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14 April 2014

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

Dear Sir/Madam,

Pannawonica Iron Ore Project: Pre-Feasibility Study completed with Maiden Ore Reserves

The Red Hill Iron Limited Pannawonica Iron Ore Project has now advanced to the stage where a decision on commencing a Definitive Feasibility Study can be made with the following milestones having been achieved:-

- **Maiden Ore Reserves** of 29.3 million tonnes grading 54% iron has been independently determined;
- **Pre-Feasibility Study** has indicated that a profitable mining operation could be developed on the Redgate and Whitegate deposits;
- **Native Title Agreement** has been reached with the Kuruma and Marthudunera group within whose claim area the Project falls;
- **Mining Leases** have been granted over the Redgate and Whitegate deposits ;
- **Sinter test work** has confirmed the product's acceptability for smelter blending;
- **A Mining Lease** has been granted covering Red Hill Iron's Three Peak Hill proposed hard rock quarry.

The Project is located approximately 1,200 kilometres north of Perth and 22 kilometres west of Pannawonica in the northwest of Western Australia. It is comprised of the Redgate and Whitegate channel iron ore deposits. Mineral tenure over the project consists of three granted Mining Leases.

The deposits lie to the north and the south of Rio Tinto's Mesa A railway and the access road to Pannawonica township and are within 10 kilometres of a proposed new railway to Anketell Point to service the Australian Premium Iron Ore Joint Venture channel iron ore deposits that include the Red Hill Iron Ore Joint Venture deposits in which Red Hill Iron (RHI) has an interest. Also, the proposed haul road to Cape Preston East for Iron Ore Holdings Limited runs close to the project boundary.

These important milestones towards the potential development of a wholly owned mining operation by Red Hill Iron are detailed below.

Whitegate & Redgate Maiden Ore Reserves

Maiden Ore Reserves of 29.3 million tonnes at 54% iron, 4.8% alumina, 0.05% phosphorus, 8.2% silica, that can be extracted from a series of low strip ratio open pits, has been determined for the Project. These Ore Reserves, estimated by Ravensgate Mining Industry Consultants (Ravensgate), are compliant with Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (JORC 2012). It is based on a geological block model and is derived from the Mineral Resource of the Whitegate and Redgate deposits estimated by Ravensgate and totaling 62.5 million tonnes at 53.4% iron announced on 18 February 2014.

The Ore Reserves (detailed in Table 1) is comprised of 17.6 million tonnes at the Redgate deposit and 11.7 million tonnes at the Whitegate deposit (Proved and Probable categories) at waste:ore strip ratios of 1.9:1 and 0.6:1 respectively for an overall strip ratio of 1.4:1. Further details relating to the Ore Reserves estimate are set out in Annexure 1.

Table 1: ORE RESERVES Pannawonica Iron Ore Project - JORC 2012 compliant

Deposit	Classification	Tonnes (Mt)	Fe (%)	Al_2O_3 (%)	P (%)	SiO_2 (%)
Redgate	Proved	1.5	53.8	5.0	0.04	7.2
	Probable	16.1	54.0	5.0	0.05	8.3
	Total	17.6	54.0	5.0	0.05	8.2
Whitegate	Proved	2.7	54.3	4.3	0.03	8.5
	Probable	9.0	54.0	4.5	0.04	8.1
	Total	11.7	54.1	4.5	0.04	8.2
Total	Proved	4.2	54.1	4.6	0.03	8.1
	Probable	25.1	54.0	4.9	0.05	8.2
	Grand Total	**29.3**	**54.0**	**4.8**	**0.05**	**8.2**

(Source: Ravensgate)

Pre-Feasibility Study

Red Hill Iron has recently completed a Pre-Feasibility Study (PFS) on the Pannawonica Iron Ore Project engaging the services of appropriately qualified specialists, consultants and laboratories.

This PFS has considered the application and description of all Modifying Factors to demonstrate economic viability of the project and to support the Ore Reserves estimate. These modifying factors have been used in the preparation of the Ore Reserves shown in Table 1.

The PFS has identified the preferred mining, processing, and infrastructure requirements and capacities, but has not yet finalised these matters. Detailed assessment of environmental and socio-economic impacts and requirements are well advanced. First pass environmental studies have not identified flora or fauna concerns other than those present in other mining operations in the Pilbara.

It is proposed that a simple Direct Shipping Ore product (DSO) will be produced and that mining will be carried out using continuous mining equipment atop dry mesas with simple processing involving dry ore crushing and screening.

The PFS assumes that the project will rely on sharing third party infrastructure including road and port facilities and that a commercial arrangement can be reached in this respect.

A production rate of 4 million tonnes per annum is envisaged for a period approaching 8 years, sourced initially from the Whitegate deposit and then from the Redgate deposit some 20 kilometres to the south.

Capital costs have been kept modest at $55 million by assuming service providers and contract miners supply camp facilities and mining equipment, and third parties share infrastructure.

Life-of-mine cash operating costs have been estimated at $46 per tonne FOB.

The Pannawonica project has the great advantage of having well located, easily mined dry ore with very modest stripping ratios. It is a key component of a much larger inventory of, to date, stranded deposits that exist within what is termed the Western Hub of the West Pilbara. These Western Hub resources are on the cusp of being developed and RHI stands to benefit as this project takes its part as a value accretive component of that development.

Because the Pannawonica project is closer to proposed roads, rail and ports than almost all the other CID deposits of the Western Hub and since haulage costs are a very significant cost component of all such projects, it is in a preferred location as a source of iron ore.

Based on the positive results of the PFS, it is envisaged that a Definitive Feasibility Study (DFS) will be commenced aimed at startup of the project matching potential third party port and road availability.

In determining the Ore Reserves, Ravensgate have utilised the findings of Red Hill Iron's PFS. Those aspects of the PFS which are material to the Ore Reserves estimate have been summarised in Annexure 1.

Native Title Agreement

Red Hill Iron has recently reached agreement with the Kuruma and Marthudunera people of the Pilbara region of Western Australia covering the Pannawonica project.

Negotiations were completed in approximately six months, with the resulting agreement giving Red Hill Iron native title approvals for its project. The Kuruma and Marthudunera people will receive financial benefits from the company reflecting the importance to the Kuruma and Marthudunera people of minimizing the impact of mining projects on their traditional country.

The agreement includes provisions for protecting Kuruma and Marthudunera heritage throughout the life of the mining project. A monitoring and liaison committee, made up of representatives of both parties, will meet regularly to develop long term relationships and provide ongoing information.

Red Hill Iron welcomes the opportunity to work with traditional owners in the Pilbara who are willing to do business with companies who respect their culture and heritage and their continuing interests in their traditional country.

Mining Leases

Three Mining Lea**se**s covering the Redgate and Whitegate deposits have been granted, of which two are in the process of being registered in Red Hill Iron's name having been transferred from Zanthus Resources Pty Ltd under the terms of Red Hill Iron's acquisition agreement with that company. A fourth Mining Lease situated nearby has also been granted to the Company securing a proposed hard rock mining operation.

The grant of these tenements is another step towards the Definitive Feasibility Study and Decision to Mine stages.

Sinter Test Results

Sinter and hot property evaluation test work was recently completed by the University of Science and Technology (UTSB) Beijing, China.

