

## Hawsons strategic review to consider staged project scale up options

### Key points

- Strategic review to consider all options including a staged production scale up concept
- Concept to consider initial use of existing rail and port transport infrastructure to reduce capital costs
- Valuable 20 Mtpa BFS project data being consolidated for future use
- Project's potential as a source of high-grade magnetite concentrate remain
- Shareholders urged to support AGM resolutions to reset equity raising placement capacity

Hawsons Iron Ltd (**Hawsons** or the **Company**) advises that work has immediately commenced on a strategic review of the proposed Hawsons Iron Project's development to examine options to scale production up in stages, including potential to rely initially on existing transport infrastructure to reduce capital costs.

Managing Director Mr Bryan Granzien said while the Bankable Feasibility Study (**BFS**) activity for the preferred 20 million tonne per annum (20 Mtpa) option had slowed - due to an unforeseen escalation in recent infrastructure capital cost estimates - the review would examine less expensive pathways. (*See ASX Announcement dated 17 October 2022: Bankable Feasibility Study activity slowed*)

"The Board's decision to slow activity on the 20 Mtpa BFS was rightly taken to prudently preserve the Company's cash resources while we take stock, move into problem solving mode and formulate the optimal path forward, which will be impacted by the changing world conditions," he said. "The strategy could conceptually involve developing a multi-stage mining operation with a lower-base production rate initially to "right-size" the project until improved market conditions enable development of our preferred 20 Mtpa operation."

The Strategic Review will:

- Consolidate and safeguard all the valuable data and information captured to date
- Examine all potential options, including scaling the project up using existing rail and port infrastructure to minimise up-front capital costs
- Conceptually consider a multi-stage mining operation with a lower base production rate to "right-size" the project until improved market conditions enable development of the preferred 20 Mtpa operation to resume.

The BFS has focused on the development of a proposed 20 Mtpa magnetite mine near Broken Hill in NSW, connected to a new deep-water port at Myponie Point on South Australia's eastern Spencer Gulf by a 390km direct-to-port underground slurry pipeline.

Mr Granzien stressed that while the global economic climate and associated supply chain cost impacts had changed rapidly, the longer-term future potential of the Hawsons Iron Project remained unaffected by the decision to slow activity on the BFS and the market's response this week.

“To reiterate, we absolutely believe in the value of our project as a source of high-grade magnetite concentrate for the ‘Green Steel’ supply chain and are fully committed to examining all options available to us,” he said.

The recently completed Mineral Resource upgrade established a project resource of 481 million tonnes of Hawsons Supergrade® Fe concentrate and ongoing discussions with potential off-takers have identified much greater demand than the proposed 20 Mtpa production profile.

In a recent report, “Pedal to the Metal”, research and consultancy firm Wood McKenzie underlined the importance of high-grade iron ore products to emissions reduction in the carbon intensive steelmaking industry and potential for the Hawsons Iron Project to support Australia’s contribution.

However, Mr Granzien said in order to evaluate and determine the optimal pathway forward, the Company would still need to raise additional working capital, contingent on Shareholder approval of several resolutions at the forthcoming Annual General Meeting on 15 November 2022.

He urged Shareholders to support these resolutions which would significantly enhance the Company’s equity raising placement capacity and options for funding required activities.

“We were preparing to raise additional capital earlier in the year, but a rapidly rising aversion to risk within equity markets abruptly curtailed our plans in the face of mounting global economic uncertainty,” Mr Granzien said.

“The updated capital cost estimates included implausible contingencies of up to 50 per cent and in some components of the project an escalation of as much as a 300 per cent-plus within a year.

“These numbers could not be ignored and it is expected many other companies around the world will be facing similar challenges. The Board’s decision to slow down work on the BFS was taken in response, and we were obliged to advise Shareholders before determining the optimum solution.”

Mr Granzien said the inflationary impacts of the pandemic on the global economy, combined with the interest rate policy responses of central banks around the world and the Russian invasion of Ukraine, could continue generating strong market headwinds for some time to come.

Hawsons will keep the market informed in accordance with its continuous disclosure obligations.

**Released by authority of the Board**

Hawsons Iron Limited  
19 October 2022

**For further information:**

Media contact:  
Kerry Bailey, Corporate Communications Lead  
E: [kerry.bailey@hawsons.com.au](mailto:kerry.bailey@hawsons.com.au)  
P: +61 (0)419 024 721

Investor Relations contact:  
Mr Greg Khan, CFO and Company Secretary  
E: [greg.khan@hawsons.com.au](mailto:greg.khan@hawsons.com.au)  
P: +61 (0)474 550 720



**About Hawsons Iron Ltd**

Hawsons Iron Ltd (ASX: HIO) is an iron ore developer and producer listed on the Australian Securities 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 the Project, which was completed in 2017, showed that it is capable of producing the world's highest-grade iron product (70% Fe), making it among the world's leading undeveloped high-quality iron ore concentrate and pellet feed projects. Leading research firm Wood Mackenzie in Q2 FY 2019 rated the project one of the world's best high-grade iron ore development projects, excluding replacement or expansion projects owned by the established miners.

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

Follow Hawsons on Twitter: <https://www.twitter.com/HawsonsIron>

Follow Hawsons on LinkedIn: <https://www.linkedin.com/company/hawsonsiron/>

Follow Hawsons on Facebook: <https://www.facebook.com/HawsonsIron>

To access the Hawsons Iron electronic media kit click on this [link](#):

ENDS-

