,033         | -                  | -         | 30,303,033             | 30,303,033                  |                    |
| 73      | 16-Jul-24  | 30-May-26   | \$0.05         | -               | 7,575,758          | -                  | -         | 7,575,758              | 7,575,758                   |                    |
|         |            |             |                |                 | <b>115,475,000</b> | <b>109,440,309</b> | <b>-</b>  | <b>(12,975,000)</b>    | <b>211,940,309</b>          | <b>174,940,309</b> |

No option holder has any right under the options to participate in any other share issue of the Company.

**Options vesting conditions**

**Tranche 11 (lapsed during the year) relates to the milestones below:**

|  |  |
|--|--|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>• Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or \$25 million, whichever is the lesser; or</li> <li>• Hawsons Iron having a 20-day VWAP of not less than 20 cents; or</li> <li>• Hawsons Iron having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.</li> </ul> |
|--|--|

**Tranche 12 (lapsed during the year) relates to the milestones below:**

|  |   |
|--|---|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>• ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; or</li> <li>• Hawsons Iron having a 20-day VWAP of not less than 50 cents; or</li> <li>• Hawsons Iron having a market capitalisation of \$100 million or more; or</li> <li>• Hawsons Iron having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.</li> </ul> |
|--|---|

**Tranche 13 (lapsed during the year) relates to the milestones below:**

|  |  |
|--|--|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>• Hawsons Iron market capitalisation of \$300 million or more; or</li> <li>• Completion of financing arrangements to construct the Hawsons Iron Project; or</li> <li>• Decision to carry out the Hawsons Iron Project.</li> </ul> |
|--|--|

**Tranche 14 (lapsed during the year) relates to the milestones below:**

|  |  |
|--|--|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>• Commencement of commercial production at Hawsons; or</li> <li>• Hawsons Iron market capitalisation of \$500 million or more.</li> </ul> |
|--|--|



**Tranches 25 – 44 relates to the milestones below:**

|             |   |
|-------------|---|
| Milestone 1 | The Company raising the funding to carry out the Hawsons Bankable Feasibility Study (BFS) |
| Milestone 2 | Completion of the Hawsons BFS   |
| Milestone 3 | The raising of the capital cost, by the Company, to develop the Hawsons Iron Project      |
| Milestone 4 | The commencement of commercial production at the Hawsons Iron Project                     |

**Tranches 49-52 and 55-62 relates to the milestones below:**

|             |   |
|-------------|---|
| Milestone 1 | Completion of the Hawsons BFS   |
| Milestone 2 | The raising of the capital cost, by the Company, to develop the Hawsons Iron Project – successful bankability equals capital raise for mine build |
| Milestone 3 | Market capitalisation of the Company reaches AUD1,000,000,000   |
| Milestone 4 | First commercial shipment of iron ore product of the Company  |

**Tranches 63-66 relates to the milestones below:**

|            |   |
|------------|---|
| Tranche 63 | Board approval to start the BFS in 2023                               |
| Tranche 64 | Successful completion of the BFS                                      |
| Tranche 65 | The raising of the capital cost to develop the Hawsons Iron Project   |
| Tranche 66 | The commencement of commercial production at the Hawsons Iron Project |

**Tranches 69-71 relates to the milestones below:**

|            |   |
|------------|---|
| Tranche 69 | BFS funding secured   |
| Tranche 70 | Successful completion of the BFS  |
| Tranche 71 | Financial investment decision (including all project funding) of the Hawsons Iron Project |

**Tranche 45 – Options issued to LDA Capital in accordance with the Put Option Agreement**

In accordance with the Agreement, the Company issued 71,500,000 unlisted options to LDA Capital, expiring on 21 December 2025, exercisable at \$0.70. The strike price of the options is \$0.055. Each option has an exercise period of four years.

**Tranche 67, 72 and 73 –2024 capital raising options**

97,612,309 free attaching options were issued as part of 2024 capital raising program. Each option has an exercise price of \$0.05 and an expiry date of 30 May 2026. There are no vesting conditions applicable.

**Tranche 68 – Lead manager options**

5,010,000 options were issued as part consideration to the lead manager of the 2024 capital raising program. Each option has an exercise price of \$0.05 and an expiry date of 30 May 2026. There are no vesting conditions applicable.

## Indemnification of Officers or Auditor

Each of the Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company has entered into a deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnification.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company against certain risks associated with their activities as officers of the Company. The terms of that policy prohibit disclosure of the nature of liability covered, the limit of such liability and the premium paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wrongful act by the officers. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The Company has not indemnified the auditor.

## Environmental Regulation and Performance

Hawsons Iron Limited is committed to conducting its business activities in a responsible and sustainable manner, to produce socially and environmentally resilient outcomes which create long-term value for our people, clients, communities and supply chain. We recognize the importance of environmental, social, and governance (ESG) factors and are committed to embedding ESG into every corporate, development and operational aspect of our business. We believe that effective identification and management of ESG related risks and opportunities will maximise the benefits we deliver to our stakeholders and the broader community. We are committed to maintaining honest and transparent reporting to our stakeholders.

The Company's operations are subject to environmental regulations in relation to its exploration activities. The Company is conducting its activities under conditions of approval within the exploration licenses and current legislation. The Company is progressing Environmental Impact Studies as it progresses its Bankable Feasibility Study (BFS). The Directors are not aware of any significant breaches during the period covered by this report.

## Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

In 2021, Hawsons Iron had been made a party to legal proceedings by the liquidator of Pure Metals' major shareholder (ASI Liquidator) in relation to the issue of HIO shares in exchange for the Pure Metals interest in the Hawsons project.

On 23 July 2024, Hawsons entered into a Deed of Settlement and Release in which:

- ASI Liquidator will file a consent order for the court for the case against Hawsons to be dismissed;
- ASI Liquidator has also undertaken not to re-join Hawsons Iron to the case in the future, nor commence any new proceedings against Hawsons Iron;

In exchange, Hawsons has paid a settlement amount of \$250,000 cash and issued 1,930,143 HIO shares at \$0.0259 per share.

The Hawsons shares issued to ASI Liquidator were transferred from unpaid Non-recourse employee shares, resulting in no change in the overall number of shares on issue.



## REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the directors and other key management personnel of Hawsons Iron Ltd (the Company).

### Remuneration Policy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Remuneration Committee assesses the appropriateness of the nature and value of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash, equity and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company. Further details on the remuneration of directors and executives are set out in this Remuneration Report.

The Company aims to reward the CEO and other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. With this in mind, a significant part of the remuneration package of executives is based on the performance of the Company, as set out in milestones contained in the relevant contracts, the achievement of which may result in the issue to them of options and securities in the Company and from time to time the payment of cash bonuses.

In accordance with best practice corporate governance, the structure of Non-executive Directors and other key management personnel remuneration is separate and distinct except that Non-executive Directors, participate in incentives involving the issue to them of securities in the Company and a rate of remuneration that rewards the achievement of corporate milestones.

### Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cash cost that is acceptable to shareholders. The Company's specific policy for determining the nature and value of emoluments of board members of the Company is as follows.

In accordance with the Constitution, the existing shareholders of the Company have determined in general meeting the maximum Non-executive Director remuneration to be \$450,000 per annum. This limit excludes the value of equity instruments provided to Non-executive Directors.

The Directors have resolved that each Non-executive Director is entitled to receive fees of \$50,000 from 1 May 2022, previously \$30,000, per annum plus superannuation and the Chairman of Directors, if they are a Non-executive Director, is entitled to receive \$70,000 per annum plus superannuation. Payments of fees will be in addition to any payments to Directors in any employment capacity. A Director will not be entitled to receive directors' fees if they are employed by the Company in a full-time executive capacity.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

The remuneration of Non-executive Directors for the year ended 30 June 2024 is detailed below.

### CEO, Managing Director and Other Key Management Personnel Remuneration

The Company aims to reward the CEO, Managing Director and other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company so to:

- reward executives for Company and individual performance against targets with reference to appropriate benchmarks.
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the CEO, Managing Director and other key management personnel for the period ended 30 June 2024 is detailed below.

## Employment And Service Contracts

### CEO Agreement with Tom Revy (appointed 27 May 2024)

Tom Revy was engaged as CEO of the Company on 27 May 2024 under the following terms and conditions:

- annual salary of \$350,000 plus statutory superannuation;
- provision for six months' notice for termination
- the contract is ongoing;
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties; and
- entitled to receive options to acquire shares as outlined in the Milestones table below:

| Milestones   | Options that vest if achieved              |
|--|--|
| Bankable Feasibility Study funding secured   | 1,000,000 options<br>\$0.05 exercise price |
| Completion of the Hawsons Bankable Feasibility Study                                       | 2,500,000 options<br>\$0.15 exercise price |
| Financial investment decision (including all project funding) of the Hawsons Iron Project. | 2,500,000 options<br>\$0.25 exercise price |

The performance conditions detailed above were chosen as the Directors believe this appropriately aligns company performance with shareholder wealth.

### Managing Director Agreement with Bryan Granzien (retired 28 May 2024)

Bryan Granzien was engaged as Managing Director of the Company until his retirement on 28 May 2024, under the following terms and conditions:

- from 1 July 2023 to 30 November 2023 - annual salary of \$350,000 plus superannuation;
- from 1 December 2023 to 28 May 2024 - annual salary of \$385,000 plus superannuation;
- \$20,000 discretionary bonus paid in November 2023;
- provision for six months' notice for termination;
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties;
- entitled to receive options to acquire shares as outlined in the Milestones table below:

As part of his retirement arrangements, an extra \$25,000 was payable to Bryan Granzien as a termination payment.

| Milestones  | Options that vest if achieved              |
|---|--|
| Completion of the Hawsons Bankable Feasibility Study  | 2,000,000 options<br>\$0.25 exercise price |
| The raising of the capital cost, by the Company, to develop the Hawsons Iron Project commercially | 2,000,000 options<br>\$0.35 exercise price |
| The commencement of commercial production at the Hawsons Iron Project                             | 2,000,000 options<br>\$0.50 exercise price |

### CFO and Company Secretary Agreement with Michael Harvey (appointed 14 February 2024)

Michael Harvey was engaged as CFO and Company Secretary of the Company on 14 February 2024, under the following terms and conditions:

- Monthly rate of \$14,000
- the contract is ongoing with no fixed term
- provision for one months' notice for termination

## CFO and Company Secretary Agreement with Richard Stephens (resigned 14 February 2024)

Richard Stephens was engaged as CFO and Company Secretary of the Company until his resignation on 14 February 2024, under the following terms and conditions:

- daily rate of \$2,100
- ongoing contract is with no fixed term
- provision for one months' notice for termination

### Details of Directors and Other Key Management Personnel

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company.

| Name                   | Position                         | Period of Service   |
|------------------------|----------------------------------|---|
| <b>Directors</b>       |                                  |   |
| Jeremy Kirkwood        | Non-Executive Chairman           | 16 October 2023 to present  |
|                        | Non-executive Director           | 10 May 2023 to 16 October 2023<br>Appointed as a director on 10 May 2023                        |
| Paul Cholakos          | Non-executive Director           | Appointed 2 April 2012  |
| Tony McGrady           | Non-executive Director           | Appointed 3 October 2022  |
| <b>Former Director</b> |                                  |   |
| Bryan Granzien         | Executive Chairman               | 16 April 2023 to 16 October 2023  |
|                        | Managing Director                | 16 October 2023 to 28 May 2024<br>Appointed as a director 29 December 2020, retired 28 May 2024 |
| <b>Key Management</b>  |                                  |   |
| Tom Revy               | CEO                              | Appointed 27 May 2024   |
| Michael Harvey         | CFO and Company Secretary        | Appointed 14 February 2024  |
| Richard Stephens       | Former CFO and Company Secretary | Appointed 7 February 2023, resigned 14 February 2024  |

## Remuneration of Directors and other Key Management Personnel

| 2024                  | Short Term |                    |               | Post Employment   | Termination Benefits | Equity                  |                | Total \$         | Performance Related % | % consisting of equity |
|-----------------------|------------|--------------------|---------------|-------------------|----------------------|-------------------------|----------------|------------------|-----------------------|------------------------|
|                       | Note       | Salary and Fees \$ | Cash Bonus \$ | Leave benefits \$ | Superannuation \$    | Termination payments \$ | Options \$     |                  |                       |                        |
| <b>Directors</b>      |            |                    |               |                   |                      |                         |                |                  |                       |                        |
| Jeremy Kirkwood       |            | 64,167             | -             | -                 | 7,058                | -                       | 19,653         | <b>90,878</b>    | -                     | 22%                    |
| Paul Cholakos         |            | 50,000             | -             | -                 | 5,500                | -                       | 41,270         | <b>96,770</b>    | -                     | 43%                    |
| Tony McGrady          |            | 50,000             | -             | -                 | 5,500                | -                       | 65,568         | <b>121,068</b>   | -                     | 54%                    |
| Bryan Granzien        | 1          | 383,663            | 20,000        | 7,788             | 27,499               | 214,638                 | 43,075         | <b>696,663</b>   | 3%                    | 6%                     |
| <b>Key Management</b> |            |                    |               |                   |                      |                         |                |                  |                       |                        |
| Tom Revy              | 2          | 36,458             | -             | 3,141             | 4,010                | -                       | 4,686          | <b>48,295</b>    | -                     | 10%                    |
| Michael Harvey        | 3          | 61,517             | -             | -                 | -                    | -                       | -              | <b>61,517</b>    | -                     | -                      |
| Richard Stephens      | 4          | 126,000            | -             | -                 | -                    | -                       | -              | <b>126,000</b>   | -                     | -                      |
|                       |            | <b>771,805</b>     | <b>20,000</b> | <b>10,929</b>     | <b>49,567</b>        | <b>214,638</b>          | <b>174,252</b> | <b>1,241,191</b> |                       |                        |

### Notes

- Retired 28 May 2024. Bryan Granzien was paid a discretionary bonus of \$20,000 during the year. On termination Bryan Granzien was entitled to a notice period payment of 6 months wages plus superannuation and a \$25,000 termination payment.
- Appointed 27 May 2024
- Appointed 14 February 2024
- Resigned 14 February 2024