Sinter product metallurgical test-work included, amongst other tests, determination of Reducibility Index (RI), Reduction Degradation Index (RDI) and Decrepitation Index (DI).

The series of tests compared 15% blends of Redgate and Whitegate ores with local ore blends and concluded:

- Calcined iron grade for the deposits is 60% iron (after allowing for LOI).
- While silica and alumina are relatively high, the harmful elements of sulphur, phosphorus, potassium and sodium are low.
- The product particle size distribution is well suited to improve granulation and permeability of the sinter green mix.
- The five basic sintering characteristics show an acceptable product can be achieved when 15% of the Pannawonica product is blended and that it will help enhance sinter yield and quality.
- A 15% mix of Redgate and Whitegate product with other smelter product resulted in better sintering indices which offset likely higher fuel consumption. The blend had improved Reducibility at 900°C and better low temperature Reduction Degradation at 500°C.
- The high temperature properties tested showed that the Red Hill Iron ores could readily replace the major high goethite ores currently traded from the Pilbara region of Western Australia in sinter blends up to 15% of the sinter plant ferrous feed.

Overall the test work showed that Red Hill Iron ores sinter readily, have acceptable high temperature properties and produce sinter of acceptable quality. These findings support the view that Red Hill Iron ores can be used widely in the Asian iron-making sector.

Conclusion

After five years of evaluation Red Hill Iron has now brought the Pannawonica Iron Ore Project forward to a point where cash flows and returns to shareholders can be envisaged, subject to access to the road and port facilities proposed by third parties, with first production envisaged by 2016.

