

# Interim Financial Report

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For the  
Half-Year Ended  
31 December 2022



# Directors' report

Your Directors' present their report on Hawsons Iron Limited and its controlled entities (the Consolidated Entity) for the half-year ended 31 December 2022.

## Directors

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

Name	Position	Period of directorship
David Woodall	Non-executive Chairman	Appointed 20 May 2022
Bryan Granzien	Managing Director	Appointed 29 December 2020
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Jon Parker	Non-executive Director	Resigned 3 October 2022
Hon. Tony McGrady AM	Non-executive Director	Appointed 3 October 2022

## Operating results

### Commentary and comparison with prior year

For the half-year ended 31 December 2022, the profit for the Consolidated Entity after providing for income tax was \$16,257,162 (December 2021: net loss of \$1,468,856). The result is mainly due to a fair value gain on financial instruments measured at fair value and share based payments recognised in equity. The difference of \$17,726,018 is summarised below:

- Decrease in fair value of financial instrument \$17,352,960
- Increase in Employment Expenses (\$123,799);
- Decrease in Consultants Expenses \$702,771;
- Increase in Operating Expenses (\$172,703) and;
- Increase in Other Expenses (\$33,211).

### Cash Position and financial position

The Consolidated Entity's cash position as at the end of the reporting period was \$2,410,882, net current liabilities of \$641,213 and net assets of \$58,473,230. The net current liability position includes a financial derivative asset of \$2,548,666 and a financial derivative liability of \$3,360,500 relating to the LDA Put Option Agreement. Because the exercise of the share options is at the discretion of LDA Capital, the financial derivative is required to be classified as a current liability.

The Consolidated Entity incurred an outflow of \$1,317,797 of cash from operating activities, an outflow of \$12,168,324 of cash from investing activities and an inflow of \$8,072,961 of cash from financing activities. Investing activities includes capitalisation of expenses such as: drilling; environmental; tenement; and, resourcing management costs. A total of \$10,134,454 (after costs) was raised through share issues during the period.



# Review of operations

- The South Australian Government declares the Hawsons Iron Project an Impact Assessed Major Project.
- Experienced high-calibre resources industry professional the Hon Tony McGrady, AM, appointed as a Non-Executive Director to replace retiring Director Mr Jon Parker.
- Citigroup Global Markets Australia Pty Ltd (Citi) engaged as Strategic Advisory Partner to assist the Company in assessing strategic partnering opportunities in the development of the Hawsons Iron Project.
- On 24<sup>th</sup> 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.
- Hawsons receives \$5,566,448 before costs via an equity draw down from LDA Capital Limited under the terms of its strategic \$200 million Put Option Agreement with the US-based financier.
- Escalating global costs and deteriorating economic conditions necessitated a Board decision to slow work on the Hawsons Iron Project's Bankable Feasibility Study (BFS).
- The decision affirmed that the BFS would not be completed by the end of December 2022, allowing the Company to undertake a Strategic Review to examine escalating capital expenditure and operating costs and all options to progress the project, including scaling.
- Hawsons signed a legally binding agreement with Flinders Ports Pty Ltd to co-operate on the potential development and operation of a greenfield port at Myponie Point on South Australia's eastern Spencer Gulf.
- Hawsons announced the Company held agreed non-binding Letters of Intent for the offtake of up to 58 million tonnes per annum (Mtpa) of high-grade Hawsons Supergrade® concentrate from the global steel sector.
- On 5 December 2022, the Company completed an institutional placement which raised \$5,000,000 before costs to top up working capital through the issue of 62,500,000 new shares at \$0.08 each.
- 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 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.
- Corporate and Investor Relations activities were maintained during the period, including presentations by Managing Director Bryan Granzien to the Noosa Mining Investment Conference and the International Mining and Resources Conference in Sydney.

## 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.



## Events after reporting date

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On 1 February 2023, the Company announced its results from the Strategic Review which concluded:

- a modified Bankable Feasibility Study should assess a project based on 11 million tonnes per annum,
- Slurry pipeline operating costs confirmed as significantly lower than rail – retaining ESG benefits,
- Myponie Point confirmed as the superior port location for start-up and staged expansion,
- Capital cost estimates still too high, requiring a deeper review of processing plant and project; and,
- Access to higher grade ore at shallower depths from 30-150 metres would greatly enhance project economics and financing by accelerating cash flow generation.