## Remuneration of Directors and other Key Management Personnel

| 2023                  | Short Term |                    |          | Post Employment   | Equity            |                | Total \$         | Performance Related % | % consisting of equity |
|-----------------------|------------|--------------------|----------|-------------------|-------------------|----------------|------------------|-----------------------|------------------------|
|                       | Note       | Salary and Fees \$ | Bonus \$ | Leave benefits \$ | Superannuation \$ | Options \$     |                  |                       |                        |
| <b>Directors</b>      |            |                    |          |                   |                   |                |                  |                       |                        |
| Bryan Granzien        |            | 359,250            | -        | 9,719             | 27,498            | 47,214         | <b>443,681</b>   | -                     | 11%                    |
| Paul Cholakos         |            | 50,000             | -        | -                 | 5,250             | 41,157         | <b>96,407</b>    | -                     | 43%                    |
| Jeremy Kirkwood       | 1          | 8,333              | -        | -                 | 875               | 3,158          | <b>12,366</b>    | -                     | 26%                    |
| Tony McGrady          | 2          | 37,500             | -        | -                 | 3,937             | 8,241          | <b>49,678</b>    | -                     | 17%                    |
| David Woodall         | 3          | 70,000             | -        | -                 | 7,350             | 303,106        | <b>380,456</b>   | -                     | 80%                    |
| Jon Parker            | 4          | 12,500             | -        | -                 | 1,313             | 343,465        | <b>357,278</b>   | -                     | 96%                    |
| <b>Key Management</b> |            |                    |          |                   |                   |                |                  |                       |                        |
| Richard Stephens      | 5          | 69,300             | -        | -                 | -                 | -              | <b>69,300</b>    | -                     | -                      |
| Greg Khan             | 6          | 133,845            | -        | (12,416)          | 12,654            | (29,680)       | <b>104,403</b>   | -                     | (28%)                  |
|                       |            | <b>740,728</b>     | -        | <b>(2,697)</b>    | <b>58,877</b>     | <b>716,661</b> | <b>1,513,569</b> |                       |                        |

### Notes

- 1 Appointed 10 May 2023
- 2 Appointed 3 October 2022
- 3 Retired 16 April 2023. Refer below for details on the accounting treatment for when the retirement clause was triggered.
- 4 Retired 3 October 2022. Refer below for details on the accounting treatment for when the retirement clause was triggered.
- 5 Appointed 7 February 2023
- 6 Resigned 7 February 2023. Share options previously expensed have been reversed as the options lapsed on resignation date.





## FY2023 Treatment of retired director options

During the year Jon Parker and David Woodall retired from the Board of Directors. In line with accounting standard AASB 2 *Share Based-Payment*, at the date of retirement the value of previously issued options to these directors was recognised in full, less any amounts previously recognised up to the retirement date (amount included in share-based payments expense \$342,100).

In addition, under the rules of the Hawsons Option Plan, retiring employee and directors are granted 12 months from the date of retirement to meet the performance hurdles of relevant option tranche. The Company extended this period to 24 months for both Jon Parker and David Woodall. AASB 2 *Share Based-Payment* requires that the value (\$243,725) of this beneficial modification to the option tranches be recognised as an expense on retirement date (amount included in share-based payments expense).

The below table provides the details of the above impacts:

|   | David Woodall<br>\$ | Jon Parker<br>\$ | Total<br>\$    |
|---|---------------------|------------------|----------------|
| FY2023 share based payments expense recognised up to retirement date                | 49,921              | 10,825           | 60,746         |
| Share based payment expense recognised at retirement for remaining value of options | 227,560             | 114,540          | 342,100        |
| Share based payment expense recognised for beneficial retirement modification       | 25,625              | 218,100          | 243,725        |
| <b>Total amounts included in share-base payments expense (refer note 4)</b>         | <b>303,106</b>      | <b>343,465</b>   | <b>646,751</b> |

## Equity instruments issued as part of remuneration

Equity instruments are issued to Directors and executives as part of their remuneration. The equity instruments are not issued solely on performance criteria but are also issued to all Directors and executives of Hawsons Iron Limited to increase executive retention and goal congruence between executives, Directors and shareholders.

## Director/Key Management Personnel shareholdings (number of shares, including NRE shares)

| 2024                  | Balance<br>1 July 2023 | Acquired       | Disposed | Derecognised<br>on retirement | Balance<br>30 June 2024 | Acquired<br>July 2024 | Balance<br>Report Date |
|-----------------------|------------------------|----------------|----------|-------------------------------|-------------------------|-----------------------|------------------------|
| <b>Directors</b>      |                        |                |          |                               |                         |                       |                        |
| Jeremy Kirkwood       | 1,933,877              | 300,000        | -        | -                             | 2,233,877               | 3,030,304             | 5,264,181              |
| Paul Cholakos         | 2,822,042              | -              | -        | -                             | 2,822,042               | 2,272,727             | 5,094,769              |
| Tony McGrady          | -                      | -              | -        | -                             | -                       | 2,272,727             | 2,272,727              |
| Bryan Granzien        | 2,000,000              | -              | -        | (2,000,000)                   | -                       | -                     | -                      |
| <b>Key Management</b> |                        |                |          |                               |                         |                       |                        |
| Tom Revy              | -                      | -              | -        | -                             | -                       | -                     | -                      |
| Michael Harvey        | -                      | -              | -        | -                             | -                       | -                     | -                      |
| Richard Stephens      | -                      | -              | -        | -                             | -                       | -                     | -                      |
| <b>Total</b>          | <b>6,755,919</b>       | <b>300,000</b> | <b>-</b> | <b>(2,000,000)</b>            | <b>5,055,919</b>        | <b>7,575,758</b>      | <b>12,631,677</b>      |

## Director/Key Management Personnel option holdings (number of options)

| 2024                  | Balance<br>1 July 2023 | Granted as<br>remuneration | Lapsed   | Derecognised<br>on retirement | Balance<br>30 June 2024 | Acquired<br>July 2024 | Balance<br>Report Date |
|-----------------------|------------------------|----------------------------|----------|-------------------------------|-------------------------|-----------------------|------------------------|
| <b>Directors</b>      |                        |                            |          |                               |                         |                       |                        |
| Jeremy Kirkwood       | 5,000,000              | -                          | -        | -                             | 5,000,000               | 3,030,304             | 8,030,304              |
| Paul Cholakos         | 5,000,000              | -                          | -        | -                             | 5,000,000               | 2,272,727             | 7,272,727              |
| Tony McGrady          | 5,000,000              | -                          | -        | -                             | 5,000,000               | 2,272,727             | 7,272,727              |
| Bryan Granzien        | 6,000,000              | -                          | -        | (6,000,000)                   | -                       | -                     | -                      |
| <b>Key Management</b> |                        |                            |          |                               |                         |                       |                        |
| Tom Revy              | -                      | 6,000,000                  | -        | -                             | 6,000,000               | -                     | 6,000,000              |
| Michael Harvey        | -                      | -                          | -        | -                             | -                       | -                     | -                      |
| Richard Stephens      | -                      | -                          | -        | -                             | -                       | -                     | -                      |
| <b>Total</b>          | <b>21,000,000</b>      | <b>6,000,000</b>           | <b>-</b> | <b>(6,000,000)</b>            | <b>21,000,000</b>       | <b>7,575,758</b>      | <b>28,575,758</b>      |

## Director/Key Management Personnel option holdings by tranche

| 2024                          | Jeremy<br>Kirkwood | Paul<br>Cholakos | Tony<br>McGrady  | Bryan<br>Granzien | Tom<br>Revy      | Michael<br>Harvey | Richard<br>Stephens |
|-------------------------------|--------------------|------------------|------------------|-------------------|------------------|-------------------|---------------------|
| Tranche 25                    | -                  | 1,000,000        | -                | -                 | -                | -                 | -                   |
| Tranche 26                    | -                  | 1,000,000        | -                | 2,000,000         | -                | -                 | -                   |
| Tranche 27                    | -                  | 1,000,000        | -                | 2,000,000         | -                | -                 | -                   |
| Tranche 28                    | -                  | 2,000,000        | -                | 2,000,000         | -                | -                 | -                   |
| Tranche 55                    | -                  | -                | 1,250,000        | -                 | -                | -                 | -                   |
| Tranche 56                    | -                  | -                | 1,250,000        | -                 | -                | -                 | -                   |
| Tranche 57                    | -                  | -                | 1,250,000        | -                 | -                | -                 | -                   |
| Tranche 58                    | -                  | -                | 1,250,000        | -                 | -                | -                 | -                   |
| Tranche 59                    | 1,250,000          | -                | -                | -                 | -                | -                 | -                   |
| Tranche 60                    | 1,250,000          | -                | -                | -                 | -                | -                 | -                   |
| Tranche 61                    | 1,250,000          | -                | -                | -                 | -                | -                 | -                   |
| Tranche 62                    | 1,250,000          | -                | -                | -                 | -                | -                 | -                   |
| Tranche 68                    | -                  | -                | -                | -                 | 1,000,000        | -                 | -                   |
| Tranche 69                    | -                  | -                | -                | -                 | 2,500,000        | -                 | -                   |
| Tranche 70                    | -                  | -                | -                | -                 | 2,500,000        | -                 | -                   |
| Tranche 73                    | 3,030,304          | 2,272,727        | 2,272,727        | -                 | -                | -                 | -                   |
| <b>Total</b>                  | <b>8,030,304</b>   | <b>7,272,727</b> | <b>7,272,727</b> | <b>6,000,000</b>  | <b>6,000,000</b> | -                 | -                   |
| Derecognised on retirement    | -                  | -                | -                | (6,000,000)       | -                | -                 | -                   |
| <b>Balance Reporting Date</b> | <b>8,030,304</b>   | <b>7,272,727</b> | <b>7,272,727</b> | <b>-</b>          | <b>6,000,000</b> | <b>-</b>          | <b>-</b>            |

## Director/Key Management Personnel Options Details

| Tranche | Grant Date | Expiry Date | Exercise Price | Option value | Vesting Conditions <sup>1</sup>   |
|---------|------------|-------------|----------------|--------------|---|
| 25      | 20-Aug-21  | 20-Aug-26   | \$0.15         | \$0.0545     | The Company raising the funding to carry out the Hawsons Bankable Feasibility Study (BFS).                              |
| 26      | 20-Aug-21  | 20-Aug-26   | \$0.25         | \$0.0454     | Completion of the Hawsons Bankable Feasibility Study  |
| 27      | 20-Aug-21  | 20-Aug-26   | \$0.35         | \$0.0394     | The raising of the capital cost, by the Company, to develop the Hawsons Iron Project                                    |
| 28      | 20-Aug-21  | 20-Aug-26   | \$0.50         | \$0.0333     | The commencement of commercial production at the Hawsons Iron Project   |
| 55      | 15-Nov-22  | 15-Nov-27   | \$0.65         | \$0.0696     | Completion of the bankable feasibility study.   |
| 56      | 15-Nov-22  | 15-Nov-27   | \$0.85         | \$0.0652     | Hawsons Iron has secured the required funding to develop the project commercially.                                      |
| 57      | 15-Nov-22  | 15-Nov-27   | \$0.85         | \$0.0652     | Hawsons Iron market capitalisation reaches AUD \$1 billion.   |
| 58      | 15-Nov-22  | 15-Nov-27   | \$1.05         | \$0.0617     | The commencement of commercial production at the Hawsons Iron project.  |
| 59      | 10-May-23  | 10-May-28   | \$0.65         | \$0.0245     | Completion of the bankable feasibility study.   |
| 60      | 10-May-23  | 10-May-28   | \$0.85         | \$0.0226     | Hawsons Iron has secured the required funding to develop the project commercially.                                      |
| 61      | 10-May-23  | 10-May-28   | \$0.85         | \$0.0223     | Hawsons Iron market capitalisation reaches AUD \$1 billion.   |
| 62      | 10-May-23  | 10-May-28   | \$1.05         | \$0.0211     | The commencement of commercial production at the Hawsons Iron project.  |
| 69      | 27-May-24  | 01-Jun-29   | \$0.05         | \$0.0252     | BFS funding secured.  |
| 70      | 27-May-24  | 01-Jun-29   | \$0.15         | \$0.0212     | Successful completion of the BFS.   |
| 71      | 27-May-24  | 01-Jun-29   | \$0.25         | \$0.0198     | Financial investment decision (including all project funding) of the Hawsons Iron Project.                              |
| 73      | 16-Jul-24  | 30-May-26   | \$0.05         | NA           | Free attaching options were issued as part of 2024 capital raising program. There are no vesting conditions applicable. |

<sup>1</sup> In addition to the above vesting conditions, the recipient must also remain employed by Hawsons at the time the vesting conditions are met. Retiring employees and directors are granted 12 months from the date of retirement to meet the performance hurdles of relevant option tranche.