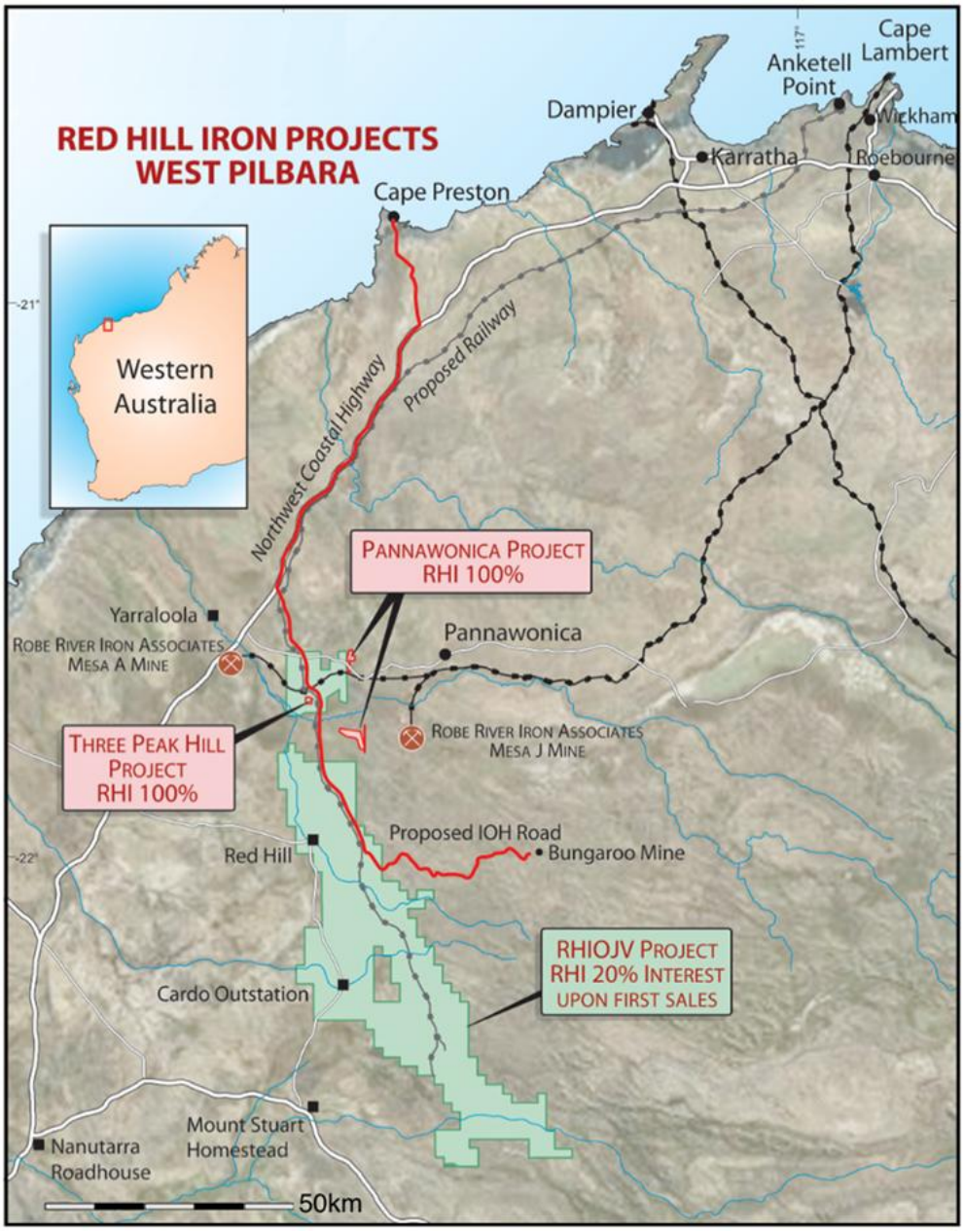
N Tomkinson

Chairman

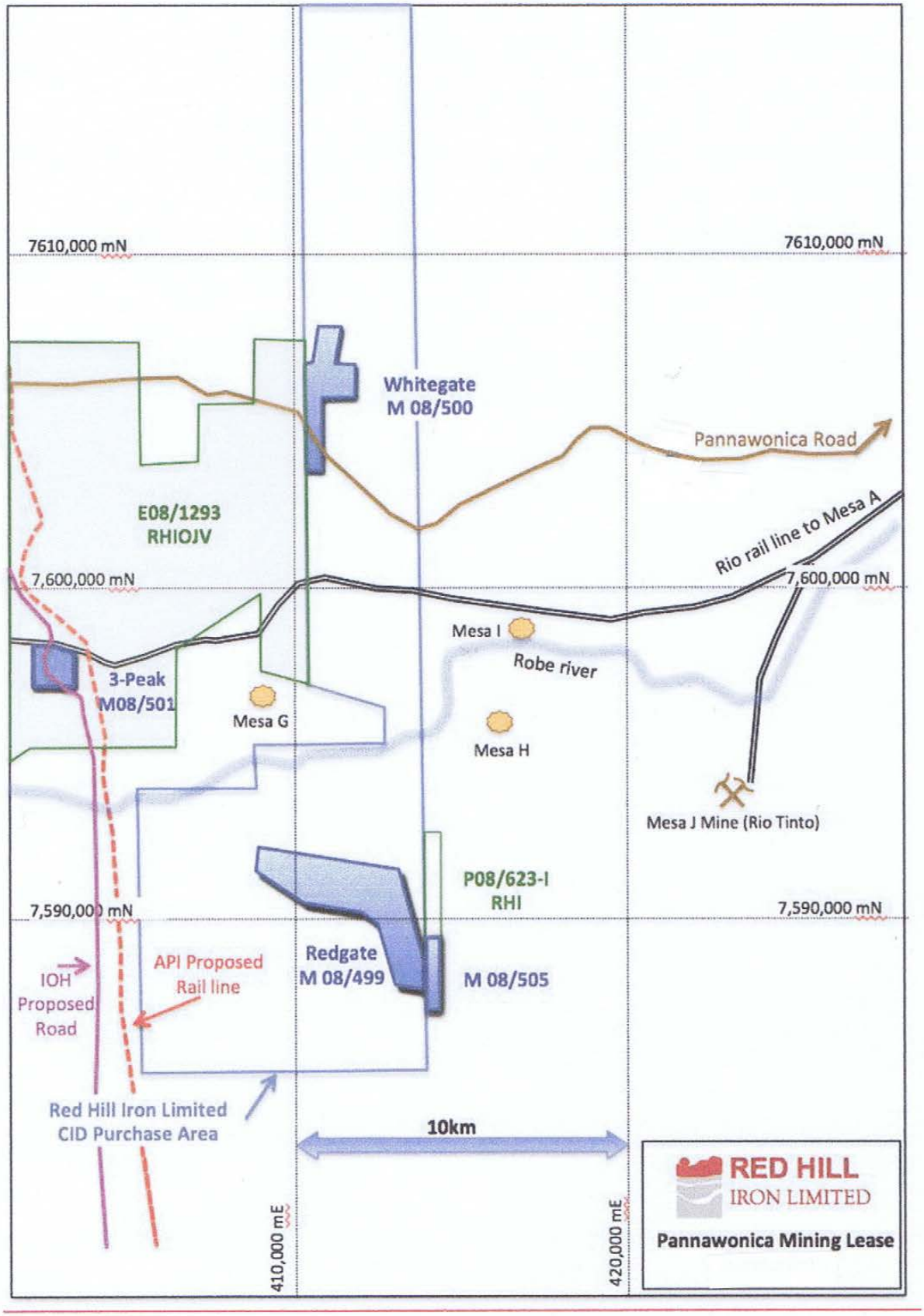
Disclaimer

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Red Hill Iron Limited's planned exploration and evaluation activities, commencement of producing and exporting iron ore and other statements that are not historical facts. When words such as "could", "target", "plan", "estimate", "intend", "may", "potential", "should" and similar expressions that involve risks and uncertainties are used in this document, no assurance can be given that actual results will be consistent with these forward-looking statements.

Project Location



Location details including Mining Leases



ANNEXURE 1: Pannawonica Iron Ore Project – Pre-Feasibility Study and Ore Reserves

This annexure summarises the work completed by Ravensgate to determine the Ore Reserves of the Red Hill Iron (RHI) Pannawonica project and is based on a comprehensive technical report prepared by Ravensgate.

Background

RHI has completed some 13,360 metres of drilling coupled with resource estimates, metallurgical test work, mining studies, environmental studies and associated studies to enable it to prepare its PFS for the Whitegate and Redgate deposits located some 22 kilometres west of Pannawonica in the northwest of Western Australia.

The PFS recently completed on the Pannawonica Iron Ore Project by Red Hill Iron has considered the application and description of all Modifying Factors (as defined in JORC 2012) to demonstrate economic viability and to support the Ore Reserves estimate. These modifying factors have been used in the presentation of the Ore Reserves estimate presented in Table 1. The PFS has identified the preferred mining, processing, and infrastructure requirements and capacities, but has not yet finalised these matters. Detailed assessments of environmental and socio-economic impacts and requirements are well advanced.

The Ore Reserves estimate prepared by Ravensgate and set out in Table 1 was derived from a Mineral Resource estimate of the Whitegate and Redgate deposits totaling 62.5 million tonnes at 53.4% iron developed by Ravensgate and announced on 18 February 2014, and take into account the Modifying Factors set out in Appendix 1.

The Mineral Resources are inclusive of the Ore Reserves.

Mining

The proposed open pit mining method for the two mining areas of Redgate and Whitegate will utilise continuous miners to excavate ore and waste. Mining will be directed at producing an average Direct Shipping Ore (DSO) blend of 54% Iron. The mine plan is based on a pit optimisation carried out by Ravensgate using Whittle Four-x software. The mining and economic parameters fed into the optimisation algorithm are shown below in Table 2 and were derived from reasonable assumptions at the time of the work. To achieve a head grade of 54% iron, a cutoff grade of 53% was applied at Redgate and 52% at Whitegate. Material below the cut-off grade and above 50% iron will be stockpiled for possible later opportunistic sales (refer Table 3).

The mine plan includes pit designs, waste dumps and low grade stock pile designs and pit backfilling where possible. Pit designs were based on the results of the pit optimisation. Batter angles of 50 degrees were used with 5 metre wide berms every 20 metres vertically for an overall pit slope of 45 degrees. Mine designs for Redgate and Whitegate are shown in Figure 1 and Figure 2 respectively. Stockpiles of various grade ores will be developed close to the haul roads in order to have ore blending capability. The mine design for the Whitegate deposit features a central access point in a natural topographic low. The overall pit design is divided into sub-pits which are utilised in the scheduling work described later in this report.

Table 2: Pit Optimisation input assumptions			
Revenue allocated only where Fe% > 52		**Units**	**Quantity**
Exchange Rate		USD/AUD	0.94
Royalties*		%	7.85
Net Price for given Fe grades	52%	AUD/t	77.65
	53%	AUD/t	81.36
	54%	AUD/t	85.07
Mining Cost*		AUD/t mined	7.17
Process, road haul, port, owner*		AUD/t feed	47.68
Production rate		Mtpa	4.00
Annual Discount		%	10
Pit Slopes		degrees	45
Mining dilution		%	0.0
Mining recovery		%	95
Process efficiency: Assume all ore is shipped			

(Source: Ravensgate)

*These cost assumptions were derived from initial scoping studies and have subsequently been refined through later stages of the PFS.