Currently, value-engineering analysis to further reduce processing plant and project costs is being undertaken, together with a resource definition program.

On 9 February 2023, the company announced an Institutional Placement raising \$7,764,849 (before costs) to support the engineering and resource definition.

On 6 March 2023, the company announced completion of a Share Purchase Plan (SPP) and shortfall Institutional Placement raising \$1,000,000 (before costs).

Net proceeds from the Placement and SPP are being used for working capital and to fund the Strategic Review's action plan supporting a modified Bankable Feasibility Study (BFS) for the Hawsons Iron Project, based on 11 million tonne per annum.

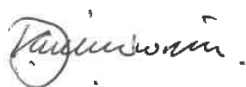
There have been no other events since 31 December 2022 that impact upon the financial report.

## Auditor's independence declaration

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The Auditor's Independence Declaration under s307c of the Corporations Act 2001 is set out on page 3 and forms part of the Directors' report.

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



**David Woodall**

Non-executive Chairman

Dated 15 March 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 for the review of Hawsons Iron Limited for the half-year ended 31 December 2022, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

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

**K L Colyer**  
Director

**BDO Audit Pty Ltd**

Brisbane, 15 March 2023

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



## Consolidated Statement of Comprehensive Income For the half-year ended 31 December 2022

	Note	December 2022 \$	December 2021 \$
Interest income		13,690	1,281
Net fair value gain on financial instruments measured at fair value through profit or loss	11	17,321,122	-
Day one loss on initial recognition of put option contract released to profit or loss		-	(31,838)
Employment benefit expenses	4	(703,979)	(580,180)
Depreciation and amortisation expense		(70,421)	(4,454)
Consultants expense (change in fair value and share based payment)	11	456,388	(246,383)
Corporate compliance costs		(289,897)	(239,726)
Corporate advisory		(247,415)	(199,073)
Computer, IT and telecommunications		(70,102)	(51,680)
Insurance		(39,782)	(20,712)
Marketing		(1,860)	(21,742)
Other		(84,155)	(50,944)
Rent expense relating to short-term leases		-	(23,405)
Training, conferences and seminars		(26,427)	-
Profit/(Loss) before income tax		16,257,162	(1,468,856)
Income tax expense/(benefit)	13	-	-
Profit/(Loss) after income tax expense		16,257,162	(1,468,856)
Other comprehensive income			-
<b>Total comprehensive income</b>		<b>16,257,162</b>	<b>(1,468,856)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Profit/(Loss) per share</b>			
Basic and diluted profit/(loss) per share		2.25	(0.22)

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



## Consolidated Balance Sheet As at 31 December 2022

	Note	December 2022 \$	June 2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,410,882	7,824,042
Trade and other receivables	6	341,997	712,207
Other current assets		93,387	101,887
Financial asset at fair value through profit or loss	11	2,548,666	2,188,720
<b>TOTAL CURRENT ASSETS</b>		<b>5,394,932</b>	<b>10,826,856</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		132,475	151,499
Plant and equipment	7	301,219	368,065
Financial asset at fair value through profit or loss	11	5,090,467	7,219,791
Exploration and evaluation assets	8	53,746,443	44,566,121
<b>TOTAL NON-CURRENT ASSETS</b>		<b>59,270,604</b>	<b>52,305,476</b>
<b>TOTAL ASSETS</b>		<b>64,665,536</b>	<b>63,132,332</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	9	1,400,070	8,802,727
Financial liability at fair value through profit or loss	11	4,430,298	23,520,798
Lease liabilities	10	122,205	116,871
Provisions		83,572	91,078
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,036,145</b>	<b>32,531,474</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10	156,161	218,315
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>156,161</b>	<b>218,315</b>
<b>TOTAL LIABILITIES</b>		<b>6,192,306</b>	<b>32,749,789</b>
<b>NET ASSETS</b>		<b>58,473,230</b>	<b>30,382,543</b>
<b>EQUITY</b>			
Share capital	2	88,804,231	76,669,474
Share based payment reserve		2,937,870	3,239,102
Accumulated losses		(33,268,871)	(49,526,033)
<b>TOTAL EQUITY</b>		<b>58,473,230</b>	<b>30,382,543</b>

