Annual Financial Report

For the Year Ended 30 June 2023

ABN 63 095 117 981
ASX Code: HIO

Directors' report

Your Directors present their report on Hawsons Iron Limited and its controlled entities (Consolidated Entity) for the year ended 30 June 2023.

Directors

The names and details of the Directors of Hawsons Iron Limited (Hawsons, Hawsons Iron or the Company) in office at the date of this report or at any time during the financial period are:

Name	Position during the year	Period of directorship
Bryan Granzien	Executive Chairman Managing Director	16 April 2023 to present 20 May 2022 to 16 April 2023 Appointed as a director on 29 December 2020
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Jeremy Kirkwood	Non-executive Director	Appointed 10 May 2023
Hon. Tony McGrady AM	Non-executive Director	Appointed 3 October 2022
David Woodall	Non-executive Chairman	Appointed 20 May 2022, retired 16 April 2023
Jon Parker	Non-executive Director	Appointed 11 February 2011, retired 3 October 2022

Bryan Granzien
B. Business, GAICD
Executive Chairman

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. Following a range of senior executive roles with MIM Holdings and Grainco Australia, Mr. Granzien held General Manager positions at both Neumann Steel and NatSteel Australia from 2004 to 2011. Mr. Granzien was then CEO for Tata Steel Australia, representing the parent company Tata Steel Limited as a director and CEO on Australian subsidiaries Tata Steel Resources and Kalimati Coal.

He has a Bachelor of Business degree and is a graduate of the Australian Institute of Company Directors and Fellow of the CEO Institute.

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

Paul Cholakos
Bachelor of Engineering (Mining), MBA
Non-executive Director

Paul has more than 30 years of resources industry experience, successfully managing complex development projects and operations for leading oil and gas and diversified mining companies, including through executive roles at major Australian oil and gas company Oil Search Limited (ASX: OSH) and Exeter Resources and a variety of operational and commercial roles at MIM Holdings. He has worked in North America, South America and Asia-Pacific with a focus on large projects and operations. He holds Master of Business Administration and Bachelor of Engineering (Mining) degrees.

Other ASX directorships in the past 3 years: Nil

Jeremy Kirkwood
Bachelor of Commerce
Non-executive Director

Jeremy has extensive experience in corporate strategy, investment banking and global capital markets. Jeremy was previously a Managing Director at Credit Suisse, Morgan Stanley and Austock. He has primarily worked in public markets, undertaking mergers and acquisitions and capital raising for companies principally in the metals and mining, energy and infrastructure sectors.

Other ASX directorships in the past 3 years:	Joyce Corporation Limited (appointed January 2020; Chair since November 2020) Talisman Mining Limited (appointed April 2016)

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

David Woodall *Dip. Mechanical Engineering, MBA*
Non-executive Chairman – retired 16 April 2023

David has more than 50 years' experience in both the commercial and not-for-profit sectors in diverse roles as a senior executive, director and chairman. Mr. Woodall spent many years at MIM Holdings Limited culminating in the role of Executive General Manager in Marketing and Commercial, and also served as Managing Director at Grainco Australia Limited. Mr. Woodall sat on boards of Ergon Energy, Energex, Tarong Energy Corporation, Terra Gas Traders, Starfish Windfarm, TN Power and Tarong Renewable Energy.

In addition, Mr. Woodall has high level China skills, having served several terms as Chairman of the Queensland – China Council as well as sitting as a member of the Australian – China Council.

Other ASX directorships in the past 3 years: Nil

Jon Parker *BSc (Hons), Grad. Dip Business Management*
Non-executive Director – retired 3 October 2022

Jon has more than 40 years' industry experience, including 26 years with leading iron ore producer Rio Tinto. He has a distinguished record in executive management and value creation across the resources sector for a range of ASX-listed companies, where he has overseen substantial growth in market capitalisation. He was the former Managing Director of Felix Resources and Norton Goldfields.

Other ASX directorships in the past 3 years: Nil

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 *
Jeremy Kirkwood (Chair) 1	Tony McGrady (Chair) 3	Bryan Granzien (Chair) 4
Paul Cholakos 2	Paul Cholakos 2	Tony McGrady 3
Tony McGrady 3	Jeremy Kirkwood 1	Paul Cholakos 2
Jon Parker 5	Bryan Granzien 4	Jeremy Kirkwood 1

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

1 J Kirkwood was appointed to the audit committee (as Chair), remuneration committee and the nomination committee on 25 July 2023.

2 P Cholakos was Chair of the audit committee up until 25 July 2023 and remains a member at the date of this report. He was appointed to the nomination committee on 25 July 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 Chair of the remuneration committee up until 25 July 2023 and remains a member at the date of this report. He was appointed to the nomination committee (as Chair) on 25 July 2023.

5 J Parker was a member of the of the audit committee up until his retirement on 3 October 2022.

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
Bryan Granzien	2,000,000	-	6,000,000
Paul Cholakos	2,822,042	-	5,000,000
Jeremy Kirkwood	1,933,877	-	5,000,000
Tony McGrady	-	-	5,000,000

Company Secretary

Richard Stephens
B Comm, CA, MAICD
Chief Financial Officer & Company Secretary

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.

He has wide-ranging corporate and financial governance experience with businesses spanning multiple jurisdictions, with expertise in the areas of capital management, debt and equity capital raisings, mergers and acquisitions, risk management and financial instruments.

Richard was appointed as Company Secretary and CFO on 7 February 2023.

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). Hawsons Iron has prepared a consolidated financial report encompassing the entities that it controlled during the financial year.

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 Consolidated Entity during the course of the financial year was mineral exploration.

Following listing on the ASX on 17 November 2007, the Consolidated Entity 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 Consolidated Entity during the year.

Operating results

Commentary and comparison with prior year

For the year ended 30 June 2023, the profit after tax for the Consolidated Entity was $10,362,157 (2022: loss of $20,467,514). The movement in profit between the periods is primarily attributed to:

- Net gain on the fair value movements on the LDA financial instruments of $13,312,136 versus a net loss in 2022 of $17,010,651;
- Net gain on the Consultant share based payments of $553,462 versus a loss in 2022 of $593,022;
- Increase in employment expenses of $457,625 driven by share based payments; and
- Increase in other operating expenses of $294,925.

Cash Position

The Consolidated Entity's cash position as at the end of the reporting period was $7,246,403 (2022: $7,824,042). Cash expenditure, net of the R&D incentive grant, on the Hawsons Iron Project during the year was $14,490,943 (2022: $24,866,440). The Consolidated Entity raised $16,323,242 in share capital (after costs) during the year (2022: $33,822,158).

Business Strategies and Prospects for Future Financial Years

Despite the economic downturn, global market volatility and reassessment of the strategic direction of the Hawsons Iron Project, there continues to be significant interest in the Project's potential product offering from buyers of steelmaking raw materials. In a world that is transitioning towards greener steelmaking, Hawsons Supergrade® product will be highly sought after to reduce carbon dioxide emissions and create green steel.

Work on the Project's Bankable Feasibility Study (BFS) was paused in October 2022 after updated capital cost estimates rendered development of the proposed 20 million tonne per annum (Mtpa) mine economically unviable. An ensuing Strategic Review examined all scaling and transport options and concluded that a modified BFS should instead assess an 11 Mtpa project, involving a direct-to-port underground slurry pipeline and new export facility at Myponie Point in South Australia. Recommendations of the Strategic Review, to undertake additional value engineering analysis and a resource analysis program, were adopted by the Board.

In order to fund the value engineering analysis and resource definition program, the Company issued 113,829,212 ordinary shares by way of a $7,764,849 million institutional placement and a $999,995 Share Purchase Plan, at 7.7 cents per share, in February 2023. This was in addition to $12,566,448 million raised to fund working capital during the first half to 31 December 2022 via the LDA Capital equity facility and a placement to institutional investors.

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. Upon successful completion of the BFS, the Company will look to finance and develop the Project.

This strategy should result in the Consolidated Entity maintaining a strong financial position in future years.

Review of financial position

Liquidity and funding

As at 30 June 2023 the Consolidated Entity had cash reserves of $7,246,403, net current assets of $5,068,845 and net assets of $61,641,379. Excluding the financial derivatives attributable to the LDA facility arrangement, the net current asset position is $5,912,860.

During the year the Consolidated Entity had net cash outflows of $1,879,435 from operating activities and net cash outflows used in investing activities of $14,904,575. Investing activities includes payments for exploration and evaluation assets.

The ability of the Consolidated Entity 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 Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity'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 Consolidated Entity has funded its activities through issuance of equity securities, and it is expected that the Consolidated Entity 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:
On 21 December 2021, the Company entered into a Put Option Agreement (POA) with LDA Capital to provide the Company with up to $200,000,000 in committed equity capital over 4 years. 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 Agreement includes unlisted share options where the Company has issued 71,500,000 options to LDA Capital and when (or if) exercised by LDA Capital will inject further equity capital into the Company.

Capital structure

At 30 June 2023 the Company had 919,071,059 shares on issue (including 5,500,000 non-recourse employee shares) and 115,475,000 options on issue, including the 71,500,000 options issued to LDA Capital as part of the Put Option Agreement.

Treasury policy

The Board controls the funds, which are handled on a day-to-day basis through approvals provided by the Managing Director. The Company Accountant processes and makes payment to suppliers, and the Chief Financial Officer authorises payment of approved invoices.

Dividends

No dividends were paid during the financial year ended 30 June 2023 (2022: nil), and no dividend is recommended for the current year.

Significant Changes in the State of Affairs

In October 2022, the Company paused on work on the Hawsons Iron Project's Bankable Feasibility Study (BFS) after updated capital cost estimates rendered development of its proposed 20 million tonne per annum (Mtpa) mine economically unviable. The decision to pause work was taken in order to preserve cash while the Company commenced a Strategic Review to examine all scaling and transport options available for the project's future.

Review of operations

On 24th March 2022 the Company secured 100 per cent control and beneficial ownership in the Hawsons Iron Project when agreement was reached with the joint venture partner, Starlight Investment Company Pty Ltd, to buy out their share of the project over three tranches. The third and final payment of $2,000,000 was paid on 23 September 2022.

