

11 April 2013

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

Dear Sir/Madam

Issue of unlisted options

Attached is an Appendix 3B advising of the issue of 500,000 unlisted employee options to acquire ordinary shares in the company.

Yours faithfully

P.C.Ruttledge
Company Secretary

Appendix 3B

New issue announcement, ~~application for quotation of additional securities~~ ~~and agreement~~

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

RED HILL IRON LIMITED

ABN

44 114 553 392

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | OPTIONS |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue Price: Free
Exercise Price: 98.75 cents per share
Date of Issue: 11 April 2013
Date of expiry: 8 April 2016
Term: approx. 36 months from date of issue
Vesting: on issue
Full terms and conditions of the options are set out in the attached Annexure A |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

These options do not rank for voting and dividends and are not listed and not transferable.

Each option on exercise becomes a fully paid ordinary share which will be listed and will rank equally in all respects with existing fully paid ordinary listed shares.

5 Issue price or consideration

Nil

6 Purpose of the issue
 (If issued as consideration for the acquisition of assets, clearly identify those assets)

Issue of 500,000 options, in accordance with a decision of the board, to the company's Project Manager, who is an employee of the company but not a director of the company, as a component of his remuneration

7 Dates of entering +securities into uncertificated holdings or despatch of certificates

11 April 2013

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	49,405,037	Ordinary Shares fully paid

+ See chapter 19 for defined terms.

	Number	+Class
9	500,000	Options exercisable at 98.75 cents each on or before 8 April 2016
10	No dividend policy is currently in place since the Company is involved only in exploration	

Part 2 - Bonus issue or pro rata issue Not Applicable

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

Not Applicable

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Not Applicable

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

Not Applicable

38 Number of securities for which
+quotation is sought

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39 Class of +securities for which
quotation is sought

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40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment

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41 Reason for request for quotation
now

Example: In the case of restricted securities, end of
restriction period

(if issued upon conversion of
another security, clearly identify that
other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement..... Not Applicable

1 ~~+Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.~~

2 ~~We warrant the following to ASX.~~

~~• The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.~~

~~• There is no reason why these +securities should not be granted +quotation.~~

~~• An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.~~

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

~~• Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.~~

~~• If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.~~

3 ~~We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.~~

4 ~~We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.~~

Sign here: **Peter Rutledge**
(Director/Company secretary)

Date: **11 April 2013**

Print name: **PETER RUTTLEDGE**

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+ See chapter 19 for defined terms.

Red Hill Iron Limited Annexure A to Appendix 3B dated 11 April 2013

Terms and Conditions of Employee Options issued 11 April 2013

The proposed terms and conditions of the options are as follows:

- (a) *Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of Red Hill Iron Limited;*
- (b) *Issue Price: Each option is issued for nil consideration;*
- (c) *Exercise Price: The amount payable per share on exercise of the options is **98.75 cents** (“the Exercise Price”);*
- (d) *Expiry Date: **5pm Western Standard Time (WST) 8 April 2016***
- (e) *Issue Date: **11 April 2013***
- (f) *Not transferable and not listed: The options are not transferable and not listed;*
- (g) *Exercise: Subject to (h) below, the options may be exercised by notice in writing to the Company (“the Exercise Notice”), delivery of the option certificates and payment of the Exercise Price to the Company at any time prior to the Expiry Date (“the Exercise Period”). The options may be exercised in one or more lots on different occasions during the Exercise Period, provided that such lots are equal to or a multiple of 100,000 options. Within 10 business days of receipt of the “Exercise Notice” and option certificates and payment of the “Exercise Price”, the Company will allot the corresponding number of fully paid ordinary shares to the option holder, procure the issue of a statement of holding for the shares and apply for the shares to be listed on the ASX. The shares issued as a result of exercise of the options shall rank equally in all respects with the other issued fully paid shares in the Company;*
- (h) *Cessation of engagement:*
 - (i) *In the event that the employee ceases to provide services to the Company, then from the date of such cessation of services the options which can validly be exercised at such date may only be exercised by the option holder within 3 months of the effective date on which the employee ceased to provide services to the Company, and immediately following that 3 months shall forthwith lapse and have no further effect unless otherwise determined by the directors of the Company;*
 - (ii) *In the event that the employee’s services to the Company are terminated by the Company following the takeover of the Company, or following a change of control of the Company (being a change in the composition of the shareholders of the Company whereby a person who does not presently control the Company within the meaning of Section 500A of the Corporations Act 2001 (Cth) gains such control over the Company), all the options shall remain in full force and effect for the full term up until the Expiry Date;*
- (i) *New share issues: There are no participation rights or entitlements inherent in the options and their holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. The Company, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be in accordance with the ASX Listing Rules. This will give the option holder the opportunity to exercise his options (should he otherwise be entitled to) prior to the date for determining entitlements to participate in any such issue;*
- (j) *Reorganisations: In the event of any reorganisation of the issued capital of the Company, the number of options or the exercise price of the options or both shall be reconstructed in a manner which complies with the ASX Listing Rules in force at that time and in all other respects the terms for the exercise of the options shall remain unchanged; and*
- (k) *Options not exercised by 5.00 pm WST on the Expiry Date will automatically expire.*