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



## Consolidated Statement of Changes in Equity For the half-year ended 31 December 2022

Consolidated Entity	Share Capital	Share based payment reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	42,878,633	2,580,242	(29,058,519)	16,400,356
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	35,706,890	-	-	35,706,890
Costs of raising capital	(1,949,940)	-	-	(1,949,940)
Consultants share-based payments		152,129		152,129
Employee share options – value of employee services	-	169,617	-	169,617
<b>Total</b>	<b>33,756,950</b>	<b>321,746</b>	<b>-</b>	<b>34,078,696</b>
<b>Comprehensive income</b>				
Loss after income tax	-	-	(1,468,856)	(1,468,856)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1,468,856)</b>	<b>(1,468,856)</b>
<b>Balance at 31 December 2021</b>	<b>76,635,583</b>	<b>2,901,988</b>	<b>(30,527,375)</b>	<b>49,010,196</b>
<b>Balance at 1 July 2022</b>	76,669,474	3,239,102	(49,526,033)	30,382,543
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	12,566,448	-	-	12,566,448
Costs of raising capital	(431,691)	-	-	(431,691)
Consultants share-based payments		(456,388)		(456,388)
Employee share options – value of employee services	-	155,156	-	155,156
<b>Total</b>	<b>12,134,757</b>	<b>(301,232)</b>	<b>-</b>	<b>11,833,525</b>
<b>Comprehensive income</b>				
Profit/(Loss) after income tax	-	-	16,257,162	16,257,162
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>16,257,162</b>	<b>16,257,162</b>
<b>Balance at 31 December 2022</b>	<b>88,804,231</b>	<b>2,937,870</b>	<b>(33,268,871)</b>	<b>58,473,230</b>

*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 half-year ended 31 December 2022

	Note	December 2022 \$	December 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,331,487)	(2,053,479)
Interest received		13,690	1,281
Net cash used in operating activities		(1,317,797)	(2,052,198)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(3,576)	(37,053)
Proceeds from receipt of security deposit		19,024	-
Payments for exploration and evaluation assets		(12,183,772)	(2,628,121)
Net cash used in investing activities		(12,168,324)	(2,665,174)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	2	10,566,448	35,706,890
Costs associated with the issue of shares	2	(431,994)	(1,949,940)
Costs associated with LDA financing facility	9	(2,000,000)	-
Repayment of finance leases		(61,493)	-
Net cash provided by financing activities		8,072,961	33,756,950
Net increase/(decrease) in cash and cash equivalents		(5,413,160)	29,039,578
Cash and cash equivalents at the beginning of the financial year		7,824,042	2,349,451
<b>Cash and cash equivalents at the end of the financial period</b>	<b>5</b>	<b>2,410,882</b>	<b>31,389,029</b>

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



## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Reporting Entity

Hawsons Iron Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2022 comprises the Company and its controlled entities (together referred to as the “Consolidated Entity”).

### b) Statement of Compliance

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2022.

This consolidated interim financial report was approved by the Board of Directors on 15 March 2023.

### Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2022, except for the adoption of new accounting standards as set out below.

### New and revised standards

A number of new or amended standards became applicable for the current reporting period. The impact of the adoption these standards did not have any impact on the Consolidated Entity’s accounting policies and did not require retrospective adjustments.

### c) Going Concern

As at 31 December 2022 the Consolidated Entity had cash reserves of \$2,410,882 and net current liabilities of \$641,213 and net assets of \$58,473,230.

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 of \$190 million 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; and
- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating.
- LDA has supported the company during the period by subscribing in an equity call, as part of the LDA equity facility (Put Option Agreement).

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.

