HAWSONS

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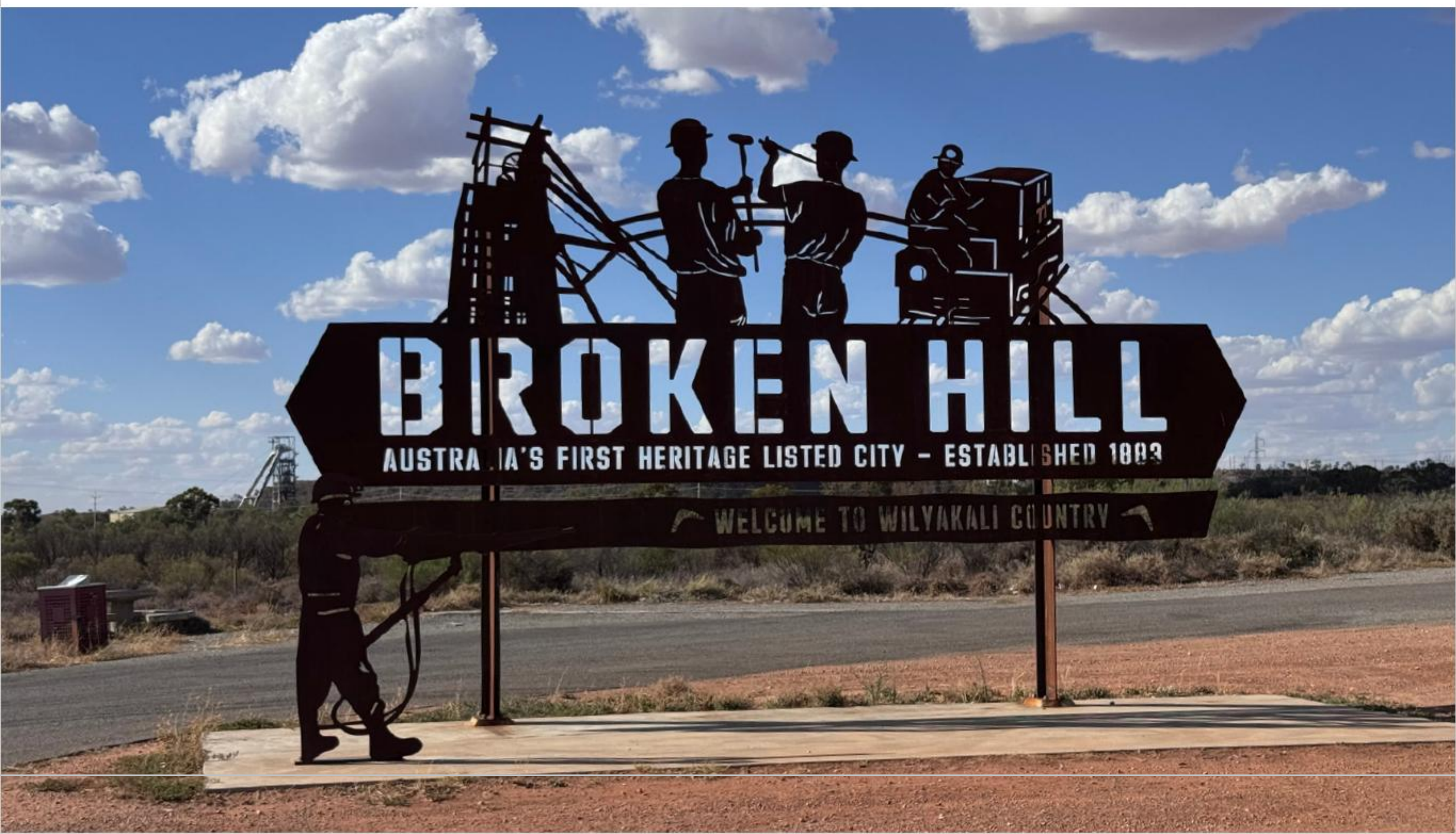
ANNUAL REPORT 2026

ASX: HIO



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DIRECTORS' REPORT

Your Directors present their report for Hawsons Iron Limited (the Company) for the financial year ended 30 June 2026 and the auditor's report thereon.

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 during the year	Period of directorship
Jeremy Kirkwood	Non-executive Chairman	Appointed 10 May 2023
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Meredith Campion	Non-executive Director	Appointed 1 December 2025
Tom Revy	Managing Director	Appointed 25 November 2025
Hon. Tony McGrady AM	Non-executive Director	Appointed 3 October 2022 Retired 1 December 2025

Jeremy Kirkwood
Bachelor of Commerce
Non-executive Chairman

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)
Talisman Mining Limited (appointed April 2016)

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

Meredith Campion
BA (Hons), DipEd, LLB
Non-executive Director

Meredith is a corporate lawyer with extensive experience in energy and resources law. She has advised on a wide range of commercial transactions, including takeovers, mergers, acquisitions, disposals, capital raisings and joint ventures. Ms Campion was a founding partner of the Perth office of law firm Allen & Overy, which merged with Shearman & Stirling on 1 May 2024 to form Allen Overy Shearman Sterling, the world's third largest law firm.

Meredith has extensive experience practising in the areas of corporate, commercial and energy and resources law and has advised on a wide range of commercial transactions, including takeovers, mergers, acquisitions, disposals, capital raisings and joint ventures.

Other ASX directorships in the past 3 years: Solstice Minerals Limited (appointed July 2025)

Thomas Revy
BAppSc (Metallurgy), GradDipBus, MAusIMM
Managing Director, appointed 25 November 2025
CEO from 27 May 2024 to 24 November 2025

Mr Revy is an executive and company director with more than 35 years' resource sector experience in corporate, project development, study, and technical and operational management roles across a wide variety of commodities, including magnetite projects in both Australia and Africa.

Having previously held senior positions with MIM Holdings Ltd, GRD Minproc and Worley Parsons, his most recent role was as Managing Director of ASX-listed graphite developer Evion Group NL (ASX Code: EVG). Mr Revy, who founded Evion in August 2016 and only recently left the Company in April 2024, is a metallurgist and process engineer who brings important skills, experience and perspectives to the Hawsons team.

Other ASX directorships in the past 3 years: Evion Group (appointed August 2016, resigned April 2024)

Hon. Tony McGrady AM (retired 1 December 2025)
Former 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.

He currently chairs the Queensland Premier's Ambassadors Council, the CopperString Regional Reference Group and LifeFlight's Advisory Committee for the North-West Region.

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
Paul Cholakos (Chair)	Meredith Campion (Chair)	Jeremy Kirkwood (Chair)
Jeremy Kirkwood	Paul Cholakos	Meredith Campion
Meredith Campion	Jeremy Kirkwood	Paul Cholakos
Tony McGrady	Tony McGrady	Tony McGrady

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 Limited are shown in the table below:

Director	Ordinary Shares	Non-Recourse Employee Shares	Options
Jeremy Kirkwood	16,681,158	-	8,125,000
Paul Cholakos	12,711,746	-	3,125,000
Meredith Campion	4,943,181	-	3,125,000
Tom Revy	4,072,325	-	7,875,000

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 2026 and the number of meetings attended by each Director.

	Directors' Meetings		Audit		Remuneration		Nomination	
	Attended	*Eligible to Attend*	*Attended*	*Eligible to Attend*	*Attended*	*Eligible to Attend*	*Attended*	*Eligible to Attend*
Jeremy Kirkwood	8	8	2	2	-	-	-	-
Paul Cholakos	8	8	2	2	-	-	-	-
Meredith Campion	4	4	1	1	-	-	-	-
Tom Revy	4	4	-	-	-	-	-	-
Tony McGrady	4	4	1	1	-	-	-	-

COMPANY SECRETARY

Michael Harvey
BBus, B AppSci, Grad Dip ICAA, Grad Dip CSA, CA, GAIA
Chief Financial Officer & Company Secretary

Mr Harvey is a Chartered Accountant and Chartered Secretary. Mr Harvey holds Bachelor degrees in Business and Property Economics and post Graduate Diplomas in Accounting and Corporate Governance.

He has more than 20 years in the accountancy profession in Australia, having worked in audit and commercial roles as CFO for several listed companies. Mr Harvey has experience in all aspects of company financial reporting, internal control, corporate regulatory and governance areas, business acquisition and disposal, due diligence, and company secretarial responsibilities.

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).

CURRENCY

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was advancing the Hawsons Iron Project (**Project**) towards development.

There was no significant change in the nature of the activity of the Company during the year.

REVIEW OF OPERATIONS

Preliminary Feasibility Study and Ore Reserve Estimate

During the year Hawsons completed the Preliminary Feasibility Study (**PFS**) in December 2025 and declared Ore Reserves on the Hawsons Iron Project (**Project**). An updated PFS was released in May 2026 following the completion of a process waste handling optimisation study.