Figure 1 Redgate pits and dumps locations showing sub-pits for scheduling

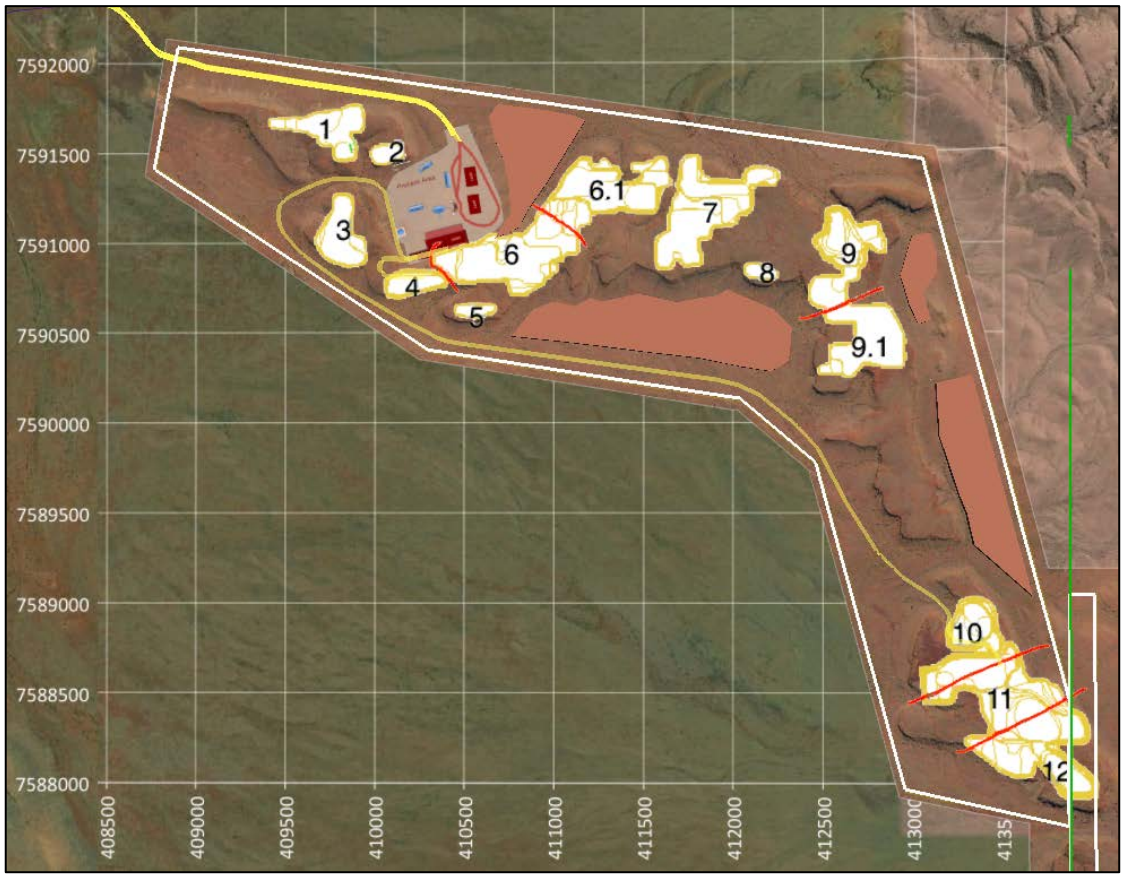
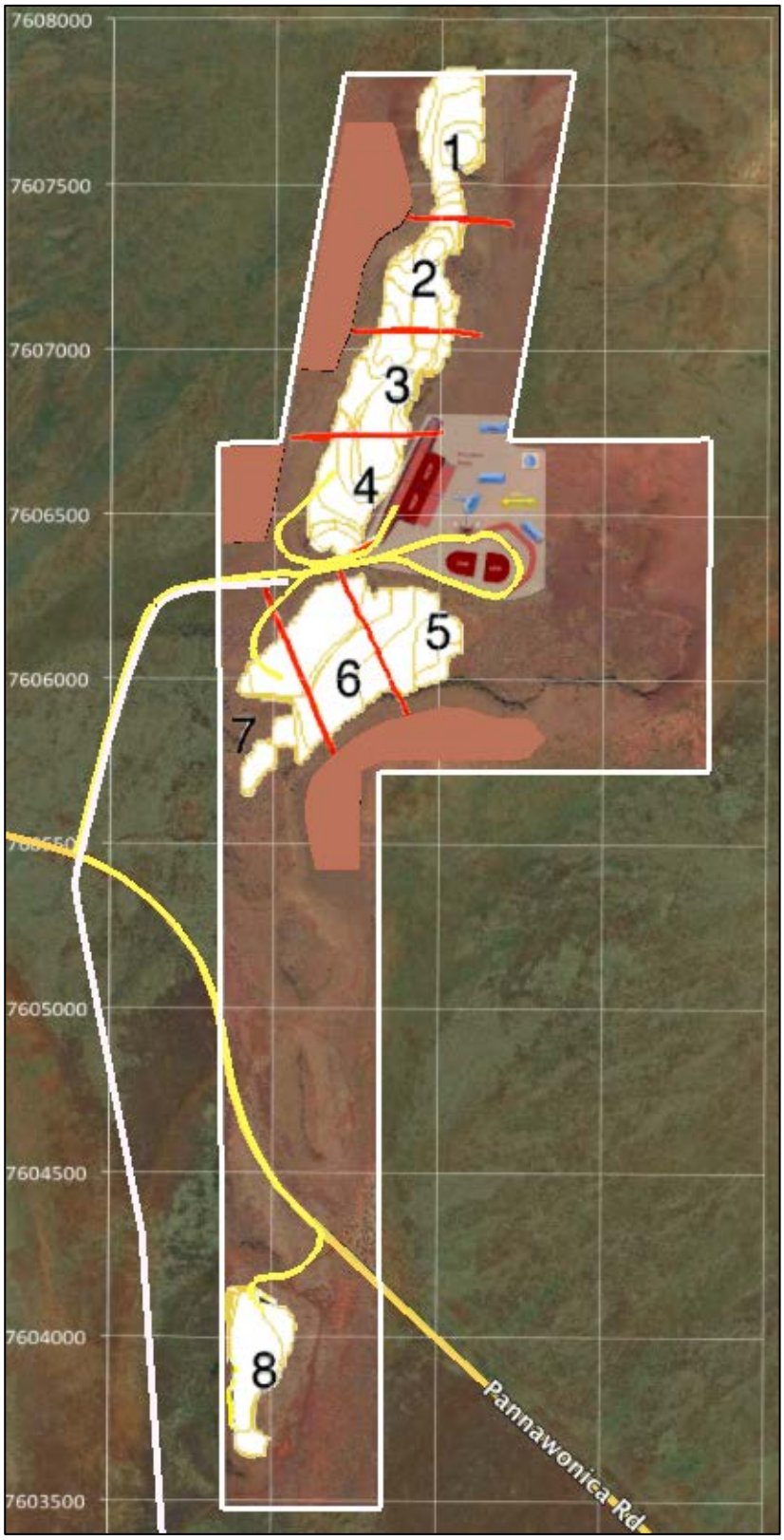


Figure 2 Whitegate pits and dumps locations showing sub-pits for scheduling



The mine schedule allows for a ramp up to 4 million tonnes per annum with mining commencing at Whitegate then moving to Redgate, for a mine life of close to eight years. The mining inventory was divided into a number of areas to assist with blending to achieve the target product grade. It is planned to blend from in-pit broken stocks and ex-pit stockpiles which will reduce re-handling. Figures 3 and 4 graphically illustrate the proposed production schedule.