December  
2022  
\$

June  
2022  
\$

## NOTE 2 SHARE CAPITAL

Fully paid ordinary shares	88,804,231	76,669,474
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### Ordinary Shares

	Dec 2022 \$	Dec 2022 No.
Balance at 1 July 2022	76,669,474	710,552,950
Shares issued during the period:		
24 August 2022 - \$0.3178 each (rounded) <sup>1</sup>	5,566,448	17,515,000
5 December 2022 - \$0.08 each <sup>2</sup>	5,000,000	62,500,000
22 December 2022 - \$0.218009855 <sup>3</sup>	2,000,000	9,173,897
Share issue costs	(431,691)	-
Balance at 31 December 2022	88,804,231	799,741,847

### Non-recourse employee shares (NRE)

Balance at 1 July 2022	-	5,500,000
NRE shares issued	-	-
Transfer to treasury shares	-	-
Balance at 31 December 2022	-	5,500,000

<b>Total Ordinary and NRE Shares</b>	<b>88,804,231</b>	<b>805,241,847</b>
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<sup>1</sup> 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 its strategic \$200 million Put Option Agreement with the US-based financier. 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, the Company got shareholder approval to buy-back for nominal consideration those remaining 7,485,000 Collateral Shares for which LDA has not subscribed.

<sup>2</sup> Share placement to institutional investor.

<sup>3</sup> 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 notes 9 and 11 for further details.



## Options

Details of options issued, exercised and expired during the period ended 31 December 2022 are set out below:

Tranche	Grant Date	Expiry Date	Exercise Price	30-Jun-22	Granted in year	Exercised in year	Lapsed Cancelled <sup>1</sup>	Modified	31-Dec-22	Options Issued Post Yr End
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	-	-	-	-	3,000,000	-
26	20-Aug-21	20-Aug-26	\$0.25	6,000,000	-	-	250,000	-	5,750,000	-
27	20-Aug-21	20-Aug-26	\$0.35	6,000,000	-	-	250,000	-	5,750,000	-
28	20-Aug-21	20-Aug-26	\$0.50	8,500,000	-	-	500,000	-	8,000,000	-
29	6-Sep-21	6-Sep-26	\$0.25	250,000	-	-	-	-	250,000	-
30	6-Sep-21	6-Sep-26	\$0.35	250,000	-	-	-	-	250,000	-
31	6-Sep-21	6-Sep-26	\$0.50	500,000	-	-	-	-	500,000	-
32	25-Oct-21	25-Oct-26	\$0.25	250,000	-	-	-	-	250,000	-
33	25-Oct-21	25-Oct-26	\$0.35	250,000	-	-	-	-	250,000	-
34	25-Oct-21	25-Oct-26	\$0.50	500,000	-	-	-	-	500,000	-
35	29-Nov-21	29-Nov-26	\$0.25	250,000	-	-	-	-	250,000	-
36	29-Nov-21	29-Nov-26	\$0.35	250,000	-	-	-	-	250,000	-
37	29-Nov-21	29-Nov-26	\$0.50	500,000	-	-	-	-	500,000	-
38	6-Dec-21	6-Dec-26	\$0.25	150,000	-	-	-	-	150,000	-
39	6-Dec-21	6-Dec-26	\$0.35	150,000	-	-	-	-	150,000	-
40	6-Dec-21	6-Dec-26	\$0.50	200,000	-	-	-	-	200,000	-
41	13-Dec-21	13-Dec-26	\$0.15	400,000	-	-	-	-	400,000	-
42	13-Dec-21	13-Dec-26	\$0.25	400,000	-	-	-	-	400,000	-
43	13-Dec-21	13-Dec-26	\$0.35	200,000	-	-	-	-	200,000	-
44	13-Dec-21	13-Dec-26	\$0.50	475,000	-	-	-	-	475,000	-
45	21-Dec-21	21-Dec-25	125% of 90 Day Vwap or .70c	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 <sup>2</sup>	15-Nov-22	15-Nov-27	\$0.80	1,250,000	-	-	-	-	1,250,000	-
50 <sup>2</sup>	15-Nov-22	15-Nov-27	\$1.00	1,250,000	-	-	-	-	1,250,000	-
51 <sup>2</sup>	15-Nov-22	15-Nov-27	\$1.00	1,250,000	-	-	-	-	1,250,000	-
52 <sup>2</sup>	15-Nov-22	15-Nov-27	\$1.20	1,250,000	-	-	-	-	1,250,000	-
53	20-Sep-22	Completion of BFS	\$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	-
				112,475,000	8,000,000		3,000,000		117,475,000	

<sup>1</sup> 3,000,000 options issued to employees under the Hawsons Iron Option Plan were cancelled due to termination of employment.