In October 2022, the Company paused on work on the Hawsons Iron Project's Bankable Feasibility Study (BFS) after updated capital cost estimates rendered development of its proposed 20 million tonne per annum (Mtpa) mine economically unviable. The decision to pause work was taken in order to preserve cash while the Company commenced a Strategic Review to examine all scaling and transport options available for the project's future.

The Company signed a legally binding agreement with Flinders Ports Pty Ltd in November 2022 to cooperate on the potential development and operation of a greenfield port at Myponie Point Port on South Australia's eastern Spencer Gulf. Under the terms of the agreement and subject to further agreement in final transaction documents, Flinders Ports will construct, own and operate the proposed Myponie Point Port – reducing the project's capital requirements and enabling Hawsons to participate in future growth as the port's "cornerstone" customer.

Following negotiations with global steel industry participants, the Company announced in December 2022 that it now held non-binding Letters of Intent with 18 parties for the off-take of up to 58 million tonnes per annum (Mtpa) of high-grade Hawsons Supergrade® concentrate. These are summarised below by classification and location of participant:

	Domestic	Middle East & Asia	Global	Total Tonnage Mtpa
Steel Mills	3	9	-	22
Steel Traders	-	2	4	36
Total	3	11	4	58

On 1 February 2023, the Company announced the results of the Strategic Review commenced in October 2022. The Review adopted by the Board concluded that a modified BFS should now assess an 11 Mtpa project, involving a direct-to-port underground slurry pipeline and new export facility at Myponie Point in South Australia. To further improve the Project's economics and net present value the Strategic Review recommended:

- additional value engineering analysis to further reduce capital and operating costs;
- a three-stage resource analysis program targeting higher grade ore greater than 9% Davis Tube Recovery (DTR) above a depth of 150 metres, to help accelerate start-up cash flow; and
- fostering collaboration between industry, government and communities to support development of projects that utilise shared resources and infrastructure in the Braemar Iron Province of South Australia.

In order to fund the additional value engineering analysis and resource definition program the Company issued 113,829,212 ordinary shares by way of a $7.8 million institutional placement and a $1.0 million Share Purchase Plan, at 7.7 cents per share, in February 2023. This was in addition to $12.6 million raised to fund working capital during the first half to 31 December 2022 via the LDA Capital equity facility and a placement to institutional investors (refer Note 10 Share Capital).

The Company announced, on 13 June 2023, that the additional value engineering analysis and resource definition program had been substantially completed with the following outcomes:

- the value engineering analysis had identified significant and targeted capital and operating cost reductions using a proposed new Phase 1 comminution processing configuration;
- design risks associated with the new processing configuration are to be mitigated by undertaking a three-month pilot test work program to confirm or otherwise its performance and economic benefits;
- this pilot test work has commenced; and
- resource analysis drilling has been completed and laboratory analysis of samples from these drill holes is underway.

Material Business Risks

Exploration and Resources	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. 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.
Results of Studies	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.
Mine Development	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. 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.
Tenure, Access and grant of Applications	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. 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.

Environmentally Sensitive Areas	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.
Climate Risk	Climate-related factors that may affect the operations and proposed activities of the Company include: • 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 • 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.
Funding	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.
Economic	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.

The Company monitors risk through and 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.

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 2023 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	
	Attended	*Eligible to Attend*	*Attended*	*Eligible to Attend*
Bryan Granzien	15	15	-	-
Paul Cholakos	15	15	2	2
Tony McGrady	11	11	-	-
Jeremy Kirkwood	2	2	-	-
David Woodall	11	12	2*	2*
Jon Parker	4	4	1	1

* Attended by invitation, not as a committee member.

Share Options

Issued Options

Details of options issued, exercised and lapsed during the financial year are set out below:

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted	Exercised	Lapsed	Balance at report date	Modified	Vested & 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	-	-
22	16-Aug-21	16-Aug-26	$0.25	250,000	-	-	(250,000)	-	-	-
23	16-Aug-21	16-Aug-26	$0.35	250,000	-	-	(250,000)	-	-	-
24	16-Aug-21	16-Aug-26	$0.50	500,000	-	-	(500,000)	-	-	-
25	20-Aug-21	20-Aug-26	$0.15	3,000,000	-	-	(1,000,000)	2,000,000	-	2,000,000
26 [2]	20-Aug-21	20-Aug-26	$0.25	6,000,000	-	-	(1,250,000)	4,750,000	1,000,000	-
27 [2]	20-Aug-21	20-Aug-26	$0.35	6,000,000	-	-	(1,250,000)	4,750,000	1,000,000	-
28 [2]	20-Aug-21	20-Aug-26	$0.50	8,500,000	-	-	(1,500,000)	7,000,000	2,000,000	-
29	6-Sep-21	6-Sep-26	$0.25	1,500,000	-	-	-	1,500,000	-	-
30	6-Sep-21	6-Sep-26	$0.35	1,800,000	-	-	-	1,800,000	-	-
31	6-Sep-21	6-Sep-26	$0.50	800,000	-	-	-	800,000	-	-
32	25-Oct-21	25-Oct-26	$0.25	1,400,000	-	-	-	1,400,000	-	-
33	25-Oct-21	25-Oct-26	$0.35	1,500,000	-	-	-	1,500,000	-	-
34	25-Oct-21	25-Oct-26	$0.50	1,800,000	-	-	-	1,800,000	-	-
35	29-Nov-21	29-Nov-26	$0.25	800,000	-	-	-	800,000	-	-
36	29-Nov-21	29-Nov-26	$0.35	1,400,000	-	-	-	1,400,000	-	-
37	29-Nov-21	29-Nov-26	$0.50	1,500,000	-	-	-	1,500,000	-	-
38	6-Dec-21	6-Dec-26	$0.25	1,800,000	-	-	-	1,800,000	-	-
39	6-Dec-21	6-Dec-26	$0.35	800,000	-	-	-	800,000	-	-
40	6-Dec-21	6-Dec-26	$0.50	1,400,000	-	-	-	1,400,000	-	-
41	13-Dec-21	13-Dec-26	$0.15	1,500,000	-	-	-	1,500,000	-	-
42	13-Dec-21	13-Dec-26	$0.25	1,800,000	-	-	-	1,800,000	-	-
43	13-Dec-21	13-Dec-26	$0.35	800,000	-	-	-	800,000	-	-
44	13-Dec-21	13-Dec-26	$0.50	1,400,000	-	-	-	1,400,000	-	-
45	21-Dec21	21-Dec-25	See below	71,500,000	-	-	-	71,500,000	-	-
46	4-Jan-22	4-Jan-27	$0.25	250,000	-	-	(250,000)	-	-	-
47	4-Jan-22	4-Jan-27	$0.35	250,000	-	-	(250,000)	-	-	-
48	4-Jan-22	4-Jan-27	$0.50	500,000	-	-	(500,000)	-	-	-
49 [2]	20-May-22	16-Apr-25	$0.80	1,250,000	-	-	-	1,250,000	1,250,000	-
50 [2]	20-May-22	16-Apr-25	$1.00	1,250,000	-	-	-	1,250,000	1,250,000	-
51 [2]	20-May-22	16-Apr-25	$1.20	1,250,000	-	-	-	1,250,000	1,250,000	-
52 [2]	20-May-22	16-Apr-25	$1.00	1,250,000	-	-	-	1,250,000	1,250,000	-
53	20-Sep-22	BFS completion	$0.50	-	1,000,000	-	(1,000,000)	-	-	-
54	20-Sep-22	20-Sep-25	$0.50	-	2,000,000	-	(2,000,000)	-	-	-
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	-	-
59 [1]	10-May-23	10-May-28	$0.65	-	1,250,000	-	-	1,250,000	-	-
60 [1]	10-May-23	10-May-28	$0.85	-	1,250,000	-	-	1,250,000	-	-
61 [1]	10-May-23	10-May-28	$0.85	-	1,250,000	-	-	1,250,000	-	-
62 [1]	10-May-23	10-May-28	$1.05	-	1,250,000	-	-	1,250,000	-	-
				112,475,000	11,750,000	-	(10,000,000)	115,475,000		2,000,000

1 Tranches (59-62) were offered to J Kirkwood on appointment but are subject to shareholder approval.

2 Option expiry dates were modified on retirement date. Under the Hawsons Option Plan, retiring employees and directors are granted 12 months from the date of retirement to meet the performance hurdles of the relevant tranche. On retirement date, the Board extended this period to 24 months for both Jon Parker and David Woodall.

Options vesting conditions

Tranche 11 relates to the milestones below:

Any of the following milestones achieved	• Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser; or • Hawsons Iron having a 20-day VWAP of not less than 20 cents; or • 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.

Tranche 12 relates to the milestones below:

Any of the following milestones achieved	• ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; or • Hawsons Iron having a 20-day VWAP of not less than 50 cents; or • Hawsons Iron having a market capitalisation of $100 million or more; or • 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.

Tranche 13 relates to the milestones below:

Any of the following milestones achieved	• Hawsons Iron market capitalisation of $300 million or more; or • Completion of financing arrangements to construct the Hawsons Iron Project; or • Decision to carry out the Hawsons Iron Project.

Tranche 14 relates to the milestones below:

Any of the following milestones achieved	• Commencement of commercial production at Hawsons; or • Hawsons Iron market capitalisation of $500 million or more.

Tranches 22 – 44 and 46-48 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

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

Milestone 1	Completion of the Hawsons BFS – forecast for completion in December 2022
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

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 125% of the 90-day VWAP at the two-year anniversary of the issue of the options, or if the 90-day VWAP at the two-year anniversary of the issue of the options is at least $0.55c, then $0.70c. Each option has an exercise period of four years.

Indemnification of Officers or Auditor

Each of the Directors, 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 in the Group, 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.

On the 19th of July 2022 Pure Metals Pty Ltd has commenced proceedings in the NSW Supreme Court Equity Division – Commercial List against Hawsons Iron LTD (First Defendant) and Shaw and Partners Limited (Second Defendant).

In May 2021, Hawsons completed the acquisition of Pure Metals' 24.149% interest in the Hawsons Iron Project in consideration for the issue by Hawsons of 90.8 million shares in the Company (**HIO Shares**) to Pure Metals (**Transaction**).

Shareholders of the Company approved the Transaction in November 2020. Following shareholder approval, a liquidator was appointed to Pure Metals' majority shareholder (**ASI Liquidator**), effectively acquiring a controlling interest in Pure Metals. As a consequence of this appointment, the parties agreed to issue the HIO Shares in two tranches rather than one to ensure that the ASI Liquidator did not acquire a relevant interest in more than 20% of the Company's shares.