Figure 3 Production schedule - Redgate First

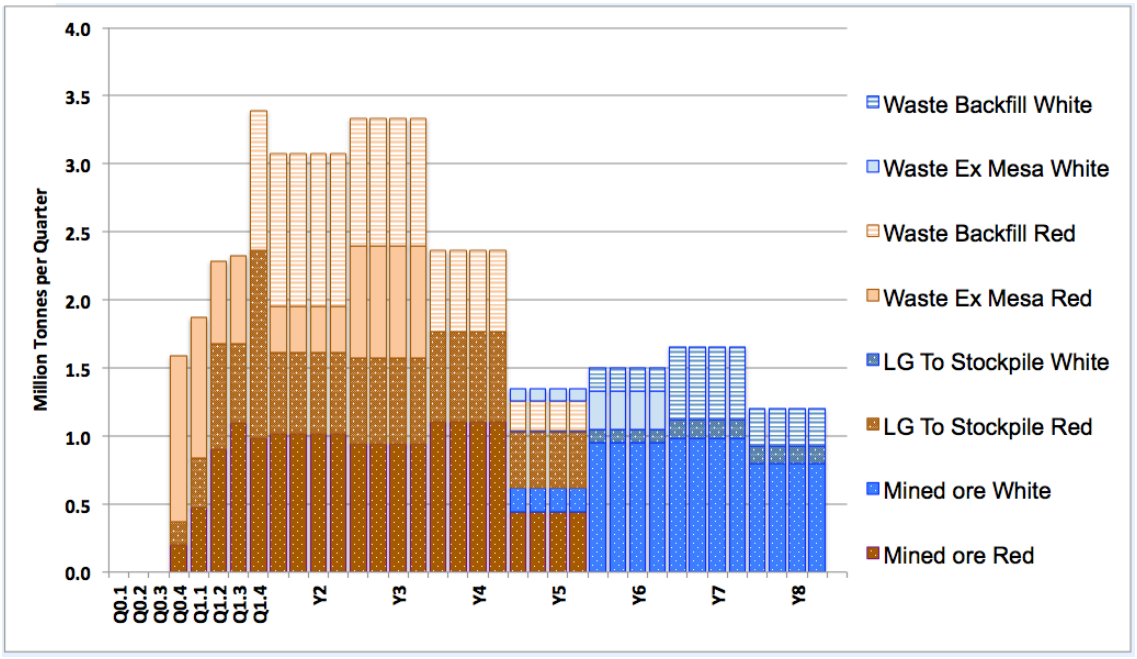
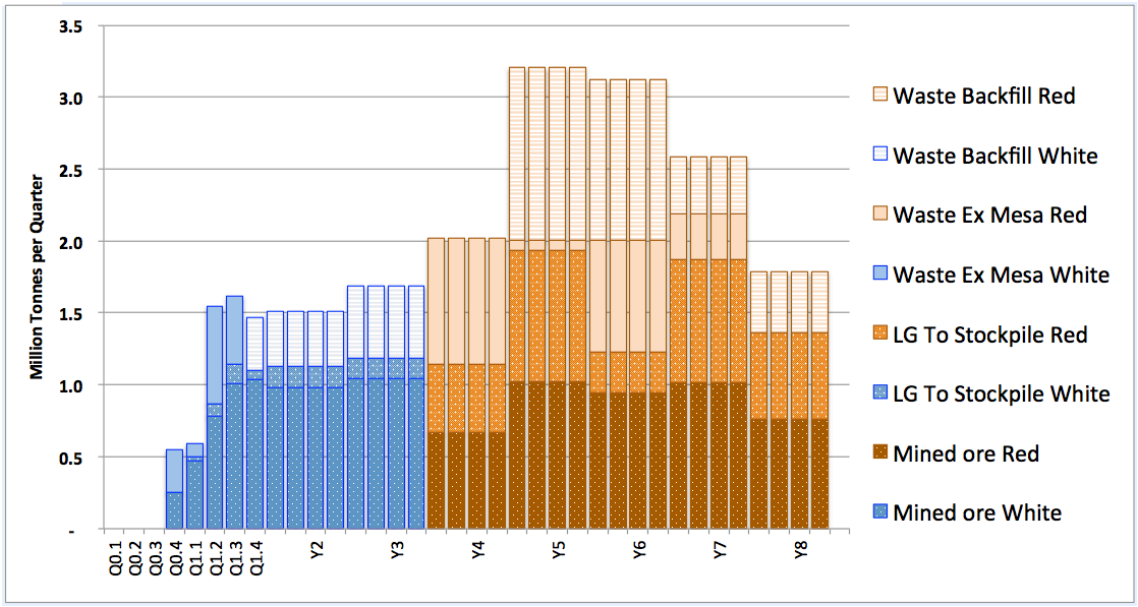


Figure 4 Production Schedule - Whitegate First



Grade control programs will be based on close-spaced RC drilling nominally at 15 metres and sampling at 1 metre intervals will allow a Grade Control model to be developed on 1 metre flitches. These will be used together with visual inspection of ore on the bench after continuous miners mill the ore.

The Redgate and Whitegate deposits are in mesa landforms that protrude above the surrounding surface area. The ore is dry as the water table lies well below the base of the proposed pits. This makes access for mining possible from multiple locations and assists towards achieving the mine schedule requirements. The overall strip ratio of the project is 1.4 tonnes of waste to 1 tonne of ore over the life of the mine. Appropriate mining dilution and mining recovery factors were determined based on the relatively low strip ratio, the planned grade control method, the mining method using continuous miners and a strategy aimed at tolerating some ore loss rather than contamination of the ore.

Table 3: Low Grade Stockpiles and in-pit waste				
Deposit	**Low Grade Tonnes (Mt)**	**Fe (%)**	**Waste (Mt)**	**Waste:Ore (LG+W):ore**
Redgate	12.5	51.9	20.7	1.9
Whitegate	1.5	50.6	5.4	0.6
Grand Total	**14.0**	**51.4**	**26.1**	**1.4**

(Source: Ravensgate)

(Note: Grades for low grade material are derived from Measured and Indicated Resources but these low grade materials are not part of the Ore Reserves)

Waste dumps have been designed to avoid environmental and heritage sites identified by the relevant surveys and to blend with the landscape. Dumps will be constructed in 10 metre lifts and will not exceed the height of mesas so as to blend with the general topography. Dumps are located more than 100 metres from the mesa base so as to minimise impact on fauna. The locations of the external waste dumps are shown in Figures 5 and 6 for Whitegate and in Figure 7 for Redgate.