<sup>2</sup> Tranches 49-52 were offered to the Chairman on 20 May 2022, and were accounted for from this date in accordance with AASB2 and granted with shareholder approval at the AGM on 15 November 2022.

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.

	Grant/valn Date	Expiry Date	Share Price	Exercise Price	Expected volatility	Expected Dividends	Risk free rate	Fair value per instrument
49	15/11/2022	15/11/2027	\$ 0.115	\$ 0.80	114%	nil	3.449%	\$0.0662
50	15/11/2022	15/11/2027	\$ 0.115	\$ 1.00	114%	nil	3.449%	\$0.0625
51	15/11/2022	15/11/2027	\$ 0.115	\$ 1.00	114%	nil	3.449%	\$0.0595
52	15/11/2022	15/11/2027	\$ 0.115	\$ 1.20	114%	nil	3.449%	\$0.0559
53	20/09/2022	Completion of BFS	\$ 0.425	\$ 0.50	117%	nil	3.364%	\$0.1400
54	20/09/2022	20/09/2025	\$ 0.425	\$ 0.50	110%	nil	3.007%	\$0.2888
55	15/11/2022	15/11/2027	\$ 0.115	\$ 0.65	114%	nil	3.449%	\$0.0696
56	15/11/2022	15/11/2027	\$ 0.115	\$ 0.85	114%	nil	3.449%	\$0.0652
57	15/11/2022	15/11/2027	\$ 0.115	\$ 0.85	114%	nil	3.449%	\$0.0617
58	15/11/2022	15/11/2027	\$ 0.115	\$ 1.05	114%	nil	3.449%	\$0.0648

The tranches have been valued using the following methods:

Tranches 49-50 & 52-56 & 58 – Black-Scholes

Tranches 51 & 57 – Monte Carlo

**Tranche 53-54 relates to the milestones below:**

<b>Milestone 1</b>	Sign-on entitlement
<b>Milestone 2</b>	Completion of the Hawsons Bankable Feasibility Study





Tranches 49-52 & 55-58 relates to the milestones below:

<b>Milestone 1</b>	Completion of the Hawsons Bankable Feasibility Study
<b>Milestone 2</b>	The raising of the capital cost, by the Company, to develop the Hawsons Iron Project.
<b>Milestone 3</b>	Market capitalisation of the Company reaches AUD\$1,000,000,000.
<b>Milestone 4</b>	First commercial shipment of iron ore product of the Company.

## 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 half-year. All assets are located in Australia.

## NOTE 4 ITEMS INCLUDED IN PROFIT OR LOSS

	December 2022 \$	December 2021 \$
Included in profit/(loss) are the following specific expenses:		
<i>Included in 'Employment benefit expenses':</i>		
Share based payment expense	155,156	169,617
Directors' fees	85,000	30,000
Salaries and consultant fees	463,823	380,563
	703,979	580,180

## NOTE 5 CASH AND CASH EQUIVALENTS

	December 2022 \$	June 2022 \$
Cash at bank and in hand	2,410,882	7,824,042
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>2,410,882</b>	<b>7,824,042</b>

## NOTE 6 TRADE AND OTHER RECEIVABLES

	December 2022 \$	June 2022 \$
Accounts receivable	-	-
GST refund due	341,997	712,207
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>341,997</b>	<b>712,207</b>



## NOTE 7 PLANT AND EQUIPMENT

	December 2022 \$	June 2022 \$
<b>Computer equipment</b>		
Opening balance	29,124	5,587
Additions	2,762	36,888
Disposals	-	-
Less depreciation	(6,998)	(13,351)
Closing balance	24,888	29,124
<b>Office equipment</b>		
Opening balance	7,745	-
Additions	814	8,796
Less depreciation	(1,324)	(1,051)
Closing balance	7,235	7,745
<b>Right of Use Asset – office premises</b>		
Opening balance	331,196	-
Additions	-	372,595
Less depreciation	(62,100)	(41,399)
Closing balance	269,096	331,196
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>301,219</b>	<b>368,065</b>

## NOTE 8 EXPLORATION AND EVALUATION ASSETS

	December 2022 \$	June 2022 \$
Opening balance	44,566,121	15,895,346
Additional share of joint venture operation – Hawsons Iron Project	-	10,000,000
Capitalised expenditure	9,180,322	18,670,775
	53,746,443	44,566,121

Exploration activities capitalised during the period relate to the Hawsons Iron Project.