Pure Metals claims that it has suffered loss resulting from the sale of the HIO Shares. The Company considers that the issue of the HIO Shares to Pure Metals, an obligation of the Company under the Transaction, could not conceivably cause loss to Pure Metals, and that any claim by Pure Metals against the Company is without merit and misplaced.

The Company considers that the claim by Pure Metals against the Company is entirely baseless and without any foundation.

The Company is vigorously defending the action.

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 Executive Director 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 he or she is 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 he or she is 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 2023 is detailed below.

Executive Director and Other Key Management Personnel Remuneration

The Company aims to reward the Executive Chairman 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 set by 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 Executive Chairman and other key management personnel for the period ended 30 June 2023 is detailed below.

Employment and Service Contracts

Agreement with Mr Bryan Granzien (from 20 May 2022 onwards)

Mr Bryan Granzien was engaged as Managing Director of the company from 20 May 2022 until 16 April 2023. From 16 April 2023 his role changed from Managing Director to Executive Chairman. Bryan Granzien is engaged as an Executive Director of the Company under the following terms and conditions:

- annual salary of $350,000 plus superannuation at the higher of 9.5% or the mandatory rate,
- reimbursement of all reasonable business expenses,
- entitled to receive options to acquire shares as outlined in the Milestones table below
- provision for six months' notice for termination,
- the contract is ongoing; and,
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties.

Milestone #	Milestones	Options that vest if achieved
2	Completion of the Hawsons Bankable Feasibility Study	2,000,000 options $0.25 exercise price
3	The raising of the capital cost, by the Company, to develop the Hawsons Iron Project commercially	2,000,000 options $0.35 exercise price
4	The commencement of commercial production at the Hawsons Iron Project	2,000,000 options $0.50 exercise price

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

Agreement with the Mr Richard Stephens (from 7 February 2023 onwards)

Mr Richard Stephens is engaged as Chief Financial Officer and Company Secretary under the following terms and conditions:

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

Agreement with Mr Greg Khan (resigned 7 February 2023)

Mr Greg Khan was engaged as Chief Financial Officer and Company Secretary of the Company under the following terms and conditions:

- annual salary of $200,000 plus superannuation at the higher of 9.5% or the mandatory rate;
- reimbursement of all reasonable business expenses;
- entitled to receive options to acquire shares as outlined in the Milestones table below;
- provision for three months' notice for termination;
- the contract is ongoing; and
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties.

Milestone #	Milestones	Options that vest if achieved
1	The Company raising the funding to carry out the Hawsons Bankable Feasibility Study (BFS).	1,000,000 options $0.15 exercise price
2	Completion of the Hawsons Bankable Feasibility Study	1,000,000 options $0.25 exercise price
3	The raising of the capital cost, by the Company, to develop the Hawsons Iron Project	1,000,000 options $0.35 exercise price
4	The commencement of commercial production at the Hawsons Iron Project	1,000,000 options $0.50 exercise price

All of the above options lapsed upon resignation.

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 and the consolidated entity.

Name	Position	Period of Service
Directors		
Bryan Granzien	Executive Chairman Managing Director	16 April 2023 to present 20 May 2022 to 16 April 2023
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Jeremy Kirkwood	Non-executive Director	Appointed 10 May 2023
Tony McGrady	Non-executive Director	Appointed 3 October 2022
Former Directors		
David Woodall	Non-executive Chairman	Appointed 20 May 2022, retired 16 April 2023
Jon Parker	Non-executive Director	Appointed 11 February 2021, retired 3 October 2022
Key Management		
Richard Stephens	CFO and Company Secretary	Appointed 7 February 2023
Greg Khan	CFO and Company Secretary	Appointed 14 June 2021, resigned 7 February 2023

Remuneration of Directors and other Key Management Personnel

2023		Short Term		Post Employment	Equity			
	Note	Salary and Fees $	Leave benefits $	Superannuation $	Options $	**Total $**	Performance Related %	% consisting of equity
Directors								
Bryan Granzien		359,250	9,719	27,498	47,214	**443,681**	-	11%
Paul Cholakos		50,000	-	5,250	41,157	**96,407**	-	43%
Jeremy Kirkwood	1	8,333	-	875	3,158	**12,366**	-	26%
Tony McGrady	2	37,500	-	3,938	8,241	**49,678**	-	17%
David Woodall	3	70,000	-	7,350	303,106	**380,456**	-	80%
Jon Parker	4	12,500	-	1,313	343,465	**357,278**	-	96%
Key Management								
Richard Stephens	5	69,300	-	-	-	**69,300**	-	-
Greg Khan	6	133,845	(12,416)	12,654	(29,680)	**104,403**	-	(28%)
		740,728	**(2,697)**	**58,877**	**716,661**	**1,513,569**		

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.

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 $	Jon Parker $	Total $
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
Total amounts included in share-base payments expense (refer note 4)	**303,106**	**343,465**	**646,751**

2022	Note	Short Term Salary and Fees $	Leave benefits $	Post Employment Superannuation $	Equity Options $	Total $	Performance Related %	% consisting of equity
Directors								
David Woodall	1	8,091	-	809	43,661	52,561	-	83.07%
Bryan Granzien		304,482	-	25,518	37,784	398,537	10.8%	9.48%
Paul Cholakos	2	36,283	-	3,628	42,441	82,352	-	51.54%
Jon Parker	3	36,283	-	3,628	32,473	72,384	-	44.86%
Key Management				19,250	133,661	357,827	8.29%	27.16%
Greg Khan	4	192,500	30,753	-	23,364	86,028	-	27.16%
Robert Hair	5	62,664	-	809	43,661	52,561	-	83.07%
		640,303	**43,169**	**52,833**	**313,384**	**1,049,689**		

1 Appointed 20 May 2022
2 Cancelled options expense included $7,034
3 Cancelled options expense included $6,438
4 Cancelled options expense included $103,981
5 Cancelled options expense included $1,649. Retired 23 September 2021

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)

2023	Balance 1 July 2022	Acquired	Options exercised	Held on appointment	Derecognised on resignation/ retirement	Balance 30 June 2023
Directors						
Bryan Granzien	2,000,000	-	-	-	-	2,000,000
Paul Cholakos	2,822,042	-	-	-	-	2,822,042
Jeremy Kirkwood	-	-	-	1,933,877	-	1,933,877
Tony McGrady	-	-	-	-	-	-
David Woodall	-	-	-	-	-	-
Jon Parker	1,100,000	-	-	-	(1,100,000)	-
Key Management						
Richard Stephens	-	-	-	-	-	-
Greg Khan	2,385,000	-	-	-	(2,385,000)	-
Total	**8,307,042**	**-**	**-**	**1,933,877**	**(3,485,000)**	**6,755,919**

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

2023	Balance 1 July 2022	Granted as remuneration	Options exercised	Lapsed	Derecognised on retirement	Balance 30 June 2023
Directors						
Bryan Granzien	6,000,000	-	-	-	-	6,000,000
Paul Cholakos	5,000,000	-	-	-	-	5,000,000
Jeremy Kirkwood [1]	-	5,000,000	-	-	-	5,000,000
Tony McGrady	-	5,000,000	-	-	-	5,000,000
David Woodall	5,000,000	-	-	-	(5,000,000)	-
Jon Parker	4,000,000	-	-	-	(4,000,000)	-
Key Management						
Richard Stephens	-	-	-	-	-	-
Greg Khan	4,000,000	-	-	(4,000,000)	-	-
Total	**24,000,000**	**10,000,000**	**-**	**(4,000,000)**	**(9,000,000)**	**21,000,000**

[1] Offered to J Kirkwood on appointment but are subject to shareholder approval.

Director/Key Management Personnel option holdings by tranche

2023	Bryan Granzian	Paul Cholakos	Jeremy Kirkwood	Tony McGrady	David Woodall	Jon Parker	Greg Khan
Tranche 25	-	1,000,000	-	-	-	-	1,000,000
Tranche 26	2,000,000	1,000,000	-	-	-	1,000,000	1,000,000
Tranche 27	2,000,000	1,000,000	-	-	-	1,000,000	1,000,000
Tranche 28	2,000,000	2,000,000	-	-	-	2,000,000	1,000,000
Tranche 49	-	-	-	-	1,250,000	-	-
Tranche 50	-	-	-	-	1,250,000	-	-
Tranche 51	-	-	-	-	1,250,000	-	-
Tranche 52	-	-	-	-	1,250,000	-	-
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	-	-	-	-
Total	**6,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**4,000,000**	**4,000,000**
Lapsed / derecognised on retirement	-	-	-	-	(5,000,000)	(4,000,000)	(4,000,000)
Balance 30 June 2023	**6,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**-**	**-**	**-**

Director/Key Management Personnel Options Details

Tranche	Grant Date	Expiry Date	Exercise Price	Option value	Vesting Conditions [1]
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
49	20-May-22	16-Apr-25	$0.80	$0.0662	Completion of the bankable feasibility study.
50	20-May-22	16-Apr-25	$1.00	$0.0625	Hawsons Iron has secured the required funding to develop the project commercially.
51	20-May-22	16-Apr-25	$1.20	$0.0594	Hawsons Iron market capitalisation reaches AUD $1 billion.
52	20-May-22	16-Apr-25	$1.00	$0.0625	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.

[1] In addition to the above vesting conditions, the recipient must also remain employed by Hawsons at the time the vesting conditions are met.

* Offered to J Kirkwood on appointment during the year but are subject to shareholder approval.

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/valn 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
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

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

	Value Granted $	Value Exercised $	Value lapsed $	Number of options lapsed #	Financial year in which options were granted
Jeremy Kirkwood	113,125	-	-	-	-
Tony McGrady	327,125	-	-	-	-
Greg Khan	-	-	172,600	4,000,000	FY2022

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	2023 $	2022 $	2021 $	2020 $	2019 $
Share price at end of financial year	0.037	0.50	0.177	0.020	0.055
Market capitalisation at end of financial year ($M)	34.01	358.03	83.23	5.50	15.13
Profit/(loss) for the financial year	10,362,157	(20,467,514)	(2,537,840)	(4,043,722)	(1,847,961)
Cash spend on exploration programmes	15,978,514	24,866,440	127,747	522,873	537,485
Director and other Key Management Personnel remuneration	1,513,569	1,049,690	775,283	721,320	801,260

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 2023 financial year.