The key outcomes of the updated PFS were:

- **2.3Bt Ore Reserves Estimate declared**
  - PFS supports the reporting of a JORC compliant Probable Ore Reserve Estimate for the Project of 2,300Mt at an average grade of 11.7% DTR and 16.7% total iron.
- **PFS Completed**
  - The independently prepared PFS for the Project has defined a robust project development strategy based on producing up to 12Mtpa of +68% Fe, magnetite concentrate with a Life of Mine of 26 years, <u>based only on the Company's 2,300Mt Ore Reserve</u>;
  - The outcomes of the PFS resulted in positive technical and financial outcomes and support the development potential of the Project in the current iron price environment;
  - The PFS results provide Hawsons the confidence to advance the Project towards a full Feasibility Study and also provide a clear road map of upside opportunities to pursue.
- **Project Physicals**
  - Production target of 257 million tonnes (**Mt**) of magnetite concentrate over 26 year mine life;
  - Average magnetite concentrate grade of 68.6%;
  - Production target limited to Probable Ore Reserves only.
- **Project Economics**
  - Pre-tax IRR of 11.9%;
  - Pre-tax NPV_8 of $AU 1,360M at a product price of $US140/t and an AU/US exchange rate of $0.65/$1.00;
  - Approximate payback period of 13 years from commencement of Engineering, Procurement, and Construction Management and 10 years from first concentrate production;
  - Undiscounted Life of Mine revenue of $AU 55.2B and cumulative pre-tax cashflows of $AU 14.9B;
  - Total initial capital of $AU 4.94B for mine development, processing, and infrastructure over 2 construction stages:
    - $AU 3.88B Phase 1 production; and
    - $AU 1.06B deferred for 4 years post-production (Phase 2).
  - C1 cost of $US 44.20 and CFR cost of $US 85.12 per dry metric tonne.
  - Total Project funding requirement of $AU 4.34B

The PFS demonstrates the economic viability of the Project, using a 26 year mine plan utilising only Ore Reserves, based on the current iron ore premium pricing, excluding premiums attributable to direct iron reduction feed.

The PFS identified key risks to be focused on as part of the full Feasibility Study and highlighted a number of opportunities that may have a material positive impact on the Project's metrics.

The production target and forecast financial information referred to in this announcement were first reported in the ASX announcement dated 26 May 2026 titled *"Strong PFS Update Delivers 37% Increase in Project NPV to AU $1.87B"*. The Company confirms that all material assumptions underpinning the production target and the forecast financial information in that announcement continue to apply and have not materially changed.

Non-binding debt funding Expression of Interest (EOI) from major European lender - KfW IPEX.

In May 2026, Hawsons received an Expression of Interest ('EOI') from KfW IPEX for the financing of German mining and processing equipment for the Hawsons Iron Project. KfW IPEX is a specialist in international project and export finance within the German KfW Banking Group, focused on renewable energy, infrastructure and industrial financing. The EOI provides for an indicative financing of 85% of eligible mining and processing equipment exports. Hawsons is currently evaluating a range of German equipment including crushers, vertical roller mills, magnetic separators, conveyors and filters.

KfW IPEX's participation in financing the Hawsons Iron Project is subject to the outcome of the detailed technical and financial appraisal of the Project.

Collaborative Research Project with CSIRO

During the period Hawsons entered into a collaborative research project through CSIRO's Kick-Start Program, focusing on:

- understanding the mineralogy of the non-magnetic iron stream with a view to developing a secondary product recovery strategy; and
- optimising pelletisation of Hawson's magnetite concentrate

The project delivered encouraging results which provided the basis for further investigations into the potential economic recovery of non-magnetic iron from the tailings stream. Hawsons plans to complete this work in the coming months.

Share Purchase Plan and Share Placements

In July 2025, the Company completed a Share Purchase Plan (**SPP**). Total funds received for the SPP were $1,209,368. The Board decided to accept all valid applications received, resulting in a total of 71,139,296 shares issued under the SPP at $0.017 per share, represents a 18% discount to the 5-day volume-weighted average price per share up to the close of trade on 15 July 2025. In addition to the SPP, the Company completed a small Share Placement to raise $700,000 at the same price as the SPP. The total shares under the placement were 41,176,471 shares. Hawsons Directors and Management actively participated alongside shareholders in the SPP and Share Placement, contributing a total of $95,000 to the raising.

In February 2026, the Company raised an additional $2,020,000 (before costs) through a share placement. Hawsons Directors also invested a further $180,000 under the share placement, with these funds received following approval by shareholders in April 2026. Placement participants also received one free attaching option per share subscribed for, exercisable at $0.028 with an expiry date of 6 February 2029.

OPERATING RESULTS

Commentary and comparison with prior year

For the year ended 30 June 2026, the loss after tax for the Company was $2,061,606 (2025: $2,038,347). Key differences between the periods were:

- Net loss on the fair value movements on the LDA financial instruments of $54,192 versus a net gain in 2025 of $14,162;
- Increase in employment expenses of $207,483 compared to the prior year;
- Decrease in deprecation of $60,692 compared to the prior year; and
- $212,532 reduction in corporate advisory, compliance and legal expenses and other expense items compared to the prior year.

Cash Position

The Company's cash position as at the end of the reporting period was $498,102 (2025: $202,450). Cash expenditure, net of the R&D incentive grant, on the Hawsons Iron Project during the year was $1,881,761 (2025: $1,286,000). The Company raised cash proceeds of $3,858,532 (after costs) from the capital raise during the year (2025: $230,354).

REVIEW OF FINANCIAL POSITION

As at 30 June 2026 the Company had cash reserves of $498,102, net current liabilities of $661,638 and net assets of $61,389,913.

During the year the Company had net cash outflows of $1,795,319 (2025: $1,946,649) from operating activities and net cash outflows used in investing activities of $1,663,221 (2025: $1,236,582). Investing activities includes payments for exploration and evaluation assets.

These conditions give rise to material uncertainty which may cast significant doubt over the Company'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:

- Subsequent to year end, the Company raised an additional $1,230,00 (before costs) through a share purchase plan.
- To date the Company has funded its activities through issuance of equity securities, and it is expected that the Company will be able to fund its future activities through further issuances of equity securities; and
- The level of existing cash reserves.

CAPITAL STRUCTURE

At reporting date, the Company had 1,378,135,247 shares on issue (including 3,569,857 non-recourse employee shares) and 276,461,297 options on issue.

TREASURY POLICY

The Board controls the funds, which are handled on a day-to-day basis through approvals provided by the Managing Director and CFO.

DIVIDENDS

No dividends were paid during the financial year ended 30 June 2026 (2025: Nil), and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes during the year.

MATERIAL BUSINESS RISKS

Resources and Exploration	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. Hawsons may undertake additional exploratory work with the aim of extending and further defining the resources at the 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. The Company seeks to mitigate this risk by undertaking comprehensive geological surveys which includes analysing rock formation, mineralisation patterns and historical data. At the same time the use of advance data analysis and geological modelling techniques will be helpful to identify potential mineral deposits more accurately.
Native Title and Aboriginal Heritage	In relation to the Project tenements there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. Where native title rights do exist, the ability of the Hawsons to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. In the event Aboriginal heritage sites and objects are identified within the area of the Project, generally speaking, exploration and mining activities can be undertaken so as to avoid adverse impact to those sites identified, however the existence of these sites (and future Aboriginal heritage sites and objects identified) may lead to restrictions on the areas that Hawsons will be able to explore and mine. Hawsons engages professionals well-versed in Native Title and Aboriginal Heritage matters to ensure compliance. It also fosters positive relationships with local Aboriginal Land Council and its members, engaging on an ongoing basis with Project updates and exploring mutually beneficial opportunities.
Results of Studies	Hawsons may progressively undertake feasibility studies in respect of the 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 production commences at the Project, its operations may be disrupted by a variety of risks and hazards which are beyond the control of Hawsons. No assurance can be given that the Project will achieve commercial viability.
Tenure, access and grant of applications	There is no guarantee that the Company will be able to obtain all licences (for example mining leases) and other permits and approvals required for mining activities to proceed. 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 Hawsons. 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 Hawson's ability to access the projects and associated infrastructure which will affect operations and financial performance generally. The Company engages professionals well-versed in various laws to ensure compliance. It also fosters positive relationships with regulatory authorities and the local community and address concerns proactively.
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 operations.
Climate Related Risk	Climate-related factors that may affect the operations and proposed activities 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 Project 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 Hawsons, 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	Hawsons 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. Mitigating future funding risk is essential for the sustainability of the Company, and the Company has adopted the following strategies: • Develop good financial plans and budgets that account for development and operational expenses with ongoing review and iteration. • Strike a balance between future capital raise when necessary and preserve equity value for 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 Project, as well as on Hawsons' ability to fund operations.