Figure 5 Whitegate South - Waste Dump Location. Oblique view looking north

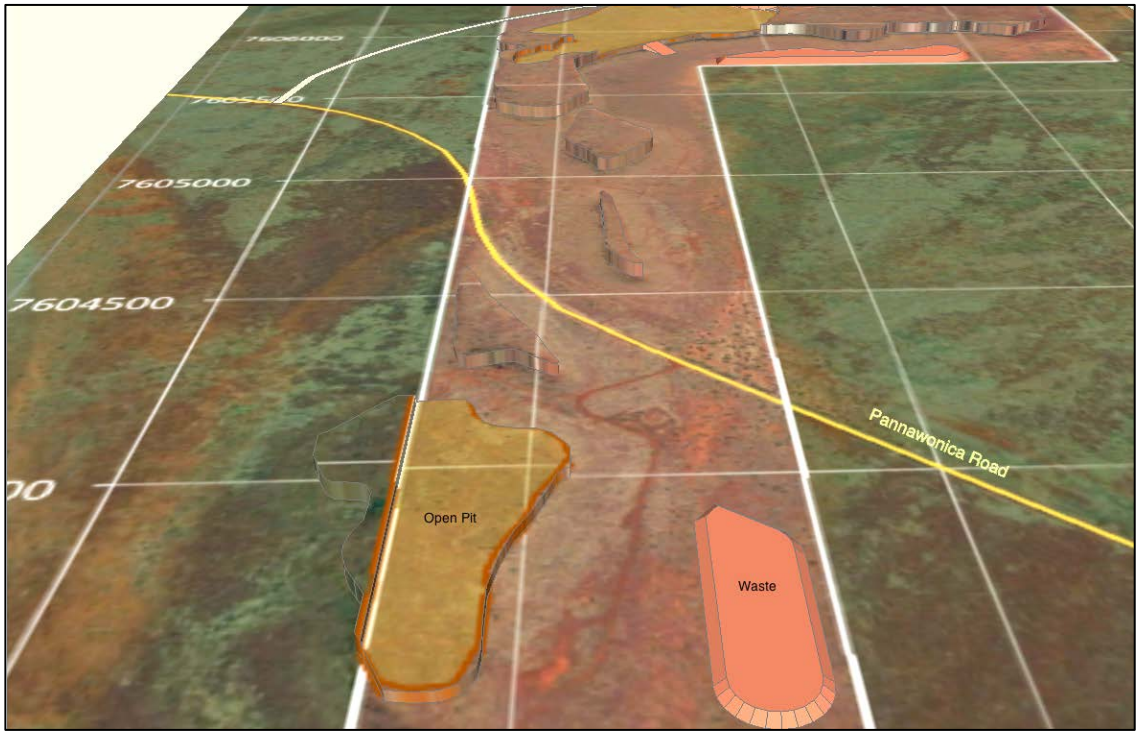


Figure 6 Whitegate North - Waste and Low Grade Dumps. Oblique view looking north

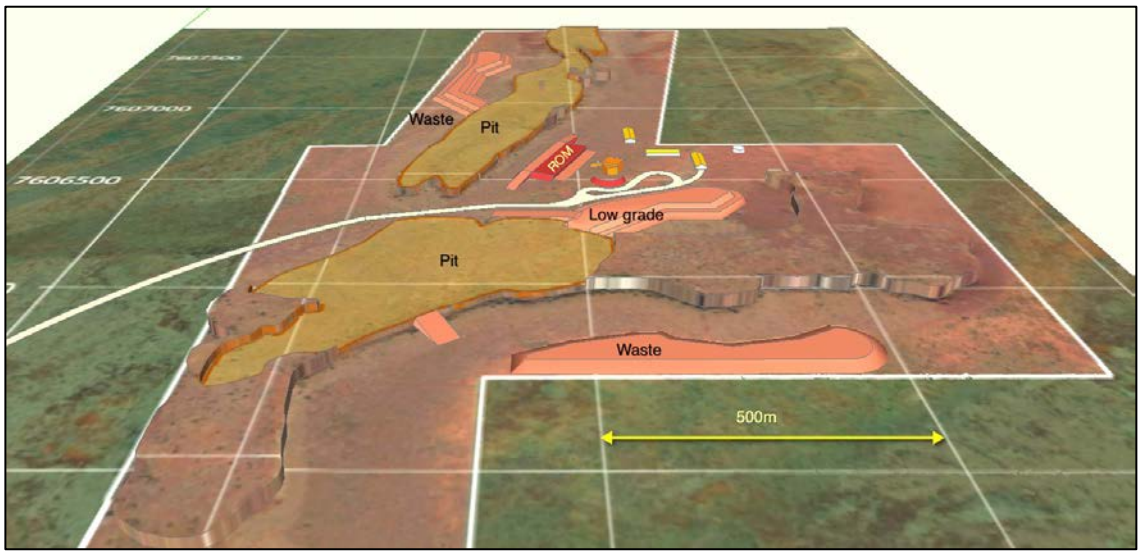
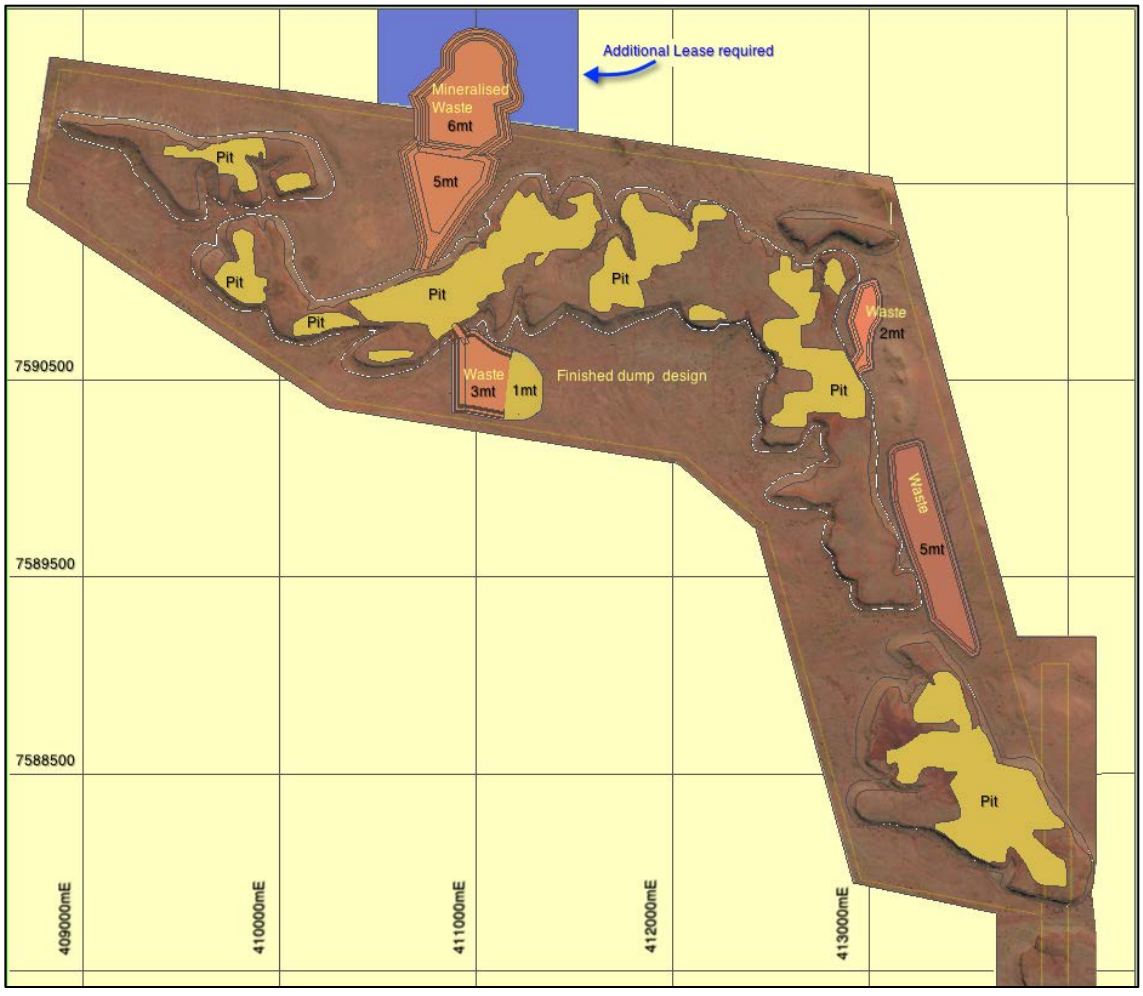


Figure 7 Redgate Waste dumps and Low Grade stockpiles – overhead view



Rock strength tests conducted by accredited laboratories on core samples from Pannawonica show the ore to be relatively soft with UCS values from 2Mpa to 24Mpa. The PFS has proposed the use of surface miners also known as Continuous Miners to break and extract the iron ore for the

Pannawonica project, rather than conventional drill and blast approach to mining. Continuous surface mining involves milling, crushing and stockpiling iron ore in one systematic process. The method is relatively new in the iron ore industry but is particularly beneficial in selective mining of ore bodies with challenging blending requirements. The methods have been successfully implemented at FMG's operations in the Chichester Ranges and at BC Iron's Nullagine project.