Voting of shareholders at last year's annual general meeting

The Company received a "first strike" vote of 63.7% against its FY2022 Remuneration Report at the 2022 Annual General Meeting. Whilst Hawsons did not receive any specific feedback at the AGM or throughout the year on its remuneration practices, over the past 12 months the Board has focused on understanding the concerns of shareholders and various views expressed in relation to the Company's strategies, operating activities and share price performance. Directors would like to thank those who took the time to speak and correspond with us.

In response to the feedback provided, the Company has kept shareholders regularly informed of the outcomes of its Strategic Review and progress with implementation of the Review's recommendations. In May 2023, experienced mining director and financial executive, Jeremy Kirkwood, was appointed to the Board. Jeremy filled the vacancy caused by the retirement of former Chair, David Woodall, and ensures the ongoing presence of appropriately experienced and qualified people on the Board.

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 and/or the Group 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:

BDO Services Pty Ltd	
Whistleblowing service	$3,000
Tax Compliance Services	$16,000
	$19,000

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

There have been no events since 30 June 2023 that impact upon the financial report.

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

Director
Dated 27 September 2023

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 Hawons Iron Limited for the year ended 30 June 2023, 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.

This declaration is in respect of Hawsons Iron Limited and the entities it controlled during the period.

K L Colyer
Director

BDO Audit Pty Ltd

Brisbane, 27 September 2023

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Hawsons Iron Limited (HIO) aims to achieve appropriate standards of corporate governance and has established corporate governance policies and procedures, where practicable, consistent with the ASX Corporate Governance Council's *'Corporate Governance Principles and Recommendation – 4th Edition'* (**ASX Recommendations**), which were published in February 2019.

In ensuring appropriate standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical or provide the optimal result given the particular circumstances and structure of the Company. Nevertheless, the Board is committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which, unless otherwise stated, were in place during the whole of the period to the date of this statement.

Principle 1

Lay solid foundations for management and oversight

1.1 Roles and Responsibilities of the Board – followed

The Board is governed by the *Corporations Act 2001*, its formal constitution and by the ASX Listing Rules. The Board's primary role is to set policy regarding the affairs of the Company for the protection and enhancement of long-term Shareholder value.

The Board takes responsibility for the overall corporate governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting. In so doing, the Board acts in accordance with the Board Charter, which is published on the Company's website.

1.2 Director appointment – followed

HIO considers the character, experience and skillset as well as interests and associations of potential candidates for appointment to the Board and will conduct appropriate checks to verify the suitability of the candidate, prior to their election. HIO has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a Director, is disclosed in the notice of meeting provided to shareholders.

1.3 Written agreements of appointment – followed

The roles and responsibilities of Directors have been formalised in letters of appointment, which each Director has entered into. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relation to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, and insurance and indemnity entitlements.

1.4 Company Secretary – followed

The Company Secretary is accountable directly to the Board through the Chairman on all matters to do with the proper functioning of the Board. All Directors have access to the Company Secretary.

The appointment or removal of the Company Secretary is a matter for the Board.

1.5 Diversity policy – partially followed

The Company is committed to creating a diverse working environment and culture and has a written diversity policy, published on the Company's website.

However, given the size of the Company and scale of its operations, the Company is yet to establish measurable objectives for achieving gender diversity at this time. Further, as the Company has not established measurable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.

1.6 Board Reviews – not followed

The Remuneration Committee meets at least annually, and the recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high-quality Board and senior management team.

The Board recognises that as a result of the Company's size the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

1.7 Management Reviews – followed

The Board evaluates the performance of the Managing Director, Chief Financial Officer and Company Secretary on a regular basis and encourages continuing professional development. A review is conducted in association with the annual audit.

Principle 2

Structure the Board to add value

2.1 Nomination committee – followed

A Nomination Committee has been established.

2.2 Board skills matrix – followed

The Company has a formal Board skills matrix.

The Board Charter provides that the Board will regularly review the appropriate mix of skills and expertise to facilitate successful strategic direction.

In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

The Company provides details of each Director, such as their skills, experience and expertise relevant to their position, in the Directors' Report in the Annual Report and also provides these details on its website.

2.3 Details of Independent Directors – followed

The names of the Directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of each Annual Report.

The independent Directors on the Board are Paul Cholakos, Jeremy Kirkwood and Tony McGrady.

The Company has had no relationships with any of the independent Directors which the Company believes would compromise the independence of these Directors.

2.4 Composition of the Board – partially followed

The Company's constitution and the Corporations Act 2001 specify that the number of Directors must be at least three. The Board may at any time appoint a Director to fill a casual vacancy. Directors appointed by the Board are subject to election by Shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for Executive Directors is linked to their holding of executive office.

The Company as at the date of this statement has three independent Non-executive Directors, and one Managing Director/Interim Chairman.

2.5 The Chairman – partially followed

The Chairman for most of the financial year was an independent Director. From 16 April 2023, the roles of Chairman of the Board and Chief Executive Officer were held by Mr Bryan Granzien who was responsible for the day-to-day management of the Company along with Board responsibilities. It is recommended by the ASX that these roles not be exercised by the same individual.

Whilst this is at variance with the ASX Recommendations, the Directors considered that structure of the Board was appropriate to carry out the Company's immediate plans; however, the Company plans to appoint a Non-executive Chairman in the near future.

2.6 Board induction and professional development – followed

An induction process including appointment letters exists to promote early, active and relevant involvement of new members of the Board. All HIO Directors are encouraged to further their knowledge through ongoing professional development through professional industry, governance and government bodies.

Principle 3

Act ethically and responsibly

3.1 Articulate and disclose Company values - followed

The Company has articulated the values that it seeks to instil in its people, and a statement of its values is published on the Company's website.

3.2 Code of conduct – followed

The Company aims for a high standard of corporate governance and ethical conduct by Directors and employees.

All Directors have signed deeds with the Company, which require them to comply with all the obligations of a director under the Corporations Act 2001. Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with section 195 of the Corporations Act 2001, a Director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

All Directors are required to provide the Company with details of all securities registered in the Director's name or an entity in which the Director has a relevant interest.

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. The Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available, and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available.

The Company has a code of conduct with which Directors, senior executives and employees must comply. The code of conduct is published on the Company's website.

3.3 Whistleblower policy – followed

The Company has a whistleblower policy, which is published on the Company's website.

3.4 Anti-bribery and corruption policy – followed

The Company has an anti-bribery and corruption policy, which is published on the Company's website.

Principle 4

Safeguard integrity in corporate reporting

4.1 Audit committee –followed

The Company has an Audit Committee, which was established to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

The Audit Committee comprises three Non-executive Directors. The Committee reports to the Board. The Non-executive Chairman, Managing Director, Company Secretary, Chief Financial Officer and external auditor may, by invitation, attend meetings at the discretion of the Committee.

The Audit Committee charter is published on the Company's website.

4.2 CEO and CFO financial statements declaration – followed

The Chief Executive Officer/Managing Director and Chief Financial Officer are required to provide written declarations under section *295A of the Corporations Act 2001* that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Both the Managing Director and Chief Financial Officer provide said assurances at the time the section 295A declarations are provided to the Board.

4.3 A Listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor - followed

Major periodic corporate reports that are not audited or reviewed by an external auditor are reviewed by the Board before release and reports on exploration and drilling activities are signed by a competent person as set out in the 2012 JORC Code and Guidelines.

Principle 5

Making timely and balanced disclosure

5.1 Continuous disclosure policy – followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the *Corporations Act 2001*;
- the half yearly financial report lodged with the ASX and ASIC and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website; and
- disclosure of the Company's corporate governance practices and communications strategy on the Company website.

The Company has a formal continuous disclosure policy, which is published on the Company website.

5.2 Circulation of material market announcements to the board – followed

The Board receives a copy of all material market announcements made to the market.

5.3 Release to the market of new and substantive presentations – followed

Where the Company gives a new and substantive investor or analyst presentation it releases a copy of the presentation materials on the ASX platform ahead of the presentation.

Principle 6

Respect the rights of shareholders

6.1 Information on website – followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and aims to ensure that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

6.2 Investor relations programme – followed

The Company has an active investor relations program where the Company provides regular company updates on the ASX platform, conducts published media interviews, assists in the validation of published articles and maintains a dedicated webpage for consumers and shareholders to 'engage' with the Company. The Company actively engages with investors at the Annual General Meeting and responds to enquiries made verbally or through email on a regular basis. The Company has a Communications Strategy that is managed by a Communications Lead.

6.3 Security holder participation at meetings – followed

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

6.4 All Substantive resolutions at a meeting of security holders are decided by poll – followed

The Company ensures all resolutions presented at the Annual General Meeting or Extraordinary Meetings are decide by poll rather than by a show of hands. The outcomes of these polls are published on the ASX platform.

6.5 Facilitate security holder communications – followed

The Company provides its investors the option to receive communications from and send communications to the Company and the share registry electronically.

Principle 7

Recognise and manage risks

7.1 Risk committee – not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title, native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed.

The Board does not at this point have a separately constituted risk committee. The Board considers that consideration of risk at this stage of the Company's development is dealt with effectively by the Audit Committee and the Board itself.

7.2 Risk assessment and management – followed

The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk formally throughout the year. A review was conducted in association with the annual audit. Furthermore, risk assessment is a regular agenda item for Board meetings.

7.3 Internal Audit function – not followed

The Company does not have an internal audit function and does not believe that the size and nature of the Company warrants establishment of said function at this time. The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A review was conducted in association with the annual audit.

7.4 Economic, environmental and social risks – followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. The Company has developed an Environmental, Social and Governance (ESG) framework, identified the Corporate Objectives, Project Objectives, Compliance Obligations, Emerging Opportunities and completed a Materiality assessment.

Principle 8

Remunerate fairly and responsibly

8.1 Remuneration committee – partially followed

For the 2022-2023 financial year, the Remuneration Committee comprised of one Non-executive Director and the Executive Chairman

At the time of this statement, it comprises all Directors, three of whom are independent.

The Committee has a formal charter which is published on the Company website.

8.2 Executive and Non-executive Director remuneration policy – followed

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors is to be fixed from time to time by a general meeting. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors.