## NOTE 9 TRADE AND OTHER PAYABLES

	December 2022 \$	June 2022 \$
Accounts payable	1,215,222	2,402,225
PAYG owing	37,076	65,373
Accrued expenses	147,772	335,129
Deferred consideration <sup>(1)</sup>	-	2,000,000
Commitment fee payable <sup>(2)</sup>	-	4,000,000
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>1,400,070</b>	<b>8,802,727</b>

- (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 11 for further details of the LDA transaction.



## NOTE 10 LEASE LIABILITIES

The Company leases office premises at Level 21, 12 Creek Street, Brisbane. The lease term is 3 years.

## NOTE 11 FINANCIAL ASSETS AND LIABILITIES

	December 2022 \$	June 2022 \$
<b>Financial asset:</b>		
Current – LDA Financial asset – put option	2,548,666	2,188,720
Non-current - LDA Financial asset – put option	5,090,467	7,219,791
	7,639,133	9,408,511
<b>Financial liabilities:</b>		
Current - LDA derivative liability	3,360,500	22,451,000
Current - Other payable – consultant fee	1,069,798	1,069,798
	4,430,298	23,520,798

### Financial derivative asset – LDA put option and Financial derivative liability - 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 and 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 reporting date at \$3,360,500 using a Monte Carlo Simulation Methodology and classified as a derivative liability.
- (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) The Company paid a commitment fee of \$4,000,000 comprising \$2,000,000 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. This was paid on 21 December 2022.

### 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. 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.

At each reporting date the financial derivative asset and derivative liability is remeasured at fair value. The value per option reduced from \$0.314 cents in June 2022 to \$0.0470 cents in December 2022, thereby reducing the derivative liability by \$19,090,500. This reduction contributed to the net deferred gain on financial instruments in the Consolidated Statement of Comprehensive Income.

The derivative asset was revalued on 24 August 2022 when an equity call was made under the agreement. Refer Note 2.



**Movement in LDA financial asset**

	December 2022 \$	June 2022 \$
As at 1 July 2022	9,408,511	-
Derivative Asset – put option premium recognised at inception	-	9,273,462
Fair value movement in financial asset – put option premium	(1,011,697)	135,049
Release of derivative assets on settlement	-	-
Revaluation of put option premium at call date	(757,681)	-
As at 31 December 2022	7,639,133	9,408,511

**Movement in LDA derivative liability**

	December 2022 \$	June 2022 \$
As at 1 July 2022	22,451,000	-
Derivative Liability recognised at inception	-	5,305,300
Re-measurement to fair value through profit or loss	(19,090,500)	17,145,700
Fair value of options exercised at each exercise date	-	-
As at 31 December 2022	3,360,500	22,451,000

**Financial Liability - Other Payable**

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 CAP 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 CAP 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 CAP 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 CAP 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 payments recognised at 31 December 2022 is as follows:

	December 2022 \$
Fair value of liability recognised	1,069,798
Fair value share-based payment recognised in equity (share-based payment reserve)	152,129
Fair value loss (gain) recognised directly in Statement of Comprehensive Income	
- Other payable	-
- Share-based payment reserve	(456,388)
Total recognised as consultants' expense in Statement of Comprehensive Income	(456,388)

#### 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 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 \$
<b>31 December 2022</b>				
<b>Assets</b>				
Derivative Asset – Put Option Premium	-	-	7,639,133	7,639,133
Total Assets	-	-	7,639,133	7,639,133





### Liabilities

Other Payable – consultant fee	-	-	1,069,798	1,069,798
Derivative Liability	-	-	3,360,500	3,360,500
Total liabilities	-	-	4,430,298	4,430,298

### 30 June 2022

#### Assets

LDA Derivative Asset – Put Option	-	-	9,408,511	9,408,511
Total Assets	-	-	9,408,511	9,408,511

#### Liabilities

Other Payable – consultant fee	-	-	1,069,798	1,069,798
LDA Derivative Liability	-	-	22,451,000	22,451,000
Total liabilities	-	-	23,520,798	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.