## Fair value of share options granted held by Directors and Key Management

The assessed fair value at the date of grant of performance shares issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance right, the underlying share's expected volatility, expected dividends and the risk-free interest rate for the expected life of the instrument.

| Tranche | Grant Date | Expiry Date | Share Price | Exercise Price | Expected volatility | Expected Dividends | Risk free rate | Fair value | Valuation Model |
|---------|------------|-------------|-------------|----------------|---------------------|--------------------|----------------|------------|-----------------|
| 25      | 20-Aug-21  | 20-Aug-26   | \$0.094     | \$0.15         | 85%                 | nil                | 0.502%         | \$0.0545   | Black-Scholes   |
| 26      | 20-Aug-21  | 20-Aug-26   | \$0.094     | \$0.25         | 85%                 | nil                | 0.502%         | \$0.0454   | Black-Scholes   |
| 27      | 20-Aug-21  | 20-Aug-26   | \$0.094     | \$0.35         | 85%                 | nil                | 0.502%         | \$0.0394   | Black-Scholes   |
| 28      | 20-Aug-21  | 20-Aug-26   | \$0.094     | \$0.50         | 85%                 | nil                | 0.502%         | \$0.0333   | Black-Scholes   |
| 55      | 15-Nov-22  | 15-Nov-27   | \$0.115     | \$0.65         | 114%                | Nil                | 3.449%         | \$0.0696   | Black-Scholes   |
| 56      | 15-Nov-22  | 15-Nov-27   | \$0.115     | \$0.85         | 114%                | Nil                | 3.449%         | \$0.0652   | Black-Scholes   |
| 57      | 15-Nov-22  | 15-Nov-27   | \$0.115     | \$0.85         | 114%                | Nil                | 3.449%         | \$0.0617   | Monte Carlo     |
| 58      | 15-Nov-22  | 15-Nov-27   | \$0.115     | \$1.05         | 114%                | Nil                | 3.449%         | \$0.0648   | Black-Scholes   |
| 59      | 10-May-23  | 28-Nov-28   | \$0.050     | \$0.65         | 115%                | Nil                | 3.181%         | \$0.0245   | Black-Scholes   |
| 60      | 10-May-23  | 28-Nov-28   | \$0.050     | \$0.85         | 115%                | Nil                | 3.181%         | \$0.0226   | Black-Scholes   |
| 61      | 10-May-23  | 28-Nov-28   | \$0.050     | \$0.85         | 115%                | Nil                | 3.181%         | \$0.0223   | Monte Carlo     |
| 62      | 10-May-23  | 28-Nov-28   | \$0.050     | \$1.05         | 115%                | Nil                | 3.181%         | \$0.0211   | Black-Scholes   |
| 69      | 27-May-24  | 01-Jun-29   | \$0.031     | \$0.05         | 125%                | Nil                | 4.018%         | \$0.0252   | Binomial        |
| 70      | 27-May-24  | 01-Jun-29   | \$0.031     | \$0.15         | 125%                | Nil                | 4.018%         | \$0.0212   | Binomial        |
| 71      | 27-May-24  | 01-Jun-29   | \$0.031     | \$0.25         | 125%                | Nil                | 3.960%         | \$0.0198   | Binomial        |

The value of options granted, exercised and lapsed in the current year is set out in the below table.

|          | Value Granted<br>\$ | Value Exercised<br>\$ | Value lapsed<br>\$ | Number of options lapsed<br># | Financial year in which options were granted |
|----------|---------------------|-----------------------|--------------------|-------------------------------|--|
| Tom Revy | 127,799             | -                     | -                  | -                             | FY2024                                       |

## Director/Key Management Personnel Transactions and Loans

There were no other transactions or loans with key management personnel during the year.

## Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return during the last 5 years are summarised below:

| Measures   | 2024<br>\$  | 2023<br>\$ | 2022<br>\$   | 2021<br>\$  | 2020<br>\$  |
|--|-------------|------------|--------------|-------------|-------------|
| Share price at end of financial year                     | 0.028       | 0.037      | 0.50         | 0.177       | 0.020       |
| Market capitalisation at end of financial year (\$M)     | 28.25       | 34.01      | 358.03       | 83.23       | 5.50        |
| Profit/(loss) for the financial year                     | (3,640,493) | 10,362,157 | (20,467,514) | (2,537,840) | (4,043,722) |
| Cash spend on exploration programmes                     | 4,806,905   | 15,978,514 | 24,866,440   | 127,747     | 522,873     |
| Director and other Key Management Personnel remuneration | 1,241,191   | 1,513,569  | 1,049,690    | 775,283     | 721,320     |

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

The Company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

No remuneration consultants were used in the 2024 financial year.

**End of the remuneration report - Audited.**





## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the auditor (BDO Audit Pty Ltd and its associated entities) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

| <b>BDO Services Pty Ltd</b> |                 |
|-----------------------------|-----------------|
| Whistleblowing service      | \$3,000         |
| Tax Compliance Services     | \$9,695         |
|                             | <hr/>           |
|                             | <b>\$12,695</b> |

## AUDITOR'S INDEPENDENCE DECLARATION

The attached Auditor's Independence Declaration forms part of the Directors' Report.

## CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in another section of this report.

## EVENTS AFTER REPORTING DATE

Subsequent to year end, following approval at a shareholder meeting, the Company issued an additional 7,575,758 ordinary shares and 7,575,758 options to Directors.

On 23 July 2024, Hawsons entered into a Deed of Settlement and Release in which:

- ASI Liquidator will file a consent order for the court for the case against Hawsons to be dismissed;
- ASI Liquidator has also undertaken not to re-join Hawsons Iron to the case in the future, nor commence any new proceedings against Hawsons Iron;

In exchange, Hawsons has paid a settlement amount of \$250,000 cash and issued 1,930,143 HIO shares at \$0.0259 per share.

The Hawsons shares issued to ASI Liquidator were transferred from unpaid Non-recourse employee shares, resulting in no change in the overall number of shares on issue.

There have been no events since 30 June 2024 that impact upon the financial report.



Signed in accordance with a resolution of the Board of Directors.

*Jeremy D. Kirkwood*

Director

Dated 30 August 2024

For personal use only



# Auditor's independence declaration



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## DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF HAWSONS IRON LIMITED

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

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'K L Colyer', is written over a light blue horizontal line.

**K L Colyer**  
Director

**BDO Audit Pty Ltd**

Brisbane, 30 August 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



## Statement of Comprehensive Income

For the year ended 30 June 2024

|   | Note | 2024<br>\$         | 2023<br>\$        |
|---|------|--------------------|-------------------|
| Interest income   |      | 59,129             | 69,010            |
| Net fair value gain/(loss) on financial instruments measured at fair value through profit or loss | 8    | (229,617)          | 13,312,136        |
| Employment benefit expenses   | 4    | (1,412,685)        | (1,888,678)       |
| Depreciation and amortisation expense   |      | (183,682)          | (152,923)         |
| Consultants expense (change in fair value and share based payment)                                | 8    | -                  | 553,642           |
| Legal settlement  | 7    | (300,000)          | -                 |
| Corporate compliance and legal fees   |      | (801,106)          | (637,857)         |
| Corporate advisory  |      | (299,173)          | (541,634)         |
| Computer, IT and telecommunications   |      | (110,190)          | (144,422)         |
| Other   |      | (305,006)          | (207,117)         |
| Rent expense relating to short-term leases  |      | (58,163)           | -                 |
| <b>Profit/(loss) before income tax</b>  |      | <b>(3,640,493)</b> | <b>10,362,157</b> |
| Income tax  | 12   | -                  | -                 |
| <b>Profit/(loss) after income tax</b>   |      | <b>(3,640,493)</b> | <b>10,362,157</b> |
| Other comprehensive income  |      | -                  | -                 |
| <b>Total comprehensive income</b>   |      | <b>(3,640,493)</b> | <b>10,362,157</b> |
| <b>Earnings per share</b>   |      | <b>Cents</b>       | <b>Cents</b>      |
| Basic and diluted earnings/(loss) per share   | 13   | (0.39)             | 1.27              |

*The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.*



**Balance Sheet**  
As at 30 June 2024

|   | Note | 2024<br>\$        | 2023<br>\$        |
|---|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                                     |      |                   |                   |
| Cash and cash equivalents                                 | 2    | 3,299,421         | 7,246,403         |
| Trade and other receivables                               | 5    | 113,053           | 205,216           |
| Other current assets                                      |      | 45,516            | 13,616            |
| Financial assets at fair value through profit and loss    | 8    | 269,616           | 678,935           |
| <b>TOTAL CURRENT ASSETS</b>                               |      | <b>3,727,606</b>  | <b>8,144,170</b>  |
| <b>NON-CURRENT ASSETS</b>                                 |      |                   |                   |
| Trade and other receivables                               | 5    | 306,474           | 371,474           |
| Plant and equipment                                       |      | 88,246            | 135,526           |
| Exploration and evaluation assets                         | 6    | 58,765,175        | 54,783,499        |
| Right of use assets                                       |      | 82,799            | 206,997           |
| Other non-current assets                                  |      | 63,182            | 63,182            |
| Financial assets at fair value through profit and loss    | 8    | 122,122           | 1,113,662         |
| <b>TOTAL NON-CURRENT ASSETS</b>                           |      | <b>59,427,998</b> | <b>56,674,340</b> |
| <b>TOTAL ASSETS</b>                                       |      | <b>63,155,604</b> | <b>64,818,510</b> |
| <b>CURRENT LIABILITIES</b>                                |      |                   |                   |
| Trade and other payables                                  | 7    | 755,129           | 391,919           |
| Short-term provisions                                     |      | 63,222            | 71,403            |
| Lease liabilities   |      | 90,607            | 116,509           |
| Borrowings  |      | 37,210            | -                 |
| Financial liability at fair value through profit and loss | 8    | 1,324,252         | 2,495,494         |
| <b>TOTAL CURRENT LIABILITIES</b>                          |      | <b>2,270,420</b>  | <b>3,075,325</b>  |
| <b>NON-CURRENT LIABILITIES</b>                            |      |                   |                   |
| Lease liabilities   |      | -                 | 101,806           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                      |      | <b>-</b>          | <b>101,806</b>    |
| <b>TOTAL LIABILITIES</b>                                  |      | <b>2,270,420</b>  | <b>3,177,131</b>  |
| <b>NET ASSETS</b>   |      | <b>60,885,184</b> | <b>61,641,379</b> |
| <b>EQUITY</b>   |      |                   |                   |
| Contributed capital                                       | 9    | 99,603,591        | 96,992,716        |
| Reserves  | 10   | 3,526,349         | 3,812,539         |
| Accumulated losses  |      | (42,244,756)      | (39,163,876)      |
| <b>TOTAL EQUITY</b>                                       |      | <b>60,885,184</b> | <b>61,641,379</b> |

*The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.*





**Statement of Changes in Equity**  
For the year ended 30 June 2024

|   | Note   | Contributed<br>Capital<br>\$ | Share Based<br>Payment<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$        |
|---|--------|------------------------------|---|-----------------------------|--------------------|
| <b>Balance at 1 July 2022</b>                               |        | <b>76,669,474</b>            | <b>3,239,102</b>                        | <b>(49,526,033)</b>         | <b>30,382,543</b>  |
| <b>Transactions with owners in their capacity as owners</b> |        |                              |   |                             |                    |
| Issue of share capital                                      | 9      | 21,331,292                   | -                                       | -                           | 21,331,292         |
| Capital raising costs                                       | 9      | (1,008,050)                  | -                                       | -                           | (1,008,050)        |
| Share based payments - consultants                          | 8      | -                            | (456,388)                               | -                           | (456,388)          |
| Share based payments – employees & directors                | 4 & 14 | -                            | 1,029,825                               | -                           | 1,029,825          |
| <b>Total</b>  |        | <b>20,323,242</b>            | <b>573,437</b>                          | <b>-</b>                    | <b>20,896,679</b>  |
| <b>Comprehensive income</b>                                 |        |                              |   |                             |                    |
| Profit after income tax                                     |        | -                            | -                                       | 10,362,157                  | 10,362,157         |
| <b>Total comprehensive income</b>                           |        | <b>-</b>                     | <b>-</b>                                | <b>10,362,157</b>           | <b>10,362,157</b>  |
| <b>Balance at 30 June 2023</b>                              |        | <b>96,992,716</b>            | <b>3,812,539</b>                        | <b>(39,163,876)</b>         | <b>61,641,379</b>  |
| <b>Balance at 1 July 2023</b>                               |        | <b>96,992,716</b>            | <b>3,812,539</b>                        | <b>(39,163,876)</b>         | <b>61,641,379</b>  |
| <b>Transactions with owners in their capacity as owners</b> |        |                              |   |                             |                    |
| Issue of share capital                                      | 9      | 2,965,200                    | -                                       | -                           | 2,965,200          |
| Capital raising costs                                       | 9      | (354,325)                    | -                                       | -                           | (354,325)          |
| Share based payments - consultants                          |        | -                            | 81,528                                  | -                           | 81,528             |
| Share based payments – employees & directors                | 4 & 14 | -                            | 191,895                                 | -                           | 191,895            |
| Transfer of expired options                                 |        |                              | (559,613)                               | 559,613                     | -                  |
| <b>Total</b>  |        | <b>2,610,875</b>             | <b>(286,190)</b>                        | <b>559,613</b>              | <b>2,884,298</b>   |
| <b>Comprehensive income</b>                                 |        |                              |   |                             |                    |
| Loss after income tax                                       |        | -                            | -                                       | (3,640,493)                 | (3,640,493)        |
| <b>Total comprehensive income</b>                           |        | <b>-</b>                     | <b>-</b>                                | <b>(3,640,493)</b>          | <b>(3,640,493)</b> |
| <b>Balance at 30 June 2024</b>                              |        | <b>99,603,591</b>            | <b>3,526,349</b>                        | <b>(42,244,756)</b>         | <b>60,885,184</b>  |

*The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.*

## Cash Flow Statement

For the year ended 30 June 2024

|   | Note | 2024<br>\$       | 2023<br>\$       |
|---|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |      |                  |                  |
| Payments to suppliers and employees (inclusive of GST)              |      | (2,388,446)      | (1,939,965)      |
| Interest received   |      | 59,129           | 69,010           |
| Finance costs   |      | (9,019)          | (8,481)          |
| Net cash used in operating activities                               | 2    | (2,338,336)      | (1,879,436)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |      |                  |                  |
| Payments for plant & equipment                                      |      | (12,203)         | (130,475)        |
| Receipts / (payments) for security deposits                         |      | 65,000           | (283,157)        |
| Payments for exploration and evaluation assets                      |      | (4,806,905)      | (15,978,514)     |
| Receipts from government grants                                     |      | 615,351          | 1,487,571        |
| Net cash used in investing activities                               |      | (4,138,757)      | (14,904,575)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |      |                  |                  |
| Proceeds from issue of shares                                       | 9    | 2,965,200        | 19,331,292       |
| Cost associated with the issue of shares                            | 9    | (257,774)        | (1,008,050)      |
| Cost associated with the LDA facility                               | 9    | -                | (2,000,000)      |
| Insurance premium finance repayments                                |      | (49,607)         | -                |
| Lease principal payments  |      | (127,708)        | (116,871)        |
| Net cash provided by financing activities                           |      | 2,530,111        | 16,206,371       |
| Net increase/(decrease) in cash and cash equivalents held           |      | (3,946,982)      | (577,640)        |
| Cash and cash equivalents at the beginning of the financial period  |      | 7,246,403        | 7,824,042        |
| <b>Cash and cash equivalents at the end of the financial period</b> |      | <b>3,299,421</b> | <b>7,246,403</b> |

*The Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements.*



## NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES

### Introduction

This financial report covers Hawsons Iron Limited (the “Company” or “Hawsons”). Hawsons Iron Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### Operations and principal activities

The principal activity of the Company is mineral exploration.

#### Currency

The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Parent.

#### Authorisation of financial report

The financial report was authorised for issue on 30 August 2024.

### Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

#### Compliance with IFRS

The financial statements of Hawsons Iron Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, modified by the measurement at fair value of other payables and derivative instruments.

#### Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies.

Management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Company.

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 effects only that period or in the period and future periods if the revision affects both current and future periods. The following estimates and judgements were used for the current financial year.

#### *Key judgements – exploration & evaluation assets*

The Company performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

The Directors have assessed that for the exploration and evaluation assets recognised at reporting date, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount. In considering this the Directors have had regard to the facts and circumstances that indicate a need for impairment as noted in Accounting Standard AASB 6 “Exploration for and Evaluation of Mineral Resources”.

#### *Employee share-based payments:*

The Company initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent upon the terms and conditions of the grant.



## NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, milestone achieved and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 14.

### *Consultants' expenses:*

The Company has made estimates for the deferred success fee that is to be paid to a strategic consultant if certain project milestones are met. Estimating the deferred success fee requires determination of the probability that the project milestones will be achieved. Refer to Note 8(B) and 8(C) for further details.

### *Accounting for LDA equity financing arrangement*

On 21 December 2021, the Company entered into a Put Option Agreement (POA) with LDA Capital to provide the Company with up to \$200 million in committed equity capital over 4 years. This financing arrangement gave rise to a derivative liability and derivative asset held at fair value through profit or loss being recognised. Refer Note 8(A) for further details of the transaction and Note 8(C) for details on key judgements and estimates.

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Monte Carlo Simulation Methodology (MCSM). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Refer to Note 8(C) for further details.

## Accounting policies

### (a) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (b) Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (c) Financial Instruments

#### (i) Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.



## NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company has cash and cash equivalents and trade and other receivables as financial assets. Consequently, the measurement category most relevant to the Company is as follows:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

### Equity instruments

The Company subsequently measures all equity investments at fair value. The Company measures its investments in equity instruments at FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of other comprehensive income as applicable.

### Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### *(ii) Financial Liabilities (excluding derivatives)*

The Company's financial liabilities are measured at amortised cost and other payables (consulting fee payables) are measured at fair value through profit or loss. The Company has trade payables and other payables as financial liabilities.

### *(iii) Financial derivatives*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are classified as current or non-current depending on the expected period of realisation.

## NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### d) Share based payments

Share-based compensation benefits are provided to employees via the HIO Employee Share Plan. Information relating to these schemes is set out in Note 14.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is cumulative amount calculated at each reporting date less amounts already recognised in previous period.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### e) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods. The Company has decided against early adoption of these standards. The Company has assessed the impact of these new standards that are not yet effective and determined that they are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.



## NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### Going Concern

As at 30 June 2024 the Company had cash reserves of \$3,299,421, net current assets of \$1,457,186 and net assets of \$60,885,184.

During the year the Company had net cash outflows of \$2,338,336 (2023: \$1,879,435) from operating activities and net cash outflows used in investing activities of \$4,138,757 (2023: \$14,904,5740). Investing activities includes payments for exploration and evaluation assets.

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is principally dependent upon one or more of the following:

- The Company has access to an equity facility with LDA Capital through to December 2025, on which it can put Call Notices to fund future exploration activity, feasibility studies, initial development works and meet other necessary corporate expenditure. Based on historical trading volumes and the HIO share price at 30 June 2024, Hawsons has estimated the total capital limit of the facility at 30 June 2024 at \$7,492,336. As part of the financing facility, the Company also issued 71,500,000 options to LDA Capital with an exercise price of \$0.055 and if exercised will contribute further equity.
- The ability of the Company to raise additional capital in the future. To date the Company has funded its activities through issuance of equity securities, and it is expected that the Company will be able to fund its future activities through further issuances of equity securities; and
- The successful exploration and subsequent exploitation of the Company's tenements.

As a result of the items noted above the directors believe the going concern basis of preparation is appropriate, and accordingly have prepared the financial report on this basis. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.





## NOTE 2 CASH & CASH FLOW INFORMATION

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

### Reconciliation of profit/loss after income tax to net cash outflow from operating activities

|   | 2024               | 2023               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| Profit/(loss) after income tax                            | (3,640,493)        | 10,362,157         |
| <i>Non-cash items</i>                                     |                    |                    |
| Depreciation and amortisation                             | 183,682            | 152,923            |
| Share-based payments                                      | 191,895            | 1,029,825          |
| Loss on sale of PPE                                       | -                  | 3,094              |
| Other liability movement <sup>1</sup>                     | -                  | (553,642)          |
| Fair value movement of financial instruments <sup>2</sup> | 229,617            | (13,312,136)       |
| <i>Change in operating assets and liabilities</i>         |                    |                    |
| (Increase)/decrease in receivables                        | 92,163             | 521,390            |
| (Increase)/decrease in other assets                       | 54,918             | 88,269             |
| (Decrease)/increase in trade and other payables           | 558,066            | (151,641)          |
| (Decrease)/increase in provisions                         | (8,184)            | (19,675)           |
| <b>Net cash outflow from operating activities</b>         | <b>(2,338,336)</b> | <b>(1,879,436)</b> |

<sup>1</sup> Consultant's expense – refer Note 8(B)

<sup>2</sup> LDA Capital – refer Note 8(A)

### Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

|                          |           |           |
|--------------------------|-----------|-----------|
| Cash on hand and at bank | 3,299,421 | 7,246,403 |
|--------------------------|-----------|-----------|

### Non-Cash Investing and Financing activities

2024: The Company issued options with a value of \$81,528 to the lead managers of the capital raise as part consideration for their services (refer Note 14).

2023: The Company settled 50% of commitment fees due under the Put Option Agreement with LDA Capital through the issue of \$2,000,000 HIO shares (refer Note 8).



## NOTE 2 CASH & CASH FLOW INFORMATION (continued)

|   | 2024      | 2023      |
|---|-----------|-----------|
|   | \$        | \$        |
| <b>Changes in liabilities arising from financing activities</b> |           |           |
| <b>Lease liabilities</b>  |           |           |
| Opening balance   | 218,315   | 335,186   |
| Lease principal repayments                                      | (127,708) | (116,871) |
| Closing balance   | 90,607    | 218,315   |
| <b>Borrowings</b>   |           |           |
| Opening balance   | -         | -         |
| Non-cash insurance financing additions                          | 86,817    | -         |
| Principal repayments  | (49,607)  | -         |
| Closing balance   | 37,210    | -         |

## NOTE 3 SEGMENT REPORTING

### Reportable Segments

The Company has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Company does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Company as having only one reportable segment, being exploration for minerals in Australia. The financial results from this segment are equivalent to the financial statements of the Company. There have been no changes in the operating segments during the year. All assets are located in Australia.

## NOTE 4 ITEMS INCLUDED IN PROFIT OR LOSS

### Employment benefit expenses

|  |                  |                  |
|--|------------------|------------------|
| Share-based payments                             | 191,895          | 1,029,825        |
| Director fees                                    | 164,167          | 178,333          |
| Salary and wages                                 | 1,357,608        | 1,564,763        |
| Superannuation                                   | 113,113          | 143,930          |
| Other employee costs                             | 226,280          | 139,858          |
| Less capitalised salaries – Hawsons Iron Project | (640,378)        | (1,168,031)      |
|  | <b>1,412,685</b> | <b>1,888,678</b> |



## NOTE 5 TRADE AND OTHER RECEIVABLES

|                    | 2024    | 2023    |
|--------------------|---------|---------|
|                    | \$      | \$      |
| <b>Current</b>     |         |         |
| GST refund due     | 113,053 | 205,216 |
| <b>Non-Current</b> |         |         |
| Security bonds     | 306,474 | 371,474 |

## NOTE 6 EXPLORATION AND EVALUATION ASSETS

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest.

Exploration costs are capitalised only when the Company has either a granted tenement in its name or an interest through a joint venture arrangement.

Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

Government grants relating to exploration and evaluation assets that have been capitalised are recognised by deducting the grant received from the carrying amount of the exploration and evaluation asset recognised on the balance sheet. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

| <b>Movements during the year</b>          |                   |                   |
|---|-------------------|-------------------|
| Opening balance                           | 54,783,499        | 44,566,121        |
| Exploration expenditure during the period | 4,597,027         | 11,704,949        |
| Government grants relating to exploration | (615,351)         | (1,487,571)       |
|   | <b>58,765,175</b> | <b>54,783,499</b> |

## NOTE 7 TRADE AND OTHER PAYABLES

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Trade payables                        | 128,909        | 315,921        |
| Other payables <sup>1</sup>           | 326,220        | 75,998         |
| Legal settlement payable <sup>2</sup> | 300,000        | -              |
|                                       | <b>755,129</b> | <b>391,919</b> |

<sup>1</sup> 2024: Includes termination payments of \$240,600 payable to former Managing Director.

<sup>2</sup> In 2021, Hawsons Iron had been made a party to legal proceedings by the liquidator of Pure Metals' major shareholder (ASI Liquidator) in relation to the issue of HIO shares in exchange for the Pure Metals interest in the Hawsons project.

On 23 July 2024, Hawsons entered into a Deed of Settlement and Release in which:

- ASI Liquidator will file a consent order for the court for the case against Hawsons to be dismissed;
- ASI Liquidator has also undertaken not to re-join Hawsons Iron to the case in the future, nor commence any new proceedings against Hawsons Iron;



## NOTE 7 TRADE AND OTHER PAYABLES (continued)

In exchange, Hawsons has paid a settlement amount of \$250,000 cash and issued 1,930,143 HIO shares at \$0.0259 per share.

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the Company and comprise items such as employee taxes, employee on costs, GST and other recurring items.

## NOTE 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

|  | 2024             | 2023             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Financial Assets</b>                        |                  |                  |
| LDA put option asset: current - Note 8 (A)     | 269,616          | 678,935          |
| LDA put option asset: non-current - Note 8 (A) | 122,122          | 1,113,662        |
|  | <b>391,738</b>   | <b>1,792,597</b> |
| <b>Financial Liabilities</b>                   |                  |                  |
| LDA derivative liability - Note 8 (A)          | 351,708          | 1,522,950        |
| Other payable: consultant fee - Note 8 (B)     | 972,544          | 972,544          |
|  | <b>1,324,252</b> | <b>2,495,494</b> |

### (A) LDA Put Option Asset and LDA Derivative Liability

On 21 December 2021, the Company entered into a Put Option Agreement (POA) with LDA Capital to provide the Company with up to \$200 million in committed equity capital over 4 years. The Company will control the timing and maximum amount of the draw down under this facility.

The effect of the key terms as described below gave rise to a derivative liability and derivative asset held at fair value through profit or loss.

#### Key terms and conditions

- (i) In accordance with the POA, as part consideration, the Company issued 71,500,000 unlisted options to LDA Capital exercisable at \$0.70, expiring on 21 December 2023. On the grant date, the options were valued at \$5,305,300 using a Monte Carlo Simulation Methodology and classified as a derivative liability. Refer to Note 14 for the valuation inputs.
- (ii) The issue price of the shares under the purchased put option is calculated as 90% of the higher of the average VWAP of shares in the 30-day trading period after the issue of a call notice, and the minimum price notified to LDA Capital by the Company upon exercise of the put option. The VWAP calculation and the number of subscription shares are 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.
- (iii) In December 2022, the Company settled commitment fees due pursuant to the POA of \$4,000,000 comprising \$2,000,000 due and payable in cash and \$2,000,000 settled through a share issuance with a share price calculated based on the 90% of the 90-day VWAP preceding the 12-month anniversary date. The commitment fee was settled during the 2023 financial year.
- (iv) The Company paid for legal fees of \$21,259 incurred by LDA in preparation of the documentation under this agreement.

## NOTE 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### Recognition and reduction in put option premium and derivative liability

On entering the POA, the Company recognised the purchased put option as a derivative asset with a fair value of \$9,273,462. The consideration payable comprised 71,500,000 unlisted options, recognised as a derivative liability totalling \$5,305,300, and a commitment fee payable of \$4,000,000. The difference between the total consideration payable and the derivative asset recognised was deferred on the balance sheet upon recognition in accordance with the requirements of accounting standards (day one loss). The difference of \$31,838 was recognised in the 2022 financial year profit or loss and disclosed as 'Day one loss on initial recognition of put option contract released to profit or loss.

The valuation of the derivative asset was determined using a common pricing model. A derivative liability was recognised based on the fair value of the 71,500,000 options. The derivative liability relating to the unlisted options issued to LDA Capital as part consideration were revalued at the year-end for the unexercised options. At each reporting date the financial derivative asset and derivative liability is remeasured at fair value.

|  | 2024           | 2023             |
|--|----------------|------------------|
|  | \$             | \$               |
| <b>Movement in financial asset – LDA put option derivative asset</b> |                |                  |
| Opening balance  | 1,792,597      | 9,408,511        |
| Revaluation of put option premium at call date <sup>1</sup>          | -              | (757,681)        |
| Fair value movement in financial asset – put option premium          | (1,400,859)    | (6,858,233)      |
| <b>Closing balance</b>   | <b>391,738</b> | <b>1,792,597</b> |

<sup>1</sup> The derivative asset was revalued on 24 August 2022 when an equity call was made under the agreement.

### Movement in LDA derivative liability

|  |                |                  |
|--|----------------|------------------|
| Opening balance  | 1,522,950      | 22,451,000       |
| Re-measurement to fair value through profit or loss <sup>1</sup> | (1,171,242)    | (20,928,050)     |
| <b>Closing balance</b>   | <b>351,708</b> | <b>1,522,950</b> |

<sup>1</sup> The value per option reduced from \$0.0213 cents in June 2023 to \$0.0049 cents at 30 June 2024, thereby reducing the derivative liability by \$1,171,242. This reduction contributed to the net fair value gain/(loss) on financial instruments in the Statement of Comprehensive Income.

### Net fair value gain/(loss) on financial instruments measured at fair value through profit or loss

|   |                  |                   |
|---|------------------|-------------------|
| Fair value movement in financial asset – put option premium | (1,400,859)      | (7,615,914)       |
| Fair value movement in derivative liability – call option   | 1,171,242        | 20,928,050        |
| <b>Net fair value gain/(loss) on financial instruments</b>  | <b>(229,617)</b> | <b>13,312,136</b> |

### (B) Other Payable – Consultant Fee

In 2013, the Company entered into an agreement with a consultant to provide financial modelling, financing negotiation support and other related services for the Hawsons Iron Project. The consultant provided these services to the Company at a discounted rate on the basis that a success fee of 5 times the foregone fees would be payable upon the first sale of iron ore/concentrate from the Hawsons Iron Project ("foregone fees"). The gross amount of the foregone was \$1,945,087.