The remuneration of the Chief Executive Officer/Managing Director is determined by the Board, taking into account the recommendations of the Remuneration Committee, as part of the terms and conditions of his/her employment, which are subject to review from time to time. The remuneration of employees is determined by the Managing Director, subject to the approval of the Board, where required.

8.3 Equity-based remuneration scheme – not followed

The Company does not have an equity-based remuneration scheme.

Principle 9

Additional Recommendations

9.1 A Director who does not speak the language in which security holder meetings are held – not applicable.

The Company does not have a Director in this position and this recommendation is therefore not applicable.

9.2 A Listed entity established outside Australia to ensure meetings held at a reasonable place/time – not applicable.

The Company is established in Australia and this recommendation is therefore not applicable.

9.3 A Listed entity established outside of Australia that has an AGM ensures the external auditor is available to answer questions relevant to the audit – not applicable.

The Company is established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Interest income		69,010	3,002
Net fair value gain/(loss) on financial instruments measured at fair value through profit or loss	9	13,312,136	(17,010,651)
Day one loss on initial recognition of put option contract released to profit or loss	9	-	(31,838)
Employment benefit expenses	4	(1,888,678)	(1,431,053)
Depreciation and amortisation expense		(152,923)	(53,455)
Consultants expense (change in fair value and share based payment)	9	553,642	(593,022)
Business development expenses		-	(41,451)
Corporate compliance		(637,857)	(534,442)
Corporate advisory		(541,634)	(522,965)
Computer, IT and telecommunications		(144,422)	(106,856)
Marketing		(2,432)	(23,903)
Other		(204,685)	(97,475)
Rent expense relating to short-term leases		-	(23,405)
Profit/(loss) before income tax		**10,362,157**	**(20,467,514)**
Income tax	13	-	-
Profit/(loss) after income tax		**10,362,157**	**(20,467,514)**
Other comprehensive income		-	-
Total comprehensive income		**10,362,157**	**(20,467,514)**

Earnings per share		Cents	Cents
Basic and diluted earnings/(loss) per share	14	1.27	(2.95)

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

Consolidated Balance Sheet
As at 30 June 2023

	Note	2023 $	2022 $
CURRENT ASSETS			
Cash and cash equivalents	2	7,246,403	7,824,042
Trade and other receivables	5	205,216	726,606
Other current assets		13,616	101,887
Financial assets at fair value through profit and loss	9	678,935	2,188,720
TOTAL CURRENT ASSETS		8,144,170	10,841,255
NON-CURRENT ASSETS			
Trade and other receivables	5	371,474	151,499
Plant and equipment		135,526	36,869
Exploration and evaluation assets	6	54,783,499	44,566,121
Right of use assets	7	206,997	331,196
Other non-current assets		63,182	-
Financial assets at fair value through profit and loss	9	1,113,662	7,219,791
TOTAL NON-CURRENT ASSETS		55,674,340	52,305,476
TOTAL ASSETS		**64,818,510**	**63,146,731**
CURRENT LIABILITIES			
Trade and other payables	8	391,919	8,817,126
Short-term provisions		71,403	91,078
Lease liabilities	7	116,509	116,871
Financial liability at fair value through profit and loss	9	2,495,494	23,520,798
TOTAL CURRENT LIABILITIES		3,075,325	32,545,873
NON-CURRENT LIABILITIES			
Lease liabilities	7	101,806	218,315
TOTAL NON-CURRENT LIABILITIES		101,806	218,315
TOTAL LIABILITIES		**3,177,131**	**32,764,188**
NET ASSETS		**61,641,379**	**30,382,543**
EQUITY			
Contributed capital	10	96,992,716	76,669,474
Reserves	11	3,812,539	3,239,102
Accumulated losses		(39,163,876)	(49,526,033)
TOTAL EQUITY		**61,641,379**	**30,382,543**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Contributed Capital $	Share Based Payment Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2021		**42,878,633**	**2,580,242**	**(29,058,519)**	**16,400,356**
Transactions with owners in their capacity as owners					
Issue of share capital	10	35,856,890	-	-	35,856,890
Capital raising costs	10	(2,066,049)	-	-	(2,066,049)
Share based payments - consultants	9	-	304,258	-	304,258
Share based payments – employees & directors	4 & 15	-	354,602	-	354,602
Total		33,790,841	658,860	-	34,449,701
Comprehensive income					
Loss after income tax		-	-	(20,467,514)	(20,467,514)
Total comprehensive income		-	-	(20,467,514)	(20,467,514)
Balance at 30 June 2022		**76,669,474**	**3,239,102**	**(49,526,033)**	**30,382,543**
Balance at 1 July 2022		**76,669,474**	**3,239,102**	**(49,526,033)**	**30,382,543**
Transactions with owners in their capacity as owners					
Issue of share capital	10	21,331,292	-	-	21,331,292
Capital raising costs	10	(1,008,050)	-	-	(1,008,050)
Share based payments - consultants	9	-	(456,388)	-	(456,388)
Share based payments – employees & directors	4 & 15	-	1,029,825	-	1,029,825
Total		20,323,242	573,437	-	20,896,679
Comprehensive income					
Profit after income tax		-	-	10,362,157	10,362,157
Total comprehensive income		-	-	10,362,157	10,362,157
Balance at 30 June 2023		**96,992,716**	**3,812,539**	**(39,163,876)**	**61,641,379**

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

Consolidated Cash Flow Statement
For the year ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(1,939,964)	(3,293,382)
Interest received		69,010	3,002
Finance costs	7	(8,481)	-
Net cash used in operating activities	2	(1,879,435)	(3,290,380)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		(130,475)	(45,685)
Payments for security deposits and other assets		(283,157)	(104,066)
Payments for exploration and evaluation assets		(15,978,514)	(24,866,440)
Receipts from government grants		1,487,571	-
Net cash used in investing activities		(14,904,575)	(25,016,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	10	19,331,292	35,856,890
Cost associated with the issue of shares	10	(1,008,050)	(2,034,732)
Cost associated with the LDA facility	10	(2,000,000)	-
Lease principal payments	7	(116,871)	(40,996)
Net cash provided by financing activities		16,206,371	33,781,162
Net increase/(decrease) in cash and cash equivalents held		(577,640)	5,474,591
Cash and cash equivalents at the beginning of the financial period		7,824,042	2,349,451
Cash and cash equivalents at the end of the financial period		**7,246,403**	**7,824,042**

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

This financial report covers the Consolidated Entity of Hawsons Iron Limited (the "Company" or "Parent" or "Hawsons") and its controlled entities (together referred to as the "Consolidated Entity" or "Group"). 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 Consolidated Entity 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 Consolidated Entity 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 27 September 2023.

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 consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS
The consolidated financial statements of the Hawsons Iron Limited group 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 Group'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 Consolidated Entity.

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.

Employee share-based payments:

The Consolidated Entity 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.

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 15.

Consultants' expenses:
The Consolidated Entity 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 9(B) and 9(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 9(A) for further details of the transaction and Note 9(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 9(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 Consolidated Entity 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 Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(c) Financial Instruments

(i) Financial assets

The Consolidated Entity 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 group's business model for managing the financial assets and the contractual terms of the cash flows.

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 group 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 Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement
At initial recognition, the group 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 group's business model for managing the asset and the cash flow characteristics of the asset. The Consolidated Entity has cash and cash equivalents and trade and other receivables as financial assets. Consequently, the measurement category most relevant to the group 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 consolidated entity subsequently measures all equity investments at fair value. The consolidated entity 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 Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity's financial liabilities are measured at amortised cost and other payables (consulting fee payables) are measured at fair value through profit or loss. The group 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.

k) 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 15.

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 consolidated entity 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.

l) 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 2023 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity 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 Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

Going Concern

During the year the Consolidated Entity had net cash outflows of $1,879,435 (2022: $3,290,380) from operating activities and net cash outflows used in investing activities of $14,904,575 (2022: $25,016,191). Investing activities includes payments for exploration and evaluation assets. The group recorded a net profit of $10,362,157 during the year. Included in the net profit is a net fair value gain (non-cash item) recorded in relation to the LDA financial instruments of $13,312,136.

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

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

- As at 30 June 2023 the Consolidated Entity had cash reserves of $7,246,403, net current assets of $5,068,845 and net assets of $61,641,379. Excluding the financial derivatives attributable to the LDA facility arrangement, the net current asset position is $5,912,860.
- 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. As part of the financing facility, the Company also issued 71,500,000 options to LDA Capital and if exercised will contribute a further equity. During the year the company made an equity call. LDA subscribed to 17,515,000 out of the 25,000,000 Collateral Shares put to LDA pursuant to the Call Notice for a total of $5,566,448. The Collateral Shares not subscribed were bought back by the Company with shareholder approval;
- The ability of the Company to raise additional capital in the future. To date the Consolidated Entity has funded its activities through issuance of equity securities, and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and

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. The successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

Should the Consolidated Entity 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 Consolidated Entity 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, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

Cash flows are presented in the consolidated 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

	2023 $	2022 $
Profit/(loss) after income tax	10,362,157	(20,467,514)
Non-cash items		
Depreciation and amortisation	152,923	53,455
Share-based payments	1,029,825	354,602
Loss on sale of PPE	3,094	-
Other liability movement [1]	(553,642)	593,022
Fair value movement of financial instruments [2]	(13,312,136)	17,042,489
Change in operating assets and liabilities		
(Increase)/decrease in receivables	521,390	(689,117)
(Increase)/decrease in other assets	88,269	(86,936)
(Decrease)/increase in trade and other payables	(151,642)	(175,840)
(Decrease)/increase in provisions	(19,675)	85,459
Net cash outflow from operating activities	(1,879,435)	(3,290,380)

[1] Consultant's expense – refer Note 9(B)
[2] LDA Capital – refer Note 9(A)

Reconciliation of cash

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

Cash on hand and at bank	7,246,403	7,824,042

Non-Cash Investing and Financing activities

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 10).