The Company monitors risk through and established risk management framework including a Risk Management Policy, regular reviews and reporting. Risks, responses, classifications and mitigation strategies are maintained on a regular basis and presented to the Board of the Company at least annually.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

Following the recent completion of the Pre-Feasibility Study (PFS), and its subsequent update in May 2026, Hawsons is now working to:

- finalise viability works on the potential non-magnetic byproduct extraction;
- investigate potential value adding downstream processing options;
- undertake heritage and ecological clearances in preparation for Feasibility Study drilling;
- engage with Strategic Investors and other parties to seek funding to commence the Feasibility Study.

OPTIONS

Details of options issued, exercised and lapsed during the financial year and up to the date of this report are set out below:

Tranche	Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted / Issued	Lapsed	Closing Balance	Vested & / or exercisable
25	20-Aug-21	20-Aug-26	$0.15	1,000,000	-	(1,000,000)	-	1,000,000
26C	20-Aug-21	05-Jul-25	$0.25	2,000,000	-	(2,000,000)	-	-
26D	20-Aug-21	20-Aug-26	$0.25	1,000,000	-	(1,000,000)	-	-
27C	20-Aug-21	05-Jul-25	$0.35	2,000,000	-	(2,000,000)	-	-
27D	20-Aug-21	20-Aug-26	$0.35	1,000,000	-	(1,000,000)	-	-
28C	20-Aug-21	05-Jul-25	$0.50	2,000,000	-	(2,000,000)	-	-
28D	20-Aug-21	20-Aug-26	$0.50	2,000,000	-	(2,000,000)	-	-
45	21-Dec21	21-Dec-25	$0.055	71,500,000	-	(71,500,000)	-	-
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	28-Nov-28	$0.65	1,250,000	-	-	1,250,000	-
60	10-May-23	28-Nov-28	$0.85	1,250,000	-	-	1,250,000	-
61	10-May-23	28-Nov-28	$0.85	1,250,000	-	-	1,250,000	-
62	10-May-23	28-Nov-28	$1.05	1,250,000	-	-	1,250,000	-
67	03-May-24	30-May-26	$0.05	5,010,000	-	(5,010,000)	-	-
68	03-May-24	30-May-26	$0.05	59,551,518	-	(59,551,518)	-	-
69	27-May-24	01-Jun-29	$0.05	1,000,000	-	-	1,000,000	-
70	27-May-24	01-Jun-29	$0.15	2,500,000	-	-	2,500,000	-
71	27-May-24	01-Jun-29	$0.25	2,500,000	-	-	2,500,000	-
72	29-May-24	30-May-26	$0.05	30,303,033	-	(30,303,033)	-	-
73	16-Jul-24	30-May-26	$0.05	7,575,758	-	(7,575,758)	-	-
74	01-Dec-24	30-Nov-29	$0.05	500,000	-	-	500,000	-
75	01-Dec-24	30-Nov-29	$0.15	1,250,000	-	-	1,250,000	-
76	01-Dec-24	30-Nov-29	$0.25	1,250,000	-	-	1,250,000	-
77	01-Dec-24	30-Nov-29	$0.05	500,000	-	-	500,000	-
78	01-Dec-24	30-Nov-29	$0.15	1,250,000	-	-	1,250,000	-
79	01-Dec-24	30-Nov-29	$0.25	1,250,000	-	-	1,250,000	-
80	16-Jul-25	16-Jul-28	$0.03	-	700,000	-	700,000	700,000
81	6-Feb-26	6-Feb-29	$0.028	-	12,625,000	-	12,625,000	12,625,000
82A	6-Feb-26	6-Feb-29	$0.028	-	126,250,000	-	126,250,000	126,250,000
82B	7-May-26	6-Feb-29	$0.028	-	11,250,000	-	11,250,000	11,250,000
83	25-Aug-26	31-Dec-27	$0.015	-	103,636,297	-	103,636,297	103,636,297
				206,940,309	**254,461,297**	**(184,940,309)**	**276,461,297**	**163,075,000**

No option holder has any right under the options to participate in any other share issue of the Company.

Option vesting conditions

Tranches 25 – 37 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

Tranches 69-71 and 74-79 relates to the milestones below:

Tranches 69, 74 & 77	BFS funding secured
Tranche 70, 75 & 78	Successful completion of the BFS
Tranche 71, 76 & 79	Financial investment decision (including all project funding) of the Hawsons Iron Project

Tranche 45 – Options issued to LDA Capital in accordance with the Put Option 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 $0.055. Each option has an exercise period of four years.

Tranche 68, 72 and 73 – 2024 capital raising options

97,612,309 free attaching options were issued as part of 2024 capital raising program. Each option has an exercise price of $0.05 and an expiry date of 30 May 2026. There are no vesting conditions applicable.

Tranche 67 – Lead manager (FY2024) options

5,010,000 options were issued as part consideration to the lead manager of the 2024 capital raising program. Each option has an exercise price of $0.05 and an expiry date of 30 May 2026. There are no vesting conditions applicable.

Tranche 80 – Lead manager (FY2025) options

700,000 options were issued as part consideration to the lead manager of the 2025 capital raising program. Each option has an exercise price of $0.03 and an expiry date of 16 July 2028. There are no vesting conditions applicable.

Tranche 81 – Lead manager (February 2026) options

12,625,000 options were issued as part consideration to the lead manager of the February 2026 share placement. Each option has an exercise price of $0.028 and an expiry date of 6 February 2029. There are no vesting conditions applicable.

Tranche 82A and 82B – February 2026 share placement options

126,250,000 free attaching options were issued as part of February 2026 share placement. The Directors also participated in the share placement and following shareholder approval in April a further 11,250,000 free attaching options were issued to Directors.

Each option has an exercise price of $0.028 and an expiry date of 6 February 2029. There are no vesting conditions applicable.

Tranche 83 – August 2026 share purchase plan options

103,636,297 free attaching options were issued as part of August 2026 share purchase plan. Each option has an exercise price of $0.015 and an expiry date of 31 December 2027. There are no vesting conditions applicable.

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 and development activities. The Company is conducting its activities under conditions of approval within the exploration licenses and current legislation. The Directors are not aware of any significant breaches during the period covered by this report.

INDEMNIFICATION OF OFFICERS OR AUDITOR

Each of the Directors, Chief Executive Officer, Chief Financial Officer / 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 of the Company, 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.

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.

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 Managing 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 may 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 $53,125 per annum plus superannuation and the Chairman of Directors, if they are a Non-executive Director, is entitled to receive $78,292 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 they are 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 2026 is detailed on page 16.

Managing Director and Other Key Management Personnel Remuneration

The Company aims to reward the Managing Director 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 with 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 Managing Directors and other key management personnel for the period ended 30 June 2026 is detailed on page 16.

Employment and Service Contracts

Managing Director Agreement with Tom Revy

Tom Revy was engaged as CEO of the Company on 27 May 2024 and subsequently transitioned to the Managing Director role on 25 November 2026 under the following terms and conditions:

- for the period 1 July 2025 to 30 November 2025 - annual salary of $350,000 plus superannuation;
- from 1 January 2026 - annual salary of $362,110 plus superannuation;
- bonus of $50,000 paid in February 2026, in recognition of past performance. The amount represents 50% of the total potential bonus with the remaining amount payable at the completion of the Final Feasibility Study;
- provision for six months' notice for termination;
- the contract is ongoing;
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties; and
- entitled to receive options to acquire shares as outlined in the Milestones table below:

Milestones	Options that vest if achieved
Bankable Feasibility Study funding secured	1,000,000 options $0.05 exercise price
Completion of the Hawsons Bankable Feasibility Study	2,500,000 options $0.15 exercise price
Financial investment decision (including all project funding) of the Hawsons Iron Project.	2,500,000 options $0.25 exercise price

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

CFO and Company Secretary Agreement with Michael Harvey

Michael Harvey was engaged as CFO and Company Secretary of the Company on 14 February 2024, under the following terms and conditions:

- Monthly rate of $14,000;
- the contract is ongoing with no fixed term; and
- provision for one months' notice for termination

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.