In 2019, the Company entered into another agreement with the consultant to assist the Company to obtain the necessary equity and other funding to carry out a bankable feasibility study in respect of the Hawsons Iron Project. In the event the consultancy relationship service was terminated by the Company without cause, the Company must pay the consultant a fee ("Break Fee") equal to the greater of:

## NOTE 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

- 0.25% of the debt funds arranged by the consultant; or
- a break fee being the cumulative sum calculated by multiplying the number of hours worked by the consultant from each month from July 2018 until termination of the consultancy by \$1,000 less the fees paid to the consultant over that period. The break fee is payable upon the commitment to undertake a bankable feasibility study (or equivalent) for the Hawsons Iron Project should the consultancy arrangement be terminated without cause before such commitment or otherwise at financial investment decision for the development of the Hawsons resource.

The gross amount of the break fee was \$1,097,500. The Company paid \$1,094,500 + GST on 24 August 2021.

On 21 January 2020, the Company entered into a further agreement with the consultant which provided as follows. In the event that a takeover bid is made under Chapter 6 of the Corporations Act for the ordinary shares in the Company and the consultant believes reasonably that the bid will be successful and result in a change of control of the Company, then the consultant may serve notice upon the Company that it wishes to receive the Foregone Fee (together with the Break Fee that the consultant would be entitled to if the Company were to terminate the consultancy arrangement without cause before a termination event) by payment in HIO shares.

In such event, the Company must to the extent that it can do so in compliance with the ASX Listing Rules (in particular Chapter 7) allot and issue to the consultant or its nominee the number of fully-paid ordinary shares that is equal in value to the Foregone Fee plus the Break Fee, with each HIO share having a price equal to the prevailing price at which the takeover bid will succeed and do so in such time that the consultant may accept the offer. In the event that the takeover bid is withdrawn before completion, then the Company's obligation to pay the Foregone Fee and Break Fee in HIO shares will for the purposes of that takeover bid cease to exist. In the event that there is more than one concurrent takeover bid, the pricing of the HIO shares will be based on the bid that involves the highest offer price.

As a result of the 21 January 2020 agreement the consultant became entitled, in certain circumstances, to an equity settled share-based payment (as noted above). As such, the accounting for the arrangement is now based on the requirement of AASB2 Share-Based Payments applicable to compound instruments as follows:

- The right to cash, in certain circumstances, is recognised as a cash-settled share-based payment. In this regard, the Company recognises the expense at grant date and/or as services are received, as appropriate, with a corresponding credit as a liability. The liability is measured at fair value taking into account the potential gross amount payable and the impact of non-vesting conditions (being the success conditions of the first sale of iron ore and/or a commitment to undertake a bankable feasibility study).

The liability and equity-settled share-based payment recognised at 30 June 2024 were as follows:

|  | 2024           | 2023           |
|--|----------------|----------------|
|  | \$             | \$             |
| Fair value of liability recognised   | 972,544        | 972,544        |
| Fair value of share-based payment recognised in equity share-based payment reserve | 152,129        | 152,129        |
| <b>Movement in Other Payable Consultant Liability</b>                              |                |                |
| Opening balance  | 972,544        | 1,069,798      |
| Fair value loss/(gain) recognised in profit and loss                               | -              | (97,254)       |
|  | <b>972,544</b> | <b>972,544</b> |
| <b>Fair value gain/(loss) recognised in the Statement of Comprehensive Income:</b> |                |                |
| Other payable  | -              | 97,254         |
| Share based payment reserve  | -              | 456,388        |
| Total recognised as Consultant's expense in Statement of Comprehensive Income      | -              | <b>553,642</b> |

## NOTE 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### (C) Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability.

|                                       | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$      |
|---------------------------------------|---------------|---------------|---------------|------------------|
| <b>June 2024</b>                      |               |               |               |                  |
| <b>Assets</b>                         |               |               |               |                  |
| Derivative asset – put option premium | -             | -             | 391,738       | <b>391,738</b>   |
| <b>Liabilities</b>                    |               |               |               |                  |
| LDA derivative liability              | -             | -             | 351,708       | <b>351,708</b>   |
| Other payable – consultant fee        | -             | -             | 972,544       | <b>972,544</b>   |
|                                       | -             | -             | 1,324,252     | <b>1,324,252</b> |
| <b>June 2023</b>                      |               |               |               |                  |
| <b>Assets</b>                         |               |               |               |                  |
| Derivative asset – put option premium | -             | -             | 1,792,597     | <b>1,792,597</b> |
| <b>Liabilities</b>                    |               |               |               |                  |
| LDA derivative liability              | -             | -             | 1,522,950     | 1,522,950        |
| Other payable – consultant fee        | -             | -             | 972,544       | 972,544          |
|                                       | -             | -             | 2,495,494     | <b>2,495,494</b> |

### Valuation techniques for fair value measurements categorised within level 2 and level 3

#### *Other Payable – consultant fee*

The fair value of the consultant's fees has been estimated using present value techniques, by discounting the probability-weighted estimated future cash outflows.

#### *Put & Call Options*

The valuation of the derivative asset was determined using a common pricing model. A derivative liability was recognised based on the fair value of the 71,500,000 options issued determined using a binomial pricing methodology.



## NOTE 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### Level 3 Assets and Liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

|  | 2024             | 2023             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Assets</b>  |                  |                  |
| Balance at the beginning of the year                                     | 1,792,597        | 9,408,511        |
| Gain/(loss) recognised in profit or loss of financial asset – put option | (1,400,859)      | (7,615,914)      |
|  | <b>391,738</b>   | <b>1,792,597</b> |
| <b>Liabilities</b>   |                  |                  |
| Balance at the beginning of the year                                     | 2,495,494        | 23,520,798       |
| (Gain)/Loss recognised in profit or loss of financial derivative         | (1,171,242)      | (20,928,050)     |
| (Gain)/Loss recognised in profit or loss (consultants' expense)          | -                | (97,254)         |
|  | <b>1,324,252</b> | <b>2,495,494</b> |

The level 3 liabilities unobservable inputs are as follows:

| Description   | Unobservable Inputs                         | 2024    | 2023                          | Sensitivity  |
|---|---|---------|-------------------------------|--|
| <b>Other payable consultant fee</b>                   | First sale of concentrate probability range | 50.0%   | 50.0%                         | Estimated fair value would increase/(decrease) if probability % was higher/(lower)   |
| <b>LDA financial derivative asset put option</b>      | Market placement discount                   | 14.5%   | 14.5%                         | Estimated fair value would increase/(decrease) if market placement discount rate was higher/(lower) – refer below for sensitivity analysis |
|   | Discount rate                               | 14.0%   | 14.0%                         |  |
| <b>LDA Financial derivative liability call option</b> | Share price                                 | \$0.028 | \$0.037                       | Estimated fair value would increase/(decrease) if share price was higher/(lower) – refer below for sensitivity analysis                    |
|   | Exercise Price                              | \$0.055 | 125% of 90-day VWAP or \$0.70 | Estimated fair value would increase/(decrease) if exercise price was higher/(lower)  |
|   | Expected volatility                         | 75.0%   | 115.0%                        | Estimated fair value would increase/(decrease) if expected volatility was lower/(higher)   |

## NOTE 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### Sensitivity analysis

Reasonably possible changes in the unobservable inputs included below, holding other assumptions constant, would have affected the fair value of the financial derivative assets and liabilities at balance date by the amounts shown in the following table:

|   | 2024<br>Increase<br>\$ | 2024<br>Decrease<br>\$ | 2023<br>Increase<br>\$ | 2023<br>Decrease<br>\$ |
|---|------------------------|------------------------|------------------------|------------------------|
| LDA financial derivative liability:<br>Share Price +/- 10%          | 85,800                 | (76,365)               | 152,295                | (153,010)              |
| LDA financial derivative asset:<br>Market placement discount +/- 2% | 230,054                | (163,520)              | 858,729                | (819,472)              |

## NOTE 9 SHARE CAPITAL

|   | 2024<br>\$        | 2023<br>\$        | 2024<br>#            | 2023<br>#          |
|---|-------------------|-------------------|----------------------|--------------------|
| <b>Ordinary Shares</b>                          |                   |                   |                      |                    |
| At the beginning of the year                    | 96,992,716        | 76,669,474        | 913,571,059          | 710,522,950        |
| Share placement (\$0.08 per share) <sup>1</sup> | 1,965,200         | -                 | 59,551,518           | -                  |
| Share placement (\$0.08 per share) <sup>2</sup> | 1,000,000         | -                 | 30,303,033           | -                  |
| LDA share issue (\$0.3178 per share)            | -                 | 5,566,448         | -                    | 17,515,000         |
| Share placement (\$0.08 per share)              | -                 | 5,000,000         | -                    | 62,500,000         |
| LDA commitment fee issue (\$0.2180 per share)   | -                 | 2,000,000         | -                    | 9,173,897          |
| Share placement (\$0.07 per share)              | -                 | 7,764,849         | -                    | 100,842,199        |
| Share purchase plan (\$0.07 per share)          | -                 | 999,995           | -                    | 12,987,013         |
| <b>Total shares issued during the year</b>      | <b>2,965,200</b>  | <b>21,331,292</b> | <b>89,854,551</b>    | <b>203,018,109</b> |
| Share issue costs <sup>3</sup>                  | (354,325)         | (1,008,050)       | -                    | -                  |
| <b>At reporting date</b>                        | <b>99,603,591</b> | <b>96,992,716</b> | <b>1,003,425,610</b> | <b>913,571,059</b> |
| <b>Non-recourse employee shares (NRE)</b>       |                   |                   |                      |                    |
| At the beginning and end of the year            | -                 | -                 | 5,500,000            | 5,500,000          |
| <b>Total Ordinary and NRE Shares</b>            | <b>99,603,591</b> | <b>96,992,716</b> | <b>1,008,925,610</b> | <b>919,071,059</b> |

- 30,303,033 shares placed to sophisticated and institutional investors on 3 May 2024.
- 59,551,518 shares placed to shareholders on 29 May 2024.
- Includes the cost of issuing options to the Lead Managers (\$81,528) as part consideration of their fees.

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

## NOTE 9 SHARE CAPITAL

The Company has issued shares to employees and Directors under the Company's employee share plan. The shares have been issued in return for an interest free loan from the Company whereby the Company only has recourse to the shares. This issue of shares has been valued as an option grant in accordance with AASB2 "Share Based Payment". The shares are disclosed in the financial statements as non-recourse employee shares (NRE Shares).

Non-recourse employee (NRE) shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. NRE shares will not qualify for participation in any dividend reinvestment plan of the Company until the loan amount in respect of those shares has been repaid. The Company has a lien over the NRE shares in respect of which the loan amount is outstanding. The Company is entitled to sell any unpaid NRE shares in accordance with the HIO share plan.

## NOTE 10 RESERVES

|  | 2024             | 2023             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Share based payment reserve movements during the year</b> |                  |                  |
| Opening balance  | 3,812,539        | 3,239,102        |
| Expired options transferred to accumulated losses            | (559,613)        | -                |
| Share based payments – capital raising costs (Note 9)        | 81,528           | -                |
| Share based payments – expense (Note 4)                      | 191,895          | 573,437          |
|  | <b>3,526,349</b> | <b>3,812,539</b> |

### Share based payment reserve

The share based payments reserve is used to record the value of share-based payments provided to employees and consultants as part of their remuneration. The fair value of options issued to employees is recognised as an employment cost during the option vesting period with corresponding increase in equity recognised in this reserve.

## NOTE 11 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

## NOTE 12 INCOME TAX

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

## NOTE 12 INCOME TAX (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, (except for a business combination) where there is no effect on accounting or taxable profit or loss.

A reconciliation of income tax expense (benefit) applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense (benefit) recognised for the years ended 30 June 2024 and 2023 is as follows:

|   | 2024        | 2023        |
|---|-------------|-------------|
|   | \$          | \$          |
| Accounting profit/(loss) before income tax  | (3,640,493) | 10,362,157  |
| Tax at the Australian tax rate of 30% (2023:30%)  | (1,092,148) | 3,108,648   |
| Non-deductible expenses   | 57,568      | 144,151     |
| Revaluation - LDA   | 68,885      | (3,993,641) |
| Deferred tax assets not brought to account  | 965,694     | 740,842     |
| Income tax  | -           | -           |
| <b>Recognised deferred tax assets</b>   |             |             |
| Carried forward tax losses  | 17,328,490  | 10,098,149  |
| <b>Recognised deferred tax liabilities</b>  |             |             |
| Assessable temporary differences  | 17,328,490  | 10,098,149  |
| <b>Net deferred tax recognised</b>  | -           | -           |
| <b>Unrecognised temporary differences and tax losses</b>  |             |             |
| Unused tax losses and temporary differences for which no deferred tax asset has been recognised | 946,117     | 17,347,456  |
| Unused capital losses for which no deferred tax asset has been recognised                       | 469,760     | 469,760     |

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise these benefits.

## NOTE 13 EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding NRE shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

|  | 2024        | 2023        |
|--|-------------|-------------|
|  | \$          | \$          |
| Earnings used to calculate basic and dilutive loss per share   | (3,640,493) | 10,362,157  |
|  | 2024        | 2023        |
|  | #           | #           |
| Weighted average number of ordinary shares outstanding during the year   | 931,403,135 | 919,071,059 |
| Adjustments for calculation of diluted loss per share - options  | -           | -           |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share | 931,403,135 | 919,071,059 |

Options, including in-substance options related to NRE shares, could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share for 2024 or 2023 as they were not dilutive.

## NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS

### Equity based instruments - Options

The Company has granted options over ordinary shares to employees (including Directors) in recognition of services provided to the Company. The options were granted for nil consideration and are not quoted on the ASX. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The Company has granted options over ordinary shares as part consideration to the lead managers of the 2024 capital raising program. The options are quoted on the ASX. The Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Information with respect to the number of options granted is as follows (the table below includes share-based payments and options issued in accordance with the LDA Put Option Agreement- tranche 45):

**NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)**

| Tranche | Grant Date | Expiry Date | Exercise Price | Opening Balance | Granted | Exercised | Lapsed      | Closing Balance | Vested and / or exercisable |
|---------|------------|-------------|----------------|-----------------|---------|-----------|-------------|-----------------|-----------------------------|
| 11      | 15-Oct-18  | 14-Oct-23   | \$0.15         | 1,500,000       | -       | -         | (1,500,000) | -               | -                           |
| 12      | 15-Oct-18  | 14-Oct-23   | \$0.25         | 1,800,000       | -       | -         | (1,800,000) | -               | -                           |
| 13      | 15-Oct-18  | 14-Oct-23   | \$0.40         | 800,000         | -       | -         | (800,000)   | -               | -                           |
| 14      | 15-Oct-18  | 14-Oct-23   | \$0.50         | 1,400,000       | -       | -         | (1,400,000) | -               | -                           |
| 25      | 20-Aug-21  | 20-Aug-26   | \$0.15         | 2,000,000       | -       | -         | (1,000,000) | 1,000,000       | 1,000,000                   |
| 26A     | 20-Aug-21  | 24-Sep-23   | \$0.25         | 750,000         | -       | -         | (750,000)   | -               | -                           |
| 26B     | 20-Aug-21  | 03-Oct-24   | \$0.25         | 1,000,000       | -       | -         | -           | 1,000,000       | -                           |
| 26C     | 20-Aug-21  | 05-Jul-24   | \$0.25         | 2,000,000       | -       | -         | -           | 2,000,000       | -                           |
| 26D     | 20-Aug-21  | 20-Aug-26   | \$0.25         | 1,000,000       | -       | -         | -           | 1,000,000       | -                           |
| 27A     | 20-Aug-21  | 24-Sep-23   | \$0.35         | 750,000         | -       | -         | (750,000)   | -               | -                           |
| 27B     | 20-Aug-21  | 03-Oct-24   | \$0.35         | 1,000,000       | -       | -         | -           | 1,000,000       | -                           |
| 27C     | 20-Aug-21  | 05-Jul-24   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000       | -                           |
| 27D     | 20-Aug-21  | 20-Aug-26   | \$0.35         | 1,000,000       | -       | -         | -           | 1,000,000       | -                           |
| 28A     | 20-Aug-21  | 24-Sep-23   | \$0.35         | 1,000,000       | -       | -         | (1,000,000) | -               | -                           |
| 28B     | 20-Aug-21  | 03-Oct-24   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000       | -                           |
| 28C     | 20-Aug-21  | 05-Jul-24   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000       | -                           |
| 28D     | 20-Aug-21  | 20-Aug-26   | \$0.35         | 2,000,000       | -       | -         | -           | 2,000,000       | -                           |
| 29      | 6-Sep-21   | 30-Jun-24   | \$0.25         | 250,000         | -       | -         | (250,000)   | -               | -                           |
| 30      | 6-Sep-21   | 30-Jun-24   | \$0.35         | 250,000         | -       | -         | (250,000)   | -               | -                           |
| 31      | 6-Sep-21   | 30-Jun-24   | \$0.50         | 500,000         | -       | -         | (500,000)   | -               | -                           |
| 32      | 25-Oct-21  | 25-Oct-26   | \$0.25         | 250,000         | -       | -         | -           | 250,000         | -                           |
| 33      | 25-Oct-21  | 25-Oct-26   | \$0.35         | 250,000         | -       | -         | -           | 250,000         | -                           |
| 34      | 25-Oct-21  | 25-Oct-26   | \$0.50         | 500,000         | -       | -         | -           | 500,000         | -                           |
| 35      | 29-Nov-21  | 29-Nov-26   | \$0.25         | 250,000         | -       | -         | -           | 250,000         | -                           |
| 36      | 29-Nov-21  | 29-Nov-26   | \$0.35         | 250,000         | -       | -         | -           | 250,000         | -                           |
| 37      | 29-Nov-21  | 29-Nov-26   | \$0.50         | 500,000         | -       | -         | -           | 500,000         | -                           |
| 38      | 6-Dec-21   | 30-Jun-24   | \$0.25         | 150,000         | -       | -         | (150,000)   | -               | -                           |
| 39      | 6-Dec-21   | 30-Jun-24   | \$0.35         | 150,000         | -       | -         | (150,000)   | -               | -                           |
| 40      | 6-Dec-21   | 30-Jun-24   | \$0.50         | 200,000         | -       | -         | (200,000)   | -               | -                           |
| 41      | 13-Dec-21  | 07-Oct-23   | \$0.15         | 400,000         | -       | -         | (400,000)   | -               | -                           |
| 42      | 13-Dec-21  | 07-Oct-23   | \$0.25         | 400,000         | -       | -         | (400,000)   | -               | -                           |
| 43      | 13-Dec-21  | 07-Oct-23   | \$0.35         | 200,000         | -       | -         | (200,000)   | -               | -                           |
| 44      | 13-Dec-21  | 07-Oct-23   | \$0.50         | 475,000         | -       | -         | (475,000)   | -               | -                           |
| 45      | 21-Dec-21  | 21-Dec-25   | \$0.055        | 71,500,000      | -       | -         | -           | 71,500,000      | 71,500,000                  |
| 49      | 20-May-22  | 16-Apr-25   | \$0.80         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |
| 50      | 20-May-22  | 16-Apr-25   | \$1.00         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |
| 51      | 20-May-22  | 16-Apr-25   | \$1.20         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |
| 52      | 20-May-22  | 16-Apr-25   | \$1.00         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |
| 55      | 15-Nov-22  | 15-Nov-27   | \$0.65         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |
| 56      | 15-Nov-22  | 15-Nov-27   | \$0.85         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |
| 57      | 15-Nov-22  | 15-Nov-27   | \$0.85         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |
| 58      | 15-Nov-22  | 15-Nov-27   | \$1.05         | 1,250,000       | -       | -         | -           | 1,250,000       | -                           |

**NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)**

| Tranche | Grant Date | Expiry Date | Exercise Price | Opening Balance    | Granted           | Exercised | Lapsed              | Balance at report date | Vested and / or exercisable |
|---------|------------|-------------|----------------|--------------------|-------------------|-----------|---------------------|------------------------|-----------------------------|
| 59      | 10-May-23  | 28-Nov-28   | \$0.65         | 1,250,000          | -                 | -         | -                   | 1,250,000              | -                           |
| 60      | 10-May-23  | 28-Nov-28   | \$0.85         | 1,250,000          | -                 | -         | -                   | 1,250,000              | -                           |
| 61      | 10-May-23  | 28-Nov-28   | \$0.85         | 1,250,000          | -                 | -         | -                   | 1,250,000              | -                           |
| 62      | 10-May-23  | 28-Nov-28   | \$1.05         | 1,250,000          | -                 | -         | -                   | 1,250,000              | -                           |
| 63      | 03-Jul-23  | 03-Jul-28   | \$0.15         | 250,000            | -                 | -         | (250,000)           | -                      | -                           |
| 64      | 03-Jul-23  | 03-Jul-28   | \$0.65         | 250,000            | -                 | -         | (250,000)           | -                      | -                           |
| 65      | 03-Jul-23  | 03-Jul-28   | \$0.85         | 250,000            | -                 | -         | (250,000)           | -                      | -                           |
| 66      | 03-Jul-23  | 03-Jul-28   | \$1.05         | 250,000            | -                 | -         | (250,000)           | -                      | -                           |
| 67      | 03-May-24  | 30-May-26   | \$0.05         | -                  | 5,010,000         | -         | -                   | 5,010,000              | 5,010,000                   |
| 69      | 27-May-24  | 01-Jun-29   | \$0.05         | -                  | 1,000,000         | -         | -                   | 1,000,000              | -                           |
| 70      | 27-May-24  | 01-Jun-29   | \$0.15         | -                  | 2,500,000         | -         | -                   | 2,500,000              | -                           |
| 71      | 27-May-24  | 01-Jun-29   | \$0.25         | -                  | 2,500,000         | -         | -                   | 2,500,000              | -                           |
|         |            |             |                | <b>115,475,000</b> | <b>12,010,000</b> | <b>-</b>  | <b>(12,975,000)</b> | <b>114,510,000</b>     | <b>77,510,000</b>           |
|         |            |             |                | <b>\$0.64</b>      | <b>\$0.16</b>     | <b>-</b>  | <b>\$0.34</b>       | <b>\$0.62</b>          |                             |

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.05 years.

**Options vesting conditions**

**Tranche 11 (lapsed during the year) relates to the milestones below:**

|  |  |
|--|--|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or \$25 million, whichever is the lesser; or</li> <li>Hawsons Iron having a 20-day VWAP of not less than 20 cents; or</li> <li>Hawsons Iron having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.</li> </ul> |
|--|--|

**Tranche 12 (lapsed during the year) relates to the milestones below:**

|  |   |
|--|---|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; or</li> <li>Hawsons Iron having a 20-day VWAP of not less than 50 cents; or</li> <li>Hawsons Iron having a market capitalisation of \$100 million or more; or</li> <li>Hawsons Iron having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.</li> </ul> |
|--|---|

**Tranche 13 (lapsed during the year) relates to the milestones below:**

|  |  |
|--|--|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>Hawsons Iron market capitalisation of \$300 million or more; or</li> <li>Completion of financing arrangements to construct the Hawsons Iron Project; or</li> <li>Decision to carry out the Hawsons Iron Project.</li> </ul> |
|--|--|

**Tranche 14 (lapsed during the year) relates to the milestones below:**

|  |  |
|--|--|
| Any of the following milestones achieved | <ul style="list-style-type: none"> <li>Commencement of commercial production at Hawsons; or</li> <li>Hawsons Iron market capitalisation of \$500 million or more.</li> </ul> |
|--|--|





**NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)****Tranches 25 – 44 and relates to the milestones below:**

|             |   |
|-------------|---|
| Milestone 1 | The Company raising the funding to carry out the Hawsons Bankable Feasibility Study (BFS) |
| Milestone 2 | Completion of the Hawsons BFS   |
| Milestone 3 | The raising of the capital cost, by the Company, to develop the Hawsons Iron Project      |
| Milestone 4 | The commencement of commercial production at the Hawsons Iron Project                     |

**Tranches 49-52 and 55-62 relates to the milestones below:**

|             |   |
|-------------|---|
| Milestone 1 | Completion of the Hawsons BFS   |
| Milestone 2 | The raising of the capital cost, by the Company, to develop the Hawsons Iron Project – successful bankability equals capital raise for mine build |
| Milestone 3 | Market capitalisation of the Company reaches AUD1,000,000,000   |
| Milestone 4 | First commercial shipment of iron ore product of the Company  |

**Tranches 63-66 relates to the milestones below:**

|            |   |
|------------|---|
| Tranche 63 | Board approval to start the BFS in 2023                               |
| Tranche 64 | Successful completion of the BFS                                      |
| Tranche 65 | The raising of the capital cost to develop the Hawsons Iron Project   |
| Tranche 66 | The commencement of commercial production at the Hawsons Iron Project |

**Tranche 68 – Lead manager options**

5,010,000 options were issued as part consideration to the lead manager of the 2024 capital raising program. Each option has an exercise price of \$0.05 and an expiry date of 30 May 2026. There are no vesting conditions applicable.

**Tranches 69-71 relates to the milestones below:**

|            |   |
|------------|---|
| Tranche 69 | BFS funding secured   |
| Tranche 70 | Successful completion of the BFS  |
| Tranche 71 | Financial investment decision (including all project funding) of the Hawsons Iron Project |

**Tranche 45 – Options issued to LDA Capital in accordance with the Put Option Agreement**

In accordance with the Agreement, the Company issued 71,500,000 unlisted options to LDA Capital, expiring on 21 December 2025, exercisable at \$0.70. The strike price of the options is \$0.055. Each option has an exercise period of four years.

**Option Fair Values**

The fair value at grant date for the options is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the Company.

**NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)**

| Tranche | Grant/valn Date | Expiry Date | Share Price | Exercise Price | Expected volatility | Expected Dividends | Risk free rate | Fair value | Valuation Method |
|---------|-----------------|-------------|-------------|----------------|---------------------|--------------------|----------------|------------|------------------|
| 11      | 15-Oct-18       | 15-Oct-23   | \$0.088     | \$0.15         | 77%                 | nil                | 2.29%          | \$0.0463   | Binomial         |
| 12      | 15-Oct-18       | 15-Oct-23   | \$0.088     | \$0.25         | 77%                 | nil                | 2.29%          | \$0.0384   | Binomial         |
| 13      | 15-Oct-18       | 15-Oct-23   | \$0.088     | \$0.40         | 77%                 | nil                | 2.29%          | \$0.0299   | Binomial         |
| 14      | 15-Oct-18       | 15-Oct-23   | \$0.088     | \$0.50         | 77%                 | nil                | 2.29%          | \$0.0261   | Binomial         |
| 25      | 20-Aug-21       | 20-Aug-26   | \$0.094     | \$0.15         | 85%                 | nil                | 0.502%         | \$0.0545   | Black-Scholes    |
| 26      | 20-Aug-21       | 20-Aug-26   | \$0.094     | \$0.25         | 85%                 | nil                | 0.502%         | \$0.0454   | Black-Scholes    |
| 27      | 20-Aug-21       | 20-Aug-26   | \$0.094     | \$0.35         | 85%                 | nil                | 0.502%         | \$0.0394   | Black-Scholes    |
| 28      | 20-Aug-21       | 20-Aug-26   | \$0.094     | \$0.50         | 85%                 | nil                | 0.502%         | \$0.0333   | Black-Scholes    |
| 29      | 06-Sep-21       | 06-Sep-26   | \$0.081     | \$0.25         | 85%                 | nil                | 0.651%         | \$0.0370   | Black-Scholes    |
| 30      | 06-Sep-21       | 06-Sep-26   | \$0.081     | \$0.35         | 85%                 | nil                | 0.651%         | \$0.0318   | Black-Scholes    |
| 31      | 06-Sep-21       | 06-Sep-26   | \$0.081     | \$0.50         | 85%                 | nil                | 0.651%         | \$0.0266   | Black-Scholes    |
| 32      | 25-Oct-21       | 25-Oct-26   | \$0.076     | \$0.25         | 85%                 | nil                | 1.163%         | \$0.0330   | Black-Scholes    |
| 33      | 25-Oct-21       | 25-Oct-26   | \$0.076     | \$0.35         | 85%                 | nil                | 1.163%         | \$0.0282   | Black-Scholes    |
| 34      | 25-Oct-21       | 25-Oct-26   | \$0.076     | \$0.50         | 85%                 | nil                | 1.163%         | \$0.0233   | Black-Scholes    |
| 35      | 29-Nov-21       | 29-Nov-26   | \$0.096     | \$0.25         | 85%                 | nil                | 1.348%         | \$0.0475   | Black-Scholes    |
| 36      | 29-Nov-21       | 29-Nov-26   | \$0.096     | \$0.35         | 85%                 | nil                | 1.348%         | \$0.0414   | Black-Scholes    |
| 37      | 29-Nov-21       | 29-Nov-26   | \$0.096     | \$0.50         | 85%                 | nil                | 1.348%         | \$0.0351   | Black-Scholes    |
| 38      | 6-Dec-21        | 6-Dec-26    | \$0.105     | \$0.25         | 85%                 | nil                | 1.276%         | \$0.0537   | Black-Scholes    |
| 39      | 6-Dec-21        | 6-Dec-26    | \$0.105     | \$0.35         | 85%                 | nil                | 1.276%         | \$0.0470   | Black-Scholes    |
| 40      | 6-Dec-21        | 6-Dec-26    | \$0.105     | \$0.50         | 85%                 | nil                | 1.276%         | \$0.0400   | Black-Scholes    |
| 41      | 13-Dec-21       | 13-Dec-26   | \$0.120     | \$0.15         | 85%                 | nil                | 1.319%         | \$0.0757   | Black-Scholes    |
| 42      | 13-Dec-21       | 13-Dec-26   | \$0.120     | \$0.25         | 85%                 | nil                | 1.319%         | \$0.0645   | Black-Scholes    |
| 43      | 13-Dec-21       | 13-Dec-26   | \$0.120     | \$0.35         | 85%                 | nil                | 1.319%         | \$0.0568   | Black-Scholes    |
| 44      | 13-Dec-21       | 13-Dec-26   | \$0.120     | \$0.50         | 85%                 | nil                | 1.319%         | \$0.0487   | Black-Scholes    |
| 49      | 15-Nov-22       | 16-Apr-25   | \$0.115     | \$0.80         | 114%                | Nil                | 3.449%         | \$0.0662   | Black-Scholes    |
| 50      | 15-Nov-22       | 16-Apr-25   | \$0.115     | \$ 1.00        | 114%                | Nil                | 3.449%         | \$0.0625   | Black-Scholes    |
| 51      | 15-Nov-22       | 16-Apr-25   | \$0.115     | \$1.00         | 114%                | Nil                | 3.449%         | \$0.0595   | Monte Carlo      |
| 52      | 15-Nov-22       | 16-Apr-25   | \$0.115     | \$1.20         | 114%                | Nil                | 3.449%         | \$0.0559   | Black-Scholes    |
| 55      | 15-Nov-22       | 15-Nov-27   | \$0.115     | \$0.65         | 114%                | Nil                | 3.449%         | \$0.0696   | Black-Scholes    |
| 56      | 15-Nov-22       | 15-Nov-27   | \$0.115     | \$0.85         | 114%                | Nil                | 3.449%         | \$0.0652   | Black-Scholes    |
| 57      | 15-Nov-22       | 15-Nov-27   | \$0.115     | \$0.85         | 114%                | Nil                | 3.449%         | \$0.0617   | Monte Carlo      |
| 58      | 15-Nov-22       | 15-Nov-27   | \$0.115     | \$1.05         | 114%                | Nil                | 3.449%         | \$0.0648   | Black-Scholes    |
| 59      | 10-May-23       | 10-May-28   | \$0.050     | \$0.65         | 115%                | Nil                | 3.181%         | \$0.0245   | Black-Scholes    |
| 60      | 10-May-23       | 10-May-28   | \$0.050     | \$0.85         | 115%                | Nil                | 3.181%         | \$0.0226   | Black-Scholes    |
| 61      | 10-May-23       | 10-May-28   | \$0.050     | \$0.85         | 115%                | Nil                | 3.181%         | \$0.0223   | Monte Carlo      |
| 62      | 10-May-23       | 10-May-28   | \$0.050     | \$1.05         | 115%                | Nil                | 3.181%         | \$0.0211   | Black-Scholes    |
| 63      | 03-Jul-23       | 03-Jul-28   | \$0.037     | \$0.15         | 127%                | Nil                | 3.089%         | \$0.0016   | Binomial         |
| 64      | 03-Jul-23       | 03-Jul-28   | \$0.037     | \$0.65         | 127%                | Nil                | 3.089%         | \$0.0204   | Binomial         |
| 65      | 03-Jul-23       | 03-Jul-28   | \$0.037     | \$0.85         | 127%                | Nil                | 3.089%         | \$0.0191   | Binomial         |
| 66      | 03-Jul-23       | 03-Jul-28   | \$0.037     | \$1.05         | 127%                | Nil                | 3.089%         | \$0.0180   | Binomial         |
| 67      | 03-May-24       | 30-May-26   | \$0.031     | \$0.05         | 118%                | Nil                | 4.092%         | \$0.0163   | Binomial         |
| 69      | 27-May-24       | 01-Jun-29   | \$0.031     | \$0.05         | 125%                | Nil                | 4.018%         | \$0.0252   | Binomial         |
| 70      | 27-May-24       | 01-Jun-29   | \$0.031     | \$0.15         | 125%                | Nil                | 4.018%         | \$0.0212   | Binomial         |
| 71      | 27-May-24       | 01-Jun-29   | \$0.031     | \$0.25         | 125%                | Nil                | 4.018%         | \$0.0198   | Binomial         |



## NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)

### Equity based instruments – Director and Employee Shares with Non-Recourse Loans

The Company has issued ordinary shares to Directors and employees pursuant to the HIO Employee Share Plan. The shares have been issued in return for an interest free loan from the Company whereby the Company only has recourse to the shares. This issue of shares has been treated as an *option* grant in accordance with AASB2 “Share Based Payment”. In line with AASB2 “Share Based Payment”, the related expense for the shares is recorded from the date that agreement with the employee is met.

Information with respect to the number of Director and employee shares with non-recourse loans granted is as follows:

| Tranche                                | Grant Date | Escrow Date | Exercise Price | Opening Balance | Granted in year | Exercised in year | Lapsed/ transferred during year | Closing Balance | Exercisable at end of year |
|--|------------|-------------|----------------|-----------------|-----------------|-------------------|---------------------------------|-----------------|----------------------------|
| Director 1                             | 31-May-11  | 31-May-12   | \$0.48         | 750,000         | -               | -                 | -                               | 750,000         | 750,000                    |
| Director 2                             | 31-May-11  | 31-May-13   | \$0.48         | 750,000         | -               | -                 | -                               | 750,000         | 750,000                    |
| Employee 1                             | 01-Mar-11  | 02-Mar-13   | \$0.60         | 2,100,000       | -               | -                 | -                               | 2,100,000       | 2,100,000                  |
| Employee 2                             | 05-Jul-13  | 05-Jul-13   | \$0.30         | 1,900,000       | -               | -                 | -                               | 1,900,000       | 1,900,000                  |
|  |            |             |                | 5,500,000       | -               | -                 | -                               | 5,500,000       | 5,500,000                  |
| <b>Weighted average exercise price</b> |            |             |                | <b>0.47</b>     | -               | -                 | -                               | <b>0.47</b>     | <b>0.47</b>                |

The value of the Director and Employee Shares with Non-Recourse Loans was calculated by using the Black-Scholes pricing model applying the inputs shown in the following table:

| Inputs into pricing model         | Director 1  | Director 2  | Employee 1   | Employee 2  |
|-----------------------------------|-------------|-------------|--------------|-------------|
| Grant date                        | 31 May 2011 | 31 May 2011 | 1 March 2011 | 5 July 2013 |
| Vesting date                      | 31 May 2011 | 31 May 2011 | 1 March 2011 | 5 July 2013 |
| Exercise price                    | \$0.48      | \$0.48      | \$0.60       | \$0.30      |
| Share price at grant date         | \$0.51      | \$0.51      | \$0.66       | \$0.19      |
| Life of the options               | 1 year      | 2 years     | 2 years      | 3 years     |
| Underlying share price volatility | 54%         | 54%         | 54%          | 88%         |
| Expected dividends                | Nil         | Nil         | Nil          | Nil         |
| Risk free interest rate           | 4.68%       | 4.68%       | 4.68%        | 2.82%       |

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

### Expenses arising from employee share-based payment transactions

Total expenses arising from employee share-based payment transactions recognised during the period as part of employment benefit expenses (refer note 4) were as follows:

|         | 2024    | 2023      |
|---------|---------|-----------|
|         | \$      | \$        |
| Options | 191,895 | 1,029,825 |

## NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)

### FY2023 Treatment of retired director options

During the prior year, Jon Parker and David Woodall retired from the Board of Directors. In line with accounting standard AASB 2 *Share Based-Payment*, at the date of retirement the value of previously issued options to these directors was recognised in full, less any amounts previously recognised up to the retirement date (amount included in share-based payments expense \$342,100).

In addition, under the rules of the Hawsons Option Plan, retiring employee and directors are granted 12 months from the date of retirement to meet the performance hurdles of relevant option tranche. The Company extended this period to 24 months for both Jon Parker and David Woodall. AASB 2 *Share Based-Payment* requires that the value (\$243,725) of this beneficial modification to the option tranches be recognised as an expense on retirement date (amount included in share-based payments expense).

## NOTE 15 RELATED PARTY and KEY MANAGEMENT PERSONNEL

### Key management personnel compensation

Key management personnel comprise Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

| Summary                      | 2024<br>\$ | 2023<br>\$ |
|------------------------------|------------|------------|
| Short-term employee benefits | 802,734    | 738,031    |
| Post-employment benefits     | 49,567     | 58,877     |
| Termination benefits         | 214,638    | -          |
| Share-based payments         | 174,252    | 716,661    |
|                              | 1,241,191  | 1,513,569  |

Detailed remuneration disclosures are provided in the remuneration report (within the Directors' Report).

### Amounts Owed to Key Management Personnel and Other Related Parties

Amounts payable to the former Managing Director at 30 June 2024 were \$240,600 – refer Note 7. (2023: Nil).

### Transactions with Related Parties

There were no other transactions between the Company and its related parties during the year (2023: Nil).

## NOTE 16 FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks and accounts receivable, payable, financial derivative assets and financial derivative liabilities.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board is responsible for managing the Company's identification and control of financial risks and for evaluating treasury management strategies in the context of the most recent economic conditions and forecasts.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

### (a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Company incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Company.

## NOTE 16 FINANCIAL RISK MANAGEMENT (continued)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2024 (2023: nil).

Credit risk is reviewed regularly by the Board. It arises from deposits with financial institutions. The Company does not have any material credit risk exposure.

### Maximum exposure to credit risk

|                           | 2024      | 2023      |
|---------------------------|-----------|-----------|
|                           | \$        | \$        |
| Non-trade receivables     | 306,474   | 371,474   |
| Cash and cash equivalents | 3,299,421 | 7,246,403 |
|                           | 3,605,895 | 7,617,877 |

### Credit risk - Cash and cash equivalents

The counterparty to these financial assets is Westpac a large financial institution with a strong credit rating.

### Credit risk - Receivables

Amounts owed to the Company comprise receivables in relation to security bonds for exploration tenements.

### (b) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

The table below reflects the contractual maturity financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2024. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

|                                   | 2024      | 2023      |
|-----------------------------------|-----------|-----------|
|                                   | \$        | \$        |
| <u>Less than one year</u>         |           |           |
| <i>Non-derivatives</i>            |           |           |
| Trade and other payables          | 755,129   | 391,919   |
| Borrowings                        | 37,210    | -         |
| Lease liabilities                 | 90,607    | 132,536   |
| Other payable – consultant fee    | 972,544   | 972,544   |
|                                   | 1,855,490 | 1,496,999 |
| <u>Between one and five years</u> |           |           |
| <i>Non-derivatives</i>            |           |           |
| Lease liabilities                 | -         | 103,082   |

Terms and conditions relating to the above financial instruments:

- Trade creditors are unsecured, non-interest bearing and are normally settled on 30-day terms
- Other creditors are unsecured and non-interest bearing
- Due to the short-term nature of the current payables the carrying value is assumed to approximate their fair value.

## NOTE 16 FINANCIAL RISK MANAGEMENT (continued)

### (c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The Company is not exposed to any significant foreign currency or price risk.

#### Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. The Company does not have any material interest rate exposure.

### (d) Capital Risk Management

Management controls the capital of the Company in order to provide capital growth to shareholders and ensure the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital. Further detail on share capital can be found in Note 9. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

### (e) Fair Values

The fair values of financial assets and liabilities approximate their carrying value.

## NOTE 17 AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Limited, the auditor of the Company, and its network firms:

|   | 2024    | 2023    |
|---|---------|---------|
|   | \$      | \$      |
| <i>Audit services:</i>                      |         |         |
| Audit or review of the financial statements | 112,000 | 121,800 |
| <i>Other services:</i>                      |         |         |
| Whistleblowing services                     | 3,000   | 3,000   |
| Tax compliance services                     | 9,695   | 16,000  |
|   | 12,695  | 19,000  |
| Total remuneration - BDO                    | 124,695 | 140,800 |

## NOTE 18 COMMITMENTS

### Future exploration

The Company has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Company.

|  | 2024           | 2023             |
|--|----------------|------------------|
|  | \$             | \$               |
| <i>Exploration obligations to be undertaken:</i> |                |                  |
| Payable within one year                          | 29,147         | 432,670          |
| Payable between one year and five years          | 78,675         | 1,205,456        |
| Payable after five years                         | 16,667         | 156,052          |
|  | <b>124,489</b> | <b>1,794,178</b> |

To keep tenements in good standing, work programmes should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

## NOTE 19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### Contingent Liabilities

There are no material contingent liabilities at 30 June 2024.

### Contingent Assets

There are no material contingent assets at 30 June 2024.

## NOTE 20 EVENTS AFTER REPORTING DATE

Subsequent to year end, following approval at a shareholder meeting, the Company issued an additional 7,575,758 ordinary shares and 7,575,758 options to Directors.