Changes in liabilities arising from financing activities

Lease liabilities		
Opening balance	335,186	376,182
Lease principal repayments	(116,871)	(40,996)
Closing balance	218,315	335,186

NOTE 3 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity 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 Consolidated Entity does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Consolidated Entity 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 consolidated entity. 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

	2023 $	2022 $
Employment benefit expenses		
Share-based payments	1,029,825	354,602
Director fees	178,333	80,658
Salary and wages	1,564,763	2,061,584
Superannuation	143,930	146,662
Other employee costs	139,858	193,460
Less capitalised salaries – Hawsons Iron Project	(1,168,031)	(1,405,913)
	1,888,678	**1,431,053**

NOTE 5 TRADE AND OTHER RECEIVABLES

Current		
GST refund due	205,216	726,606
Other receivables	-	14,399
	205,216	**726,606**
Non-Current		
Other receivables	**371,474**	**151,499**

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 Consolidated Entity 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 consolidated 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 group will comply with all attached conditions.

	2023 $	2022 $
Movements during the year		
Opening balance	44,566,121	15,895,346
Additional share of operation – Hawsons Iron Project	-	10,000,000
Exploration expenditure during the period	11,704,949	18,670,775
Government grants relating to exploration	(1,487,571)	-
	54,783,499	**44,566,121**

NOTE 7 RIGHT OF USE ASSETS AND LEASE LIAIBILTIES

The Company has entered into a lease for its Brisbane office. The lease term is for a fixed period of 3 years with no option to extend.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Low Value Assets

Payments associated with leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Low value assets comprise small items of office equipment.

	2023 $	2022 $
Amounts recognised in the Balance Sheet		
Right-of-use assets		
Leased buildings	206,997	331,196
Lease liabilities		
Leases for building premises - current	116,509	116,871
Leases for building premises – non-current	101,806	218,315
	218,315	**335,186**

Additions to the right-of-use assets during the 2023 financial year were Nil (2022: $372,595).

	2023 $	2022 $
Amounts recognised in the Statement of Comprehensive Income		
Amortisation		
Buildings premises	124,198	41,399
Interest expense on leases (included in finance costs)		
Buildings premises	8,481	3,586
Rent expense relating to short-term leases	-	23,405
Amounts recognised in the Statement of Cash Flows		
Lease principal repayments - buildings premises	116,871	37,410
Interest payments - buildings premises	8,481	3,586
	125,352	**40,996**

NOTE 8 TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade payables	315,921	2,416,624
Other payables	75,997	400,502
Deferred consideration [1]	-	2,000,000
Commitment fee payable [2]	-	4,000,000
	391,919	**8,817,126**

1 On 24th March 2022 the Company secured 100 per cent control and beneficial ownership in the Hawsons Iron Project when agreement was reached with the joint venture partner, Starlight Investment Company Pty Ltd, to buy out their share of the project over three tranches. The third and final payment of $2,000,000 was paid on 23 September 2022.

2 On 22 December 2022, the Company issued 9,173,897 fully-paid ordinary shares at 0.218c (rounded) to LDA Capital Ltd, representing 50% of a Commitment Fee payable, and the balance being $2,000,000 in cash paid. Refer to Note 9 for further details of the LDA transaction.

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 Group and comprise items such as employee taxes, employee on costs, GST and other recurring items.

NOTE 9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets

LDA put option asset: current - Note 9 (A)	678,935	2,188,720
LDA put option asset: non-current - Note 9 (A)	1,113,662	7,219,791
	1,792,597	**9,408,511**

Financial Liabilities

LDA derivative liability - Note 9 (A)	1,522,950	22,451,000
Other payable: consultant fee - Note 9 (B)	972,544	1,069,798
	2,495,494	**23,520,798**

(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. The options were valued at $5,305,300 using a Monte Carlo Simulation Methodology and classified as a derivative liability. Refer to Note 15 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 (refer Note 10). 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.

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 prior period 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 issued determined using a Monte Carlo Simulation Methodology. 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.

Movement in financial asset – LDA put option derivative asset

	2023 $	2022 $
Movements during the year		
Opening balance	9,408,511	-
Put option premium (derivative asset) recognised at inception	-	9,273,462
Revaluation of put option premium at call date [1]	(757,681)	
Fair value movement in financial asset – put option premium	(6,858,233)	135,049
Closing balance	**1,792,597**	**9,408,511**

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

Movement in LDA derivative liability

	2023 $	2022 $
Movements during the year		
Opening balance	22,451,000	-
Call option (derivative liability) recognised at inception	-	5,305,300
Re-measurement to fair value through profit or loss [1]	(20,928,050)	17,145,700
Closing balance	**1,522,950**	**22,451,000**

[1] The value per option reduced from $0.314 cents in June 2022 to $0.0213 cents at 30 June 2023, thereby reducing the derivative liability by $20,928,050. This reduction contributed to the net fair value gain/(loss) on financial instruments in the Consolidated Statement of Comprehensive Income.

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

Movements during the year		
Fair value movement in financial asset – put option premium	(7,615,914)	135,049
Fair value movement in derivative liability – call option	20,928,050	(17,145,700)
Net fair value loss on financial instruments	13,312,136	(17,042,489)

(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:

- 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 2023 were as follows:

	2023 $	2022 $
Fair value of liability recognised	972,544	1,069,798
Fair value of share-based payment recognised in equity share-based payment reserve	152,129	608,517

Movement in Other Payable Consultant Liability

Movements during the year		
Opening balance	1,069,798	1,875,534
Fair value loss/(gain) recognised in profit and loss	(97,254)	288,764
Payments made	-	(1,094,500)
	972,544	**1,069,798**

Fair value gain/(loss) recognised in the Statement of Comprehensive Income:

Other payable	(97,254)	(288,764)
Share based payment reserve	456,388	(304,258)
Total recognised as Consultant's expense in Statement of Comprehensive Income	**553,642**	**(593,022)**

(C) Fair value hierarchy

The following tables detail the consolidated entity'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 consolidated entity 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 $	Level 2 $	Level 3 $	Total $
June 2023				
Assets				
Derivative asset – put option premium	-	-	1,792,597	**1,792,597**
Liabilities				
LDA derivative liability	-	-	1,522,950	**1,522,950**
Other payable – consultant fee	-	-	972,544	**972,544**
	-	-	2,495,494	**2,495,494**

	Level 1 $	Level 2 $	Level 3 $	Total $
June 2022				
Assets				
LDA put option asset	-	-	9,048,511	**1,792,597**
Liabilities				
LDA derivative liability	-	-	22,451,000	**22,451,000**
Other payable – consultant fee	-	-	1,069,798	**1,069,798**
	-	-	23,520,79	**23,520,798**

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 Monte Carlo Simulation Methodology.

Level 3 Assets and Liabilities

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

	2023 $	2022 $
Assets		
Balance at the beginning of the year	9,408,511	-
Transfers out level 3	-	-
Initial recognition of financial asset – put option	-	9,273,462
Gain/(loss) recognised in profit or loss of financial asset – put option	(7,615,914)	135,049
Disposals/settlements	-	-
	1,792,597	9,408,511

	2023 $	2022 $
Liabilities		
Balance at the beginning of the year	23,520,798	1,875,535
Transfers out level 3	-	-
Initial recognition of financial derivative	-	5,305,300
(Gain)/Loss recognised in profit or loss of financial derivative	(20,928,050)	17,145,700
(Gain)/Loss recognised in profit or loss (consultants' expense)	(97,254)	288,763
	2,495,494	23,520,798

The level 3 liabilities unobservable inputs are as follows:

Description	Unobservable inputs	Unobservable Inputs 2023	2022	Sensitivity
Other payable – consultant fee	First sale of ore/concentrate probability range	50.0%	55.0%	The estimated fair value would increase/(decrease) if probability % was higher/(lower)
LDA financial derivative asset – put option	Market placement discount	14.5%	14.5%	The 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%	The estimated fair value would increase/(decrease) if discount rate was lower/(higher)
LDA Financial derivative liability	Share price	$0.037	$0.500	The estimated fair value would increase/(decrease) if share price was higher/(lower) – refer below for sensitivity analysis
	Exercise Price	125% of 90-day VWAP or $0.70	125% of 90-day VWAP or $0.70	The estimated fair value would increase/(decrease) if exercise price was higher/(lower)
	Expected volatility	115.0%	95.0%	The estimated fair value would increase/(decrease) if expected volatility was lower/(higher)

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:

	2023 Increase $	2023 Decrease $	2022 Increase $	2022 Decrease $
LDA financial derivative liability: Share Price +/- 10%	152,295	(153,010)	2,724,150	(2,674,100)
LDA financial derivative asset: Market placement discount +/- 2%	858,729	(819,472)	4,509,186	(4,300,257)

NOTE 10 SHARE CAPITAL

	2023 $	2022 $	2023 #	2022 #
Ordinary Shares				
At the beginning of the year	76,669,474	42,878,633	710,522,950	470,240,645
LDA share issue ($0.3178 per share) [1]	5,566,448	-	17,515,000	-
Share placement ($0.08 per share) [2]	5,000,000	-	62,500,000	-
LDA commitment fee issue ($0.2180 per share) [3]	2,000,000	-	9,173,897	-
Share placement ($0.07 per share) [4]	7,764,849	-	100,842,199	-
Share purchase plan ($0.07 per share) [5]	999,995	-	12,987,013	-
Share placement and rights issue ($0.15 per share)	-	35,596,890	-	237,312,305
Options exercised ($0.055 per share)	-	110,000	-	2,000,000
Options exercised ($0.15 per share)	-	150,000	-	1,000,000
Total shares issued during the year	**21,331,292**	**35,856,890**	**203,018,109**	**240,312,305**
Share issue costs	(1,008,050)	(2,066,049)	-	-
At reporting date	**96,992,716**	**76,669,474**	**913,571,059**	**710,522,950**
Non-recourse employee shares (NRE)				
At the beginning and end of the year	-	-	5,500,000	5,500,000
Total Ordinary and NRE Shares	**96,992,716**	**76,669,474**	**919,071,059**	**716,052,950**

1. Shares On 12 July 2022, the Company submitted a capital Call Notice to LDA Capital Limited (LDA Capital) targeting a $10,000,000 equity draw-down under the terms of the Put Option Agreement. The pricing period ended 23 August 2022, with LDA subscribing for 17,515,000 shares (Subscription Shares) of the 25,000,000 shares (Collateral Shares) put to LDA pursuant to the Call Notice for a total of $5,566,448 at a price per Subscription Share of $0.3178 (rounded). At the Annual General Meeting, shareholders approved the buy-back for nominal consideration those remaining 7,485,000 Collateral Shares for which LDA has not subscribed
2. 62,500,000 shares placed to an institutional investors on 5 December 2022.
3. LDA commitment fee per agreement dated 21 December 2021 representing 50% of a 'Commitment Fee' payable at the first anniversary date of the $200 million Put Option Agreement with LDA – the balance being $2,000,000 in cash was also paid. Refer to Note 9(A) for further details.
4. 100,842,199 shares placed to an institutional investors on 9 February 2023.
5. 12,987,013 share issued through a share placement plan (including the shortfall placement) on 6 March 2023.