Name	Position	Period of Service
Directors		
Jeremy Kirkwood	Non-Executive Chairman	Appointed 16 October 2023
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Meredith Campion	Non-executive Director	Appointed 1 December 2025
Tom Revy	Managing Director	Appointed CEO 27 May 2024 Appointed Managing Director 25 November 2025
Tony McGrady	Former Non-executive Director	Appointed 3 October 2022 Retired 1 December 2025
Key Management		
Michael Harvey	CFO and Company Secretary	Appointed 14 February 2024

Remuneration of Directors and other Key Management Personnel

2026	Note	Short Term Salary and Fees $	Bonus $	Leave benefits $	Post Employment Superannuation $	Termination Benefits Termination payments $	Equity Options $	Total $	Performance Related %	% consisting of equity
Directors										
Jeremy Kirkwood		78,292	-	-	9,395	-	19,966	**107,653**	-	19%
Paul Cholakos		53,119	-	-	6,374	-	41,157	**100,650**	-	41%
Meredith Campion	1	30,990	-	-	3,719	-	-	**34,709**	-	-
Tom Revy	2	215,019	50,000	(103)	25,802	-	15,216	**305,934**	16%	5%
Tony McGrady	3	22,129	-	-	2,656	-	27,410	**52,195**	-	53%
Key Management										
Tom Revy	2	141,036	-	-	16,924	-	10,260	**168,220**	-	6%
Michael Harvey		168,000	-	-	-	-	-	**168,000**	-	-
		708,585	**50,000**	**(103)**	**64,870**	**-**	**114,009**	**937,361**		

1 Appointed 1 December 2025.

2 CEO from 1 July 2025 to 24 November 2025. Appointed as Managing Director from 25 November 2025. Tom Revy's total remuneration for the financial year was $474,154.

3 Retired 1 December 2025.

Remuneration of Directors and other Key Management Personnel

2025	Note	Short Term Salary and Fees $	Bonus $	Leave benefits $	Post Employment Superannuation $	Termination Benefits Termination payments $	Equity Options $	**Total $**	Performance Related %	% consisting of equity
Directors										
Jeremy Kirkwood		76,682	-	-	8,818	-	19,966	**105,466**	-	19%
Paul Cholakos		52,018	-	-	5,982	-	41,157	**99,157**	-	42%
Tony McGrady		52,018	-	-	5,982	-	65,389	**123,389**	-	53%
Key Management										
Tom Revy		350,000	-	7,491	40,250	-	25,476	**423,217**	-	6%
Michael Harvey		157,841	-	-	-	-	-	**157,841**	-	-
		688,559	**-**	**7,491**	**61,032**	**-**	**151,988**	**909,070**		

Equity instruments issued as part of remuneration

Equity instruments may be 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)

2026	Balance 1 July 2025	Acquired	Derecognised on Retirement	Balance 30 June 2026	Acquired August 2026	Balance Report Date
Directors						
Jeremy Kirkwood	5,264,181	8,689,705	-	13,953,886	2,727,272	16,681,158
Paul Cholakos	5,094,769	4,889,705	-	9,984,474	2,727,272	12,711,746
Meredith Campion	-	3,125,000	-	3,125,000	1,818,181	4,943,181
Tom Revy	700,000	2,463,235	-	3,163,235	909,090	4,072,325
Tony McGrady	2,272,727	294,117	(2,566,844)	-	-	-
Key Management						
Michael Harvey	-	1,426,471	-	1,426,471	454,545	1,881,016
Total	**13,331,677**	**20,888,233**	**(2,566,844)**	**31,653,066**	**8,636,360**	**40,289,426**

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

2026	Balance 1 July 2025	Acquired	Derecognised on Retirement	Lapsed	Balance 30 June 2026	Lapsed / acquired August 2026	Balance Report Date
Directors							
Jeremy Kirkwood	8,030,304	3,125,000	-	(3,030,304)	8,125,000	-	8,125,000
Paul Cholakos	7,272,727	3,125,000	-	(2,272,727)	8,125,000	(5,000,000)	3,125,000
Meredith Campion	-	3,125,000	-	-	3,125,000	-	3,125,000
Tom Revy	6,000,000	1,875,000	-	-	7,875,000	-	7,875,000
Tony McGrady	7,272,727	-	(7,272,727)	-	-	-	-
Key Management							
Michael Harvey	-	-	-	-	-	454,545	454,545
Total	**28,575,758**	**11,250,000**	**(7,272,727)**	**(5,303,031)**	**27,250,000**	**(4,545,455)**	**22,704,545**

In August 2026, the Company undertook a share purchase plan which all Directors participated in. Free attaching options, exercisable at $0.015 with an expiry date of 31 December 2027, were also issued to applicants on a one-for-one basis.

Hawsons Directors contributed $90,000 to the SPP, being a total of 8,181,815 shares. The issue of the following free attaching Options to Directors are subject to shareholder approval:

- Jeremy Kirkwood – 2,727,272 options
- Paul Cholakos – 2,727,272 options
- Meredith Campion – 1,818,181 options
- Tom Revy – 909,090 options

Director/Key Management Personnel option holdings by tranche

2026	Jeremy Kirkwood	Paul Cholakos	Meredith Campion	Tom Revy	Michael Harvey
Tranche 25	-	-	-	-	-
Tranche 26	-	-	-	-	-
Tranche 27	-	-	-	-	-
Tranche 28	-	-	-	-	-
Tranche 59	1,250,000	-	-	-	-
Tranche 60	1,250,000	-	-	-	-
Tranche 61	1,250,000	-	-	-	-
Tranche 62	1,250,000	-	-	-	-
Tranche 69	-	-	-	1,000,000	-
Tranche 70	-	-	-	2,500,000	-
Tranche 71	-	-	-	2,500,000	-
Tranche 82B	3,125,000	3,125,000	3,125,000	1,875,000	-
Tranche 83 [1]	-	-	-	-	454,545
Total	**8,125,000**	**3,125,000**	**3,125,000**	**7,875,000**	**454,545**

[1] Tranche 83 options are free attaching options were issued as part of the August 2026 share purchase plan. All Directors participated in the share purchase plan. The following free attaching options for each Director are subject to shareholder approval:

- Jeremy Kirkwood – 2,727,272 options
- Paul Cholakos – 2,727,272 options
- Meredith Campion – 1,818,181 options
- Tom Revy – 909,090 options

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	Raising the funding to carry out the BFS
26	20-Aug-21	20-Aug-26	$0.25	$0.0454	Completion of the Hawsons BFS
27	20-Aug-21	20-Aug-26	$0.35	$0.0394	The raising of the capital cost, by the Company, to develop the Project
28	20-Aug-21	20-Aug-26	$0.50	$0.0333	Commencement of commercial production at the Hawsons Iron Project
59	10-May-23	10-May-28	$0.65	$0.0245	Completion of BFS.
60	10-May-23	10-May-28	$0.85	$0.0226	Hawsons secures the required funding to develop the project.
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	Commencement of commercial production at the Hawsons Iron project.
69	27-May-24	01-Jun-29	$0.05	$0.0252	BFS funding secured.
70	27-May-24	01-Jun-29	$0.15	$0.0212	Successful completion of the BFS.
71	27-May-24	01-Jun-29	$0.25	$0.0198	Financial investment decision (including project funding) of the Project.
82B	7-May-26	6-Feb-29	$0.028	NA	Free attaching options were issued as part of a 2026 capital raising program. There are no vesting conditions applicable.
83	25-Aug-26	31-Dec-27	$0.015	NA	Free attaching options were issued as part of the August 2026 share purchase plan. There are no vesting conditions applicable.

[1] With the exception of Tranches 82B and 83, in addition to the above conditions, the recipient must also remain employed by Hawsons at the time the vesting conditions are met. Retiring employees and directors are granted 12 months from the date of retirement to meet the performance hurdles.

With the exception of Tranches 82B and 83, none of the above options have vested or are exercisable.

Fair value of share options granted held by Directors and Key Management

The assessed fair value at the date of grant of options 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 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
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	28-Nov-28	$0.050	$0.65	115%	Nil	3.181%	$0.0245	Black-Scholes
60	10-May-23	28-Nov-28	$0.050	$0.85	115%	Nil	3.181%	$0.0226	Black-Scholes
61	10-May-23	28-Nov-28	$0.050	$0.85	115%	Nil	3.181%	$0.0223	Monte Carlo
62	10-May-23	28-Nov-28	$0.050	$1.05	115%	Nil	3.181%	$0.0211	Black-Scholes
69	27-May-24	01-Jun-29	$0.031	$0.05	125%	Nil	4.018%	$0.0252	Binomial
70	27-May-24	01-Jun-29	$0.031	$0.15	125%	Nil	4.018%	$0.0212	Binomial
71	27-May-24	01-Jun-29	$0.031	$0.25	125%	Nil	3.960%	$0.0198	Binomial

The were no Directors or Key Management options granted, exercised or lapsed in the current financial year.

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	2026 $	2025 $	2024 $	2023 $	2022 $
Share price at end of financial year	0.011	0.018	0.028	0.037	0.50
Market capitalisation at end of financial year ($M)	13.9	18.30	28.25	34.01	358.03
Profit/(loss) for the financial year	(2,026,066)	(2,038,347)	(3,640,493)	10,362,157	(20,467,514)
Cash spend on exploration programmes	2,370,489	1,464,146	4,806,905	15,978,514	24,866,440
Director and other Key Management Personnel remuneration	937,361	909,070	1,241,191	1,513,569	1,049,690

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 2026 financial year.

