



31 October 2024

Highlights

- **Process optimisation study commenced identifying the potential for energy savings, water savings and reduced capital costs.**
- **Investigations commenced into potential recovery of saleable by-products from the tailings stream.**
- **Ongoing Strategic Investor process to assist in funding engineering, further Resource definition drilling and other activities to deliver a Definitive Feasibility Study.**

Process Optimisation Study

During the quarter Hawsons Iron in conjunction with independent engineering firm Stantec Australia (“Stantec”) commenced a detailed review of the current process plant design and supporting infrastructure with the goals of:

- Reducing the water quantity required and minimising the need for desalinated water in the production of Hawsons high-grade magnetite concentrate;
- Decreasing the power requirement for the production of concentrate; and
- Reducing development risk by ensuring equipment choices reflect the scale of operations while minimising water and energy usage.

As announced in the mid-October update¹, the study has identified:

- potential to reduce energy consumption within the comminution circuit by in excess of 30%;
- Early (gangue) material rejection of around 20% may be possible using a preliminary magnetic separation stage; and
- Potential exists to reduce water requirements for the Project by 25% utilising this alternative approach to comminution.

Stantec is now progressing with the second phase of the optimisation works which will focus on developing CAPEX / OPEX implications and preliminary planning to pilot the alternate process route to confirm the full potential of energy and water savings.

¹ <https://hawsons.com.au/wp-content/uploads/2024/10/20241015-ASX-Announcement-Optimisation-Works-Update.pdf>



Figure 1: Magnetic Separation work undertaken on Hawsons' material at ALS Perth

Saleable by-products investigations

The Company continues to investigate the potential to viably extract byproducts from the tailings stream prior to deposit into the tailings storage facility. In addition to the targeted power and water savings discussed above, the new process flowsheet would also reject coarse- and fine-grained silica sand, early in the process, offering the opportunity to potentially produce a sand-based by-product for sale into the sand and construction industry.

This work is likely to continue until the end of the year and has the potential to materially improve the Project's financial return.



Figure 2: Minus 1mm Non-Magnetic Tailings Containing Silica Sand Material

Strategic Investor Process

Stage 2 of the Strategic Investor process, which involves detailed technical data room reviews, is now underway. As part of the ongoing engagement with the Strategic Investors, Hawsons is providing regular briefings on its progress with Process Optimisation Study and investigations into secondary by-products.

Further updates on the strategic investor process will be announced as soon as the Company is able to do so.

Financial Position

At 30 September 2024, Hawsons Iron had cash reserves of \$2.4M. Operating cash outflows were \$0.92M, inclusive of \$0.24M termination benefits for the former managing director and \$0.25M cash settlement for the Pure Metals legal claim. Both of these items are non-recurring in nature.

Investing cash outflows were \$0.37M, attributable to the operational activities outlined below, offset by the \$0.18M FY2023 R&D tax incentive benefit received during the quarter.

Further details of financial activities during the September 2024 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this report.

Operational Activities

During the quarter, activities focused on:

- Process optimisation and by-product studies;
- Local stakeholder engagement with landowners and Broken Hill officials;
- Meetings with rail providers and port authorities;
- Discussions with Government representatives; and
- Resource variography modelling and interpretation.

There were no mining production and development activities during the quarter.



Figure 3: Hawsons Iron meeting with the Mayor (far left) and Deputy Mayor (far right) of Broken Hill

Related Party Payments

During the quarter, Hawsons Iron paid a total of \$50,375 of director wages and fees. There were no other related party transactions.

Capital Structure

As at the date of this report, the Company had the following shares and options on issue:

- 1,016,501,368 shares on issue (inclusive of 3,569,857 non-recourse employee shares)
- 207,940,309 options on issue, being:
 - 102,440,309 options exercisable at \$0.050, expiring 30 May 2026
 - 71,500,000 LDA options exercisable at \$0.055, expiring 21 December 2026
 - 34,000,000 Director and employee incentive options with various vesting milestones, exercise prices and expiry dates.

Tenement Schedules

Licence	Notes	Name	Grant	Expiry	Equity	Units	Area
EL6979	1	Redan	11/12/2007	11/12/2026	100%	62	180
EL7208		Burta	22/09/2008	22/09/2025	100%	100	290
EL7504		Little Peak	08/04/2010	08/04/2029	100%	14	41
EL9620		Wonga	05/12/2023	05/12/2029	100%	41	41
MLA461	2	Hawsons Iron	18/12/2023	18/12/2025	100%	NA	287