Issued and paid-up capital is recognised at the fair value of the consideration received by the Consolidated Entity. 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.

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 Consolidated Entity whereby the Consolidated Entity 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 11 RESERVES

	2023 $	2022 $
Share Based Payment Reserve movements during the year		
Opening balance	3,239,102	2,580,242
Expired options transferred to accumulated options	-	(39,849)
Share based payments expense	573,437	698,709
	3,812,539	**3,239,102**

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 12 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 13 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 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.

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.

	2023 $	2022 $

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 2023 and 2022 is as follows:

	2023 $	2022 $
Accounting profit/(loss) before income tax	10,362,157	(20,467,514)
Tax at the Australian tax rate of 30% (2022:30%)	3,108,648	(6,140,254)
Non-deductible expenses	144,151	106,380
Revaluation - LDA	(3,993,641)	5,112,747
Deferred tax assets not bought to account	740,842	921,127
Income tax	-	-
Recognised deferred tax assets		
Carried forward tax losses	10,098,149	6,970,836
Recognised deferred tax liabilities		
Assessable temporary differences	10,098,149	6,970,836
Net deferred tax recognised	-	-
Unrecognised temporary differences and tax losses		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	13,837,129	6,062,293
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 Consolidated Entity can utilise these benefits.

NOTE 14 EARNINGS PER SHARE

The Consolidated Entity 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.

	2023	2022
	$	$
Earnings used to calculate basic and dilutive loss per share	10,362,157	(20,467,514)

	2023	2022
	#	#
Weighted average number of ordinary shares outstanding during the year	919,071,059	694,959,249
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	919,071,059	694,959,249

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 2023 or 2022 as they were not dilutive.

NOTE 15 EMPLOYEE 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.

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):

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Forfeited during year	Balance at end of year	Vested and 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	-
22	16-Aug-21	16-Aug-26	$0.25	250,000	-	-	(250,000)	-	-
23	16-Aug-21	16-Aug-26	$0.35	250,000	-	-	(250,000)	-	-
24	16-Aug-21	16-Aug-26	$0.50	500,000	-	-	(500,000)	-	-
25	20-Aug-21	20-Aug-26	$0.15	3,000,000	-	-	(1,000,000)	2,000,000	2,000,000
26	20-Aug-21	20-Aug-26	$0.25	6,000,000	-	-	(1,250,000)	4,750,000	-
27	20-Aug-21	20-Aug-26	$0.35	6,000,000	-	-	(1,250,000)	4,750,000	-
28	20-Aug-21	20-Aug-26	$0.50	8,500,000	-	-	(1,500,000)	7,000,000	-
29	6-Sep-21	6-Sep-26	$0.25	1,500,000	-	-	-	1,500,000	-
30	6-Sep-21	6-Sep-26	$0.35	1,800,000	-	-	-	1,800,000	-
31	6-Sep-21	6-Sep-26	$0.50	800,000	-	-	-	800,000	-
32	25-Oct-21	25-Oct-26	$0.25	1,400,000	-	-	-	1,400,000	-
33	25-Oct-21	25-Oct-26	$0.35	1,500,000	-	-	-	1,500,000	-
34	25-Oct-21	25-Oct-26	$0.50	1,800,000	-	-	-	1,800,000	-
35	29-Nov-21	29-Nov-26	$0.25	800,000	-	-	-	800,000	-
36	29-Nov-21	29-Nov-26	$0.35	1,400,000	-	-	-	1,400,000	-
37	29-Nov-21	29-Nov-26	$0.50	1,500,000	-	-	-	1,500,000	-
38	6-Dec-21	6-Dec-26	$0.25	1,800,000	-	-	-	1,800,000	-
39	6-Dec-21	6-Dec-26	$0.35	800,000	-	-	-	800,000	-
40	6-Dec-21	6-Dec-26	$0.50	1,400,000	-	-	-	1,400,000	-
41	13-Dec-21	13-Dec-26	$0.15	1,500,000	-	-	-	1,500,000	-
42	13-Dec-21	13-Dec-26	$0.25	1,800,000	-	-	-	1,800,000	-
43	13-Dec-21	13-Dec-26	$0.35	800,000	-	-	-	800,000	-
44	13-Dec-21	13-Dec-26	$0.50	1,400,000	-	-	-	1,400,000	-
45	21-Dec21	21-Dec-25	See below	71,500,000	-	-	-	71,500,000	-
46	4-Jan-22	4-Jan-27	$0.25	250,000	-	-	(250,000)	-	-
47	4-Jan-22	4-Jan-27	$0.35	250,000	-	-	(250,000)	-	-
48	4-Jan-22	4-Jan-27	$0.50	500,000	-	-	(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	-
53	20-Sep-22	BFS completion	$0.50	-	1,000,000	-	(1,000,000)	-	-
54	20-Sep-22	20-Sep-25	$0.50	-	2,000,000	-	(2,000,000)	-	-
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	-
59	10-May-23	10-May-28	$0.65	-	1,250,000	-	-	1,250,000	-
60	10-May-23	10-May-28	$0.85	-	1,250,000	-	-	1,250,000	-
61	10-May-23	10-May-28	$0.85	-	1,250,000	-	-	1,250,000	-
62	10-May-23	10-May-28	$1.05	-	1,250,000	-	-	1,250,000	-
				112,475,000	**11,750,000**	-	**(10,000,000)**	**115,475,000**	**2,000,000**
Weighted average exercise price				$0.60	$0.85	-	$0.40	$0.64	

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.79 years.

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 group companies.

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
53	20-Sep-22	BFS completion	$0.425	$0.50	117%	Nil	3.364%	$0.1400	Black-Scholes
54	20-Sep-22	20-Sep-25	$0.425	$0.50	110$	Nil	3.007%	$0.2888	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

Tranches 22 – 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

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

Milestone 1	Completion of the Hawsons BFS – forecast for completion in December 2022
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

Tranche 45 – Options issued to LDA Capital in accordance with the Put Option Agreement (POA), 2021;

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 125% of the 90-day VWAP at the two-year anniversary of the issue of the options, or if the 90-day VWAP at the two-year anniversary of the issue of the options is at least $0.55c, then $0.70c. Each option has an exercise period of four years. Options exercised by LDA Capital will inject up to a further A$50.05 million in equity capital into HIO. Refer Note 12 for further details of the arrangement.

In determining the fair value of Tranche 45, a Monte Carlo Simulation methodology was used because there are multiple sources of uncertainty and complicated features.

Valuation inputs at inception:

Tranche	Grant/Valn Date	Expiry Date	Fair value at measurement date	Share Price	Exercise Price	Expected volatility	Expected Dividends	Risk free rate
45	21/12/2021	21/12/2025	$0.0742	$0.155	125% of 90-day VWAP or 0.70	85%	nil	1.260%

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 Consolidated Entity whereby the Consolidated Entity 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	Balance at start of year	Granted in year	Exercised in year	Lapsed/ transferred during year	Balance at end of year	Exercisable at end of year
Director 1	31 May 2011	31 May 2012	$0.48	750,000	-	-	-	750,000	750,000
Director 2	31 May 2011	31 May 2013	$0.48	750,000	-	-	-	750,000	750,000
Employee 1	1 March 2011	2 March 2013	$0.60	2,100,000	-	-	-	2,100,000	2,100,000
Employee 2	5 July 2013	5 July 2013	$0.30	1,900,000	-	-	-	1,900,000	1,900,000
				5,500,000	-	-	-	5,500,000	5,500,000
Weighted average exercise price				0.47	-	-	-	0.47	0.47

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.

<u>Expenses arising from employee share-based payment transactions</u>
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:

	2023	2022
	$	$
Options	1,029,825	354,602

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).

NOTE 16 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 Consolidated Entity.

Summary	2023 $	2022 $
Short-term employee benefits	738,031	683,473
Post-employment benefits	58,877	52,833
Share-based payments	716,661	313,384
	1,513,569	1,049,690

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

Amounts Owed to Key Management Personnel and Other Related Parties

There were no amounts payable to Directors, key management personnel or other related parties at 30 June 2023 (2022: Nil).

Transactions with Related Parties

There were no other transactions between the Consolidated Entity and its related parties during the year (2022: Nil).

NOTE 17 FINANCIAL RISK MANAGEMENT

The Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated Entity 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 Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity.

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 2023 (2022: nil).

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

Maximum exposure to credit risk

	2023 $	2022 $
Non-trade receivables	371,474	151,499
Cash and cash equivalents	7,246,403	7,824,042
	7,617,877	7,975,541

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 Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board. The Consolidated Entity 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 2023. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	2023 $	2022 $
Less than one year		
Non-derivatives (non-interest bearing)		
Trade and other payables	391,919	2,817,126
Lease liabilities	132,536	125,352
Deferred consideration	-	2,000,000
Commitment fee payable	-	4,000,000
Other payable – consultant fee	972,544	1,069,798
	1,364,463	10,012,276
Between one and five years		
Non-derivatives (non-interest bearing)		
Lease liabilities	103,082	224,165

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.

(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 consolidated entity 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 Consolidated Entity does not have any material interest rate exposure.

(d) Capital Risk Management

Management controls the capital of the Consolidated Entity in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital. Further detail on share capital can be found in Note 10. There are no externally imposed capital requirements. Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity'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 Consolidated Entity since the prior year.

(e) Fair Values

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

NOTE 18 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:

	2023 $	2022 $
Audit services:		
Audit or review of the financial statements	121,800	123,800
Other services:		
Whistleblowing services	3,000	3,000
Tax compliance services	16,000	17,750
	19,000	20,750
Total remuneration - BDO	140,800	144,550

NOTE 19 PARENT ENTITY INFORMATION

The Parent Entity of the Consolidated Entity is Hawsons Iron Limited.