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 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	
Tax Compliance Services	$10,733

AUDITOR'S INDEPENDENCE DECLARATION

The attached Auditor's Independence Declaration forms part of the Directors' Report.

EVENTS AFTER REPORTING DATE

In August 2026, the Company issued a total of 111,818,112 shares at $0.011 per share through a share purchase plan, raising $1,230,000 before costs. 103,636,297 free attaching options, exercisable at $0.015 with an expiry date of 31 December 2027, were also issued to applicants.

There have been no other events since 30 June 2026 that impact upon the financial report.

Jeremy N. Kirkwood

Director
26 August 2026

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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF HAWSONS IRON LIMITED

As lead auditor of Hawsons Iron Limited for the year ended 30 June 2026, 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.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 26 August 2026

Statement of Comprehensive Income
For the year ended 30 June 2026

	Note	2026 $	2025 $
Interest income		7,467	28,113
Net fair value gain/(loss) on financial instruments measured at fair value through profit or loss	8	(54,192)	14,162
Employment benefit expenses	4	(1,051,401)	(843,918)
Depreciation and amortisation expense		(92,637)	(153,329)
Corporate compliance and legal fees		(419,213)	(419,726)
Corporate advisory		(34,000)	(109,580)
Computer, IT and telecommunications		(81,643)	(94,857)
Rent expense relating to short-term leases		(140,456)	(136,201)
Other expenses		(195,531)	(323,011)
Loss before income tax		**(2,061,606)**	**(2,038,347)**
Income tax	12	-	-
Loss after income tax		**(2,061,606)**	**(2,038,347)**
Other comprehensive income		-	-
Total comprehensive income		**(2,061,606)**	**(2,038,347)**

Earnings per share		Cents	Cents
Basic and diluted loss per share	13	**(0.18)**	**(0.20)**

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

Balance Sheet
As at 30 June 2026

	Note	2026 $	2025 $
CURRENT ASSETS			
Cash and cash equivalents	2	498,102	202,450
Other receivables	5	37,715	62,982
Other current assets		67,893	41,973
Financial assets at fair value through profit or loss	8	-	115,324
TOTAL CURRENT ASSETS		603,710	422,729
NON-CURRENT ASSETS			
Trade and other receivables	5	94,648	257,056
Plant and equipment		3,319	37,276
Exploration and evaluation assets	6	61,901,296	60,278,410
Right of use assets		97,803	156,483
TOTAL NON-CURRENT ASSETS		62,097,066	60,729,225
TOTAL ASSETS		**62,700,776**	**61,151,954**
CURRENT LIABILITIES			
Trade and other payables	7	171,442	501,458
Short-term provisions		33,326	41,463
Lease liabilities		61,211	53,039
Borrowings		26,825	-
Financial liability at fair value through profit and loss	8	972,544	1,033,676
TOTAL CURRENT LIABILITIES		1,265,348	1,629,636
NON-CURRENT LIABILITIES			
Lease liabilities		45,515	106,727
TOTAL NON-CURRENT LIABILITIES		45,515	106,727
TOTAL LIABILITIES		**1,310,863**	**1,736,363**
NET ASSETS		**61,389,913**	**59,415,591**
EQUITY			
Contributed capital	9	103,628,493	99,885,182
Reserves	10	3,049,070	3,074,181
Accumulated losses		(45,287,650)	(43,543,772)
TOTAL EQUITY		**61,389,913**	**59,415,591**

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

Statement of Changes in Equity
For the year ended 30 June 2026

	Note	Contributed Capital $	Share Based Payment Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2024		99,603,591	3,526,349	(42,244,756)	60,885,184
Transactions with owners in their capacity as owners					
Issue of share capital	9	300,000	-	-	300,000
Capital raising costs	9	(18,409)	-	-	(18,409)
Share based payments – employees & directors		-	287,163	-	287,163
Transfer of expired options		-	(739,331)	739,331	-
Total		281,591	(452,168)	739,331	568,754
Comprehensive income					
Loss after income tax		-	-	(2,038,347)	(2,038,347)
Total comprehensive income		-	-	(2,038,347)	(2,038,347)
Balance at 30 June 2025		**99,885,182**	**3,074,181**	**(43,543,772)**	**59,415,591**
Balance at 1 July 2025		99,885,182	3,074,181	(43,543,772)	59,415,591
Transactions with owners in their capacity as owners					
Issue of share capital	9	4,109,368	-	-	4,109,368
Capital raising costs	9	(366,057)	-	-	(366,057)
Share based payments – employees & directors	4 & 14	-	165,808	-	165,808
Share based payments – consultants		-	126,809	-	126,809
Transfer of expired options		-	(317,728)	317,728	-
Total		3,743,311	(25,111)	317,728	4,035,928
Comprehensive income					
Loss after income tax		-	-	(2,061,606)	(2,061,606)
Total comprehensive income		-	-	(2,061,606)	(2,061,606)
Balance at 30 June 2026		**103,628,493**	**3,049,070**	**(45,287,650)**	**61,389,913**

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

Statement of Cash Flows
For the year ended 30 June 2026

	Note	2026 $	2025 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(1,785,808)	(1,966,856)
Interest received		7,467	28,113
Finance costs		(16,978)	(7,906)
Net cash used in operating activities	2	(1,795,319)	(1,946,649)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		-	-
Receipts / (payments) for security deposits		183,000	49,418
Payments for exploration and evaluation assets		(2,334,949)	(1,464,146)
Receipts from government grants		488,728	178,146
Net cash used in investing activities		(1,663,221)	(1,236,582)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	9	4,109,368	250,000
Cost associated with the issue of shares		(250,836)	(19,646)
Insurance premium finance repayments		(51,300)	(37,210)
Lease principal payments		(53,040)	(106,884)
Net cash provided by financing activities		3,754,192	86,260
Net decrease in cash and cash equivalents held		295,652	(3,096,971)
Cash and cash equivalents at the beginning of the year		202,450	3,299,421
Cash and cash equivalents at the end of the year		**498,102**	**202,450**

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Introduction

This financial report covers Hawsons Iron Limited (the "Company" or "Hawsons"). 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 Company 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 Company is mineral exploration and development of the Hawsons Iron Project.

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 26 August 2026.

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

Compliance with IFRS
The financial statements of Hawsons Iron Limited 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 Company'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 Company.

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.

Key judgements – exploration & evaluation assets

The Company assesses at each reporting date whether facts and circumstances exist that indicate the carrying amount of exploration and evaluation assets may not be recoverable in accordance with *AASB 6 Exploration for and Evaluation of Mineral Resources*. In performing this assessment, the Company considered:

- the Company's continued legal rights to tenure over the Hawsons Iron Project;
- continued substantive expenditure and planned future expenditure on the Project;
- progress of the Preliminary Feasibility Study during the year and declaration of a Probable Ore Reserve;
- the Company's intention to advance the Project to a Feasibility Study and pursue project financing alternatives; and
- market-based indicators, including the Company's market capitalisation relative to its net asset position.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

While the Company's market capitalisation at reporting date was below the carrying value of its net assets, the Company concluded this factor should not be considered in isolation and determined that the progress achieved on the Project, the Ore Reserve declaration, ongoing tenure rights and planned future activities support the continued carrying value of the exploration and evaluation assets.

Accordingly, the Company determined that no impairment charge was required as at 30 June 2026.

Employee share-based payments:

The Company 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 14.

Consultants' expenses:

The Company 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 8(B) and 8(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 8(A) for further details of the transaction and Note 8(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 8(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 Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial Instruments

(i) Financial assets

The Company 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 Company'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 Company 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 Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement
At initial recognition, the Company 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 Company's business model for managing the asset and the cash flow characteristics of the asset. The Company has cash and cash equivalents and trade and other receivables, and financial assets at fair value through profit or loss as financial assets. Consequently, the measurement category most relevant to the Company 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 comprehensive income.
- 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 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 Company subsequently measures all equity investments at fair value. The Company 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 comprehensive income as applicable.

Impairment
The Company 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 Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(ii) Financial Liabilities (excluding derivatives)

The Company's financial liabilities are measured at amortised cost and other payables (consulting fee payables) are measured at fair value through profit or loss. The Company 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.

d) 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 14.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined option pricing models 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 Company 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.

e) 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 2025 reporting periods. The Company has decided against early adoption of these standards. The Company 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 Company in the current or future reporting periods and on foreseeable future transactions.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Going Concern

As at 30 June 2026 the Company had cash reserves of $498,102, net current liabilities of $661,638 and net assets of $61,389,913.

During the year the Company had net cash outflows of $1,795,319 (2025: $1,946,649) from operating activities and net cash outflows used in investing activities of $1,663,221 (2025: $1,236,582). Investing activities includes payments for exploration and evaluation assets.

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

Subsequent to year end, the Company raised an additional $1,230,000 through a share purchase plan (refer to Note 20).

