

30 November 2012

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Chairman's Address to the AGM

Set out below is a copy of the presentation to be made by the Chairman at Red Hill Iron Limited's AGM today.

I would like to outline three items which form the backbone of the Company's activities.

Firstly there is the current situation relating to the Company's 40% (reducing to 20%) share of the Red Hill Iron Ore Joint Venture (RHIOJV) the owner of channel iron (CID) deposits in the West Pilbara of Western Australia near the township of Pannawonica. Shareholders will be aware of the project's substantial reserve and resource figures which are detailed in the Company's 2012 Annual Report.

The Manager and fellow participant in this Joint Venture is API Management Pty Ltd ("API"), a company owned equally by Aquila Resources Limited ("Aquila") and AMCI (IO) Pty Ltd ("AMCI"). Joint Venture activities have progressed from exploration towards development. During the year, engineering studies in the mine area progressed and mine planning continued whilst the Department of Mines approved the joint venture's project management plan for the construction and management of the mining operation.

Mining Lease applications have been lodged and a Miscellaneous Licence for the airstrip and accommodation complex was granted on 22 May 2012. API's Public Environmental Review for its West Pilbara Iron Ore Project Stage 1 (WPIOP), which included the proposed mine, received State Government approval on 3 August 2012, subject to conditions. Concurrent with ongoing environmental surveying, the joint venture continued to advance Aboriginal heritage and clearance negotiations with the area's Native Title claimants.

A Feasibility Study was presented to the RHIOJV participants in 2012. On the basis of the cost and revenue assumptions applied at that time, including the use by all joint venturers of the proposed rail & port facilities (which the Supreme Court has ruled are not part of the RHIOJV), the Feasibility Study indicated that a 19 million tonne per annum project operating over a 16 year period was technically and economically viable. This tonnage which excludes any contribution from the disputed Kens Bore East reserves would be an integral part of an overall WPIOP 30 million tonnes per annum operation. API gave notice in meetings at the time that it would prepare a Development Proposal for consideration by the RHIOJV participants.

Of course the Feasibility Study did not include Reserves or Resources at the Kens Bore East CID deposit. RHI has commenced proceedings against API contending that Kens Bore East lies within the RHIOJV Project Area, as defined within the provisions of the RHIOJV documentation, and that the deposit is a joint venture asset. These proceedings are continuing and a hearing is expected in 2013.

On 5 September 2012 Aquila, one of the two owners of API, announced that the participants in the WPIOP, that is Aquila and AMCI, were in discussions to conserve funds until the timeline for approvals was more certain and that the parties had not reached agreement on the proposed budget for the 2012/13 financial year. Aquila said that it had notified AMCI that it required the dispute to be submitted to arbitration in accordance with the dispute resolution procedures of their JVA. Aquila noted that the award of the arbitrator would be non-binding, except in relation to identifying a Vendor Participant whose Venture Interest may be acquired by the other Participant at fair market value. Aquila announced, in a presentation made at its AGM today, that it is hopeful of a resolution of the dispute in early 2013.

This dispute affects the overall RHIOJV situation and RHI will follow it closely. For the moment, the dispute together with uncertain Iron Ore prices has resulted in a slowing in the momentum of the Joint Venture which will have an effect on the ultimate date for first production of ore from the area, which Aquila now estimates to be first quarter 2017. The Company is, however, in the unusually favourable position of having no exploration or development funding requirements for the RHIOJV.

Secondly, Red Hill Iron is in its own right the owner of an estimated 70 million tonnes of CID Resources at Pannawonica on a portion of an Exploration Licence owned by Zanthus Resources Pty Ltd, a subsidiary of Coziron Resources Limited. Red Hill has the right to require Zanthus, as the ultimate tenement owner, to apply for one or more Mining Leases covering these resources. These applications will be lodged in the near future and represent the next step towards Red Hill moving this project towards commercial production.

The very large capital cost of new infrastructure in the West Pilbara, for example the proposed rail and port operation of API, coupled with an inability to access already existing rail links is leading to innovative proposals by small to medium size would-be producers. An example of this thinking is the recent announcement by Iron Ore Holdings Limited of the completion of a Pre-feasibility study of its intention to establish a road haulage route to port facilities on the Pilbara coast, potentially at Cape Preston, to allow export of CID ore from its Buckland Project located close to the East of the RHIOJV area and South East of Red Hill's Pannawonica area.

Such developments provide an impetus for Red Hill to commence closer spaced drilling at Pannawonica to move the resources to a reserve category and to commence studies on the potential export of ore using such potential new road and port facilities.

Thirdly I would like to review the situation post the result of the recent Supreme Court action which sought clarification of Red Hill participation in the proposed rail and port operations of API. Our claim was rejected at first instance and, after consideration of the judgment and discussions with our legal team, your board decided not to appeal the decision. Whilst the result was disappointing it has encouraged Red Hill to explore other methods of exporting its share of RHIOJV production should the economics of API's proposed rail and port operations prove to be unacceptable to Red Hill.

The proposed IOH haul road referred to earlier passes close to the RHIOJV deposits and may give Red Hill an alternative method of exporting its share of RHIOJV production. On current planning the Red Hill

share of this production will be in the order of 4 million tonnes a year (not including the disputed Kens Bore East Reserves). Red Hill has the right to market its production share and is not committed to participate in an export operation through API's proposed port at Anketell Point.

Shareholders should also note that until RHIOJV commercial production is commenced, which as outlined above is not likely to be before 2017, Red Hill has no cost outlays in respect of the RHIOJV and retains its right to elect to exchange its interest in the RHIOJV for a 2% FOB Royalty on all RHIOJV area production.

N Tomkinson
Chairman

Compliance Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Doug Stewart who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Stewart is a Consultant to the Company. Mr Stewart has sufficient experience which is 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stewart consents to the inclusion in this report of the matters based on his information in the form and context in which it appears, and has not withdrawn this consent.