Controlled Entities of the Parent Entity

	Percentage Owned	
	2023 %	2022 %
Willyama Prospecting Pty Ltd	100%	100%

Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity. Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Parent Entity Financial Information

	2023 $	2022 $
Current assets	8,144,171	10,841,255
Non-current assets	55,674,340	52,305,476
Total assets	64,818,511	63,146,731
Current liabilities	3,075,325	32,545,873
Non-current liabilities	101,806	218,315
Total liabilities	3,177,130	32,764,188
Net assets	**61,641,381**	**30,382,543**
Issued capital	96,992,716	76,669,474
Share based payment reserve	3,812,539	3,239,102
Accumulated losses	(39,163,874)	(49,526,033)
Total equity	**61,641,381**	**30,382,543**
Profit/(loss) after income tax	10,362,159	(20,467,514)
Other comprehensive income	-	-
Total comprehensive income	**10,362,159**	**(20,467,514)**

Commitments, Contingencies and Guarantees of the Parent Entity

The committed expenditure and contingent liabilities for future periods of the Parent Entity is the same as those for the Consolidated Entity. Refer to Notes 20 and 21 for details.

NOTE 20 COMMITMENTS

Lease Arrangements

The Consolidated Entity entered into a three-year lease for office space during the prior year. Commitments regarding future obligations are detailed in Note 7.

Future exploration

The Consolidated Entity 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 Consolidated Entity.

	2023 $	2022 $
Exploration obligations to be undertaken:		
Payable within one year	432,670	267,045
Payable between one year and five years	1,205,456	635,326
Payable after five years	156,052	-
	1,794,178	**902,371**

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 21 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The Company has been made a party to proceedings by Pure Metals. In May 2021, the Company completed the acquisition of Pure Metals' 24.149% interest in the project in consideration for the issue by Hawsons of 90.8 million shares in the company to Pure Metals.

Following shareholder approval, a liquidator was appointed to Pure Metals' major shareholder (ASI Liquidator), effectively acquiring a controlling interest in Pure Metals. As a consequence of the appointment, the parties agreed to issue the HIO share in two tranches rather than one to ensure that the ASI Liquidator did not acquire a relevant interest in more than 20% of the company's shares.

Pure Metals claims it has suffered loss resulting from the sale of the HIO shares. The Company considers that the issue of HIO share to Pure Metals, an obligation of the Company under the transaction, could not conceivably cause loss to Pure Metals, and that any claim by Pure Metals against the company is without merit and misplaced.

Contingent Assets

There are no material contingent assets at 30 June 2023.

NOTE 22 EVENTS AFTER REPORTING DATE

There have been no events since 30 June 2023 that impact upon the financial report.

Directors’ declaration

The Directors of the Company declare that:

3. 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 consolidated entity’s financial position as at 30 June 2023 and of its performance for the year ended on that date.
4. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
5. 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.
6. The remuneration disclosures included in pages 14 to 22 of the Directors’ report (as part of audited Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001.*
7. 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 27 September 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Hawsons Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hawsons Iron Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 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 Group 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 group's ability to continue as a going concern and therefore the group 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***
As a result of the Put Option Agreement held with LDA Capital, to provide equity funding over a four-year period, the Group recognises a financial derivative asset at fair value and a financial derivative liability at fair value, as disclosed in Note 9. In addition, the Group has recorded a net fair value gain on these financial instruments in profit or loss. 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. 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.	Our audit procedures included, but were not limited to the following: • Evaluating management's assessment of the fair values of the financial derivative asset and liabilities booked at inception and at reporting date, by obtaining external valuations prepared by management's specialist. • Engaging our internal corporate finance specialist to assess the reasonableness of the assumptions and methodology used in the derivative asset and liability valuations. • Reconciling the fair value movements on the financial derivatives and corresponding impact in profit or loss. • Assessing the adequacy of presentation and disclosures in the financial statements.

Share Based Payments

Key audit matter	***How the matter was addressed in our audit***
Share-based payments are a complex accounting area due to the complex and judgemental estimates used in determining the fair value of the share-based payments. Share based payments include share options granted to directors during the year. Accordingly, we consider the Group's calculations of share-based payment expense to be a key audit matter.	Our procedures included, but were not limited to the following: • Enquiring of management, reviewing ASX announcements and directors' minutes to ensure completeness of the Group's share options and other contractual agreements. • Reviewing the relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of all share based payment arrangements.

Share Based Payments *continued*

Key audit matter	*How the matter was addressed in our audit*
There have also been a number of employees and/or directors that have either retired or resigned from the Company during the year. The share options included a retirement clause, and for two of the directors, the retirement clause was modified and extended for a further 12 months. Assessment of the accounting for the retirement clause being triggered and modification required significant auditor attention.	• Evaluating management's assessment of the fair value of the share options granted during the year, by obtaining external valuations prepared by management's specialist. • Engaging our internal corporate finance specialist to assess the reasonableness of the assumptions and methodology used in the share options valuations. • Engaging our internal IFRS specialists to review the Group's accounting treatment of the retirement clauses being triggered and modifications in accordance with the applicable Accounting Standards. • Evaluating the adequacy of the related disclosures in the remuneration report and notes to the financial statements.

Carrying value of exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
The Group carries exploration and evaluation assets in accordance with the Group's accounting policy for exploration and evaluation expenditure, as set out in Note 6. The recoverability of exploration and evaluation assets is a key audit matter due to: • The significance of the total balance; and • 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.	Our Procedures included, but were not limited to the following: • Obtaining evidence that the Group 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 Group maintains tenements in good standing. • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Group as to their intentions and strategy. • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure the Group 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group 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 at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_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 22 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Hawsons Iron Limited, for the year ended 30 June 2023, 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

K L Colyer
Director

Brisbane, 27 September 2023

DISTRIBUTION OF NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 20 SEPTEMBER 2023

Number of Securities Held	Ordinary shares fully paid	No. of holders
1 to 1,000	292,301	490
1,001 to 5,000	4,915,858	1,675
5,001 to 10,000	9,690,002	1,234
10,001 to 100,000	142,118,133	3,770
100,001 and over	762,054,765	1,556
	919,071,059	8,725
Number of shareholders holding less than a marketable parcel of shares		**3,792**

TWENTY LARGEST HOLDERS OF EACH QUOTED SECURITY

Rank	Name	20 Sept 2023	%IC
1	MR GLEN CORBY BULL	17,000,000	1.85
2	MR KENNETH JOSEPH HALL <HALL PARK A/C>	16,000,000	1.74
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	15,038,573	1.64
4	DR EDMUND TEOW WONG EK	13,970,139	1.52
5	CITICORP NOMINEES PTY LIMITED	11,354,783	1.24
6	JKS GROUP HOLDINGS PTY LTD <THE JKS GROUP A/C>	8,206,969	0.89
7	MR BRANKO SUBOTA <SUBOTA PALISI PROPERTY A/C>	6,635,555	0.72
8	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	6,114,316	0.67
9	MR DAVID CAMPBELL RANKOVICH	5,450,000	0.59
10	SUGGATE HOLDINGS PTY LTD <SUGGATE SF A/C>	4,821,918	0.52
11	MR PETER FRANK FILICE + MRS BELINDA FILICE	4,763,271	0.52
12	MR PETR TURCOVSKY	4,700,000	0.51
13	MISS THI HUE NGUYEN	4,584,980	0.50
14	COMSEC NOMINEES PTY LIMITED	4,571,665	0.50
15	MR KUN LIU	4,481,290	0.49
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,213,812	0.46
17	AUSTRALIAN IRON AND METAL PTY LTD <AIM INVESTMENT A/C>	3,866,926	0.42
18	MR KOK LEONG WONG	3,425,000	0.37
19	MR CHING WOO GOH	3,420,000	0.37
20	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	3,350,283	0.36
	Total	**145,969,480**	**15.88**
	Balance of register	**773,101,579**	**84.12**
	Grand total	**919,071,059**	**100.00**

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

SUBSTANTIAL SHAREHOLDERS

There was no Substantial shareholders of the Company at 20 September 2023.

SCHEDULE OF TENEMENTS

Licence	Notes	Name	Grant date	Expiry date	Equity	Units	Area – km2
EL6979	1,2	Redan	11/12/2007	11/12/2026	100%	62	180
EL7208	2	Burta	22/09/2008	22/09/2025	100%	100	290
EL7504	2	Little Peak	08/04/2010	08/04/2029	100%	14	41
MLA460	3,4	Hawsons Iron	Under application	Under application	100	n/a	187

Notes:

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

2 Title to 100% Hawsons Iron Ltd completed.

3 MLA made on 18 October 2013. Tenement application subject to unspecified grant date and conditions.

4 Application to amend Mining License Application to 100% Hawsons Iron Ltd, in progress.

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 6% recovered magnetic fraction ("DTR") cut-off constrained to a pit shell:

	Mineral Resources Estimate June 2023			Mineral Resources Estimate June 2022		
Category	**Mt**	**DTR %**	**Concentrate Mt**	**Mt**	**DTR %**	**Concentrate Mt**
Measured	394	13.7	54	-	-	-
Indicated	1,576	12.0	190	960	13.7	132
Inferred	1,954	12.1	237	2,100	12.9	268
Total	**3,924**	**12.3**	**481**	**3,060**	**13.1**	**400**

Category	Fe %	SiO2 %	Al2O3 %	P %	S %	TiO2 %	LOI %
Measured	69.4	3.0	0.23	0.006	0.002	0.05	-3.0
Inferred	68.4	3.6	0.32	0.009	0.004	0.06	-2.7
Indicated	68.0	4.1	0.34	0.009	0.004	0.06	-2.8
Total	**68.3**	**3.8**	**0.32**	**0.008**	**0.004**	**0.06**	**-2.8**

Material Changes and Resource Statement Comparison

Comparison with the 2021 Mineral Resource update indicates a 28.2% increase in the size of the resource with a 20.4% increase in DTR tonnes. The increased resource was accompanied by a 6.% drop in the DTR grade with a 1.3% drop in iron concentrate grade to 68.3%. The increase in size is due to the additional drilling that converted previous exploration potential to Mineral Resource, the inclusion of more lower grade oxidised material and the inclusion of the newly confirmed Unit 2 rollover extension in the NW of the deposit. Measured and Indicated Resources increased by 105% in size with an 85% increase in DTR tonnes and a 10% drop in DTR grade, all due to the infill drilling.

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.