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

- The ability of the Company to raise additional capital in the future. To date the Company has funded its activities through issuance of equity securities, and it is expected that the Company will be able to fund its future activities through further issuances of equity securities; and
- The successful exploration and subsequent exploitation of the Company's tenements.

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.

Should the Company 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 Company 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. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

Reconciliation of loss after income tax to net cash outflow from operating activities

	2026 $	2025 $
Loss after income tax	(2,061,606)	(2,038,347)
Non-cash items		
Depreciation and amortisation	92,637	153,329
Share-based payments	165,808	287,163
Impairment of other non-current assets	-	63,182
Fair value movement of financial instruments [1]	54,192	(14,162)
Change in operating assets and liabilities		
(Increase)/decrease in receivables	25,267	50,071
(Increase)/decrease in other assets	52,205	3,543
(Decrease)/increase in trade and other payables	(115,685)	(429,672)
(Decrease)/increase in provisions	(8,137)	(21,756)
Net cash outflow from operating activities	**(1,795,319)**	**(1,946,649)**

[1] LDA Capital – refer Note 8(A)

Reconciliation of cash

Cash at the end of the financial period is reconciled to items in the balance sheet as follows:

Cash on hand and at bank	498,102	202,450

Non-cash investing and financing activities

2026: Options totalling $126,809 were issued to the Lead manager as part remuneration for capital raising services.

2025: Shares totalling $50,000 issued as part settlement of the Pure Metals legal claim. The shares issued were transferred from unpaid Non-recourse employee shares, resulting in no change in the overall number of shares on issue (refer Note 14).

The Company entered into a new lease agreement during the period which increased right of use assets by $176,043.

Changes in liabilities arising from financing activities

Lease liabilities		
Opening balance	159,766	90,607
Lease additions during the year	-	176,043
Lease principal repayments	(53,040)	(106,885)
Closing balance	**106,726**	**159,765**
Borrowings		
Opening balance	-	37,210
Non-cash insurance financing additions	78,125	-
Principal repayments	(51,300)	(37,210)
Closing balance	**26,825**	**-**

NOTE 3 SEGMENT INFORMATION

Reportable Segments

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

Accordingly, management currently identifies the Company 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 Company. 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

	Note	2026 $	2025 $
Employee benefits			
Share-based payments		165,808	287,163
Director fees		184,530	180,718
Salary and wages		1,109,121	913,948
Superannuation		127,521	110,702
Other employee costs		39,730	14,464
Less capitalised salaries – Hawsons Iron Project	6	(575,309)	(663,077)
Total employee benefits expense		**1,051,401**	**843,918**

NOTE 5 TRADE AND OTHER RECEIVABLES

	2026 $	2025 $
Current		
GST refund due	37,715	62,982
Non-Current		
Security bonds	94,648	257,056

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 Company 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 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 Company will comply with all attached conditions.

NOTE 6 EXPLORATION AND EVALUATION ASSETS (continued)

	2026 $	2025 $
Movements during the year		
Opening balance	60,278,410	58,765,175
Exploration expenditure during the period [1]	2,111,614	1,691,381
Government grants relating to exploration	(488,728)	(178,146)
Closing balance	**61,901,296**	**60,278,410**

[1] Includes capitalised employment expenses – refer Note 4.

NOTE 7 TRADE AND OTHER PAYABLES

Trade payables	124,123	431,072
Other payables	47,186	70,386
Total trade and other payables	**171,309**	**501,458**

NOTE 8 FINANCIAL ASSETS AND FINANICAL LIABILITIES

Financial assets		
LDA put option asset: current - Note 8 (A)	-	115,324
	-	**115,324**
Financial liabilities		
LDA derivative liability - Note 8 (A)	-	61,132
Other payable: consultant fee - Note 8 (B)	972,544	972,544
Total trade and other payables	**972,544**	**1,033,676**

(A) LDA Put Option Asset and LDA Derivative Liability

On 21 December 2021, the Company entered into a Put Option Agreement with LDA Capital to provide the Company with up to $200 million in committed equity capital over 4 years. The terms of the agreement gave rise to a derivative liability and derivative asset held at fair value through profit or loss.

The Put Option Agreement expired on 21 December 2025, with the remaining value of the derivative liability and derivative asset recognised through the profit or loss.

	2026 $	2025 $
Movement in financial asset - LDA put option derivative asset		
Opening balance	115,324	391,738
Fair value movement in financial asset	(115,324)	(276,414)
Closing balance	**-**	**115,324**
Movement in LDA derivative liability		
Opening balance	61,132	351,708
Re-measurement to fair value through profit or loss	(61,132)	(290,576)
Closing balance	**-**	**61,132**

NOTE 8 FINANCIAL ASSETS AND FINANICAL LIABILITIES (continued)

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

Fair value movement – put option premium	(115,324)	(276,414)
Fair value movement – LDA derivative liability	61,132	290,576
Net fair value gain/(loss) on financial instruments	**(54,192)**	**14,162**

(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 Fee"). The gross amount of the Foregone Fee 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 $1,094,500. 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 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, 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 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 2025 were as follows:

	2026 $	2025 $
Fair value of liability recognised	972,544	972,544
Fair value of share-based payment recognised in equity share-based payment reserve	152,129	152,129

NOTE 8 FINANCIAL ASSETS AND FINANICAL LIABILITIES (continued)

Movement in Other Payable – Consultant Fee

Opening balance	972,544	972,544
Fair value loss/(gain) recognised in profit and loss	-	-
Closing balance	**972,544**	**972,544**

(C) Fair value hierarchy

The following tables detail the Company'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 Company 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 2026				
Liabilities				
Other payable – consultant fee	-	-	972,544	**972,544**
June 2025				
Assets				
Derivative asset – put option premium	-	-	115,324	**115,324**
	-	-	115,324	**115,324**
Liabilities				
LDA derivative liability	-	61,132	-	**61,132**
Other payable – consultant fee	-	-	972,544	**972,544**
	-	**61,132**	**972,544**	**1,033,676**

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 binomial pricing methodology.

NOTE 8 FINANCIAL ASSETS AND FINANICAL LIABILITIES (continued)

Level 3 Assets and Liabilities

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

	2026 $	2025 $
Assets		
Balance at the beginning of the year	391,738	391,738
Gain/(loss) recognised in profit or loss of financial asset – put option	(276,414)	(276,414)
Closing balance	**115,324**	**115,324**
Liabilities		
Balance at the beginning and end of the year	972,544	972,544

The level 3 liabilities unobservable inputs are as follows:

Description	Unobservable Inputs	2026	2025	Sensitivity
Other payable consultant fee	First sale of concentrate probability range	50.0%	50.0%	Estimated fair value would increase/(decrease) if probability % was higher/(lower)
LDA financial derivative asset put option	Market placement discount	NA	14.5%	Estimated fair value would increase/(decrease) if market placement discount rate was higher/(lower) – refer below for sensitivity analysis
	Discount rate	NA	14.0%	

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:

	2026 Increase $	2026 Decrease $	2025 Increase $	2025 Decrease $
LDA financial derivative asset:				
Market placement discount +/- 2%	-	-	(495)	507
Other payable consultant fee:				
First sale of concentrate probability range +/- 10%	194,509	(194,509)	194,509	(194,509)

NOTE 9 SHARE CAPITAL

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

	2026 $	2025 $	2026 #	2025 #
Ordinary Shares				
At the beginning of the year	99,885,182	99,603,591	1,012,931,511	1,003,425,610
SPP & Share placement ($0.017 per share)	1,909,368	-	112,315,767	-
Share placement ($0.016 per share)	2,200,000	-	137,500,000	-
Share placement ($0.033 per share)	-	250,000	-	7,575,758
Transfer from NRE shares	-	50,000	-	1,930,143
Total shares issued during the year	**4,109,368**	**300,000**	**249,815,767**	**9,505,901**
Share issue costs	(366,057)	(18,409)	-	-
At reporting date	**103,628,493**	**99,885,182**	**1,262,747,278**	**1,012,931,511**
Non-recourse employee shares (NRE)				
At the beginning of the period	-	-	3,569,857	5,500,000
Transfer to ordinary shares	-	-	-	(1,930,143)
At reporting date	**-**	**-**	**3,569,857**	**3,569,857**
Total Ordinary and NRE Shares	**103,628,493**	**99,885,182**	**1,266,317,135**	**1,016,501,368**

NOTE 10 RESERVES

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.

	2026 $	2025 $
Movements during the year		
Opening balance	3,074,181	3,526,349
Expired options transferred to accumulated losses	(317,728)	(739,331)
Share based payments – capital raising costs	126,809	-
Share based payments – expense (Note 4)	165,808	287,163
Closing balance	**3,049,070**	**3,074,181**

NOTE 11 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 12 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.

