

Quarterly Report

For the period ended
30 September 2023

Strategic investors being sought to restart
work on an 11 Mtpa BFS

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ASX: HIO

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Highlights

Hawsons Iron Project

- Exploratory drilling results identified prospective, near-surface zones hosting magnetite at targeted grades.
- Pilot test work program validated and de-risked the modified Phase 1 mineral processing circuit design.
- Preparatory work was undertaken to support further exploratory drilling in the southern Fold and Limb Zones which commenced subsequent to the end of the quarter.
- Decision taken to restart work on a Bankable Feasibility Study (BFS) for an 11 million tonne per annum (Mtpa) project when funding has been secured.

Corporate

- Subsequent to the end of the quarter, Mr Jeremy Kirkwood was appointed Chair, with Mr Bryan Granzien resuming his former role as Managing Director.
- MP Capital has been selected and engaged as the Financial Advisor to support the Company's strategic investor program.
- Cash outflows during the quarter were \$1.888 million, leaving cash reserves at the end of the quarter standing at \$5.358 million.



Hawsons Iron Project

Due to mounting global cost pressures and restricted access to equity markets, the Board paused activity on the Hawsons Iron Project's Bankable Feasibility Study (BFS) in October 2022 to preserve capital and instigate a Strategic Review.

The Strategic Review concluded that the BFS should assess a project based on 11 Million tonnes per annum (Mtpa) and recommended a three-pronged action plan to further improve the project's economics and Net Present Value (NPV).

Positive value engineering and exploration drilling outcomes stemming from the Strategic Review's action plan have enhanced the project's business case sufficiently to support a decision to restart work on a BFS as soon as funding has been secured.

On 12 September 2023, Hawsons announced that pilot test work at the ALS metallurgy laboratory in Perth had validated and de-risked a new Phase 1 mineral processing circuit developed by global sustainable design and engineering leader Stantec to reduce capital and operating costs.

Comminution energy usage was also found to be up to 30 per cent below Stantec's theoretical estimates.

This proof-of-concept test work program also generated valuable data to enable Stantec to improve their flowsheets to potentially reduce capital and operating costs further and revise the process required to generate secondary waste stream ore-sand products.

Further amendments to the Phase 1 flowsheet remain subject to undertaking recommended follow-up pilot test work programs which would also support refinement of the more traditional Phase 2 magnetite recovery circuit.

These additional pilot test work programs can be undertaken as part of an ongoing scope of work once activity on a BFS gets underway.

As announced on 8 August 2023, exploratory drilling during the first half of 2023 identified prospective, near-surface magnetite mineralisation at targeted grades with potential to extend significantly along strike to the south-west.

This drilling program targeted shallower magnetite ore above a depth of 150 metres with a grade greater than 9 per cent

Davis Tube Recovery (DTR) mass recovery to help accelerate the project's cash flow during the first few years of operation.

The positive assay results from 10 of 12 Reverse Circulation (RC) holes drilled within an out-cropping area referred to as the Fold Zone to the south of the existing mineral resource warranted further exploration.

An additional 21-hole exploratory drilling program has been designed to determine the extent, tonnage and grade of the near-surface mineralisation and potential to further improve the Project's economics.

The Company has also expanded the exploration focus beyond this previously drilled Fold Zone to include a mineralised Limb Zone which continues to the south and south-west.

The confirmed presence of mineable widths of targeted-grade mineralisation above the base of oxidation supports a change in mining strategy to greatly shorten the Hawsons Iron Project's ramp-up period to full production.

Preparatory work undertaken during the quarter involved outcrop mapping, ground-based geophysical interpretations, geotechnical surface investigations for quarry material, and applications for regulatory approvals.

The follow-up program, involving one Diamond Drill core hole and 20 RC holes for a total of 3,150 metres, has been budgeted to cost \$1.3 million. Subsequent to the end of the quarter Watson Drilling was engaged and drilling commenced in late October.

The previous drilling established the presence of approximately 100 million tonnes of magnetite mineralisation within the targeted grade and the Company is looking for an additional 100-140 million tonnes to further improve the project's Net Present Value.

Hawsons also held a strategic meeting during the quarter with South Australia's leading port operator, Flinders Ports. Flinders Ports is now leading strategic industry, government and community collaboration and advocacy on the need for shared infrastructure to accelerate development of projects in the Braemar mineral province.

Corporate

Subsequent to the end of the quarter, the Company announced on 16 October 2023, the appointment of experienced director and investment banker Mr Jeremy Kirkwood as Chair.

Mr Kirkwood, who joined the Board in May 2023, took over from Mr Bryan Granzien who has resumed his former role as Managing Director after serving as interim Executive Chair since April 2023.

The Company announced its Annual General Meeting (AGM) would be held on 28 November 2023. The AGM Notice of Meeting and Explanatory Statement were issued to Shareholders on 27 October 2023.

Corporate, investor and community stakeholder relations activities were maintained during the period, including meetings with state and local government representatives, industry participants and shareholders.

Preparation of a comprehensive project investor Information Memorandum (IM) and data room neared completion to support imminent discussions with potential strategic partners willing to help fund the BFS.

Subsequent to the end of the quarter, MP Capital was selected and engaged as Financial Advisor to support the Company's strategic investor program.

Cash Activities for the Quarter ending 30 September 2023

Hawsons Iron Ltd held cash of \$5.358 million at the end of the September 2023 Quarter.