### Level 3 assets and liabilities

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

	December 2022 \$
Assets	
Balance at 1 July 2022	9,408,511
Gain/(Loss) recognised in profit or loss of financial asset – put option	(1,769,378)
Balance at 31 December 2022	7,639,133

	Dec 2022 \$
Liabilities	
Balance at 1 July 2022	23,520,798
(Gain)/Loss recognised in profit or loss of financial derivative	(19,090,500)
Balance at 31 December 2022	4,430,298

The level 3 liabilities unobservable inputs are as follows:

Description	Unobservable inputs	Unobservable Inputs December 2022	Unobservable Inputs June 2022	Sensitivity
Other payable – consultant fee	First sale of ore/concentrate probability range	55%	55%	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



LDA Financial derivative liability	Discount rate	14%	14%	The estimated fair value would increase/(decrease) if discount rate was lower/(higher)
	Share price	\$0.082	\$0.50	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	114%	95%	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 31 December 2022 by the amounts shown in the following table:

	Dec 2022 Increase \$	Dec 2022 Decrease \$	June 2022 Increase \$	June 2022 Decrease \$
LDA financial derivative liability: Share Price +/- 10%	3,703,700	(3,017,300)	2,724,150	(2,674,100)
LDA financial derivative asset: Market placement discount +/- 2%	3,659,465	(3,492,175)	4,509,186	(4,300,257)

## NOTE 13 INCOME TAX

	6 months ended December 2022 \$	Year ended 30 June 2022 \$
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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 half-year ended 31 December 2022 and year ended 30 June 2022 is as follows:

Accounting profit/(loss) before income tax	16,257,162	(20,467,514)
Tax at the Australian tax rate of 30%	4,877,149	(6,140,254)
Non-deductible expenses	46,547	106,380
Revaluation - LDA	(5,196,337)	5,112,747
Deferred tax assets not brought to account	272,641	921,127
Income tax	-	-



## CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### *Contingent liability*

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 31 December 2022.

## EVENTS AFTER REPORTING DATE

On 9 February 2023, the company announced an Institutional Placement raising \$7,764,849 (before costs) to support the engineering and resource definition.

On 6 March 2023, the company announced completion of a Share Purchase Plan (SPP) and shortfall Institutional Placement raising \$1,000,000 (before costs).

Net proceeds from the Placement and SPP are being used for working capital and to fund the Strategic Review's action plan supporting a modified Bankable Feasibility Study (BFS) for the Hawsons Iron Project, based on 11 million tonne per annum.

There have been no other events since 31 December 2022 that impact upon the financial report.



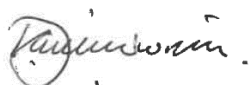
## Directors' declaration

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In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001. On behalf of the directors



**David Woodall**  
**Non-executive Chairman**

**Dated 15 March 2023**

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hawsons Iron Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Hawsons Iron Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating 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 conclusion is not modified in respect of this matter.

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### **Responsibility of the directors for the financial report**

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**



**K L Colyer**  
Director

Brisbane, 15 March 2023

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# Corporate directory

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## Postal address

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Brisbane QLD 4000

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

## Australian Securities Exchange Ltd

ASX Code: HIO Ordinary Shares

## Share Registry

Link Market Services Limited  
Level 21, 10 Eagle Street  
Brisbane, QLD, 4000  
Phone: 1300 554 474

## Contact information

Managing Director: Bryan Granzien  
Phone: +61 (0)7 3220 2022  
Company Secretary &  
Chief Financial Officer: Richard Stephens  
Phone: +61 (0)7 3220 2022

## Disclosure

The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information evaluated by Mr Simon Tear of H&S Consultants Pty Ltd who is a member of the Australian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