A reconciliation of income tax expense (benefit) applicable to accounting loss before income tax at the statutory income tax rate to income tax expense (benefit) recognised for the years ended 30 June 2026 and 2025 is as follows:

NOTE 12 INCOME TAX (continued)

	2026 $	2025 $
Loss before income tax	(2,061,606)	(2,038,347)
Prima facie tax at 30% (2025: 30%)	(618,482)	(611,504)
Tax effect of not deductible/taxable amounts		
Non-deductible expenses	49,742	86,149
Revaluation of LDA instruments	16,258	(4,249)
Deferred tax assets not brought to account	552,482	529,604
Total income tax expense/(benefit)	-	-
Recognised deferred tax assets		
Carried forward tax losses	18,265,951	17,794,594
Recognised deferred tax liabilities		
Assessable temporary differences	18,265,951	17,794,594
Net deferred tax recognised	-	-
Unrecognised temporary differences & tax losses		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	2,609,646	2,243,433
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 Company can utilise these benefits.

NOTE 13 EARNINGS PER SHARE

	2026 $	2025 $
Earnings used to calculate basic and dilutive loss per share	(2,061,606)	(2,038,347)

	2026 #	2024 #
Weighted average number of ordinary shares outstanding during the year	1,175,743,019	1,016,214,407
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	**1,175,743,019**	**1,016,214,407**

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 2026 or 2025 as they were not dilutive.

NOTE 14 SHARE BASED PAYMENTS AND PUT 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.

The Company has also granted options over ordinary shares as part consideration to the lead managers of the 2024 and 2026 capital raisings. The Options granted 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	Opening Balance	Granted	Lapsed	Closing Balance	Vested & / or exercisable
25	20-Aug-21	20-Aug-26	$0.15	1,000,000	-	-	1,000,000	1,000,000
26C	20-Aug-21	05-Jul-25	$0.25	2,000,000	-	(2,000,000)	-	-
26D	20-Aug-21	20-Aug-26	$0.25	1,000,000	-	-	1,000,000	-
27C	20-Aug-21	05-Jul-25	$0.35	2,000,000	-	(2,000,000)	-	-
27D	20-Aug-21	20-Aug-26	$0.35	1,000,000	-	-	1,000,000	-
28C	20-Aug-21	05-Jul-25	$0.50	2,000,000	-	(2,000,000)	-	-
28D	20-Aug-21	20-Aug-26	$0.50	2,000,000	-	-	2,000,000	-
45	21-Dec21	21-Dec-25	$0.055	71,500,000	-	(71,500,000)	-	-
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	28-Nov-28	$0.65	1,250,000	-	-	1,250,000	-
60	10-May-23	28-Nov-28	$0.85	1,250,000	-	-	1,250,000	-
61	10-May-23	28-Nov-28	$0.85	1,250,000	-	-	1,250,000	-
62	10-May-23	28-Nov-28	$1.05	1,250,000	-	-	1,250,000	-
67	03-May-24	30-May-26	$0.05	5,010,000	-	(5,010,000)	-	-
69	27-May-24	01-Jun-29	$0.05	1,000,000	-	-	1,000,000	-
70	27-May-24	01-Jun-29	$0.15	2,500,000	-	-	2,500,000	-
71	27-May-24	01-Jun-29	$0.25	2,500,000	-	-	2,500,000	-
74	01-Dec-24	30-Nov-29	$0.05	500,000	-	-	500,000	-
75	01-Dec-24	30-Nov-29	$0.15	1,250,000	-	-	1,250,000	-
76	01-Dec-24	30-Nov-29	$0.25	1,250,000	-	-	1,250,000	-
77	01-Dec-24	30-Nov-29	$0.05	500,000	-	-	500,000	-
78	01-Dec-24	30-Nov-29	$0.15	1,250,000	-	-	1,250,000	-
79	01-Dec-24	30-Nov-29	$0.25	1,250,000	-	-	1,250,000	-
80	16-Jul-25	16-Jul-28	$0.03	-	700,000	-	700,000	700,000
81	6-Feb-26	6-Feb-29	$0.028	-	12,625,000	-	12,625,000	12,625,000
				109,510,000	**13,325,000**	**(82,510,000)**	**40,325,000**	**14,325,000**
Weighted Average Exercise Price				**$0.171**	**$0.028**	**$0.077**	**$0.316**	**$0.028**

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.22 years.

NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)

Option vesting conditions

Tranches 25 – 28 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

Tranches 55-62 relates to the milestones below:

Milestone 1	Completion of the Hawsons BFS
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

Tranches 69-71 and 74-79 relates to the milestones below:

Tranches 69, 74 & 77	BFS funding secured
Tranche 70, 75 & 78	Successful completion of the BFS
Tranche 71, 76 & 79	Financial investment decision (including all project funding) of the Hawsons Iron Project

Tranche 45 – Options issued to LDA Capital in accordance with the Put Option Agreement (lapsed)

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 $0.055. Each option had an exercise period of four years.

Tranche 67 – Lead manager options

5,010,000 options were issued as part consideration to the lead manager of the 2024 capital raising program. Each option has an exercise price of $0.05 and an expiry date of 30 May 2026. There are no vesting conditions applicable.

Tranche 80 – Lead manager options

700,000 options were issued as part consideration to the lead manager of the July 2025 capital raising. Each option has an exercise price of $0.03 and an expiry date of 16 July 2028. There are no vesting conditions applicable.

Tranche 81 – Lead manager options

12,625,000 options were issued as part consideration to the lead manager of the February 2026 capital raising. Each option has an exercise price of $0.028 and an expiry date of 6 February 2029. There are no vesting conditions applicable.

Option Fair Values

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 Company.

NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)

Tranche	Grant/valn Date	Expiry Date	Share Price	Exercise Price	Expected volatility	Expected Dividends	Risk free rate	Fair value	Valuation Method
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
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
67	03-May-24	30-May-26	$0.031	$0.05	118%	Nil	4.092%	$0.0163	Binomial
69	27-May-24	01-Jun-29	$0.031	$0.05	125%	Nil	4.018%	$0.0252	Binomial
70	27-May-24	01-Jun-29	$0.031	$0.15	125%	Nil	4.018%	$0.0212	Binomial
71	27-May-24	01-Jun-29	$0.031	$0.25	125%	Nil	4.018%	$0.0198	Binomial
74	01-Dec-24	30-Nov-29	$0.020	$0.05	116%	Nil	3.962%	$0.0145	Binomial
75	01-Dec-24	30-Nov-29	$0.020	$0.15	116%	Nil	3.962%	$0.0117	Binomial
76	01-Dec-24	30-Nov-29	$0.020	$0.25	116%	Nil	3.929%	$0.0102	Binomial
77	01-Dec-24	30-Nov-29	$0.020	$0.05	116%	Nil	3.962%	$0.0145	Binomial
78	01-Dec-24	30-Nov-29	$0.020	$0.15	116%	Nil	3.962%	$0.0117	Binomial
79	01-Dec-24	30-Nov-29	$0.020	$0.25	116%	Nil	3.929%	$0.0102	Binomial
80	16-Jul-25	16-Jul-28	$0.017	$0.03	130%	Nil	3.430%	$0.0155	Binomial
81	02-Feb-26	06-Feb-29	$0.019	$0.028	88%	Nil	4.223%	$0.0094	Binomial

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 Company whereby the Company 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:

NOTE 14 SHARE BASED PAYMENTS AND PUT OPTIONS (continued)

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	Opening Balance	Granted in year	Exercised in year	Transferred during year	Closing Balance	Exercisable at end of year
Director 1	31-May-11	31-May-12	$0.48	750,000	-	-	-	750,000	750,000
Director 2	31-May-11	31-May-13	$0.48	750,000	-	-	-	750,000	750,000
Employee 1	01-Mar-11	02-Mar-13	$0.60	169,857	-	-	-	169,857	169,857
Employee 2	05-Jul-13	05-Jul-13	$0.30	1,900,000	-	-	-	1,900,000	1,900,000
				3,569,857	-	-	-	3,569,857	3,569,857
Weighted average exercise price				**0.39**	**-**	**-**	**-**	**0.39**	**0.39**

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.

Expenses arising from employee share-based payment transactions

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:

	2026 $	2025 $
Options	165,808	287,163

NOTE 15 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 Company.

Short-term employee benefits	758,482	696,050
Post-employment benefits	64,870	61,032
Termination benefits	-	-
Share-based payments	114,009	151,988
	937,361	**909,070**

NOTE 15 RELATED PARTY AND KEY MANAGEMENT PERSONNEL (continued)

Amounts Owed to Key Management Personnel and Other Related Parties

$17,897 was owing to CFO/Company Secretary at 30 June 2026 (2025: $32,564) for service fees and expense reimbursements.

Transactions with Related Parties

There were no other transactions between the Company and its related parties during the year (2025: Nil).

