

4 February 2013

The Manager  
Announcements  
Company Announcements Office  
ASX Limited  
PO Box H224 Australia Square  
SYDNEY NSW 2000

Dear Sir / Madam,

**Entitlement Issue: Notice to shareholders**

Attached is a copy of a letter sent to all shareholders of the Company today setting out information on the recently announced entitlement issue including details of the timetable.

Yours faithfully

Peter Ruttledge  
Company Secretary

4 February 2013

Dear Shareholder,

**NOTICE OF NON-RENOUNCEABLE ENTITLEMENT OFFER OF SHARES**

The Board of Red Hill Iron Limited has announced a fully underwritten pro-rata non-renounceable 1 for 8 entitlement offer of ordinary fully paid shares (the "Offer").

The Prospectus for the Offer was lodged with the Australian Securities and Investments Commission (ASIC) on 31 January 2013 and will be sent to all eligible shareholders together with an Entitlement and Acceptance Form (including Shortfall application facility) by 22 February 2013.

The Offer is non-renounceable which means that there will be no rights trading.

Details of the Offer are as follows:

- **Type of Offer** Pro-rata non-renounceable offer of ordinary fully paid shares on a 1 for 8 basis.
  
- **Amount payable** 80 cents per share entitlement.
- **No. of shares to be offered** Up to 5,489,461
- **Amount to be raised** Up to \$4,391,569 before costs of the Offer
- **Purpose of this Offer** To raise funding for exploration and evaluation of the Company's Pannawonica CID Project, repayment of Directors' loans expected to arise from the settlement of legal costs, overseeing of the Company's interest in the Red Hill Iron Ore Joint Venture (RHIOJV), administration and operating costs of the Company and costs of the Offer.
  
- **Underwriting** The offer is fully underwritten by Euroz Securities Limited
- **Shortfall applications** Shareholders will be able to apply for additional shares arising from any shortfall in acceptances.
- **Listing** Application for listing of the new shares has been made to the Australian Securities Exchange (ASX).
  
- **Important dates**
  - 31 January 2013 Offer announced - Prospectus lodged with ASIC and ASX
  - 13 February 2013 Ex date: shares trade ex-entitlements
  - 19 February 2013 Record date for entitlements
  - 22 February 2013 Prospectus and Entitlement and Acceptance Form (including Shortfall application facility) sent to eligible shareholders
  
  - 8 March 2013 Offer closes: closing date for receipt of Acceptances
  - 12 March 2013 Shares quoted on a deferred settlement basis
  - 14 March 2013 Announcement of undersubscription
  - 19 March 2013 Despatch date – shares entered in shareholders' holdings

Yours faithfully



N Tomkinson  
Chairman