



Hawsons IRON

WORLD'S BEST IRON ORE PRODUCT

Hawsons secures A\$200m equity funding package

Hawsons Iron Ltd (HIO) has signed a A\$200 million equity financing Put Option Agreement (Agreement) with United States investment group LDA Capital Limited (LDA Capital) to access additional funding to develop its high-grade iron ore project.

Key Points

- **HIO may access up to A\$200m in equity capital over four years**
- **HIO will access up to a further A\$50.05m where LDA exercises 71,500,000 unlisted share options**
- **HIO can access the A\$200m at its sole discretion**
- **The funding package, secured at low cost, substantially reduces project financing risk**
- **LDA Capital's support recognises the economic potential of the world-class Hawsons Iron Project asset and Hawsons Supergrade® iron product within the Green Steel supply chain.**

HIO will be entitled to flexibly draw down up to A\$200 million by issuing put options to LDA Capital over the duration of the four-year Agreement.

The Agreement includes unlisted share options under which HIO will issue 71,500,000 options to LDA Capital. The strike price of the options is 125% of the 90-day VWAP at the two-year anniversary of the issue of the options, or if the 90-day VWAP at the two-year anniversary of the issue of the options is at least \$0.55, then \$0.70. Options exercised by LDA Capital will inject up to a further A\$50.05 million in equity capital into HIO.

Executive Chairman, Bryan Granzien, welcomed LDA Capital's support as an international investment partner, providing HIO with a flexible and non-restrictive source of equity capital.

"This is a major milestone for the Company," said Mr Granzien. "LDA Capital's support is a recognition of the quality of the Hawsons' iron ore body, its commercial potential, and strategic value within the emerging *Green Steel* supply chain, as evidenced by the pricing of the associated options package."

"It is a strong signal to capital markets that we have a credible global funding option in place to assist the development of our world-class Hawsons Iron Project. The cost-effective and flexible funding package affords HIO access to equity funds, if required. This provides enhanced certainty and the ability to deal with, among other things, any potential unforeseen events during project development," Mr Granzien said.

"Importantly, HIO has total control over the quantum and timing of any drawdowns under this four-year Agreement," he said. "We will always act in our shareholders' best interests and have negotiated this package as one important piece of our capital stack build.

"To have this piece of the capital stack in place is an outstanding achievement for HIO and it, together with our current cash at bank, puts HIO in a very strong position in the short, medium, and longer-term," he said.

HIO's low-cost funding package comprises a 2% facility fee totalling A\$4 million which is payable within 12 months from the anniversary date of the Agreement. This will comprise A\$2 million in cash and the balance in shares (based on 90% of the 90-day VWAP preceding the 12-month anniversary date). In addition, the Company has agreed to issue up to 71,500,000 unlisted options to LDA Capital as described above.

"The strike price of the options recognises the value yet to be unlocked in the Company is clearly appreciated by LDA," Mr Granzien said.

LDA Capital co-founder, Anthony Romano, said he and the team at LDA Capital were impressed with the quality of HIO's resource asset, the Company's management and the development strategy for the project.

"We are extremely pleased to have been selected as a strategic financial partner of HIO because we can clearly see the exceptional value of the Company's resource asset and emerging position within the *Green Steel* supply chain," he said.

"We look forward to playing a key role as a source of financial support for HIO, both in the short and longer-term timeframes to enable the Company to grow the full value of a truly world-class iron ore asset."

A Bankable Feasibility Study (BFS) for the Hawsons Iron Project is already underway, fully funded via the recent A\$35.6million capital raising before costs. The BFS is on track for completion in December 2022.

Leading research firm, Wood Mackenzie, has rated the Hawsons Iron Project as one of the world's best high-grade iron ore development projects - excluding replacement or expansion projects owned by established miners.

Modelling using various iron ore price points, has demonstrated the project's economic attractiveness and ability to withstand any expected volatility within the iron ore price cycle.

With 70% iron content, the Hawsons Iron Project's Hawsons Supergrade® quality feedstock will attract a premium price irrespective of market fluctuations.

The softness of the orebody, which has been deposited within siltstone, means less energy will be required to crush the ore and will produce a higher grade of iron ore.

The ore breaks cleanly around the grain boundaries to enable separation from waste minerals. Comminution power consumption is calculated at up to 75% less than hard-rock magnetite mines in Western Australia and other parts of the world and is to be confirmed during the ongoing BFS works.

Put Option Agreement particulars

HIO may access the equity capital by exercising put options under the Agreement at the Company's election for a period of four years from the date of execution.

The Company may draw down an aggregate amount of up to A\$200 million under the Agreement. The Company can draw down funds during the term of the Agreement by issuing ordinary shares of the Company (Shares) for subscription to LDA Capital.

The Company may issue call notices to LDA Capital with each call notice being a put option on LDA Capital to subscribe for and pay for those Shares on closing, subject to the satisfaction of certain conditions precedent, including requirements for the Company to have released applicable Corporations Act and ASX filings on the ASX.

The number of Shares subject to a call notice is limited to a maximum of 10 times the average daily number of the Company's Shares traded on the ASX during the 15-trading day period before its issue. The issue price of the capital call Shares will be 90% of the higher of the average VWAP of Shares in the 30-trading day period prior to the issue of the put option notice by HIO (subject to any applicable adjustments) and the minimum acceptable price (MAP) notified to LDA Capital by the Company upon exercise of the put option. The VWAP calculation is subject to adjustment as a result of certain events occurring including trading volumes falling below an agreed threshold level or a material adverse event occurring in relation to the Company.

In addition, the Company has agreed to issue up to 71,500,000 unlisted options to LDA Capital. The strike price of the options is 125% of the 90-day VWAP at the two-year anniversary of the issue of the options, or if the 90-day VWAP at the two-year anniversary of the issue of the options is at least \$0.55, then \$0.70. Each option has an exercise period of four years. These options will be issued under the Company's Listing Rule 7.1 placement capacity.

The Company has agreed to pay an Option Premium Fee to LDA Capital of A\$4 million payable within 12 months of the date of execution of the Agreement – 50% (A\$2 million) to be in cash and 50% in shares based on 90% of the average VWAP of Shares in the 90-trading day period preceding the 12-month anniversary date from signing of the Agreement. HIO will also cover legal costs capped at US\$25,000.

Additional information in relation to the Agreement and the securities the Company has agreed to issue under the Agreement can be found in the Appendix 3B that accompanies and is released with this announcement on the ASX announcement platform.

Released by authority of the Board

Hawsons Iron Limited
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About LDA Capital

LDA Capital is a global investment group with expertise in complex, cross border transactions worldwide. Its team has dedicated their careers to international and cross border opportunities having collectively executed over 200 transactions in both the public and private markets across 42 countries with aggregate transaction values of over US\$10 billion. LDA has offices in Los Angeles, Bogota, and Madrid.

About Hawsons Iron Limited

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

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

The Hawsons Iron Project Bank Feasibility Study (BFS)

The Hawsons Iron Project BFS is fully funded via a recent \$35.6million capital raising before costs, delivering the financial resources to undertake and complete the BFS, targeted for completion in December 2022. For more information go to <https://hawsons.com.au>. Follow on Twitter: <https://www.twitter.com/HawsonsIron>
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