The Mine Plan invokes a simple direct shipping ore operation involving processing of ore via a simple crush, screen and blend operation which would be initially located at Whitegate and subsequently moved to Redgate. Ore would be loaded onto trucks and be transported from the mine site 123 kilometres to the proposed port at Cape Preston East via private and public roads.

Summary of Assumptions and Outcomes of the PFS

Table 1 details the Ore Reserves for the Redgate and Whitegate deposits. Table 4 summarises the key underlying assumptions of the PFS.

Table 4: Summary of PFS key underlying assumptions	
JORC Mineral Resources	Mineral Resource at 52% Fe cut off of 62 million tonnes at 53.4% Fe 5.1% Al2O3, 0.05% P, 8.7% SiO2
Production Assumption	Production of 29 million tonnes at 54.0% Fe, 4.8% Al2O3, 8.2% SiO2, 0.04% P at 53% Fe and 52% Fe cut-off for the project including mining both the Redgate and Whitegate deposits
Mine Life	Mine life 8 years at a nominal production rate of 4 Mt per annum
Strip ratio	Redgate 1.9:1, Whitegate 0.6:1, Total 1.4:1 (Waste:Ore)
Product	Direct Shipping Ore: 54.0% Fe, 4.8% Al2O3, 8.2% SiO2, 0.04% P Metallurgy is suitable for blending
Mining and Processing	Contractor mining with Continuous Miners and processing via simple crush and screen
Road Haulage	123km to Cape Preston East
Transhipment Facility	Shared port facility - Cape Preston East
Capital Cost	Owner capital expenditure $ 55M
Cash Operating cost (LOM)	$46/t FOB
Product Price (A$)	$70/t FOB
Title	100% RHI Ownership. Native Title Agreement in place. MLs granted

(Source: Red Hill Iron)

Underlying Mineral Resources

The Ore Reserves estimated in this report are based on the geological block model and Mineral Resource estimate of the Whitegate and Redgate iron ore deposits developed by Ravensgate and announced on 18 February 2014. These Mineral Resources were prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (JORC 2012). The Mineral Resource was interpolated within the channel iron deposit palaeo-channel using a 52% Iron lower cutoff and is tabulated in Table 5.

Table 5: Redgate and Whitegate Mineral Resource @ a 52% Fe lower cut							
Deposit	**Classification**	**Tonnes (Mt)**	**Fe (%)**	**Al_2O_3 (%)**	**P (%)**	**SiO_2 (%)**	**LOI (%)**
Redgate	Measured	2.7	53.3	5.2	0.04	7.8	10.1
	Indicated	37.6	53.2	5.2	0.05	9.0	8.9
	Inferred	7.2	53.3	5.3	0.05	8.8	8.9
	Total	47.5	53.3	5.2	0.05	8.9	9.0
Whitegate	Measured	2.8	54.2	4.3	0.03	8.6	8.6
	Indicated	10.0	54.0	4.5	0.04	8.1	9.3
	Inferred	2.1	53.8	4.7	0.04	7.7	9.9
	Total	14.9	54.0	4.5	0.04	8.2	9.3
Total	Measured	5.5	53.8	4.7	0.03	8.2	9.4
	Indicated	47.6	53.4	5.1	0.05	8.8	9.0
	Inferred	9.3	53.4	5.2	0.05	8.6	9.1
	Grand Total	62.5	53.4	5.1	0.05	8.7	9.0

(Source: Ravensgate)

Modifying Factors

JORC 2012 requires that a set of Modifying Factors be considered in detail in the development of Ore Reserves and these factors are specified in detail in the code. The code further requires that a Pre-Feasibility level study be carried out to achieve the required level of confidence in the Modifying Factors.

The PFS has been completed on the project based on the Redgate and Whitegate iron ore deposits. This comprehensive study reviewed a range of options for the technical and economic viability of the Project and has concluded that the preferred mining method be open cut mining using continuous mining machinery, and that an effective method of mineral processing be blending, crushing and screening to produce a direct shipping iron ore. The PFS included a financial analysis based on reasonable assumptions of the Modifying Factors and the evaluation of all other relevant factors. The positive findings of this PFS are sufficient for the Competent Person, acting reasonably, to determine that part of the Mineral Resources can be converted to the Ore Reserves detailed in this report.

In the Appendix 1 Table 1 titled "*JORC Code, 2012 Edition – Table 1 – Pannawonica Iron Ore Project Ore Reserves 2014 Section 4 - Estimation and Reporting of Ore Reserves*", commentary is provided for each of the criteria listed in the JORC 2012 - Section 4. This commentary summarises the key findings of the PFS for each of the Modifying Factors in consideration. This commentary is provided on an "If Not Why Not" basis. This is to ensure that it is clear to the investor whether items have been considered and deemed of low consequence or have yet to be addressed or resolved. In Ravensgate's opinion, all matters of relevance and materiality have been considered in determining the Ore Reserves for the Pannawonica project. For commentary against Sections 1, 2 and 3 of Appendix 1 Table 1 the reader is referred to the ASX announcement of the Mineral Resources dated 18 February 2014.

Conclusions and Recommendations of the Ore Reserves Report

- The Pannawonica project hosts 29.3 million tonnes of lower than average grade CID type iron ore. Production of the direct shipping ore is targeted at 54% iron with very low phosphorous and sulphur and higher than average silica and alumina. Additional work needs to be done on the potential market and the potential market price for this product.
- With the construction of proposed third party infrastructure in the form of road and port facilities there is reasonable evidence that, by sharing these facilities, some 4 million tonnes of CID ore could profitably be produced annually from the Pannawonica project over an eight-year period. Negotiations for access have yet to be concluded.
- Production will be sequential from two sources – Whitegate (11.6Mt) and Redgate (17.7Mt) totaling 29.3Mt of mineable ore at 54% Fe, 4.8% Al2O3, 8.2% SiO2 and 0.04% P.
- The ore bodies occur above the water table in the upper layers of proud-standing mesas and are amenable to low cost mining using continuous miners, as is carried out by other producers in the Pilbara.
- Contractors will carry out mining and simple processing involving crushing and screening. Additional work needs to be done to firm up costs.
- The project timing will be dependent on other parties completing infrastructure.
- Environmental and approvals issues remain to be resolved although these issues are not expected to pose a substantial risk to the project.
- It is recommended that the project advance to a Definitive Feasibility Study.

Competent Persons Statements

The information in this report that relates to the Ore Reserves for the Pannawonica project is based on information compiled by Roselt Croeser, who is an independent consultant engaged by Ravensgate Mining Industry Consultants. Mr Croeser is a member of the Australasian Institute of Mining and Metallurgy. Mr Croeser has had sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012). Mr Croeser consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource for the Pannawonica project is based on information compiled by Neal Leggo and Shane Fieldgate, who are employees of Ravensgate Mining Industry Consultants. Mr Fieldgate is a Registered Professional Member of the Australian Institute of Geoscientists and Mr Leggo is a Member of the Australian Institute of Geoscientists. Mr Leggo has had sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012). Mr Fieldgate has had sufficient experience that is relevant to the style of mineralisation and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Leggo and Mr Fieldgate consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Qualifications, Experience and Independence

Ravensgate is an independent, privately owned consulting firm and has been providing exploration, mining and mineral resource consulting services to the minerals industry since 1997.