On 23 July 2024, Hawsons entered into a Deed of Settlement and Release in which:

- ASI Liquidator will file a consent order for the court for the case against Hawsons to be dismissed;
- ASI Liquidator has also undertaken not to re-join Hawsons Iron to the case in the future, nor commence any new proceedings against Hawsons Iron;

In exchange, Hawsons has paid a settlement amount of \$250,000 cash and issued 1,930,143 HIO shares at \$0.0259 per share.

The Hawsons shares issued to ASI Liquidator were transferred from unpaid Non-recourse employee shares, resulting in no change in the overall number of shares on issue.

There have been no events since 30 June 2024 that impact upon the financial report.



## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Hawsons Iron Limited has no controlled entities and therefore is not required by the Australian Accounting Standards to prepare consolidated financial statements. As a result, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

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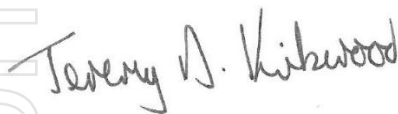


## DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The consolidated entity disclosure statement on page 57 is true and correct.
5. The remuneration disclosures included in pages 14 to 23 of the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2024, comply with section 300A of the *Corporations Act 2001*.
6. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Director

Dated 30 August 2024



## INDEPENDENT AUDITOR'S REPORT

To the members of Hawsons Iron Limited

### Report on the Audit of the Financial Report

We have audited the financial report of Hawsons Iron Limited (the Company), which comprises the balance sheet as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of Hawsons Iron Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) 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 Company in accordance with 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.

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

#### 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Financial assets and financial liabilities - LDA financial arrangement

| Key audit matter  | How the matter was addressed in our audit   |
|---|---|
| <p>As a result of the Put Option Agreement held with LDA Capital, to provide equity funding over a four-year period, the Company recognises a financial derivative asset at fair value and a financial derivative liability at fair value, as disclosed in Note 8. In addition, the Company has recorded a net fair value loss on these financial instruments in profit or loss.</p> <p>Valuing these types of financial derivatives is complex and involves a number of unobservable inputs and estimates which have been disclosed in the financial statements.</p> <p>The audit of the accounting for the LDA financial arrangement is a key audit matter due to the significant judgment and complexity involved in determination of the fair values of the derivative asset - put option premium and derivative liability - call option.</p> | <p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Evaluating management’s assessment of the fair values of the financial derivative asset and liabilities booked at reporting date.</li> <li>• Engaging our internal corporate finance specialist to assess the reasonableness of the assumptions and methodology used in the derivative asset and liability valuations.</li> <li>• Reconciling the fair value movements on the financial derivatives and corresponding impact in profit or loss.</li> <li>• Assessing the adequacy of presentation and disclosures in the financial statements.</li> </ul> |

## Carrying value of exploration and evaluation assets

| Key audit matter  | How the matter was addressed in our audit  |
|---|--|
| <p>The Company carries exploration and evaluation assets in accordance with the Company’s accounting policy for exploration and evaluation expenditure, as set out in Note 6.</p> <p>The recoverability of exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the total balance; and</li> <li>• The level of procedures undertaken to evaluate management’s application of the requirements of AASB 6 Exploration for Evaluation of Mineral Resources (‘AASB 6’) in light of any indicators of impairment that may be present.</li> </ul> | <p>Our Procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtaining evidence that the Company has valid rights to explore the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and considering whether the Company maintains tenements in good standing.</li> <li>• Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Company’s cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Company as to their intentions and strategy.</li> <li>• Enquiring of management, reviewing ASX announcements and reviewing directors’ minutes to ensure the Company had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.</li> </ul> |

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## Other information

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

Our opinion on the financial report does not cover the other information and 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.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report 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:

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

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

## 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 (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

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 14 to 23 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Hawsons Iron Limited, for the 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.

BDO Audit Pty Ltd

BDO  


K L Colyer  
Director

Brisbane, 30 August 2024

## ADDITIONAL STOCK EXCHANGE INFORMATION

### DISTRIBUTION OF NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 27 AUGUST 2024

#### Ordinary Shares: HIO

| Number of Securities Held | Ordinary Shares Fully Paid | Number of Holders |
|---------------------------|----------------------------|-------------------|
| 0 to 1,000                | 271,147                    | 465               |
| 1,001 to 5,000            | 4,514,694                  | 1,538             |
| 5,001 to 10,000           | 8,598,279                  | 1,094             |
| 10,001 to 100,000         | 135,461,940                | 3,573             |
| 100,001 and over          | 867,407,532                | 1,586             |
|                           | <b>1,016,501,368</b>       | <b>8,256</b>      |

Number of shareholders holding unmarketable parcels 4,482

#### ASX Listed Options: HIOO

| Number of Securities Held | HIOO Options       | Number of Holders |
|---------------------------|--------------------|-------------------|
| 0 to 1,000                | 1                  | 1                 |
| 1,001 to 5,000            | -                  | -                 |
| 5,001 to 10,000           | -                  | -                 |
| 10,001 to 100,000         | 5,065,069          | 141               |
| 100,001 and over          | 97,375,239         | 104               |
|                           | <b>102,440,309</b> | <b>246</b>        |

Number of shareholders holding unmarketable parcels 159

### TWENTY LARGEST HOLDERS OF EACH QUOTED SECURITY

#### Ordinary Shares: HIO

| #  | Name                                       | Ordinary Shares      | %             |
|----|--|----------------------|---------------|
| 1  | MR GLEN CORBY BULL                         | 22,000,000           | 2.16          |
| 2  | DR EDMUND TEOW WONG EK                     | 18,892,952           | 1.86          |
| 3  | BNP PARIBAS NOMINEES PTY LTD               | 17,296,134           | 1.70          |
| 4  | MR KENNETH JOSEPH HALL                     | 16,000,000           | 1.57          |
| 5  | MR BRANKO SUBOTA                           | 13,255,555           | 1.30          |
| 6  | CITICORP NOMINEES PTY LIMITED              | 10,352,263           | 1.02          |
| 7  | JKS GROUP HOLDINGS PTY LTD                 | 9,884,699            | 0.97          |
| 8  | FINCLEAR SERVICES PTY LTD                  | 7,510,992            | 0.74          |
| 9  | MR DAVID CAMPBELL RANKOVICH                | 6,000,000            | 0.59          |
| 10 | MR SURINDER SINGH & MRS SATWINDER KAUR     | 5,295,001            | 0.52          |
| 11 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED  | 5,001,177            | 0.49          |
| 12 | MR EMANUEL CUREA                           | 5,000,000            | 0.49          |
| 13 | MR KUN LIU                                 | 4,961,290            | 0.49          |
| 14 | COMO GROUP HOLDINGS PTY LTD                | 4,930,304            | 0.49          |
| 15 | MR PETER FRANK FILICE & MRS BELINDA FILICE | 4,763,271            | 0.47          |
| 16 | MISS THI HUE NGUYEN                        | 4,429,402            | 0.44          |
| 17 | METROCOUNT PTY LTD                         | 4,116,301            | 0.40          |
| 18 | MRS LIJUN SUN                              | 3,548,229            | 0.35          |
| 19 | MR ALIN BENEÀ                              | 3,500,000            | 0.34          |
| 20 | MR KOK LEONG WONG                          | 3,425,000            | 0.34          |
|    | <b>Total</b>                               | <b>170,162,570</b>   | <b>16.74</b>  |
|    | <b>Balance of register</b>                 | <b>846,338,798</b>   | <b>83.26</b>  |
|    | <b>Grand total</b>                         | <b>1,016,501,368</b> | <b>100.00</b> |



## ASX Listed Options: HIOO

| #  | Name  | HIOO Options       | %             |
|----|---|--------------------|---------------|
| 1  | NALJE PTY LIMITED                                 | 9,000,000          | 8.79          |
| 2  | CITICORP NOMINEES PTY LIMITED                     | 5,892,879          | 5.75          |
| 3  | EVOLUTION CAPITAL PTY LTD                         | 4,809,600          | 4.70          |
| 4  | DR EDMUND TEOW WONG EK                            | 4,545,455          | 4.44          |
| 5  | GAUDION NOMINEES PTY LTD                          | 4,491,415          | 4.38          |
| 6  | MINGENEW HOLDINGS PTY LTD                         | 4,270,000          | 4.17          |
| 7  | MR DANIEL GIOVINAZZO                              | 4,000,000          | 3.90          |
| 8  | JKS GROUP HOLDINGS PTY LTD                        | 3,157,730          | 3.08          |
| 9  | COMO GROUP HOLDINGS PTY LTD                       | 3,030,304          | 2.96          |
| 10 | MR PAUL ANTHONY SHARP                             | 3,000,000          | 2.93          |
| 11 | RIYA INVESTMENTS PTY LTD                          | 2,500,000          | 2.44          |
| 12 | INVIA CUSTODIAN PTY LIMITED                       | 2,272,727          | 2.22          |
| 13 | ANTHONY MCGRADY                                   | 2,272,727          | 2.22          |
| 14 | MR PAUL SHARP & MR VALENTINE DURNIN               | 2,266,032          | 2.21          |
| 15 | AUSTRALIAN IRON AND METAL PTY LTD                 | 2,050,000          | 2.00          |
| 16 | FINCLEAR SERVICES PTY LTD                         | 1,642,086          | 1.60          |
| 17 | MR COLIN GREGORY HOCKEY                           | 1,515,152          | 1.48          |
| 18 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 1,515,152          | 1.48          |
| 19 | MR DAVID JOHN NIXON                               | 1,500,423          | 1.46          |
| 20 | JKS GROUP HOLDINGS PTY LTD                        | 1,385,289          | 1.35          |
|    | <b>Total</b>                                      | <b>65,116,971</b>  | <b>63.57</b>  |
|    | <b>Balance of register</b>                        | <b>37,323,338</b>  | <b>36.43</b>  |
|    | <b>Grand total</b>                                | <b>102,440,309</b> | <b>100.00</b> |

### VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

No option holder has any voting rights under.

### SUBSTANTIAL SHAREHOLDERS

There was no substantial shareholders of the Company at 27 August 2024.

## SCHEDULE OF TENEMENTS

| Licence | Notes | Name         | Grant date | Expiry date | Equity | Units | Area (km <sup>2</sup> ) |
|---------|-------|--------------|------------|-------------|--------|-------|-------------------------|
| EL6979  | 1     | Redan        | 11/12/2007 | 11/12/2026  | 100%   | 62    | 180                     |
| EL7208  |       | Burta        | 22/09/2008 | 22/09/2025  | 100%   | 100   | 290                     |
| EL7504  |       | Little Peak  | 08/04/2010 | 08/04/2029  | 100%   | 14    | 41                      |
| EL9620  |       | Wonga        | 05/12/2023 | 05/12/2029  | 100%   | 41    | 41                      |
| MLA641  | 2     | Hawsons Iron | 18/12/2023 | 18/12/2025  | 100%   | NA    | 287                     |

1 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.

2 MLA made on 18 December 2013. Tenement application subject to unspecified grant date and conditions.

## ANNUAL MINERAL RESOURCE STATEMENT

In accordance with ASX Listing Rule 5.21, the Company reviews and reports its Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources over the course of the year, the Company is required to promptly report these changes.

The Company during the financial year has reported a JORC 2012 resource estimate for the Hawsons Iron project. The completed Mineral Resource estimates below are reported in accordance with the JORC Code (2012) using a 4% (2023: 6%) recovered magnetic fraction ("DTR") cut-off constrained to a pit shell:

| Category     | Mineral Resources Estimate<br>June 2024 |             |                | Mineral Resources Estimate<br>June 2023 |             |                |
|--------------|---|-------------|----------------|---|-------------|----------------|
|              | Mt                                      | DTR %       | Concentrate Mt | Mt                                      | DTR %       | Concentrate Mt |
| Measured     | 528                                     | 12.9        | 68             | 394                                     | 13.7        | 54             |
| Indicated    | 1,882                                   | 11.2        | 210            | 1,576                                   | 12.0        | 190            |
| Inferred     | 2,005                                   | 11.3        | 226            | 1,954                                   | 12.1        | 237            |
| <b>Total</b> | <b>4,415</b>                            | <b>11.4</b> | <b>504</b>     | <b>3,924</b>                            | <b>12.3</b> | <b>481</b>     |

| Category     | Fe %        | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | TiO <sub>2</sub> % | P ppm     | S ppm     | LOI %       |
|--------------|-------------|--------------------|----------------------------------|--------------------|-----------|-----------|-------------|
| Measured     | 69.0        | 3.4                | 0.26                             | 0.05               | 73        | 42        | -2.8        |
| Inferred     | 68.6        | 3.6                | 0.30                             | 0.06               | 83        | 54        | -2.6        |
| Indicated    | 68.2        | 4.2                | 0.32                             | 0.06               | 84        | 60        | -2.7        |
| <b>Total</b> | <b>68.4</b> | <b>3.8</b>         | <b>0.30</b>                      | <b>0.06</b>        | <b>82</b> | <b>56</b> | <b>-2.7</b> |

### Material Changes and Resource Statement Comparison

Comparison with the December 2022 estimate indicates a 12.5% increase in the size of the resource despite a 6% drop in density with an overall 5% increase in DTR concentrate tonnes. The increased resource was accompanied by a 6% decrease in the DTR grade but with a 0.3% increase in the iron concentrate grade to 68.4%. The amount of Measured Resource has increased by 34% with a 5.5% decrease in DTR grade resulting in a 26.6% increase in DTR tonnes. The increase in the global resource size is due to the new drilling with the addition of some new material from the periphery of the Fold prospect, which has lower DTR grades and density, a change in the cut-off grade from 6% DTR to 4% and the new pit shell design.

## Governance Arrangements and Internal Controls

HIO has ensured that the Mineral Resources quoted are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by suitably qualified personnel who are experienced in best practices in modelling and estimation methods, and HIO has also undertaken reviews of the quality and suitability of the underlying information used to determine the resource estimate.

### Disclosure

The data in this report that relates to Exploration Results and Exploration Targets for the Hawsons Magnetite Project is based on information evaluated by Mr Wesley Nichols who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and who 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 Nichols is a full-time employee of Hawsons Iron Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

The data in this report that relates to Mineral Resource estimates for the Hawsons Magnetite Project is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who 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 is a director of H & S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.