NOTE 16 FINANCIAL RISK MANAGEMENT

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

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 2026 (2025: nil).

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

	2026 $	2025 $
Cash and cash equivalents	498,102	202,450
Non-trade receivables	94,648	257,056
	592,750	**459,506**

Credit risk - Cash and cash equivalents

The counterparty to these financial assets is Westpac a large financial institution with a strong credit rating (AA-).

Credit risk – Other Receivables

Amounts owed to the Company comprise receivables in relation to security bonds for exploration tenements.

NOTE 16 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board. The Company 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 2026. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	2026 $	2025 $
Less than one year		
Non-derivatives		
Trade and other payables	171,442	501,458
Borrowings	26,825	-
Lease liabilities	69,154	66,655
Other payable – consultant fee	972,544	972,544
	1,239,965	**1,540,657**
Between one and five years		
Non-derivatives		
Lease liabilities	**47,241**	**116,396**

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 Company is not exposed to any significant foreign currency, interest rate or price risk.

(d) Capital Risk Management

Management controls the capital of the Company in order to provide capital growth to shareholders and ensure the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital. Further detail on share capital can be found in Note 9. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company'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 Company since the prior year.

(e) Fair Values

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

NOTE 17 AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and its network firms:

	2026 $	2025 $
Audit services:		
Audit or review of the financial statements	85,490	83,324
Other services:		
Tax compliance services	10,733	10,126
Total remuneration - BDO	**96,223**	**93,450**

NOTE 18 COMMITMENTS

The Company 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 Company.

Exploration obligations to be undertaken		
Payable within one year	63,958	32,432
Payable between one year and five years	70,987	73,294
Payable after five years	1,421	-
	136,366	**105,726**

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 19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

There are no material contingent liabilities at 30 June 2026.

Contingent Assets

There are no material contingent assets at 30 June 2026.

NOTE 20 EVENTS AFTER REPORTING DATE

In August 2026, the Company issued a total of 111,818,112 shares at $0.011 per share through a share purchase plan, raising $1,230,000 before costs. 103,636,297 free attaching options, exercisable at $0.015 with an expiry date of 31 December 2027, were also issued to applicants.

There have been no other events since 30 June 2026 that impact upon the financial report.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Hawsons Iron Limited does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements.

Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the Entity.

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. 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 Company's financial position as at 30 June 2026 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The Consolidated Entity Disclosure Statement is true and correct.
5. The remuneration disclosures included in the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2026, comply with section 300A of the *Corporations Act 2001*.
6. 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 26 August 2026

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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), which comprises the balance sheet as at 30 June 2026, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(i) Giving a true and fair view of the Company's financial position as at 30 June 2026 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 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 audits of the financial report of public interest entities 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 entity's ability to continue as a going concern and therefore the entity 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.

Carrying value of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
The Company carries exploration and evaluation assets in accordance with the Company'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 that may be present.	Our procedures included, but were not limited to the following: • Obtaining evidence that the Company 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 Company maintain tenements in good standing. • Making enquiries on management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Company's cashflow budget for the level of budgeted spend with directors of the Company as to their intentions and strategy. • Enquiring of management, reviewing ASX announcement and reviewing directors' minutes to ensure the Company 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 Company's annual report for the year ended 30 June 2026 but does not include the financial report and our 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:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 Company 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 (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_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 the directors’ report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Hawsons Iron Limited, for the year ended 30 June 2026, 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

T R Mann
Director

Brisbane, 26 August 2026

ADDITIONAL STOCK EXCHANGE INFORMATION

ASX: HIO

DISTRIBUTION OF NUMBER OF HOLDERS OF EQUITY SECURITIES AT 25 AUGUST 2026

Ordinary Shares: HIO

Number of securities held	Ordinary Shares Fully Paid	Number of Holders
1 to 1,000	256,954	461
1,001 to 5,000	3,971,090	1,378
5,001 to 10,000	7,401,089	943
10,001 to 100,000	116,533,810	3,013
100,001 and over	1,249,952,304	1,610
	1,378,115,247	**7,405**

Number of shareholders holding unmarketable parcels: 4,820

TWENTY LARGEST HOLDERS OF EACH QUOTED SECURITY

Ordinary Shares: HIO

#	Name	Ordinary Shares	%
1	MR GLEN CORBY BULL	39,000,000	2.83
2	BNP PARIBAS NOMINEES PTY LTD	26,603,759	1.93
3	FINCLEAR SERVICES PTY LTD	21,722,012	1.58
4	DR EDMUND TEOW WONG EK	21,620,224	1.57
5	JKS GROUP HOLDINGS PTY LTD	18,824,241	1.37
6	MR KENNETH JOSEPH HALL	17,000,000	1.23
7	MR BRANKO SUBOTA	14,542,025	1.06
8	CITICORP NOMINEES PTY LIMITED	13,678,933	0.99
9	MR ANTONI ACEVSKI	12,798,700	0.93
10	INVIA CUSTODIAN PTY LIMITED	12,711,746	0.92
11	ED & TOY FAMILY PTY LTD	11,430,999	0.83
12	COMO GROUP HOLDINGS PTY LTD	10,422,281	0.76
13	J & L LOCCISANO PTY LTD	10,000,000	0.73
14	MR BRETT RAYMOND MOORE	10,000,000	0.73
15	GAUDION NOMINEES PTY LTD	9,000,000	0.65
16	MR JOHN NEVILLE COOK	8,872,727	0.64
17	HSBC CUSTODY NOMINEES	7,587,271	0.55
18	IRSF PTY LIMITED	7,315,507	0.53
19	MR DAVID CAMPBELL RANKOVICH	7,227,272	0.52
20	NALJE PTY LIMITED	7,000,000	0.51
	Total	**287,357,697**	**20.85**
	Balance of register	**1,090,757,550**	**79.15**
	Grand total	**1,378,115,247**	**100.00**

All ordinary shares carry one vote per share without restriction.

SUBSTANTIAL SHAREHOLDERS

There was no Substantial shareholders of the Company at 25 August 2026.

ADDITIONAL STOCK EXCHANGE INFORMATION

ASX: HIO

SCHEDULE OF TENEMENTS

Licence	Note	Name	Grant Date	Expiry Date	Equity	Units	Area (km²)
EL6979	1	Redan	11/12/2007	11/12/2026	100%	62	180
EL7208		Burta	22/09/2008	22/09/2031	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
MLA641	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.

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.

Mineral Resource

The completed Mineral Resource estimates below are reported in accordance with the JORC Code (2012) using a 4% recovered magnetic fraction ("DTR") cut-off constrained to a pit shell:

	Mineral Resources Estimate June 2026			Mineral Resources Estimate June 2025		
Category	Mt	DTR %	Concentrate Mt	Mt	DTR %	Concentrate Mt
Measured	528	12.9	68	528	12.9	68
Indicated	1,882	11.2	210	1,882	11.2	210
Inferred	2,005	11.3	226	2,005	11.3	226
Total	**4,415**	**11.4**	**504**	**4,415**	**11.4**	**504**

Category	Fe %	SiO2 %	Al2O3 %	TiO2 %	P ppm	S ppm	LOI %
Measured	69.0	3.4	0.26	0.05	73	42	-2.8
Inferred	68.6	3.6	0.30	0.06	83	54	-2.6
Indicated	68.2	4.2	0.32	0.06	84	60	-2.7
Total	**68.4**	**3.8**	**0.30**	**0.06**	**82**	**56**	**-2.7**

Ore Reserves

The Probable Ore Reserve Estimate, summarised in the table below, is for open cut mining, feeding a 100Mtpa processing plant at the Hawsons Project site. The Ore Reserve Estimate is based on the Mineral Resource model updated and reported on 24 June 2024. The ore grade is estimated as percent Davis Tube Recovery (DTR), representing a notional mass recovery to magnetite concentrate.

Ore Reserve Category	Mt	DTR %	Total Iron Grade %
Probable	2,300	11.7	16.7

Material Changes and Resource Statement Comparison

There were no material changes to the Mineral Resources Estimate during the year.

Probable Ore Reserves increase from nil to 2,300Mt at an average grade of 11.7% DTR and 16.7% total iron following the completion of the Hawsons Iron Project's Ore Reserve and Pre-Feasibility Study released on 17 December 2025. These Ore Reserves represent 95.4% of the currently defined Measured and Indicated Mineral Resources Estimate. The Ore Reserve for the Project has been estimated as at 17 December 2025 in accordance with the JORC Code.

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 the reported Ore Reserves have been prepared under the supervision of Mr John Wyche. Mr Wyche is a Fellow of the Australasian Institute of Mining and Metallurgy and a consultant of Australian Mine Design and Development Pty Ltd (AMDAD). Mr Wyche has thirty five years' experience that is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which he is accepting responsibility to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2012 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr Wyche gives Hawsons Iron consent that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Ore Reserves.

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.