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

2 MLA made on 18 December 2013. Tenement application subject to unspecified grant date and conditions.

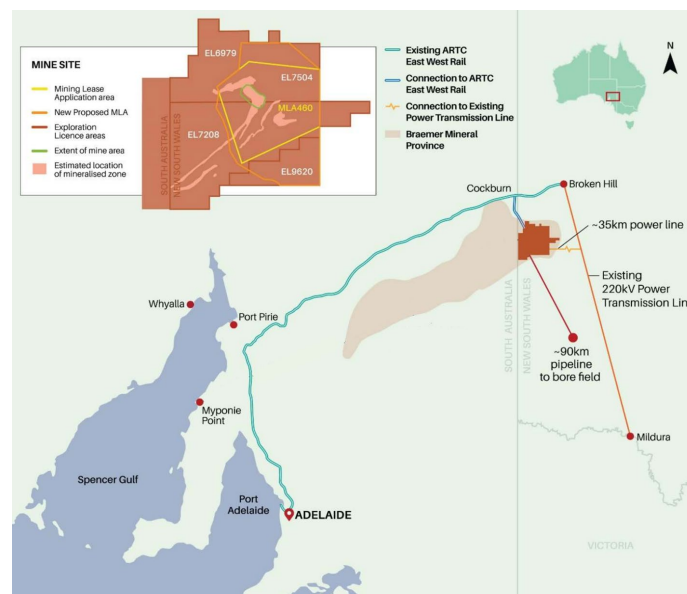


Figure 4: Hawsons Iron Project and Tenement Map

Head Office

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Website: www.hawsons.com.au

Share Registry

Link Market Services Limited
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Brisbane Q 4000
Phone: 1300 554 474

This announcement is authorised by the Board.

For further information contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HAWSONS IRON LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(452)	(452)
	(e) administration and corporate costs	(231)	(231)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	16	16
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Pure Metals settlement	(250)	(250)
1.9	Net cash from / (used in) operating activities	(919)	(919)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(367)	(367)
	(e) investments	-	-
	(f) other – security bonds	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other – security bonds	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	R&D tax concession received	178	178
2.6	Net cash from / (used in) investing activities	(189)	(189)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	250	250
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(20)	(20)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(30)	(30)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – lease principal repayments	(33)	(33)
3.10	Net cash from / (used in) financing activities	167	167

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,299	3,299
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(919)	(919)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(189)	(189)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	167	167

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,358	2,358

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,358	3,299
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,358	3,299

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	50
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Item 6.1</p> <ul style="list-style-type: none"> Non-executive director fees \$50,375 		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities – insurance premium funding	8	8
7.2	Credit standby arrangements	-	-
7.3	Other (Put Option Agreement)	6,015	-
7.4	Total financing facilities	6,023	8
7.5	Unused financing facilities available at quarter end		6,015
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>Insurance Premium Funding Insurance premium funding facility provided by Hunter Premium Funding. The amount is unsecured, repayable in monthly instalments by October 2024 and bears interest at 13% per annum.</p> <p>LDA Capital Hawsons Iron has entered into a Put Option Agreement with United States investment group LDA Capital Limited. The company may access equity capital over four years at its sole discretion.</p> <p>The Company can draw down funds during the term of the Agreement by issuing ordinary shares of the Company (Shares) for subscription to LDA Capital. The Company may issue call notices to LDA Capital with each call notice being a put option on LDA Capital to subscribe for and pay for those Shares. A Call Notice draws upon the Companies placement capacity which there must be available capacity to initiate a Call Notice on LDA Capital.</p> <p>The issue price of the Shares is calculated at the completion of the 30-Day pricing period, following the Capital Call Notice as the higher of 90% of the 30-day Volume Weighted Average Price (VWAP) after the issue of the Call Notice, and the 'minimum acceptable price' (as defined in the LDA facility) notified by Hawsons to LDA Capital, in each case subject to adjustments for various factors. Based on the historical trading volumes and the HIO share price at the end of the quarter ending 30 June 2024, Hawsons has estimated the total capital limit of the facility at 30 September 2024 at \$6,015,000 (refer 7.3).</p> <p>LDA has the right to reduce the Proposed Capital Call Shares (Subject to adjustments) by up to 50% or increase the number of Proposed Capital Call Shares by up to 100%. Except for option shares, LDA must not, on any Trading Day during the Pricing Period sell Collateral Shares representing more than 1/30th of the Shares specified in the Capital Call Notice.</p> <p>The Agreement includes unlisted share options under which HIO will issue 71,500,000 options to LDA Capital. The strike price of the options is \$0.055. Each option has an exercise period of four years.</p> <p>The Company paid an Option Premium Fee to LDA Capital of A\$4 million on 21 December 2022 – 50% (A\$2 million) in cash and 50% in shares (9,173,897 shares) based on 90% of the average VWAP of Shares in the 90-trading day period preceding the 12-month anniversary date from signing of the Agreement. HIO has paid AUD\$21,258 on 16th December 2021 to cover LDA Capital legal costs which were capped at US\$25,000, and AUD\$14,423 on 24th August 2022 for costs related to the Call Notice.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(919)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(367)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,286)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,358
8.5	Unused finance facilities available at quarter end (item 7.5)	6,015
8.6	Total available funding (item 8.4 + item 8.5)	8,373
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	6.51
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.