Expenditure was in line with planned Operating and Investing activities necessary for completion of the Strategic Review's recommended action plan.



Table 1: Quarterly summary of spending activities

	Current quarter \$A'000	Year to date \$A'000
1. Operating Activities		
1.2 (d) - Staff Costs	(177)	(177)
1.2 (e) - Administration Costs	(360)	(360)
1.4 – Interest received	25	25
1.5 – Interest and other costs of finance paid	(2)	(2)
Total Operating Activities	(514)	(514)
2. Investing Activities		
2.1 (c) - Plant and Equipment	-	-
2.1 (d) - Exploration & Evaluation, made up of:		
- Salaries & Wages	(223)	(223)
- EIS & Approvals	(25)	(25)
- Resource Upgrade	(283)	(283)
- Project maintenance	(5)	(5)
- Marketing	(36)	(36)
- Pilot Plant Test work	(201)	(201)
- Additional asset purchase	-	-
- Power supply	(7)	(7)
- Engineering & Design	(533)	(533)
- Community & Landowners	(30)	(30)
- Port/pipeline	-	-
- R&D tax concession received	-	-
Total Exploration & Evaluation	(1,343)	(1,343)
2.1 (f) – Security bonds	-	-
Total Investing Activities	(1,343)	(1,343)
3. Financing Activities		
3.1 - Proceeds from issue of equity securities	-	-
3.4 - Transaction costs	-	-
3.9 – Lease principal repayments	(31)	(31)
Total Financing Activities	(31)	(31)

Payments to related parties of the entity and their associates

Sixty-six per cent of Bryan Granzien's expense was charged and capitalised within the activities outlined in Table 1 at 2.1 (d). Thirty-four per cent remains at item 6.1 of the attached Appendix 5B for Bryan Granzien and 100 per cent for non-executive director fees, totalling \$74,539.

Bryan Granzien Gross Wages	\$30,584
Bryan Granzien Superannuation	\$2,330
Paul Cholakos Director Fee	\$12,500
Paul Cholakos Superannuation	\$1,375
Tony McGrady Director Fee	\$12,500
Tony McGrady Superannuation	\$1,375
Jeremy Kirkwood Director Fee	\$12,500
Jeremy Kirkwood Superannuation	\$1,375
Total	\$74,539

In relation to Listing Rule: 5.3.2 – There were no substantive mining production and development activities during the quarter. The statement of cash flows for the quarter and financial year to date are attached to this report at Appendix 5B.

Overview and outlook

Hawsons is now in the preliminary stages of inviting potential strategic partners to consider investing in the Hawsons Iron Project and the BFS.

The Company is independent of any major operator in the emerging green steel supply chain and is seeking investors who share our vision and interest in developing the project to support decarbonisation of the global steel industry.

Japanese and Korean steelmakers have been achieving sales premiums as high as US\$300/t for low-carbon steel. Cross-commodity price reporting agency Fastmarkets recently created a new Asian green steel premium index in response.

The South Australian Government is fostering development of Green Hydrogen (created by electrolysis using renewable wind and solar energy) to position the state at the centre of domestic solutions to decarbonise the global steel sector.

To this end, the South Australian and Commonwealth governments ratified \$100 million in combined funding arrangements in late September to support the establishment of a Green Hydrogen export hub at Port Bonython.

This hub could also potentially support Electric Arc Furnace (EAF) production of green steel at nearby Whyalla and provide a local market for Hawsons Supergrade® product for which the Company continues to field strong interest.

Hawsons is working closely with project delivery consultant Turner & Townsend JukesTodd to prepare the IM and data room to support discussions with potential strategic partners prepared to help fund the BFS.

The IM summarises the extensive work undertaken throughout the BFS and subsequent implementation of the Strategic Review recommendations.

This significant body of work and an accompanying database will be made available on a confidential basis to selected parties. A summary will be provided to Shareholders.

Importantly, the Strategic Review enabled the Company to:

- Establish a revised process circuit, which potentially delivers lower capital and operating costs;
- Discover higher grade ore nearer to surface with significant positive impact on project economics; and
- Identify more competitive options for transporting our Hawsons Supergrade® product to market.

A follow-up exploration program is now underway to further define the extent, tonnage and grade of shallow magnetite mineralisation discovered in the Fold and Limb Zones south of the existing mineral resource.

This 21-hole drilling program is scheduled to be completed by the end of the year, weather permitting, although receipt of all the assay results and analysis will take longer due to the end-of-year holiday season slowdown.

We are seeking to incorporate the outcomes of this drilling program into the database which may extend the timeline for completing the strategic investor selection process.

An indicative timetable for the BFS will be finalised following completion of the strategic investor program.

Hawsons Iron Ltd tenement schedule 30 September 2023

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

- 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.

This report references Mineral Resource information released to the ASX on 26 July, 2022: “Hawsons delivers Mineral Resource upgrade”. This report references Mineral Resource information released to the ASX on 30 September, 2022: “Updated Mineral Resource Estimate”. The Company is not aware of any new information which would materially affect the outcome of the Mineral Resources reported on 26 July and 30 September 2022.

Release authorised by the Board

Hawsons Iron Limited
31 October 2023

Corporate directory

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Australian Securities Exchange Ltd

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Share Registry

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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 Australasian Institute of Mining and Metallurgy (MAAusIMM) 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.