The company has worked for major clients globally, such as Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields and Newmont in Ghana and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed. Ravensgate has focused upon providing resource estimations, valuations, independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian and United Kingdom companies.

APPENDIX 1: JORC Code, 2012 Edition – Table 1 – Pannawonica Iron Ore Project Ore Reserves 2014

Section 4 - Estimation and Reporting of Ore Reserves

JORC Reserves Statement		
Criteria	**JORC Code explanation**	**Commentary**
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserves.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• Mineral Resources calculated from 455 RC holes and 11 diamond core holes. Ordinary kriging was used to estimate grades in predefined mineralised envelopes. • Mineral resources are inclusive of the Ore Reserves.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Neal Leggo of Ravensgate carried out a site visit to the Redgate and Whitegate deposits on the 8th - 9th July 2013 as CP for the Mineral Resource and peer reviewer for this Ore Reserves.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A PFS has been conducted into the Pannawonica project which meets the definition in JORC Code 2012. The project is based on a JORC 2012 Mineral Resource estimate of the Redgate and Whitegate deposits. The study included pit optimisation, mine design and schedule, operating costs quotes and estimates, metallurgical testwork, expert market price advice, environmental, and all other requisite components.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cut-off grade was selected to achieve a 54% Fe product. Based on the marketing information and the indicated grade of the deposit this was considered to be a realistic target. The cut-off grade was arrived at after a number of iterations of the pit optimisation process. This was reviewed after pit design and mine scheduling.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserves (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Operating costs supplied by mining contractors were used to develop Optimal Pits at both deposits. Detailed pit designs were completed and mine schedules developed to provide a consistent 54% Fe product within the pits. • Continuous miners will be the main mining equipment rather than conventional drill and blast mining method. • Pit slopes are set at 45 degrees. Since pits are shallow (<30m) this angle is not material. • Mine dilution was allowed for via a 5% loss of ore. • Inferred resources are not considered in the optimisation or the mine schedule other than treated as waste.

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Criteria	**JORC Code explanation**	**Commentary**
	• *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• Site infrastructure requirements are minimal – Haul roads and plant sites have been laid out and dumps placed off the mesa to protect fauna or backfilled into mined out areas. • Transport infrastructure for delivering the ore for shipment is dependent on a third party. Project timing and viability depends on the third party constructing the infrastructure and agreeing to share this infrastructure with RHI.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the Ore Reserves estimation been based on the appropriate mineralogy to meet the specifications?*	• PFS has determined metallurgical processing of ore as simple dry crushing and screening – typical for Pilbara CID ores. • Metallurgical factors have been based on diamond core (8 PQ holes) samples which are considered representative of the deposit by Ravensgate. Physical tests conducted on core providing input to the equipment selection for mining and crushing and screening circuit design (Unconfined Compressive Strength, Crushing Work Index and Abrasion index). • Sinter test work done independently in China on a bulk sample from each deposit shows the product has properties which make an acceptable blend. • The levels of alumina and silica are elevated but still manageable. Phosphorous content is low. • No unusual deleterious minerals are in the ore. • The main criteria of Fe grade has been used to define the ore.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Waste rock and low grade ore tests show these materials are not acid-forming. • Waste dumps are sited off the mesas to protect fauna on mesa edges. • Backfilling of pits with waste is planned to reduce impacts. • First round fauna and flora studies are complete. No matters have been raised to prevent mining given careful management of potential impacts to flora and fauna. • Potential environmental impacts associated with Troglofauna and the Northern Quoll are likely to be small but are yet to be resolved. • Second round fauna studies are commencing.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk*	• The project is on unoccupied land and areas for siting camp and plant are abundant. A standard mine camp will be

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	commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	constructed. • The project is within 20km of Pannawonica so road access and services are excellent. • The RHI mine plan proposes that DSO will be transported from the mine site 123km to a port at Cape Preston East via private and public roads. It has been assumed that haul roads will be independently constructed, and that toll access to this infrastructure will be negotiated by RHI. • It has been assumed that export will be at a port at Cape Preston East. The proposed port is in the planning stage. Project timing and implementation is very much dependent on this facility.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Capital costs have been minimised by assuming contractors will provide mine equipment and camp. • Plant capital costs have been provided by quote. • Local infrastructure (roads, pads) has been costed by RHI in conjunction with the preferred contractor. These costs are of a preliminary nature. • Exchange rates have been estimated by advisors. • Transport charges are from quotes. • Treatment charges are provided by contract quote. • Royalties are allowed for at standard Government and Native Title rates.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *the derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Head grade is derived from the mine schedule. • Prices and exchange rates are supplied by specialist advisors. • More work needs to be done to determine the marketability and expected price of the product.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Specialist advisors have provided medium term forecasts and comments specific to lower grade ores. • There is a realistic expectation that these ores can be marketed at the prices assumed, most probably in China, given the forecast future market conditions. • More work needs to be done to firm up a market for this ore during definitive feasibility studies.

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Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• Inputs for economic analysis include physical schedule, 2013 real terms operating costs and product pricing, taxation and royalties. • The foreign exchange rate on 30 Jan 2014 is AUD 1 = USD 0.87. This is used in the model Base Case. • A sensitivity analysis was developed in the PFS and indicates the project is most sensitive to product price and variations in the foreign exchange rate. The next most sensitive item is overall operating cost. • Ravensgate has reviewed the economic analysis undertaken in the PFS and has concluded that the economic viability of the project is sufficient to develop Ore Reserves given the reasonable assumptions made in the PFS. • The detailed financial results of the economic analysis of the PFS are not provided here due to commercial sensitivity of the information.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• Native Title agreements have been negotiated. • Traditional Owners are the key stakeholders identified. • The Project is probably not of sufficient scale or contentious enough to warrant significant interest from other stakeholders. Many similar projects in the region have advanced through to production stage.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• Product pricing is the key risk. This and other risks will be more closely examined in a Definitive Feasibility Study when indicative off-take agreements are sought. • Mining Leases have been granted over the project. • Water is required for dust suppression and for camp water; use of existing water supply points nearby is considered likely and nearby alluvial gravels represent a significant resource close to the project. Water is not required for processing. • The workforce would be largely sourced from Perth under typical FIFO arrangements
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of*	• Standard conversion of Measured Resource to Proved Reserve and Indicated Resource to Probable Reserve have been applied by the Competent Person.

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	the deposit. • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	
Audits or reviews	• *The results of any audits or reviews of Ore Reserves estimates.*	• Ore Reserves estimates are internally audited. • No external reviews or audits have been undertaken.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserves estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserves viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• It is considered that the Ore Reserves will be to a relative accuracy of approximately 20%. Based on the observation that material in contact with the defined ore envelopes is well mineralised at marginally lower grades it is not considered that dilution will be a significant modifier. • It is expected that much of the Inferred Resource within the pits could convert to Indicated Resources and subsequently Reserves when further exploration or grade control drilling is done. This will mitigate any potential ore losses. Edge dilution is likely to be minimal since the ore outcrops on the mesa edges. • Continuous Miners remove ore in 400mm thick cuts, which affords excellent selectivity and allows ore and low grade and waste to be easily separated. • Key inputs into the financial model were systematically varied upwards and downwards to provide a sensitivity analysis on the economics of the Pannawonica project. The effect of changes to costs and revenue were considered in determining the project was sufficiently economically robust to assign Ore Reserve status.